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MMMGC-MC, INC. and BRENT COX  
7

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

9 **FOR THE COUNTY OF LOS ANGELES – SANTA MONICA COURTHOUSE**

10 MMMGC-MC, INC., a British Virgin Islands  
corporation; and BRENT COX, an individual,

11 Plaintiffs,

12 v.

13 ADAM BIERMAN, an individual; ANDREW  
14 MODLIN, an individual; MEDMEN  
ENTERPRISES, INC., a British Columbia  
15 corporation; MM CAN USA, INC., a California  
corporation; MM ENTERPRISES USA, LLC, a  
16 Delaware limited liability company; MMMGC,  
LLC, a Nevada limited liability company; and  
17 DOES 1 THROUGH 100, inclusive,

18 Defendants,

19 - and -

20 MMMGC LLC as nominal Defendant in the  
Derivative Second Cause of Action.  
21

Case No.:

**COMPLAINT FOR:**

1. **BREACH OF FIDUCIARY DUTY (DIRECT);**
2. **BREACH OF FIDUCIARY DUTY (DERIVATIVE);**
3. **CONSPIRACY TO COMMIT BREACH OF FIDUCIARY DUTY; and**
4. **INJUNCTIVE RELIEF**

22  
23 **INTRODUCTION**

24 1. Before reviewing the remainder of this Complaint, one material fact must be borne well  
25 and clearly in mind. On March 15, 2017, at a board meeting of Defendant MMMGC LLC, in which  
26 Plaintiffs were investors, Defendant ADAM BIERMAN, angered by Plaintiff MMMGC-MC, INC.'s  
27 predecessor exercising a contractual right to acquire equity in MMMGC LLC at an advantageous price,  
28 threatened Plaintiff BRENT COX, in the presence of Defendant ANDREW MODLIN, that he would

1 do everything in his power to make MMMG LLC the least valuable part of MedMen, including by  
2 establishing investment funds that he would exclude Plaintiffs from so that Plaintiffs, MMMG LLC,  
3 and its investors would be cut out of the benefits of their investments in MedMen.

4 2. Plaintiffs are forced to file suit because BIERMAN is now doing exactly that, on  
5 purpose, in broad daylight, in breach of his fiduciary duties to MMMG LLC, all investors in MMMG  
6 LLC, and Plaintiffs, in order to enjoy personal financial benefits and to exercise his grudge.

7 3. Plaintiffs MMMG-MC, INC. and BRENT COX, by and through their counsel of  
8 record, in order to seek relief from those unlawful acts and to protect all shareholders within the  
9 MedMen constellation of entities, hereby allege more fully as follows:

10 **PARTIES**

11 4. Plaintiff MMMG-MC, Inc. (“MC”) was at all times relevant herein, and is, a British  
12 Virgin Islands corporation having the sole purpose of holding an investment interest in Defendant  
13 MMMG LLC. MC owns approximately 10% of Defendant MMMG LLC consisting of approximately  
14 16,093,333 units of MMMG, which interest it acquired, with the authorization and approval of  
15 MMMG, from its predecessor entity MMMG-MC, Inc., a Delaware corporation having the same  
16 name.

17 5. Plaintiff Brent Cox was at all times relevant herein, and is, an individual residing in  
18 and doing business in Los Angeles County in the State of California. Mr. Cox is a private investor.  
19 Mr. Cox owns approximately 1.3% of Defendant MMMG LLC consisting of approximately 2,101,628  
20 units of MMMG.

21 6. MC and Mr. Cox will sometimes be collectively referred to herein as “Plaintiffs.”

22 7. Plaintiffs are informed and believe, and on that basis allege, that Defendant MEDMEN  
23 ENTERPRISES INC. is a Canadian publicly-traded corporation organized pursuant to the laws of the  
24 Province of British Columbia (“MEDMEN CORP.”), which at all times relevant herein had its  
25 principal place of business at 10115 Jefferson Boulevard, Los Angeles, California 90232, and which  
26 at all times relevant herein did business within Los Angeles County. Shares of MEDMEN CORP. are  
27 traded on the Canadian Securities Exchange under the ticker symbol “MMEN.” MEDMEN CORP. is  
28 the parent corporation of all other Entity Defendants (defined below).



1           8.       Plaintiffs are informed and believe, and on that basis allege, that Defendant MM CAN  
2 USA INC. is a corporation organized pursuant to the laws of the State of California (“MMCAN”),  
3 which at all times relevant herein had its principal place of business at 10115 Jefferson Boulevard,  
4 Los Angeles, California 90232, and which at all times relevant herein did business within Los Angeles  
5 County. Plaintiffs are informed and believe, and on that basis allege, that MMCAN is a direct  
6 subsidiary of public parent corporation MEDMEN CORP. and is a member of and the sole manager  
7 of MMUSA (defined immediately below).

8           9.       Plaintiffs are informed and believe, and on that basis allege, that Defendant MM  
9 ENTERPRISES USA LLC is a limited liability company organized pursuant to the laws of the State  
10 of Delaware (“MMUSA”), which at all times relevant herein had its principal place of business at  
11 10115 Jefferson Boulevard, Los Angeles, California 90232, and which at all times relevant herein did  
12 business within Los Angeles County. Plaintiffs are informed and believe, and on that basis allege that  
13 MMUSA is a subsidiary of MEDMEN CORP. and a direct subsidiary of MMCAN, and is solely  
14 managed by MMCAN (defined immediately above).

15          10.       Plaintiffs are informed and believe, and on that basis allege, that Defendant MMMG  
16 LLC is a limited liability company organized pursuant to the laws of the State of Nevada (“MMMG,”  
17 together with MEDMEN CORP., MMCAN, and MMUSA, the “Entity Defendants”), which at all  
18 times relevant herein had its principal place of business at either 8441 Warner Drive, Culver City,  
19 California 90232, or 10115 Jefferson Boulevard, Los Angeles, California 90232, and which at all times  
20 relevant herein did business within Los Angeles County. MMMG owns an investment interest in  
21 MMUSA, which entitles MMMG to issuance of shares of MEDMEN CORP. and in turn entitles  
22 members of MMMG such as Plaintiffs to receive proportionate distribution of shares of MEDMEN  
23 CORP. In addition to being a Defendant herein, MMMG is a nominal defendant in Plaintiff’s  
24 derivative second cause of action.

25          11.       Plaintiffs are informed and believe, and on that basis allege, that Defendant ADAM  
26 BIERMAN is an individual who at all times relevant herein resided in and did business within Los  
27 Angeles County (“BIERMAN”). BIERMAN is the Co-Founder and Chief Executive Officer of  
28 MEDMEN CORP., the Chief Executive Officer and Secretary of MMCAN, and a Member and

1 Manager of MMUSA and MMMG. Bierman is also a Director of MEDMEN CORP. and MMCAN.  
2 BIERMAN controls approximately 49.6% of the voting power in MEDMEN CORP.

3 12. Plaintiffs are informed and believe, and on that basis allege, that Defendant ANDREW  
4 MODLIN is an individual who at all times relevant herein resided in and did business within Los  
5 Angeles County (“MODLIN”). MODLIN is the Co-Founder and President of MEDMEN CORP. and  
6 MMCAN, and a Member and Manager of MMUSA and MMMG. Modlin is also a Director of  
7 MEDMEN CORP. and MMCAN. MODLIN controls approximately 49.6% of the voting power in  
8 MEDMEN CORP.

9 13. BIERMAN and MODLIN will sometimes collectively be referred to herein as the  
10 “Individual Defendants.” Because BIERMAN and MODLIN collectively hold approximately 99.2%  
11 of the voting power in MEDMEN CORP., and personally direct, manage, and control all of the Entity  
12 Defendants and personally direct, manage, and control all of the managers of the Entity Defendants,  
13 BIERMAN and MODLIN exercise complete and unfettered discretion and control over all of the  
14 Entity Defendants and related MedMen entities. Thus, BIERMAN and MODLIN exercise complete  
15 and unfettered discretion and control over the fate of all MedMen investors, including Plaintiffs.

16 14. The Entity Defendants and Individual Defendants will sometimes collectively be  
17 referred to herein as the “MedMen Defendants.”

18 15. Plaintiffs do not know the true names and capacities of defendants sued in this  
19 Complaint as DOES 1 through 100, inclusive, and therefore sue these defendants by fictitious names  
20 under Section 474 of the California Code of Civil Procedure. Plaintiffs will amend this Complaint to  
21 allege the true names and capacities of DOES 1 through 100, inclusive, when ascertained. Plaintiffs  
22 are informed and believe, and on that basis alleges, that each of the defendants named herein as DOES  
23 1 through 100, inclusive, are responsible in some manner for the occurrences, injuries, breaches, and  
24 other damages alleged in this Complaint.

25 16. Plaintiffs are informed and believe, and on that basis allege, that each of the MedMen  
26 Defendants and Does 1 through 100, inclusive, are so tightly intertwined and so diligently pursue the  
27 best interests of BIERMAN and MODLIN to the exclusion of the best interests of the Entity  
28 Defendants themselves, that all of the MedMen Defendants and Does 1 through 100, inclusive, and

1 each of them, are co-conspirators in the acts and breaches of duty alleged herein. Plaintiffs are further  
2 informed and believe, and on that basis allege, that BIERMAN and MODLIN, in their roles as officers,  
3 directors, executives, and managers of each of the Entity Defendants, so reliably manage, direct, and  
4 control the decisions of each of the Entity Defendants that any distinction between the decisions made  
5 by the Entity Defendants and the decisions made by BIERMAN and MODLIN for their own benefit  
6 has never existed at any time relevant herein, and as a result each of the MedMen Defendants and  
7 Does 1 through 100, inclusive, are co-conspirators in the acts and breaches of duty alleged herein.

8 **JURISDICTION AND VENUE**

9 17. Jurisdiction is proper in the Superior Court of the County of Los Angeles in the State  
10 of California because it has general subject matter jurisdiction and no statutory exceptions to  
11 jurisdiction exist.

12 18. This Court has personal jurisdiction over the MedMen Defendants because each and  
13 all of them have their principal place of business in, and at all times relevant herein regularly transacted  
14 business within, the County of Los Angeles in the State of California, and both Bierman and Modlin  
15 at all times relevant herein resided in the County of Los Angeles in the State of California.

16 19. Venue is proper in this Court pursuant to Sections 395 and 395.5 of the California Code  
17 of Civil Procedure.

18 **FACTUAL ALLEGATIONS**

19 20. The public face of the MedMen brand and its constellation of entities is MEDMEN  
20 CORP., which purports to operate an ethical fully integrated cannabis business intent on  
21 “mainstreaming marijuana.”

22 21. In practice, MEDMEN CORP. facilitates the personal enrichment of BIERMAN and  
23 MODLIN at the expense of its investors and subsidiary shareholders to the exclusion of sound  
24 corporate governance, business judgment, or adherence to the fiduciary duties BIERMAN and  
25 MODLIN owe to the shareholders and members of the numerous MedMen entities, and to the  
26 stakeholders of MEDMEN CORP.

27 22. BIERMAN and MODLIN similarly disregard the fiduciary duties they owe to  
28 MEDMEN CORP.’s subsidiary entities themselves, often causing certain of MEDMEN CORP.’s

1 subsidiary entities to pursue puzzling actions directly detrimental to such entities' best interests in  
2 order to advantage other subsidiary entities in which BIERMAN and MODLIN hold greater personal  
3 interests.

4 23. Put differently, beneath the MedMen veneer is a complex web of interconnected  
5 subsidiary entities, virtually all of which are directly managed, directed, controlled, and owned by  
6 BIERMAN and MODLIN, and all of which always pursue the best interests of BIERMAN and  
7 MODLIN, rather than the best interests of any stakeholder or entity. It is that perverse  
8 interconnectedness and rampant, brazen self-dealing that renders the actions of BIERMAN and  
9 MODLIN, and of the Entity Defendants, unlawful.

10 24. The structure of the Entity Defendants is set forth below.

11 **Plaintiffs' Interest in MMMG**

12 25. MMMG is a Nevada limited liability company that was established on or about April  
13 9, 2014, for the purpose of providing organizational, design and management services to marijuana  
14 businesses, either directly or through subsidiaries. MMMG is but one of several entities that were  
15 combined into new entity MMUSA before the MedMen business "went public" in 2018.

16 26. In or around March 2016, Mr. Cox was issued Class B Units of MMMG in an amount  
17 that now constitutes one and three tenths percent (1.3%) ownership of MMMG, and on or about March  
18 5, 2018, with the authorization and approval of MMMG, MC acquired Class B Units of MMMG in an  
19 amount constituting ten percent (10%) ownership of MMMG. Accordingly, MMMG is the vehicle  
20 through which Plaintiffs became stakeholders in MEDMEN CORP.

21 27. On September 15, 2018 MEDMEN CORP.'s Chief Financial Officer James Parker –  
22 who since resigned from the role almost immediately after receiving a \$2,500,000 cash performance  
23 bonus while the MMEN share price tanked – confirmed in writing that MC owns 10% of MMMG  
24 pursuant to MEDMEN CORP.'s internal waterfall calculations, and that Mr. Cox owns 1.3% of  
25 MMMG pursuant to MEDMEN CORP.'s internal waterfall calculations.

26 **The "Roll-Up Transaction"**

27 28. MMUSA is an entity that was created by the MedMen Defendants for the purpose of  
28 consolidating into one cannabis industry behemoth the assets of numerous MedMen-related entities

1 that were established beginning in or around 2010 and multiplied in number over time as the MedMen  
2 brand expanded its footprint in California and beyond.

3 29. On or about January 28, 2018, the MedMen businesses closed a so-called “Roll-Up  
4 Transaction.” When the Roll-Up Transaction closed, the assets of each of the following entities were  
5 consolidated into MMUSA: MMMG; MedMen Opportunity Fund, LP (“Fund I”); MedMen  
6 Opportunity Fund II, LP (“Fund II”); The MedMen of Nevada 2, LLC; DHSM Investors, LLC; and  
7 Bloomfield Partners Utica, LLC.

8 30. It is Fund I and Fund II that will remain relevant herein because of their  
9 disproportionately favorable treatment – when compared to the shabby treatment of MMMG – by the  
10 MedMen Defendants.

11 31. Through the Roll Up Transaction, in pertinent part, Fund I was allocated 21.6%  
12 ownership of MMUSA (which constituted 56,618,877 Class B Units of MMUSA), Fund II was  
13 allocated 16.6% ownership of MMUSA (which constituted 35,971,384 Class B Units of MMUSA),  
14 and MMMG was allocated 50.6% ownership of MMUSA (which constituted 110,000,000 Class B  
15 Units of MMUSA).

16 **The “Reverse Takeover” Business Combination**

17 32. The Roll-Up Transaction caused the majority, but not the entirety, of the MedMen  
18 constellation of assets and entities to be combined within MMUSA, in anticipation of then taking the  
19 company public.

20 33. Following the Roll-Up Transaction, on or about May 29, 2018, MMUSA, MEDMEN  
21 CORP. and an unrelated corporation called Ladera Ventures Corp. (“Ladera”) – which was a publicly-  
22 traded penny-stock on the Canadian Stock Exchange – carried out a business combination that resulted  
23 in a reverse takeover of Ladera by securityholders of MMUSA and established MEDMEN CORP. as  
24 a public corporation traded on the Canadian Stock Exchange (the “RTO”).

25 34. Plaintiffs are informed and believe, and on that basis allege, that when or shortly after  
26 the RTO was completed, Fund I, Fund II and MMMG were issued Class B Subordinate Voting Shares  
27 of MMCAN in amounts proportionate to their respective interests in MMUSA, which shares are  
28 redeemable in a 1:1 Ratio for MEDMEN CORP. shares, but could not trade them because they

1 received them pursuant to a “Lock Up Agreement” pursuant to which BIERMAN and MODLIN  
2 caused each of Fund I, Fund II and MMMG to agree that the shares issued to them would not be  
3 tradable until on or about November 29, 2018.

4 35. In other words, the RTO was designed to prevent public trading of MEDMEN CORP.  
5 shares issued to each of Fund I, Fund II and MMMG for six months from the date of the RTO.

6 36. Plaintiffs are further informed and believe, and on that basis allege, that pursuant to the  
7 RTO structure BIERMAN and MODLIN negotiated with themselves and their own entities,  
8 BIERMAN and MODLIN each received from MEDMEN CORP. – in addition to their additional  
9 compensation in their myriad directorial, managerial, bonus recipient, and both-sides-of-every-  
10 MedMen-transaction roles with all of the MedMen Defendants and additional MEDMEN CORP.  
11 subsidiaries – US\$1,500,000 in yearly cash salary, approximately 10,000,000 shares each of  
12 MEDMEN CORP. vesting on an automatic monthly basis issued at CAD\$5.25 per share (which  
13 vesting schedule was, upon investor uproar, revised as more fully set forth herein), and eligibility to  
14 each receive US\$4,000,000 cash bonuses in the event the enterprise value of MEDMEN CORP. ever  
15 exceeds US\$2,000,000,000 (i.e., not the actual market capitalization, but instead the easily  
16 manipulated implied enterprise value).

17 **MedMen Goes Public and Dismal Performance Follows**

18 37. Things have gone badly for the MedMen Defendants since going public, and thus they  
19 have gone badly for all MEDMEN CORP. stakeholders.

20 38. On or about May 29, 2018, approximately 27,000,000 publicly-tradable MEDMEN  
21 CORP. shares were issued at an initial price of CAD\$5.25 / US\$3.86 per share.<sup>1</sup>

22 39. Almost immediately thereafter, the cannabis business press and investors began loudly  
23 objecting to the structure of BIERMAN and MODLIN’s personal long-term incentive plan (“LTIP”),  
24 which in effect diluted shareholders while guaranteeing BIERMAN, MODLIN, and an individual  
25 named Chris Ganan, automatic awards of millions of dollars in cash bonuses and substantial share

26  
27  
28 <sup>1</sup> References to “US\$” herein shall be interpreted as references to United States Dollar denomination, while references to  
“CAD\$” herein shall be interpreted as references to Canadian Dollar denomination.



1 issuances not correlated with any shareholder benefit whatsoever. The stock plummeted.

2 40. The company was forced on or about June 8, 2018, less than two weeks after going  
3 public, to publicly announce that the LTIP would be modified so that MMUSA units awarded to  
4 BIERMAN and MODLIN pursuant to the LTIP would be awarded only upon certain share price  
5 achievements,<sup>2</sup> rather than being automatically issued on a monthly basis regardless of job  
6 performance. Notably, however, the cash bonus incentives were left unchanged when the LTIP plan  
7 was revised.

8 41. In that public announcement, MEDMEN CORP. clarified that “th[e] modification to  
9 the grants under the LTIP was made to provide greater economic alignment with MedMen’s  
10 shareholders.” But it was self-dealing among BIERMAN, MODLIN, MMUSA, MMCAN and  
11 MEDMEN CORP. that facilitated the abusive LTIP structure in the first place, and thus necessitated  
12 a public statement admitting that BIERMAN and MODLIN’s incentives and the interests of  
13 MEDMEN CORP.’s shareholders are not aligned.

14 42. Indeed, it was BIERMAN and MODLIN who agreed with BIERMAN and MODLIN,  
15 in their various self-interested roles directing, managing, and controlling MEDMEN CORP.,  
16 MMCAN, and MMUSA, that BIERMAN and MODLIN should automatically be paid additional  
17 money and units by entities controlled by BIERMAN and MODLIN for reasons not correlated with  
18 shareholders’ best interests. This dynamic – BIERMAN agreeing with BIERMAN to pay BIERMAN  
19 for things BIERMAN agreed with BIERMAN to do because they were good for BIERMAN, while  
20 being terrible for shareholders and for the entities BIERMAN decided should pay him – permeates the  
21 entire MedMen enterprise.

22 43. Following the LTIP fiasco, the MedMen Defendants began a series of “growth”  
23 acquisitions in which they burned through cash, with MEDMEN CORP. reporting breathtaking  
24 quarterly losses while twice seeking “bought deal” financing to address the acute liquidity challenges

25 \_\_\_\_\_  
26 <sup>2</sup> The new LTIP plan provided that one third of the total LTIP units to which BIERMAN and MODLIN are entitled will  
27 vest when MEDMEN CORP.’s shares reach CAD\$10 in the open market, another third will vest when the share price  
28 reaches CAD\$15, and the final third will vest with the share price reaches CAD\$20, calculated based upon the 5-day  
volume weighted average price (“VWAP”) on any exchange where MEDMEN CORP. shares are traded. None of those  
share prices have ever been reached, let alone sustained over a 5-day VWAP.

1 they were facing.

2 44. On or about September 6, 2018, MEDMEN CORP. agreed to sell, in pertinent part,  
3 13,636,364 shares of MEDMEN CORP. to an outside investor called Eight Capital at a share price of  
4 CAD\$5.50 for gross proceeds of CAD\$75,000,002 (the “September Offering”). Less than a month  
5 later, on or about October 1, 2018, MMCAN agreed to a loan in the amount of CAD\$99,952,190 from  
6 a company called Hankey Capital, LLC, thereby agreeing to pay an accruing interest rate of 7.5% per  
7 annum, payable monthly, as well as a 1% prepayment penalty.

8 45. On or about October 11, 2018, MEDMEN CORP. agreed to an all-stock – i.e., paid for  
9 entirely with shares of MEDMEN CORP. – deal pursuant to which it would acquire, in pertinent part,  
10 all equity interests in cannabis business PharmaCann, LLC, an Illinois limited liability company, at a  
11 valuation of US\$682,000,000 (the “PharmaCann Acquisition”). The MEDMEN CORP. share price  
12 spiked, then almost immediately plummeted anew.

13 46. On or about October 25, 2018, MEDMEN CORP. reported fiscal year 2018 fourth  
14 quarter net losses of US\$78,739,439.

15 47. Still voraciously hungry for cash, on or about November 9, 2018, MEDMEN CORP.  
16 announced another “bought deal” financing pursuant to which it agreed to sell to Canaccord Genuity  
17 Corp. 17,648,000 units of MEDMEN CORP. at a share price of CAD\$6.80 for gross proceeds of  
18 CAD\$120,006,400 (the “November Offering”). Having rebounded from the share price plummet that  
19 coincided with the PharmaCann Acquisition – from a high of CAD\$9.02 per share to a low of  
20 CAD\$6.00 per share to a rebound high of CAD\$8.08 per share on November 7, 2018 – the stock again  
21 plummeted when the November Offering was announced.

22 48. MMEN shares closed at CAD\$5.43 on November 15, 2018, and the next day  
23 MEDMEN CORP. announced a revision to the November Offering. Under the revised terms of the  
24 deal with Canaccord Genuity Corp., MEDMEN CORP. agreed to sell 13,640,000 MMEN Class B  
25 Subordinate Voting Shares at a substantially lowered share price of CAD\$5.50 per share, for gross  
26 proceeds of CAD\$74,020,000 (the “Revised November Offering”). MMEN shares closed at  
27 CAD\$5.43 on November 16, 2018.

28 49. Also on November 16, 2018, two MEDMEN CORP. subsidiaries were sued for

1 violations of California’s wage and hour laws in a class action entitled *Medlock v. Manlin I, LLC, et*  
2 *al.*, Los Angeles Superior Court Case No. 18STCV05391.

3 50. Finally, on or about December 18, 2018, the City of West Hollywood announced, in  
4 pertinent part, that MedMen’s flagship West Hollywood location, which presently operates under a  
5 temporary Adult Use (Recreational) Sales License that expires in March 2019, would not receive a  
6 permanent Adult Use (Recreational) Sales License. Thus, the flagship West Hollywood MedMen  
7 location will most likely cease all recreational sales in March 2019 unless the City of West Hollywood  
8 amends its licensing decision.

9 **Individual Defendants Receive Cash Performance Bonuses Despite Dismal Performance**

10 51. On or about November 29, 2018, MEDMEN CORP. reported fiscal year 2019 first  
11 quarter net losses of US\$66,496,223, bringing losses over the most recent reported six months to  
12 US\$145,235,662.

13 52. That financial report was extremely troubling for reasons additional to the gargantuan  
14 losses MEDMEN CORP. habitually suffers. First, despite MEDMEN CORP.’s obvious liquidity  
15 problems and voracious appetite for infusions of cash, it paid US\$21,276,488 in cash compensation to  
16 “Key Management” personnel just in that quarter, including in the form of “one-time bonuses related  
17 to reverse takeover.”

18 53. Plaintiffs are informed and believe, and on that basis allege, that BIERMAN and  
19 MODLIN each received excessive discretionary and/or enterprise value cash bonuses in or around  
20 September or October 2018, and that the purpose of the September Offering, November and Revised  
21 November Offering, and PharmaCann Acquisition was to inflate enterprise value in order to trigger  
22 the US\$4,000,000 cash bonuses to BIERMAN and MODLIN, and the US\$2,500,000 cash bonus to  
23 James Parker, rather than any purpose designed to benefit shareholders. Plaintiffs are informed and  
24 believe, and on that basis allege, that BIERMAN and MODLIN received additional discretionary  
25 and/or “performance” cash bonuses while the Entity Defendants were bleeding money, desperately  
26 seeking outside cash infusions at reduced rates, taking a nearly CAD\$100,000,000 loan at a 7.5% per  
27 annum interest rate, getting sued by disgruntled employees for employment violations, and generally  
28 overseeing losing share performance since the RTO, in violation of their duties to do what is best for

1 the Entity Defendants and their investors, and not to do what is best for BIERMAN and MODLIN to  
2 the detriment of entities such as MMMG and stakeholders in MEDMEN CORP.

3 **The Lock Up Strategy Harms MMMG and Plaintiffs**

4 54. For months after the RTO, Plaintiffs attempted to ascertain when MEDMEN CORP.  
5 shares would actually be issued to investors in and/or members of Fund I, Fund II and MMMG.

6 55. First, in October 2018, counsel to the MedMen Defendants indicated that the existing  
7 lock up would expire on or around November 29, 2018, with shares issued at that time, and that Fund  
8 I, Fund II, and MMMG would establish plans for a follow-on lock up. Counsel to Plaintiffs followed  
9 up on November 16, 2018, as follows: “Now that we’re approaching the end of November I’m  
10 following up on our October conversation to request confirmation that MMEN share certificates will  
11 be issued to shareholders in the MMMG block on or shortly after November 29, 2018 . . . I’m also  
12 checking on what the terms of the when-we-last-spoke-hypothetical-second-lock-up-period are or, in  
13 the alternative, checking on whether there will be such a period at all.” Counsel to the MedMen  
14 Defendants responded: “There is a committee that has been formed to determine what is best for the  
15 company as a whole. A formal plan will be presented in the next few days and communicated to all  
16 stakeholders.” Plaintiffs are informed and believe, and on that basis allege, that the committee that  
17 was formed was dominated by BIERMAN and MODLIN in order that the treatment of MMMG could  
18 be guaranteed to be worse than the treatment of Fund I and Fund II. Plaintiffs are further informed and  
19 believe, and on that basis allege, that the MedMen Defendants believe they can sanitize mistreating  
20 MMMG by alleging that MMMG’s suffering is better for MEDMEN CORP. “as a whole,” which  
21 justification for mistreating MMMG is tantamount to an admission of breach of fiduciary duties to  
22 MMMG and its investors.

23 56. On November 21, 2018, BIERMAN announced that limited partners in Fund I and  
24 Fund II would have 100% of their shares issued to them in “mid-January” 2019, with the share totals  
25 awarded to them calculated at the then-current market value. At that time, a portion of their MEDMEN  
26 CORP. shares would be free-trading, while the remainder of their shares would remain locked up until  
27 the thirteenth month thereafter, after which once per month on a twelve-month basis their “remaining  
28 shares become free-trading based on a monthly drip,” in equal installments.



1 57. It wasn't until two weeks later, on December 3, 2018, that BIERMAN finally  
2 announced that MMMG and its investors would be treated demonstrably worse than Fund I and Fund  
3 II. BIERMAN announced that MMMG's investors would receive 100% of their shares in "mid-  
4 January" 2019, but that none of their shares would be free-trading until the thirteenth month thereafter.  
5 In other words, MMMG and its investors, including Plaintiffs, will receive their shares, but must sit  
6 on the sidelines for a year while Fund I and Fund II's investors enjoy the freedom to partially liquidate  
7 their positions and thereby earn a return on their investments.

8 58. Pursuant to the terms of the RTO, Fund I, Fund II, and MMMG each hold Class B  
9 Subordinate Voting Shares of MEDMEN CORP., and thus each has the exact same rights and interests.  
10 There is no lawful justification for the disparate treatment of MMMG announced by BIERMAN on  
11 December 3, 2018.

12 **The MedMen Defendants Have Already Admitted to Conduct Constituting Breach of**  
13 **Fiduciary Duties**

14 59. Worse than the facially abusive lock up plans, MEDMEN CORP.'s justifications for  
15 disparate treatment of MMMG and its investors constitute admissions of breach of fiduciary duty.

16 60. Counsel to the MedMen Defendants informed counsel to Plaintiffs on or about  
17 December 20, 2018, that "more [shares] is worse" for the share price of MEDMEN CORP., and thus  
18 that MEDMEN CORP. intends to reduce the number of free-trading MEDMEN CORP. shares on the  
19 market by preventing MMMG investors from trading while Fund I and Fund II's investors are able to  
20 trade in order to help them "get into the black" so that they "can play with house money." In other  
21 words, the MedMen Defendants admit that MMMG and its investors are being used as a barrier to  
22 fluctuations in share price for the benefit of Fund I and Fund II and their investors. That is indisputably  
23 unlawful, and a breach of fiduciary duty to MMMG and its investors.

24 61. Further, counsel to the MedMen Defendants explained to counsel to Plaintiffs that the  
25 lock up MMMG will be subjected to is identical to the lock up applicable to actual MEDMEN CORP.  
26 insiders – *inter alia*, BIERMAN and MODLIN – even though most of MMMG's investors, including  
27 Plaintiffs, are not insiders. In other words, the MedMen Defendants admit they intend to treat some  
28 non-insider investors as insiders in order to financially benefit other non-insider investors who will be

1 treated better. That is indisputably unlawful, and a breach of fiduciary duties owed to Plaintiffs and to  
2 MMMG and its investors.

3 62. Counsel to the MedMen Defendants also explained to counsel to Plaintiffs that  
4 BIERMAN and MODLIN, either directly and/or through entities they dominate and control and hold  
5 financial interests in, are entitled to receive “promote” incentives based upon the share price at the  
6 date of issuance of MEDMEN CORP. shares to investors in Fund I and Fund II, but hold no such  
7 interest in MMMG.

8 63. More specifically, with regard to Fund I, an abusive promote of 50% of net profits is  
9 payable to the General Partner of Fund I – another entity controlled, directed, managed, and majority  
10 owned by BIERMAN and MODLIN, in which BIERMAN and MODLIN are also investors – and with  
11 regard to Fund II, a smaller but still abusive promote of either 27.5% or 30% of net profits is payable  
12 to the General Partner of Fund II – again, an entity controlled, directed, managed, and majority owned  
13 by BIERMAN and MODLIN in which BIERMAN and MODLIN are also investors (collectively, both  
14 promote schemes are sometimes referred to herein as the “Promote Structure”).

15 64. With regard to MMMG, however, there is no promote payable to anyone.

16 65. Plaintiffs are informed and believe, and on that basis allege, that the MedMen  
17 Defendants elected to benefit Fund I and Fund II’s investors while simultaneously preventing  
18 MMMG’s investors from acquiring free-trading MEDMEN CORP. shares in order to prop up share  
19 value at the time of the promote awards to BIERMAN and MODLIN because that was more financially  
20 lucrative for BIERMAN and MODLIN, and because they were carrying out BIERMAN’s threat to  
21 punish Plaintiffs by devaluing MMMG.

22 66. In the alternative, Plaintiff is informed and believes, and on that basis alleges, that the  
23 reason the MedMen Defendants intend to allow “shares equal to 115% of the capital accounts” of  
24 investors in Fund I, Fund II, and MMMG to become free-trading, rather than allowing a set percentage  
25 of shares actually issued to such investors to become free-trading, is specifically to prevent MC, alone,  
26 from trading for a year on the hypothetical and false basis that MC’s capital account is presently \$0.

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1                   **It Actually Gets Worse: Shares Will Not Be Issued Unless Investors Release All Claims,**  
2   **Known and Unknown, Against the MedMen Defendants**

3           67.       On or about December 17, 2018, Plaintiffs sent written request to MMMG, BIERMAN,  
4 MODLIN, and counsel to the MedMen Defendants that MMMG turn over all records investors in  
5 MMMG are entitled to. MMMG turned over some records at approximately 6:10 PM PST on  
6 December 21, 2018, but that production contained no information about the MedMen Defendants’  
7 lock up plans.

8           68.       It was not until January 4, 2019, that Plaintiffs learned for the first time that Fund I and  
9 Fund II had already entered into Lock Up Agreements with MMCAN dated December 21, 2018 –  
10 executed in both regards by and between BIERMAN – pursuant to which their shares will be issued  
11 to their investors on January 9 and will then become free-trading on January 10, 2019.

12           69.       Plaintiffs also learned for the first time that investors in Fund I and Fund II have been  
13 informed by the Funds in letters signed by BIERMAN on behalf of the Funds that in order to actually  
14 receive their MEDMEN CORP. shares they must agree to a blanket global release of all claims, known  
15 and unknown, as follows, as well as a complete waiver of the protections of California Civil Code  
16 section 1542:

17                   “For and in consideration of the distribution of PC Corp Shares to me, I  
18 hereby forever release, acquit and discharge the Fund, the General  
19 Partner and their respective managers, officers, directors, members,  
20 partners, shareholders, employees, contractors, agents, attorneys,  
21 representatives and any other related persons, firms, corporations and  
22 entities together with each of their respective affiliates and subsidiaries  
23 (collectively, the “*Fund Released Parties*”), from any and all claims,  
24 demands, actions, causes of actin, suits, covenants, contracts,  
25 agreements and all liabilities of any kind and nature whatsoever,  
26 whether known or unknown, contingent or otherwise, at law or in  
27 equity, which I now have, ever had, or may have at any time in the future  
28 against the Fund Released Parties based on, arising out of, or related to

1 (i) any acts or omissions by any of the Fund Released Parties occurring  
2 prior to the date hereof, or (ii) the distribution of the PC Corp Shares to  
3 me, including, but not limited to, any changes in the value of the PC  
4 Corp Shares, the PubCo Shares or the exchange rate used to calculate  
5 the number of shares I am entitled to receives [sic] pursuant to such  
6 distribution.”

7 70. In other words, the MedMen Defendants are, by conditioning investment liquidity and  
8 the ability to realize any investment gain upon such releases, extorting from investors full releases of  
9 the malfeasance, self-dealing, and myriad breaches of fiduciary duty alleged herein.

10 71. The aforementioned letters also constitute admissions that investors in Fund I, Fund II  
11 and MMMG are each equivalent “stakeholders” of MEDMEN CORP. The letters identify and describe  
12 the goal of the finalized lock up plan as determining “how best to approach the lock-up expiration in  
13 order to preserve value while still providing some near term liquidity for its stakeholders.”

14 72. Unfortunately, the MedMen Defendants have determined that they will provide some  
15 near-term liquidity for MEDMEN CORP. “stakeholders” in Fund I and Fund II, but not in MMMG.

16 73. Upon learning of the new dates certain for share issuance and nearly-immediate free  
17 trading for Fund I and Fund II but not for MMMG, Plaintiffs sent a request to counsel to the MedMen  
18 Defendants in which Plaintiffs inquired as to why the lock up agreement and letter for MMMG were  
19 not contained within the document turnover from MMMG, and received this response on January 4,  
20 2019: “You are not seeing the Lock-Up Agreement for MMMG because it has not been entered into  
21 yet. The plan is to execute the Lock-Up for these shares in the very near future and likely before  
22 January 10th. Once the Lock-Up has been executed the agreement, together with a correspondence  
23 similar to that of Fund I and Fund II and containing similar release language, will be circulated to  
24 MMMG stakeholders.”

25 74. At the time of the filing of this Complaint, the MedMen Defendants have still not  
26 identified a date for issuance of shares or when shares become free-trading for MMMG and its  
27 investors. Plaintiffs are informed and believe, and on that basis allege, that the genuine reason the lock  
28 up and free-trading dates were concealed for so long, and that the dates specific to MMMG have still



1 not been announced to Plaintiffs, is to prevent Plaintiffs from learning of the dates in time to file this  
2 lawsuit before the commencement of free trading for Fund I and Fund II triggered the Promote  
3 Structure payments to BIERMAN and MODLIN.

4 **FIRST CAUSE OF ACTION**

5 **(Breach of Fiduciary Duty (Direct) Against BIERMAN, MODLIN, MMMG and DOES 1**  
6 **Through 25, Inclusive)**

7 75. Plaintiffs incorporate by this reference each and all of the allegations set forth in  
8 Paragraphs 1 through 74 hereof as though fully set forth herein.

9 76. At all times relevant herein, by virtue of the investment relationship that existed  
10 between Plaintiffs on the one hand, and each of BIERMAN, MODLIN, MMMG, and DOES 1 through  
11 25, inclusive, on the other hand, wherein Plaintiffs were and remain rightful investors in MMMG and  
12 stakeholders in MEDMEN CORP., and wherein BIERMAN, MODLIN, and MMMG exercised  
13 management and control over MMMG's business and financial affairs, and wherein BIERMAN and  
14 MODLIN simultaneously exercised management and control over Fund I and Fund II's business and  
15 financial affairs, and wherein BIERMAN and MODLIN simultaneously exercised management and  
16 control over each of the managers of MMMG, Fund I, and Fund II, and wherein BIERMAN and  
17 MODLIN simultaneously exercised management and control over MMUSA, MMCAN, and  
18 MEDMEN CORP., a fiduciary duty existed at all times herein mentioned between BIERMAN,  
19 MODLIN, MMMG, and DOES 1 through 25, inclusive, on the one hand, and Plaintiffs on the other  
20 hand.

21 77. This fiduciary duty required BIERMAN, MODLIN, MMMG, and DOES 1 through 25,  
22 inclusive, to treat Plaintiffs with complete fairness and undivided loyalty. More specifically,  
23 BIERMAN, MODLIN, MMMG, and DOES 1 through 25, inclusive, were subject to a fiduciary duty  
24 not to preference their own advantage or the advantage of other MEDMEN CORP. stakeholders over  
25 those of Plaintiffs and were subject to a fiduciary duty to refrain from conducting themselves in any  
26 manner that conflicted with the best interests of Plaintiffs.

27 78. In violation of the fiduciary relationship set forth herein, BIERMAN, MODLIN,  
28 MMMG, and DOES 1 through 25, inclusive, breached their fiduciary duties to Plaintiffs by, *inter alia*:

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- (a) preventing Plaintiffs from freely trading shares of MEDMEN CORP. as of November 29, 2018;
- (b) preventing Plaintiffs from freely trading shares of MEDMEN CORP. while ensuring other stakeholders of MEDMEN CORP. will be able to trade shares of MEDMEN CORP.;
- (c) scheming to prevent Plaintiffs from freely trading shares of MEDMEN CORP. while ensuring other stakeholders of MEDMEN CORP. will be able to trade shares of MEDMEN CORP.;
- (d) scheming to prevent Plaintiffs from trading in order to bolster the stock price at the time BIERMAN and MODLIN take their Promote Structure profits (which is, on information and belief, the reason BIERMAN and MODLIN selected Fund I and Fund II for free trading, but not MMMG);
- (e) dissipating and converting assets of the MedMen Defendants for the purpose of enriching BIERMAN and MODLIN with cash and equity awards without fair justification;
- (f) carrying out BIERMAN's explicit threat to devalue MMMG to prevent Plaintiffs from benefitting from their investments in MMMG;
- (g) agreeing to lock up Plaintiffs for a year for the purpose of enriching contemporaneously-trading Fund I and Fund II investors;
- (h) paying BIERMAN and MODLIN exorbitant cash and equity bonuses while the MMEN share price limped below the RTO price and while MEDMEN CORP. required two different private equity infusions and a nearly CAD\$100,000,000 loan, suffered losses of US\$145,235,662 over six months, got sued for wage and hour violations by a class of employees, and lost the recreational sale license for its flagship West Hollywood store; and
- (i) concealing the dates certain of both share issuance and commencement of free trading of MMEN shares in order to prevent Plaintiffs from pursuing their rights at law until it was too late to protect those rights.

1 79. As a direct and proximate result of the above breaches of fiduciary duty, Plaintiffs have  
2 been damaged. Plaintiffs seek damages in an amount to be proven at trial but believed to be in excess  
3 of US\$18,000,000 as to MC and US\$1,800,000 as to Mr. Cox. When Plaintiffs have ascertained the  
4 full amount of damages they have suffered, they will seek leave of this Court to amend this Complaint  
5 accordingly.

6 80. In doing the things alleged herein, BIERMAN, MODLIN, MMMG, and DOES 1  
7 through 25, inclusive, acted with malice, oppression, and/or fraud pursuant to Section 3294(c) of the  
8 California Code of Civil Procedure, and acted willfully and with the intent to cause injury to Plaintiffs  
9 – indeed, BIERMAN announced that he intended to cause injury to Plaintiffs, and then did so, which  
10 allegation alone justifies an award of exemplary and/or punitive damages. Accordingly, BIERMAN,  
11 MODLIN, MMMG, and DOES 1 through 25, inclusive, and each of them, are guilty of malice,  
12 oppression, and/or fraud and Plaintiffs are entitled to recover an award of exemplary and/or punitive  
13 damages sufficient to punish BIERMAN, MODLIN, MMMG, and DOES 1 through 25, inclusive, and  
14 to deter others from pursuing similar unlawful schemes to enrich themselves at the expense of  
15 investors in one of California’s most exciting growth industries.

16 **SECOND CAUSE OF ACTION**

17 **(Breach of Fiduciary Duty (Derivative) Against Defendants BIERMAN, MODLIN,**  
18 **and DOES 26 Through 50, Inclusive, and Nominal Defendant MMMG)**

19 81. Plaintiffs incorporate by this reference each and all of the allegations set forth in  
20 Paragraphs 1 through 74 hereof as though fully set forth herein.

21 82. Plaintiffs bring this derivative cause of action on behalf of MMMG against BIERMAN,  
22 MODLIN, and DOES 26 through 50, inclusive, simultaneously with the other causes of action set  
23 forth herein.

24 83. It is the law of California that directors have a fiduciary relationship and a duty to act  
25 in the best interests of all shareholders, including minority shareholders. *Jones v. H.F. Ahmanson &*  
26 *Co.*, 1 Cal.3d 93 (1969); *Remillard Brick Co. v. Remillard-Danhini*, 109 Cal.App.2d 405 (1952). The  
27 California Supreme Court has held, in controlling case law, that:

28 “The extensive reach of the duty of controlling shareholders and

1 directors to the corporation and its other shareholders was described by  
2 the Court of Appeal in *Remillary Brick* . . . where, quoting from the  
3 opinion of the United States Supreme Court in *Pepper v. Litton*, 308  
4 U.S. 295 . . . the court held: ‘A director is a fiduciary . . . Their powers  
5 are powers of trust . . . He cannot by the intervention of a corporate  
6 entity violate the ancient precept against serving two masters . . . He  
7 cannot utilize his inside information and his strategic position for his  
8 own preferment . . . He cannot use his powers for his personal advantage  
9 and to the detriment of the stockholders and creditors no matter how  
10 absolute in terms that power may be and no matter how meticulous he  
11 is to satisfy technical requirements.’ In *Remillard*, the Court of Appeal  
12 clearly indicated that the fiduciary obligations of the directors and  
13 shareholders are neither limited to specific statutory duties and  
14 avoidance of fraudulent practices nor are they owed solely to the  
15 corporation to the exclusion of other shareholders.”

16 *Jones v. H.F. Ahmanson & Co.*, 1 Cal.3d at 108-109 (emphasis added and cleaned up).

17 84. Further, it is the law of California that officers owe the same fiduciary duty to act in  
18 the best interests of all shareholders, including minority shareholders, and in the best interests of the  
19 entity itself. See, e.g., *Jones v. H.F. Ahmanson & Co.*, 1 Cal.3d at 108-109; *GAB Business Services,*  
20 *Inc. v. Lindsey & Newsom Claim Services*, 83 Cal.App.4th 409, 419 (2000) (overruled on other  
21 grounds by *Reeves v. Hanlon*, 33 Cal.4th 1140, 1148 (2004)) (“an officer who participates in  
22 management of the corporation, exercising some discretionary authority, is a fiduciary of the  
23 corporation as a matter of law”); *Burt v. Irvine Co.*, 237 Cal.App.2d 828, 850 (1965) (“all corporate  
24 officers and directors owe the same fiduciary duty of good faith to the corporation and its  
25 shareholders”).

26 85. Further, it is the law of California that managers and officers of limited liability  
27 companies are obligated to act with the utmost loyalty and in the highest good faith when dealing with  
28 members of the limited liability company, and that they cannot obtain any advantage over any member

1 in order to themselves benefit from such advantage. See, e.g., *Feresi v. The Livery, LLC*, 232  
2 Cal.App.4th 419, 425-426 (2014); Cal. Comm. Code § 3307; Cal. Corp. Code § 17704.09.

3 86. These fiduciary duties required BIERMAN, MODLIN, and DOES 26 through 50,  
4 inclusive, to treat MMMG and its shareholders with complete fairness and undivided loyalty. More  
5 specifically, BIERMAN, MODLIN, and DOES 26 through 50, inclusive, were subject to a fiduciary  
6 duty not to preference their own advantage or the advantage of other MEDMEN CORP. stakeholders  
7 over those of MMMG and were subject to a fiduciary duty to refrain from conducting themselves in  
8 any manner that conflicted with the best interests of MMMG and its shareholders.

9 87. In violation of the fiduciary relationship set forth herein, BIERMAN, MODLIN, and  
10 DOES 26 through 50, inclusive, breached their fiduciary duties to MMMG and its shareholders by,  
11 *inter alia*, doing each of the things set forth in Paragraphs 78(a) through 78(i) hereof.

12 88. As a direct and proximate result of the above breaches of fiduciary duty, MMMG and  
13 its shareholders have been damaged. Plaintiffs derivatively seek damages in an amount to be proven  
14 at trial but believed to be in excess of US\$178,000,000. When Plaintiffs have ascertained the full  
15 amount of damages MMMG has suffered, they will seek leave of this Court to amend this Complaint  
16 accordingly.

17 89. Plaintiffs allege that they have complied with the requirements of Section 17709.02 of  
18 the California Corporations Code. On January 4, 2019, immediately after learning of the dates certain  
19 for share issuance and free trading for Fund I and Fund II, Plaintiffs provided the MedMen Defendants  
20 and their counsel with a detailed litigation demand seeking to, among other things, compel the  
21 MedMen Defendants to treat Fund I, Fund II, and MMMG equally, and setting forth with considerable  
22 particularity the ultimate facts, breaches of fiduciary duty, and precepts of law now set forth herein. A  
23 true and correct copy of that demand letter is attached hereto as Exhibit "A," the contents of which are  
24 incorporated herein by this reference. At the time of the filing of this Complaint, Plaintiffs have not  
25 received a response to their demand letter.

26 90. Plaintiffs further allege that though they made such demand, such demand was and is  
27 futile because of the structure of the Entity Defendants and their complete management, direction, and  
28 control by BIERMAN and MODLIN, who are both officers, directors, and managers of all of the

1 MedMen Defendants, and who are themselves the individuals who knowingly made the decisions that  
2 constitute breaches of fiduciary duty in order to enrich themselves. Plaintiffs further allege that the  
3 concealment of the dates certain for share issuance and free trading for Fund I and Fund II, and the  
4 subsequent failure to respond to Plaintiffs' demand letter prior to the filing of this Complaint,  
5 demonstrate the futility of such demand.

6 91. In doing the things alleged herein, BIERMAN, MODLIN, and DOES 26 through 50,  
7 inclusive, acted with malice, oppression, and/or fraud pursuant to Section 3294(c) of the California  
8 Code of Civil Procedure, and acted willfully and with the intent to cause injury to MMMG and its  
9 shareholders – indeed, BIERMAN announced that he intended to devalue MMMG, and then did so,  
10 which allegation alone justifies an award of exemplary and/or punitive damages. Accordingly,  
11 BIERMAN, MODLIN, DOES 26 through 50, inclusive, and each of them, are guilty of malice,  
12 oppression, and/or fraud and Plaintiffs are derivatively entitled to recover an award of exemplary  
13 and/or punitive damages sufficient to punish BIERMAN, MODLIN, and DOES 26 through 50,  
14 inclusive, and to deter others from pursuing similar unlawful schemes to enrich themselves at the  
15 expense of investors in one of California's most exciting growth industries.

16 **THIRD CAUSE OF ACTION**

17 **(Conspiracy to Breach Fiduciary Duty Against All Defendants and DOES 51 Through 75,**  
18 **Inclusive)**

19 92. Plaintiffs incorporate by this reference each and all of the allegations set forth in  
20 Paragraphs 1 through 74 hereof as though fully set forth herein.

21 93. At all times relevant herein, by virtue of the investment relationship that existed  
22 between Plaintiffs on the one hand, and each of BIERMAN, MODLIN, MMMG, and DOES 51  
23 through 75, inclusive, on the other hand, wherein Plaintiffs were and remain rightful investors in  
24 MMMG and stakeholders in MEDMEN CORP., and wherein BIERMAN, MODLIN, and MMMG  
25 exercised management and control over MMMG's business and financial affairs, and wherein  
26 BIERMAN and MODLIN simultaneously exercised management and control over Fund I and Fund  
27 II's business and financial affairs, and wherein BIERMAN and MODLIN simultaneously exercised  
28 management and control over each of the managers of MMMG, Fund I, and Fund II, and wherein

1 BIERMAN and MODLIN simultaneously exercised management and control over MMUSA,  
2 MMCAN, and MEDMEN CORP., a fiduciary duty existed at all times herein mentioned between  
3 BIERMAN, MODLIN, MMMG, and DOES 51 through 75, inclusive, on the one hand, and Plaintiffs  
4 on the other hand.

5 94. This fiduciary duty required BIERMAN, MODLIN, MMMG, and DOES 51 through  
6 75, inclusive, to treat Plaintiffs with complete fairness and undivided loyalty. More specifically,  
7 BIERMAN, MODLIN, MMMG, and DOES 51 through 75, inclusive, were subject to a fiduciary duty  
8 not to preference their own advantage or the advantage of other MEDMEN CORP. stakeholders over  
9 those of Plaintiffs and were subject to a fiduciary duty to refrain from conducting themselves in any  
10 manner that conflicted with the best interests of Plaintiffs.

11 95. Plaintiffs are informed and believe, and on that basis allege, that the MedMen  
12 Defendants and DOES 51 through 75, inclusive, and each of them, knew of these fiduciary duties  
13 owed to Plaintiffs and knowingly and willfully conspired and agreed among themselves to breach the  
14 foregoing fiduciary duties owed to Plaintiffs in order to execute their plan of enriching BIERMAN  
15 and MODLIN, to the exclusion of the best interests of Plaintiffs (and all other MEDMEN CORP.  
16 stakeholders). Plaintiffs are further informed and believe, and on that basis allege, that the MedMen  
17 Defendants and DOES 51 through 75, inclusive, and each of them, are controlled, managed, directed,  
18 and operated by BIERMAN and MODLIN in nearly or actually unfettered fashion such that the  
19 conspiracy set forth herein can be distilled to its simplest description as follows: BIERMAN and  
20 MODLIN conspired to establish complete control and discretion over all of the MedMen Defendants,  
21 and to then simultaneously act through all of the MedMen Defendants for their personal benefit and  
22 to intentionally work detriment upon Plaintiffs.

23 96. The MedMen Defendants and DOES 51 through 75, inclusive, and each of them,  
24 conspired to breach fiduciary duties owed to Plaintiffs by, *inter alia*, doing each of the things set forth  
25 in Paragraphs 78(a) through 78(i) hereof.

26 97. As a direct and proximate result of the above breaches of fiduciary duty, Plaintiffs have  
27 been damaged. Plaintiffs seek damages in an amount to be proven at trial but believed to be in excess  
28 of US\$18,000,000 as to MC and US\$1,800,000 as to Mr. Cox. When Plaintiffs have ascertained the

1 full amount of damages they have suffered, they will seek leave of this Court to amend this Complaint  
2 accordingly.

3 98. In doing the things alleged herein, the MedMen Defendants and DOES 51 through 75,  
4 inclusive, and each of them, acted with malice, oppression, and/or fraud pursuant to Section 3294(c)  
5 of the California Code of Civil Procedure, and acted willfully and with the intent to cause injury to  
6 Plaintiffs – indeed, BIERMAN announced that he intended to cause injury to Plaintiffs, and then did  
7 so, which allegation alone justifies an award of exemplary and/or punitive damages. Accordingly, the  
8 MedMen Defendants and DOES 51 through 75, inclusive, and each of them, are guilty of malice,  
9 oppression, and/or fraud and Plaintiffs are entitled to recover an award of exemplary and/or punitive  
10 damages sufficient to punish the MedMen Defendants and DOES 51 through 75, inclusive, and each  
11 of them, and to deter others from pursuing similar conspiracies to enrich themselves at the expense of  
12 investors in one of California’s most exciting growth industries.

13 **FOURTH CAUSE OF ACTION**

14 **(Injunctive Relief Against All Defendants and DOES 76 Through 100, Inclusive)**

15 99. Plaintiffs incorporate by this reference each and all of the allegations set forth in  
16 Paragraphs 1 through 74 as though fully set forth herein.

17 100. The MedMen Defendants and DOES 76 through 100, inclusive, and each of them, have  
18 each, at all times relevant herein, been in complete and exclusive control of the business of each of the  
19 MedMen Defendants, have each authorized all of the acts and breaches of fiduciary duty alleged  
20 herein, and each continue to exercise such control.

21 101. Plaintiffs are informed and believe, and on that basis allege, that the MedMen  
22 Defendants and DOES 76 through 100, inclusive, and each of them, have engaged in, and have  
23 admitted to engaging in, a scheme to intentionally punish and devalue Plaintiffs, MMMG, and its  
24 shareholders, compared to other stakeholders of MEDMEN CORP., for the purpose of satisfying  
25 BIERMAN and MODLIN’s personal financial interests to the detriment of Plaintiffs, MMMG, and its  
26 shareholders. Plaintiffs are further informed and believe, and on that basis allege, that the MedMen  
27 Defendants and DOES 76 through 100, inclusive, and each of them, have engaged in a scheme to,  
28 *inter alia*, do each of the things set forth in Paragraphs 78(a) through 78(i) hereof.



1 102. Plaintiffs have no adequate remedy at law for the injuries alleged herein, which are  
2 ongoing and continuous, because Plaintiffs, MMMG, and its shareholders are being damaged by the  
3 continuing control of the Entity Defendants by BIERMAN and MODLIN and by the plan to prevent  
4 Plaintiffs, MMMG, and its shareholders from freely trading MEDMEN CORP. shares, and because  
5 the conduct complained of herein will continue to Plaintiffs', MMMG's, and its shareholders'  
6 detriment unless the appropriate equitable, injunctive, and/or provisional remedies are ordered by this  
7 Court, including, but not limited to, a temporary protective order, preliminary injunction, appointment  
8 of a receiver, trustee, or other fiduciary over the MedMen Defendants and their assets, or the  
9 appointment of a provisional manager or managers to act on the MedMen Defendants' behalf.

10 **PRAYER**

11 WHEREFORE, Plaintiffs pray for judgment against Defendants, and each of them, as follows:

12 **ON THE FIRST CAUSE OF ACTION:**

13 1. For general and special damages in an amount not less than US\$18,000,000 as to MC  
14 and US\$1,800,000 as to Mr. Cox, in accordance with proof at trial, together with interest thereon at  
15 the legal rate; and

16 2. For punitive and exemplary damages pursuant to Section 3294(c) of the California  
17 Code of Civil Procedure.

18 **ON THE SECOND CAUSE OF ACTION:**

19 3. For general and special damages in an amount not less than US\$178,000,000, in  
20 accordance with proof at trial, together with interest thereon at the legal rate; and

21 4. For punitive and exemplary damages pursuant to Section 3294(c) of the California  
22 Code of Civil Procedure.

23 **ON THE THIRD CAUSE OF ACTION:**

24 5. For general and special damages in an amount not less than US\$18,000,000 as to MC  
25 and US\$1,800,000 as to Mr. Cox, in accordance with proof at trial, together with interest thereon at  
26 the legal rate; and

27 6. For punitive and exemplary damages pursuant to Section 3294(c) of the California  
28 Code of Civil Procedure.

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**ON THE FOURTH CAUSE OF ACTION:**

7. For equitable, injunctive, and/or provisional remedies including, but not limited to, a temporary protective order, preliminary injunction, the appointment of a receiver, trustee, or other fiduciary over the MedMen Defendants or their assets, or the appointment of a provisional manager or managers to act on the MedMen Defendants' behalf.

**ON ALL CAUSES OF ACTION:**

- 8. For all costs of suit;
- 9. For pre-judgment interest at the maximum legal rate;
- 10. For post-judgment interest at the maximum legal rate;
- 11. For attorneys' fees as provided by law; and
- 12. For such other and further relief as the Court deems just and proper.

Dated: January 7, 2019

MANCINI SHENK LLP

By: Michael V. Mancini  
 Michael V. Mancini  
 John W. Shenk  
 Attorneys for Plaintiffs MMMG-MC, INC. and  
 BRENT COX

# **EXHIBIT "A"**



MANCINI SHENK

MANCINI SHENK LLP  
10250 Constellation Blvd., Suite 100 | Los Angeles, CA 90067  
Direct: (424) 652-4009 | mmancini@mancinishenk.com

January 4, 2019

**VIA E-MAIL AND OVERNIGHT DELIVERY**

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Culver City, CA 90232

MM Enterprises USA, LLC  
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Culver City, CA 90232

MM Enterprises Manager, LLC  
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Culver City, CA 90232

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*Attorneys for MedMen Enterprises, et al.*

**Re: Demand Letter**  
Our File No. 00077 – MedMen Enterprises Breaches of Fiduciary Duty

To Whom it Concerns:

This office represents and writes on behalf of MMMG-MC, Inc., a British Virgin Islands corporation (“MCBVI”) that holds ten percent (10%) of the units of MMMG LLC, a Nevada limited



liability company (the “MMMGM”), and Brent Cox, an individual who holds approximately one and three tenths percent (1.3%) of the units of MMMGM.

We write to express grave concern about the breaches of fiduciary duty and unlawful self-dealing MedMen Enterprises, Adam Bierman, Andrew Modlin, and all related persons and entities under their control (collectively, the “MedMen Parties”) have already engaged in, and moreover to provide notice that MCBVI and Mr. Cox intend to sue to prevent the breaches of fiduciary duty and unlawful self-dealing the MedMen Parties have announced they will inflict upon MMMGM and its investors on or about January 10, 2019.

The MedMen Parties have been panned in financial media for shareholder abuse, but to our knowledge they have not yet been sued. That will swiftly change unless the MedMen Parties agree to the demands set forth herein by close of business at 6:00 PM PST on Monday, January 7, 2019.

### **Background**

Though the history of litigation between Bierman and other of the MedMen Parties, on the one hand, and our clients, on the other hand, is both long and colorful, it needn't be rehashed. What is both obvious and unfortunate is that Bierman is once again carrying out the threat he made at an MMMGM board meeting on March 15, 2017 in the presence of company counsel, Mr. Littrell, to devalue my clients' interests in MMMGM. Specifically, Bierman's threat was to punish MCBVI's predecessor MMMGM-MC, Inc., a Delaware corporation (“MC”), and Mr. Cox by intentionally working to make MMMGM the least valuable and most mistreated part of MedMen Enterprises, which Bierman at that time explicitly stated would include the establishment of investment funds designed to cut MMMGM's investors out of the benefits of their investments. Now, Bierman, both personally and in his role as the manager, CEO, director and/or owner of all involved entities, is mistreating shareholders in order to (1) punish our clients for investing in his fledgling company and then exercising a contractual right that displeased him, and (2) enrich himself and other of the MedMen Parties at the expense of investors to whom he owes fiduciary duties.

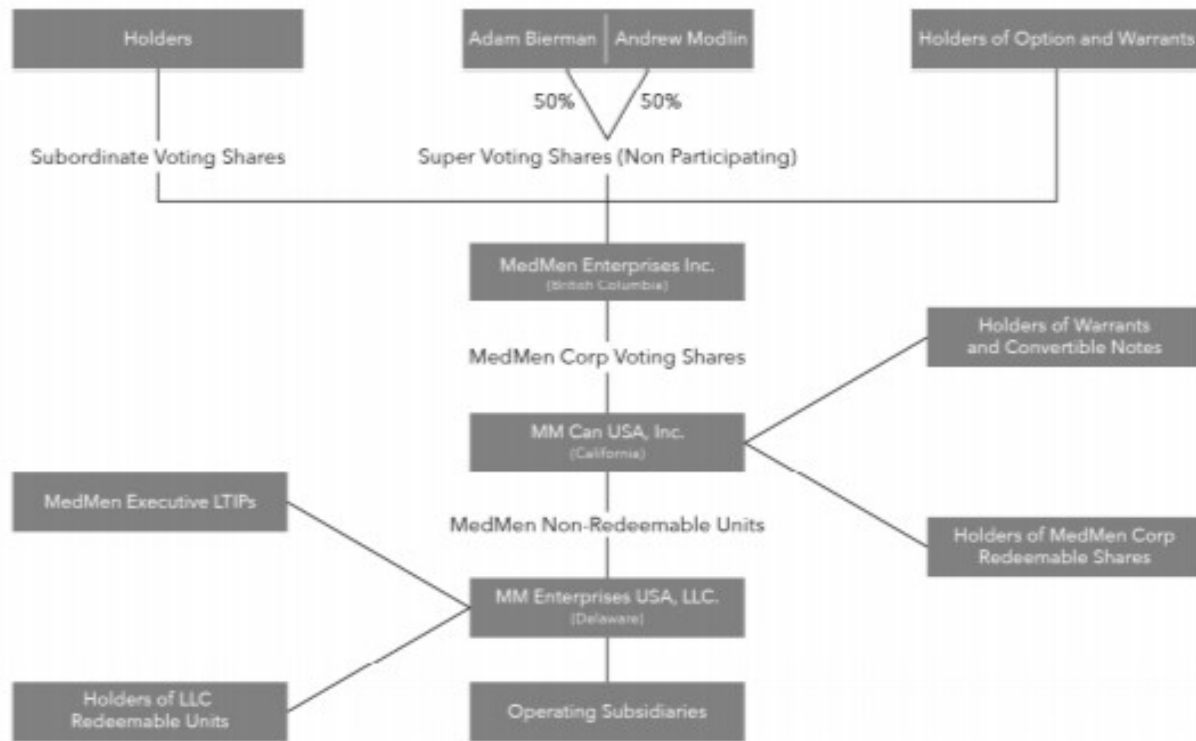
As you are aware, the so-called “Roll-Up Transaction” closed on January 29, 2018, consolidating the assets of numerous entities who were at that time engaged in the MedMen business enterprise in one form or another.<sup>1</sup> Following the Roll-Up Transaction, on May 29, 2018, MMUSA, MedMen Enterprises, Inc. (“MMEN”) and Ladera Ventures Corp. (“Ladera”) carried out a business combination that resulted in a reverse takeover of Ladera by securityholders of MMUSA and established MMEN as a public corporation traded on the Canadian Stock Exchange (the “RTO”).<sup>2</sup>

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<sup>1</sup> As you know, the Roll-Up Transaction was entered into pursuant to the Formation and Contribution Agreement by and among MMMGM, MedMen Opportunity Fund, LP (“Fund I”), MedMen Opportunity Fund II, LP (“Fund II”), The MedMen of Nevada 2, LLC, DHSM Investors, LLC, Bloomfield Partners Utica, LLC, and MM Enterprises USA, LLC (“MMUSA”).

<sup>2</sup> The structure of the RTO resulted in MMUSA being a direct subsidiary of parent corporation MM Can USA, Inc. (“MMCAN”), and an indirect subsidiary of MMEN. MMCAN is a direct subsidiary of publicly-traded parent corporation MMEN.

For convenience, below is the most recent publicly disclosed formation and share distribution chart for MedMen Enterprises.<sup>3</sup>



Not demonstrated by the above graphic<sup>4</sup> is the fact that Fund I and Fund II presently hold, excluding insider ownership, approximately 23% and 15%, respectively, on a fully diluted basis, of the units of MMEN held by MMCAN, while MMMG presently holds approximately 24%. In other words, non-insider investors in Fund I and MMMG presently hold nearly identical percentage interests in MMEN.

**Lock Up Strategy Harms MMMG and its Investors**

On November 21, 2018, Mr. Bierman announced that limited partners in Fund I would have 100% of their shares of MMEN issued to them in mid-January, with the share totals calculated at the then-current market value. At that time, “shares equal to 115% of the capital accounts (for fund assets rolled into MMEN)” will become free-trading.<sup>5</sup> The remainder of their shares will remain locked up until the thirteenth month thereafter, after which once per month on a twelve-month basis,

<sup>3</sup> See November 28, 2018 Short Form Prospectus of MedMen Enterprises, Inc., p. 7.

<sup>4</sup> The above structure is materially different from the structure that was pitched to the members of Fund I, Fund II, MMMG, The MedMen of Nevada 2, LLC, DHSM Investors, LLC, and Bloomfield Partners Utica, LLC, before the RTO.

<sup>5</sup> See November 23, 2018 MedMen Opportunity Fund I Update (“Fund I Deck”), p. 9.

their “remaining shares become free-trading based on a monthly drip,” in equal installments.<sup>6</sup> On the same day, Bierman also announced that limited partners in Fund II would get the same deal.<sup>7</sup> That was confirmed on or about December 24, 2018, when Funds I and II issued Lock Up Agreements and related letters pursuant to which limited partners were informed their shares will be issued on January 9, 2019 and that such shares shall become tradable beginning on January 10, 2019.

But MMMG will be treated differently, in violation of law, seemingly in order to carry out Bierman’s threat. On December 3, 2018, Bierman announced that MMMG’s investors would receive 100% of their shares at the same time as Fund I and Fund II’s limited partners, but they would not be allowed to trade a single share for a year – while Fund I and Fund II’s limited partners freely trade approximately US\$95,000,000 of MMEN shares.<sup>8</sup> It must be observed that MMMG holds precisely the same shareholding rights in MMEN that Fund I and Fund II hold.

On December 20, 2018, I spoke with Mr. Littrell on the topic of the justification for this different treatment of investors in MMEN’s lock up strategy. Here are various of the justifications Mr. Littrell offered to me:

- Mr. Littrell explained to me that it would be very bad for the share price of MMEN if all investors from Fund I, Fund II and MMMG could freely trade, and that this justified the different treatment of MMMG. I responded that capping tradable shares at 115% of investors’ respective capital accounts for a period of one year was designed to remedy exactly that risk, and that if MMMG enjoyed the same treatment it would not materially endanger share price.
- Mr. Littrell explained to me that Fund I and Fund II were investment funds designed to return their investors’ basis, which has not happened yet, and that the 115% capital account cap on the initial free-trading of shares is designed to allow for that. I responded that Fund I has already made net distributions of \$74,000,000 (i.e., far more than investment in Fund I) to its investors, due primarily to the sale of MedReleaf shares.<sup>9</sup> I further responded that I did not think investors with equal rights and owed equal duties can be treated differently just to preference returns to one set over the other, especially where the person making the decision (i.e., Bierman) enjoyed personal financial incentives (i.e., promote rewards from Funds I and II) to do so.
- Mr. Littrell explained to me that “more [shares] is worse” for MMEN, to which I responded that he was bolstering my point: MedMen Enterprises intends to shackle

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<sup>6</sup> *Id.*

<sup>7</sup> See November 23, 2018 MedMen Opportunity Fund II Update (“Fund II Deck”), p. 9.

<sup>8</sup> See Fund I and Fund II Decks at p. 7.

<sup>9</sup> See Fund I Deck at p. 7.

only MMMG and its investors while “more [shares]” become freely tradable, which is “worse” for MMMG and its investors than it is for Funds I and II and their investors. In other words, MMMG is being used as a barrier to variance in share price solely for the benefit of Funds I and II’s ease of liquidation, and to its detriment – and then being forced to hold the bag while share value plummets because of liquidation of shares by Fund I and Fund II’s investors. That is wildly abusive. Also concerning is that this position implies that the MedMen Parties understand the market to doubt their management and ability to create value for shareholders, and their capacity to operate the company. Put differently, the issuance of more shares should only scare the MedMen Parties if the MedMen Parties already know they cannot perform adequately.

- Mr. Littrell explained to me that the lock up MMMG will be subjected to is identical to the lock up that MedMen Enterprises’ insiders will be subjected to, to which I again responded that my point was being made for me: MMMG and its non-insider investors are, definitionally, not insiders, but they’re going to be treated like insiders (i.e., treated worse) in order to benefit Fund I and Fund II and their investors. That disparate treatment of equivalent shareholders owed equivalent duties is, in a word, unlawful. See *In re Amerco Derivative Litig.*, 127 Nev. 196, 223–24, 252 P.3d 681, 700–01 (2011); *Jones v. H. F. Ahmanson & Co.*, 1 Cal. 3d 93, 108-109, 460 P.2d 464, 471-472 (1969).
- Finally, Mr. Littrell explained to me that the promote structure of Fund I and Fund II is such that a lower share price is worse for Bierman and Modlin because more shares will become tradable in order for Fund I and Fund II’s respective investors to be able to freely trade shares having a value at issuance of 115% of their respective capital accounts. The implication of Mr. Littrell’s explanation is that issuing soon is bad for Bierman and Modlin because share value is currently low and he, Bierman, Modlin, et al., expect share price to increase. It must be pointed out that the race to issue shares might just as easily be explained as a panicked decision to issue shares at as high a price as remains feasible given the broad condemnation of MedMen Enterprises, its several executive compensation abuses, private investment’s ongoing devaluation of MMEN, its astronomical burn rate, and the fact that approximately \$10,500,000 of the most recent quarterly loss of approximately \$70,000,000 was a cash performance bonus to Bierman, Modlin, and Parker (who then resigned) that was awarded on the basis of the absurdly inflated enterprise value that resulted from the PharmaCann deal and not on the basis of any metric related to shareholder benefit.

Mr. Littrell’s various explanations for intentionally abusing MMMG and its investors, including my clients, demonstrate that the MedMen Parties have no rational or defensible reason to mistreat MMMG and its investors. The justification instead seems to be the unlawful premises that (1) Bierman is again acting on his threat to stick it to MC, MCBVI, and Mr. Cox, and (2) reducing tradable shares while Bierman and Modlin can’t trade is good for Bierman and Modlin even if it’s terrible for MMMG and its investors. This is shareholder abuse.



The narrative writes itself because Bierman and Modlin have made additional decisions that harmed all MMEN shareholders in order to realize personal gain. In fact, the coverage of MMEN in the financial media repeatedly notes investor abuse by Bierman and Modlin as one of the defining traits of MMEN. Most recently, it appears that the MMEN share price is being manipulated in anticipation of calculating the volume weighted average price of MMEN shares over the 5 trading sessions immediately prior to January 9, 2019, for the purpose of issuing fewer shares to investors while pegging them to an artificially inflated share price that the market has rather clearly indicated it rejects.

MCBVI and Mr. Cox are going to sue because the foregoing is a brazen and completely unjustifiable pattern of breaches of fiduciary duties owed to MMMG's investors, but also of fiduciary duties owed to MMMG itself. It is obvious there is no person or entity among the MedMen Parties that remotely cares about the wellbeing or fair treatment of MMMG's non-insider investors, or that is willing to fulfill the duties owed to them or to MMMG. The claims we will file include (1) derivative claims against MMMG's management to force them to treat MMMG fairly, (2) direct claims against all of the MedMen Parties for breach of fiduciary duties to MMMG, (3) direct claims against all of the MedMen Parties for breach of fiduciary duties to MCBVI and Mr. Cox, and (4) all other viable claims that MCBVI and Mr. Cox desire to pursue.

To cut to the chase, MC, MCBVI, and Mr. Cox are shareholders of this company who deserve tradable shares. If a response to this letter agreeing to issue to MMMG all of its shares in freely tradable form on or about January 10, 2019, is not received by close of business at 6:00 PM PST on January 7, 2019, my clients will file a civil complaint and an ex parte application for immediate imposition of a preliminary injunction against any MMEN shares being issued or made tradable in order to maintain the status quo until the foregoing can be litigated. Alternatively, you are invited to propose a solution whereby MCBVI and Mr. Cox may exit their positions in MMMG at fair market value, but to provide such proposal no later than 6:00 PM PST on Monday.

The demands made in litigation may include disgorgement of pay, profits, and equity awards, punitive damages, appointment of a trustee or receiver of the MedMen entities, a preliminary injunction against any share issuance to anyone, and any and all other remedies available at law. This letter is not intended to be, and is not to be construed as, a full or complete statement of relevant misdeeds by Bierman, Modlin, or other MedMen Parties, or of facts or law. All rights, remedies, claims and defenses are hereby reserved.

Sincerely,

MANCINI SHENK LLP



MICHAEL V. MANCINI

cc: John W. Shenk, Esq.