

# Legal Judgment Pushes Cannabis Giant Cookies Toward Insolvency

## Cookies Cannabis Empire Faces Potential Collapse After Court Ordered Revenue Seizure

*Judge Redirects Cookies' Global Royalties to Settle \$8.4 Million Judgment*

[The cannabis powerhouse Cookies appears to be facing a financial meltdown](#) after a San Francisco Superior Court judge ordered the redirection of the company's primary revenue stream earlier this month. According to court records, royalties from Cookies-licensed retail outlets across the United States, Canada, Israel, and Thailand must now be paid directly to former business partner Cole Ashbury Group to satisfy an \$8.4 million judgment.

These royalties long considered the financial backbone of Cookies' "asset-light" licensing model—were previously celebrated by *Forbes*, which once estimated the brand's value at \$250 million. Now, that same revenue lifeline is being severed.

In earlier filings, Cookies attorney Robert Finkle warned that diverting these funds risked "leaving Cookies without operating revenues."

## A Brand Under Strain Amid Store Closures and Mounting Legal Challenges

The ruling marks the latest in a series of blows to the San Francisco based cannabis giant, still widely recognized within the marijuana industry despite recent turbulence. A Cookies-branded store in Oakland shuttered last year, and the company has struggled to collect on significant debts owed to it by past partners.

Court documents show that Cole Ashbury Group is not only targeting royalties from licensed stores, but also other Cookies assets, including:

- **The Cookies Bus**, a branded motorcoach often used by co-founder Gilbert "Berner" Milam Jr.
- **"Adios"**, Cookies' newly launched alcoholic beverage line that debuted earlier this year.

Cole Ashbury operated a short-lived social equity dispensary, Berner's on Haight, which opened to considerable buzz in 2019 before the partnership soured.

Neither Cookies President Parker Berling nor attorney Robert Finkle responded to requests for comment on the ruling.

## A Warning Comes True: 'Immediate Insolvency Event'

Finkle previously cautioned the court that forcing Cookies to redirect “100%” of its royalty payments would trigger an “immediate insolvency event.” Legal experts now say that concern appears justified.

Chris Wood, a cannabis attorney at Wykowski & Wood and adjunct professor at the University of California San Francisco School of Law, noted that Cookies’ licensing-heavy business model prized during its rapid expansion now leaves the company unusually exposed.

“With Cookies, really, the only asset is the brand,” Wood said. If the brand is tarnished, he added, licensing partners may try to argue that its value has already deteriorated, further weakening Cookies’ leverage.

## **From Forbes Fame to Financial Freefall**

The company’s current crisis is a stark reversal from its zenith just two years ago, when *Forbes* put Milam on its cover as the face of a booming cannabis phenomenon.

The trouble traces back to a clause in Cookies’ licensing agreement with Cole Ashbury, which allowed either party to force the other to buy out its stake. Cole Ashbury exercised this “put option” in May 2023 years after cannabis company valuations plunged from early-2021 highs. Cookies was contractually obligated to buy the store for \$10 million, a price set during cannabis’ “gold rush” era.

When Cookies tried to unwind the deal in arbitration, the judge rejected the attempt. A second judge upheld an \$8.3 million award, including attorney fees, earlier this year.

## **Claims of Profitability and ‘Lavish Spending’ Surface**

Despite Cookies’ warnings about insolvency, Cole Ashbury’s attorney, Bart Dalton, argues the company is far from financially distressed. In redacted filings submitted in September, Dalton claims discovery documents prove Cookies remains profitable and engages in “lavish spending,” including large payments to corporate officers such as:

- President Parker Berling
- Co-founder Gilbert “Berner” Milam Jr.
- Famed breeder Lesjai Chang

Dalton argues that these funds should instead go toward satisfying the judgment.

## **Few Options Remain as Bankruptcy Path Appears Blocked**

Cookies’ legal paths to survival may be limited. Cannabis companies even non plant touching ones have historically been denied access to federal bankruptcy protections due to marijuana’s status under federal law.

That leaves Cookies almost entirely at the mercy of the judgment creditor.

## **A Lifeline Entangled in Appeals: Cookies Is Owed \$24.3 Million**

Cookies is appealing the arbitrator’s ruling, but legal experts suggest reversals in such cases are rare.

Complicating matters, Cookies is simultaneously seeking to collect a far larger award of its own. Court records show that retail partner TRP Co. (and its affiliate Cookies Retail) owes the company a combined \$22.7 million after a judge found TRP failed to pay contractually required royalties.

That award is also under appeal meaning the funds that could save Cookies remain locked in litigation.

TRP-affiliate Cookies Florida operates 17 stores statewide stores that Cookies moved to acquire in 2024. The current status of that deal remains unclear.

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