MAGAZINE

INVESTIGATION

Lavish Parties, Greedy Pols and Panic Rooms: How the 'Apple of Pot' Collapsed

MedMen was the country's hottest pot startup—until it flamed out. Its fall has exposed the gap between "green rush" hype and the realities of a troubled industry.

Illustration by Julien Pacaud

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The warm California sun shone down on Adam Bierman as he stepped up to the ceremonial ribbon strung across the entrance of his latest triumph: a new store on Abbot Kinney Boulevard in Venice, the hottest retail strip west of the Mississippi.

Bierman stood facing a pack of clamoring photographers. Behind him, inside the shop, were besuited politicians, including Congressman Ted Lieu, who had come out to show their support. The actress Rosario Dawson, now known in Washington as Cory Booker's girlfriend, was also on hand, recording the scene on her iPhone.

Bierman, who styled himself the Steve Jobs of the "green rush" into legal weed, sported a red hoodie emblazoned with a white pot leaf. It was early June, 2018, barely a week since MedMen, the cannabis business he led, had gone public on a Canadian stock exchange, boasting an implied valuation of $1.6 billion.

"We want the world to walk in and see what the future looks like," he said. "And the future is right here on Abbot Kinney."

At the time, MedMen indeed looked to become the Apple of pot, the first mainstream, nationwide consumer brand for the product that drove so many Americans to ingest and invest. Marijuana liberalization was sweeping the country. A nascent industry was taking shape. No company was better poised to reap the rewards than MedMen was.

Then, just a few months after its Abbot Kinney opening, it all began to unravel. The company got hit with a class-action lawsuit from employees alleging labor law violations. Miffed investors sued the founders, accusing them of self-dealing and other underhanded tactics. A former chief financial officer filed a blockbuster complaint in a Los Angeles court accusing the founders of a slew of misdeeds, from manipulating MedMen's stock price, to bank fraud, to seeking private intelligence groups to get dirt on their enemies, to calling an L.A. city councilman a "midget negro" and making an illegal straw man contribution to a Nevada politician.

The suit alleged excessive spending on security—including installing a panic room in Bierman's home—as well as using company funds on the likes of a custom Tesla SUV, "pearl-white" Cadillac Escalades, and a salary for Bierman's personal marriage counselor.

MedMen and Bierman have denied wrongdoing in those cases, and are fighting the claims in court, but investors have lost their patience for nine-figure losses.

In January, Bierman resigned as CEO. The company's stock now trades for a fraction of what it did just months earlier.

The company's fall reverberates far beyond its stakeholders, because its glitzy rise was propelled by the promise of an entire industry. Its woes reflect the precarious status of the cannabis business: legalized by states but still criminalized by the federal government, its position makes traditional bank financing impossible and puts companies at the mercy of a patchwork of regulators.

The industry's promise has been tarnished, too, by business failures, corruption and concerns over an influx of foreign money.

Still, as the nation's most recognizable cannabis brand and one of the industry's first unicorns—those rare startups that exceed $1 billion in enterprise value—MedMen had a better chance than most to overcome the unique challenges of the weed business.

It hired lobbyists, shaped legislation and funded legalization campaigns. It had the backing of powerful politicians. It had a partnership with Gwyneth Paltrow's chi-chi lifestyle brand, Goop, and an award-winning ad directed by

Spike Jonze. It had a marketing campaign dedicated to ending the “stoner” stigma, part of its plan to make cannabis inviting to affluent “Chardonnay Moms” from coast to coast. And for those who still embraced the stoner ethos, it acquired the rights to the Woodstock brand, too.

It hired executives from the ranks of corporate American icons like Walmart and Apple, as well as edgy tech firms like Grindr, the gay hookup app.

In addition to its storefront on Abbot Kinney it opened one on Fifth Avenue. In writing up MedMen’s Manhattan boutique, Vanity Fair noted that the store sat directly across the street from a WeWork location, a setup that, at the time, seemed to offer a captive population of potential patrons.

But instead of following in the footsteps of Apple, MedMen has gone the way of its 5th Avenue neighbor. It has become the WeWork of weed, an overhyped startup whose sky-high valuation has come crashing back down to Earth.

In the wake of its fall, the firm has left behind a trail of unpaid bills and unsettled legal allegations. After riding, and driving, the legalization revolution, it has come up against the quotidian realities of local red tape and federal inertia. It has lost more than 95 percent of its market value, and an irritated creditor is setting its eyes on the deed to Bierman’s waterfront mansion.

Now, having served as the face of one of the great marketing blitzes of recent years, Bierman, 38, has gone uncharacteristically silent. Neither he nor his co-founder, Andrew Modlin, 33, responded to requests for interviews. Lawyers for the two men at the firm Quinn Emanuel Urquhart & Sullivan also did not respond to requests for comment. A spokesperson for MedMen declined to comment “after giving it some thought.”

MedMen stands as a cautionary tale of American Wild West capitalism. But interviews with former executives and industry insiders, along with legal filings and public disclosures, show it’s also a flashing red warning light that the emerging cannabis industry is not yet ready for primetime—even if MedMen’s slick marketing videos are.

“MedMen may be the most egregious case of a highly capitalized company in this space, but look across the space,” said one former executive at the firm. “Who’s profitable right now? Who’s feeling really really good about it?”

MedMen, cannabis insiders say, is just the most colorful illustration of what happens when a young industry groping toward the world of legitimate big business is forced to exist under an uncertain regulatory regime that no other sector has to contend with.

“I hate to say it,” lamented the former executive. “You’re dealing with regulators who are just kind of making it up.”

“Until you treat cannabis and regulate cannabis like every other business is regulated in the United States today,” said Steve DeAngelo, a longtime cannabis activist-turned-investor, who has watched the MedMen saga unfold up close, “you will be creating opportunities for mischief.”

At first, as he recounts the story in interviews, Bierman thought his new client had misspoken. The elderly woman with wild hair kept saying she brought in $300,000 in revenue monthly, when she meant to say annually. There was no way, he thought, that her run-down little pot dispensary on Sunset Boulevard could be raking in $3.5 million a year.

It was 2009, long before the advent of legal recreational weed, and Bierman was not aware of California’s mom-and-pop medical pot industry—if you could even call it an industry. At the time, he and his young business partner, Modlin, were running a branding firm, mashing up the names MODlin and bierMAN and calling it ModMan. ModMan helped small, wellness-related companies like the old lady’s dispensary upgrade their image.

When Bierman finally gathered that the old woman had her numbers right, he realized that he was in the wrong business. ModMan became MedMen, and Bierman’s trade became medical marijuana.

For most people, such a radical pivot would be disorienting, but Bierman was a restless entrepreneur. His life had more or less been lived in a constant state of transition.

Born in Arizona in 1982, he bounced around the country during his childhood before landing, as a teenager, in southern California. Always one to show hustle, he posted a 4.0 GPA at La Costa Canyon High School, north of San Diego, while playing second base well enough to be recruited for college ball, according to a brief item published in the San Diego Union-Tribune during his senior year.

Even Bierman's approach to high school partying went above and beyond. At 17, while his classmates were drinking beers in basements and raiding their parents' liquor cabinets, Bierman rented out a roller rink in Oceanside, just up the coast from his hometown. He threw a dance party for students across the region, charging them admission. For music, the teenage party promoter hired an up-and-coming hip-hop group from Los Angeles called the Black Eyed Peas.

The party was an entertainment success and a financial disaster.

"I didn't do very well on the deal and the Black Eyed Peas ended up not being paid and left pretty upset," Bierman recalled years later. "But hey, you know?"

The next few years of Bierman's life can be stitched together from old news clippings and online bios scattered on the internet.

After a year at Division III Brandeis University, in Waltham, Massachusetts, he was soon back in California, transferring to Los Angeles City College, and then the University of Southern California in Los Angeles. While still enrolled in college, he set up shop as a sports agent, representing friends and teammates.

It seems business proved a greater draw than either baseball or his studies: His LinkedIn profile and other online bios do not indicate he earned a college degree, but in 2004, Bierman started the BrandX Group, a marketing and public relations agency.

Five years later, the BrandX Group hired Modlin, a creative young UCLA grad.

Soon, the pair struck out on their own to found ModMan, and, then, MedMen, which they initially described in news releases as a “spinoff and subdivision” of their original startup. (At times, in the early years, they referred to themselves as “The MedMen,” but, like “The Facebook” and “The Politico,” they eventually dropped the article.)

At first, Bierman operated dispensaries around L.A. Then, as cannabis legalization efforts gained strength around the country, he sensed a bigger opportunity and pivoted again. MedMen got into consulting, helping other pot businesses get licenses and organize their operations. In 2012, they hosted training courses for aspiring legal weed dealers. Old news releases advertise MedMen University, offering a few hours of instruction and a certification for a couple hundred bucks. In 2013, according to the Los Angeles Business Journal, they dumped their own dispensaries to focus full-time on servicing other businesses.

In an L.A. pot scene dominated by criminal enterprises and small-time activists, Bierman—dark-haired, solidly built, with the shorter stature of a second baseman—was a new sort of presence, a real-life version of the hard-charging talent agent Ari Gold, from HBO’s “Entourage.”

Modlin, a 2005 graduate of Harvard-Westlake, one of L.A.’s most prestigious private schools, maintained a lower profile. Though he was sometimes seen in public—his gaunt figure would emerge to cut the ribbon at store openings when Bierman was done talking—he was seldom heard.

“It’s like Penn & Teller,” explained Rob Kampia, who as the former executive director for the Marijuana Policy Project put on several events with the duo, referring to the magician duo in which one partner does the talking while the other is silent.

Modlin, whose title was president, enjoyed oil painting and cut a more stylish figure than his senior partner, preferring form-fitting pants and T-shirts. Unlike Bierman, who professed to know little about weed before he began selling it, the hipper, younger Modlin described himself as a longtime connoisseur. “I am a traditionalist,” he told one interviewer. “I prefer to smoke flower the old-fashioned way.”

Despite all that made MedMen stick out from their competitors in L.A., the gray beards of the Bay Area’s more-developed cannabis movement viewed it as an unmistakable product of the city, part of a longstanding NorCal-SoCal cannabis culture divide.

Before fears of “reefer madness” swept the nation, pot gained notice in southern California as an alleged public health menace in the earliest years of the 20th century. The appearance of *marihuana* or “loco weed” use among the Mexican working classes scandalized authorities, who did not seem to realize it was the same substance as the cannabis indica that 19th century American pharmacists had recognized for its medical uses. California made possession a misdemeanor in 1913, and raids around L.A. ensured.

While southern California bore the brunt of early enforcement, northern California would emerge as the center of marijuana activism.

The legalization movement arguably began in San Francisco in 1964, when a young hippie named Lowell Eggemeier lit up a joint inside a city courthouse to challenge the constitutionality of prohibition. The mantle was then taken up by Dennis Peron, a gay Air Force veteran who organized “smoke-ins” across the city and befriended gay rights icon Harvey Milk in the 1970s. Peron supplied cannabis to AIDS patients in the 1980s, and passed a citywide resolution in favor of legalization before co-authoring Proposition 215, the 1996 ballot initiative that made medical marijuana legal in California.

Steve DeAngelo, 61, is also a veteran of that movement. He wears his hair in long, gray braids, like Willie Nelson, and has been hailed as “The Father of the Legal Cannabis Industry” by former San Francisco Mayor Willie Brown.

In Northern California, DeAngelo explains, he and his fellow dispensary operators had developed effective community relations over the course of years of activism. They participated in civic causes and sponsored Little League teams. When police officers were killed, they contributed to the bereavement fund.

“Southern California was a very, very different situation,” he said.

“In Los Angeles, those guys had to buy weed from whoever could come up with it,” DeAngelo said, in “much much more dubious circumstance and engaging with characters who were much, much more out on the gray-market fringe.”

The few medical dispensaries that existed in L.A. did so in the shadows, operating for as long as possible until hostile authorities forced them to shut down. They would then pop up somewhere else in a perpetual game of whack-a-mole.

“They honed their cannabis chops in the era when you opened a shop you had to expect it would be shut down in eight or six or ten weeks,” DeAngelo said of MedMen, arguing that this environment fostered a fly-by-night ethic.

To this day, the northern California cannabis scene continues to be associated with activism, while the southern California scene remains associated with criminality.

“Free pot for the poor: Berkeley council codifies what many cannabis dispensaries already doing,” is a typical northern California headline, this one from Berkeleyside, a local newspaper. “Man Kidnapped, Tortured, Maimed Medical Marijuana Dispensary Owner for Buried Money, Prosecutor Says,” is the sort of news that sometimes comes out of Southern California, in this case from NBC 4 Los Angeles.

The latter headline, if anything, understates the 2012 incident, in which masked men abducted a dispensary owner, castrated him, and left him for dead on the side of a road in the Mojave Desert. The man survived. His severed member was never recovered.

The episode made an impression on Bierman and Modlin, who went on to devote a hefty portion of company funds to their personal safety. When a former MedMen executive sued the pair years later, he cited their security expenses in the complaint, alleging that he was ordered to spend millions of dollars on executive protection services and high-tech safe rooms for their mansions. MedMen denied the allegations.

Another person who clashed with Bierman and Modlin about the firm's security spending said it exceeded $4 million annually at one point. The person recalled the pair would ask about the security of moguls like Elon Musk and Mark Zuckerberg, whose firms were more than a hundred times the size of MedMen.

The person said that, again and again, they would justify the spending by citing the story about the castrated dispensary owner. "That," the person recalled, "was the only thing that they kept throwing out at me."

As the legalization movement gained speed, Bierman pivoted again, away from consulting and back to retail. This time, he made it his mission to rehab weed's seedy reputation. In June 2016, Medmen debuted its Apple Store-inspired concept with the opening of a flagship location in West Hollywood.

Where the traditional dispensary experience could feel grungy and illicit, the MedMen in "WeHo," with its wood-paneled interior, aimed for sleek sophistication. Strains of weed were displayed in well-lit glass cases, and built-in iPads allowed customers to browse information about the offerings. The weed was stored in stainless steel drums in a back room that resembled an open kitchen in a high-end restaurant. After ordering, customers could watch through a window as uniformed staff, called "Budtenders," retrieved it.

Eventually, MedMen's stores offered over a thousand distinct products, from regular old pot, to vape pens, edible treats, teas, the cannabis-based wellness product CBD, and assorted paraphernalia.

Bierman had finally settled on his billion-dollar concept. To actually build the first legal cannabis empire, he and his associates would have to move smoothly between the worlds of gray market weed, social justice activism, and institutional investing.

Around this time, he began pitching his business at conferences hosted by the Arcview Group, a network of cannabis investors. Troy Dayton, who co-founded Arcview with DeAngelo, said MedMen's valuation was about $30 million when Bierman began showing up at the group's gatherings.

Another pot investor, Jay Czarkowski, recalled that the first time he saw the upstart MedMen founder at an Arcview event, he turned to Dayton and asked jokingly, "Are you letting anybody in now?"

Arcview's network included a fair number of aging hippies. Bierman exhibited a profit-minded bluntness that, in the words of one attendee, did not jibe with Arcview's "kumbaya atmosphere." More heads turned when Bierman began to show up at Arcview gatherings with a bodyguard.

DeAngelo recalled that, in what became a familiar routine at these events, he would get up to talk about creating an industry built on equity and social justice and then have Bierman take the stage after him to say he was glad that DeAngelo cared about all these things, but his goal was to amass gargantuan fortunes for himself and his backers. These sorts of displays quickly earned Bierman notoriety in the world of legal cannabis.

He was also blunt about the need for legal reform to allow the industry's continued growth, and so for all his talk about empire-building, Bierman also embraced the activist side of the pot scene. "MedMen's contributed more money to legalization, earlier than anyone else," Dayton said.

Kampia, whose Marijuana Policy Project has been a chief mover in liberalization campaigns nationwide since the '90s, said MedMen was the first business to step up with a six-figure donation and provided a significant part of his group's budget from 2015 to 2017.

Kampia credited MedMen with helping improve New York's medical marijuana law and shaping the successful drive to legalize medical pot in Ohio, among its other political accomplishments.

"One thing that's clear is that other than MedMen being the most philanthropic is that Adam is the only leader of a marijuana company who keeps his word all the time," Kampia, who until 2017 led the Marijuana Policy Project, a reform group, said. "I'm not saying that everyone else lies. I'm saying they were not reliable."

Other advocates have been less impressed. At one point, MedMen sponsored a legal clinic in Los Angeles put on by the Drug Policy Alliance, another anti-prohibition group, to help people convicted of cannabis crimes expunge them from their record. But tensions arose over requests to flood the clinic with signs, posters and flyers advertising MedMen, according to Eunisses Hernandez, a former policy coordinator for the organization who worked on the expungement events with MedMen.

The Drug Policy Alliance declined the requests, and the partnership ended after the first clinic, Hernandez said.

Hernandez said she later came to believe that at the time the partnership began, Bierman had been trying to score points with the city of Los Angeles as MedMen sought to secure permanent cannabis licenses.

"If we knew beforehand that that was driving their movement to fund these legal clinics," she said, "I don't think we would have gotten into that relationship in the first place."

A spokesman for the Drug Policy Alliance confirmed much of Hernandez's account but said its relationship with MedMen ended when the firm asked the activist group to change policy positions as a condition of financial support.

In November 2016, eight of the nine statewide marijuana liberalization referendums on ballots across the country passed, a signal event for the green rush.

Four months earlier, MedMen had announced it was raising an eye-popping $100 million. By mid-2017, the firm disclosed that it had raised $60 million, which, despite falling short of its goal, still amounted to a head-turning figure in pot circles.

From there, MedMen was on its way to the big time. Chris Leavy, a former executive at BlackRock, the world's largest asset manager, came on as co-chairman of the firm's private-equity funds, and MedMen announced it was setting out to raise $500 million from private-equity investors. Leavy, who has since left the board, declined to comment.

Bierman's headlong rush into the highly structured world of venture capital was all the more remarkable because many corners of the cannabis industry were still operating on a model of handshake deals and all-cash transactions.

"Only recently are attorneys asking their clients to document their business arrangements, so that they can raise money," explained one Los Angeles lawyer. "Attorneys in California who were working with cannabis clients would tell them not to document their transactions or their business deals, because those documents would be used to prosecute them."

In early 2018, Toronto-based Captor Capital invested $30 million for a 3 percent stake, implying that MedMen was among the first, if not the first, U.S. cannabis firm with a ten-figure value.

The news provoked disbelief in some quarters. MedMen itself shied away from the implications of the investment. "We're not saying that MedMen is worth $1 billion," a company spokesman told Marijuana Business Daily in February 2018. "Captor said MedMen is worth $1 billion."

It was enough for the founders to indulge in a tech mogul lifestyle. Bierman bought a $4.7 million home on the water in Marina Del Rey. Around the same time, Modlin purchased a house in West Hollywood for $3.9 million. The modernist structure came with a swimming pool, a cabana and an outdoor fireplace.

Meanwhile, the firm's valuation only climbed higher. In May of that year, MedMen went public. Because of weed's wobbly legal status in the U.S., the company began trading on the second-tier Canadian Securities Exchange, based in Toronto. Its implied value at the time of the IPO was $1.6 billion, allowing it to claim the mantle of the largest U.S. cannabis company.

Never one to rest on his laurels, Bierman was already looking to his next ten-figure milestone. "When we get to a billion dollars of revenue, we'll look at what's next," he told CNBC's Jim Cramer in a post-IPO interview on June 18.

At the time, MedMen was expanding relentlessly, moving into newly opening markets and paying top dollar to do it.

There were the boutiques on Abbot Kinney and Fifth Avenue, and there was all that flashy marketing.

MedMen hired dozens of staffers for its in-house marketing agency. It created its own cannabis brands, like [statemade], a line of products that promised to induce various desired states of mind, such as "enlightenment," "rest," and "fluidity."

The company published its own glossy magazine, Ember, "a journal of cannabis and culture." It featured high-end design alongside articles like "Is CBD the New Tylenol?" and "Your Sex Life Could Use Some Weed."

MedMen also spent heavily on campaigns aimed at normalizing pot use. The multimillion-dollar "Forget Stoner" push featured a diverse cast of models posing in photos with the label "Stoner" crossed out at the bottom. Other identities, like "Grandmother," "Queen," and "Entrepreneur" were scrawled in instead. One image featured a uniformed police officer.

Because of weed's legal status, internet platforms like Google and Facebook, as well as most television stations, generally reject ads for it. So MedMen's campaigns, which earned national recognition, relied heavily on billboards and radio spots.

The centerpiece of the marketing blitz, however, was a dramatic ad directed by Spike Jonze, better known for his critically acclaimed feature films like "Being John Malkovich" and "Her." The two-minute spot depicts MedMen's version of the historical arc of American cannabis. In a series of diorama-like tableaux vivants, it takes viewers on a tour through George Washington's hemp farm, the war on drugs and Woodstock. Finally, an interracial couple walks up their suburban driveway, carrying reusable canvas totes filled with groceries and a red MedMen shopping bag. The narrator toasts the blissful scene with the slogan, "Here's to the new normal."

The makers of Comedy Central's "South Park" took notice, making a parody version of the ad for an episode of the show about the arrival of recreational weed in Colorado. In Trey Parker's and Matt Stone's reimagining, a police officer shoots an old woman in the head, a man violates a pig in a corporate boardroom, and unmistakable cartoon depictions of Modlin and Bierman appear on-screen while the narrator intones, "Fuck those guys."

Clearly, Bierman was pushing the brand into the national zeitgeist. But he cast his eye far beyond MedMen's strengths in marketing and retail. After all, Steve Jobs did not become Steve Jobs just by commissioning Ridley Scott's iconic "1984" Macintosh ad and presiding over the creation of a few slick stores.

Bierman wanted to expand into the country's biggest markets, existing and potential, and to build a business that was vertically integrated from seed all the way to consumers' front doors.

On June 6, a week after its IPO, MedMen announced the acquisition of a Florida cannabis concern, Treadwell Nursery, that had a growing facility and a valuable license from the state. The price was $53 million. At the time, Florida had an estimated total of 100,000 registered medical marijuana patients, the only people in the state able to legally purchase MedMen's products.

"They wanted to be in control of their own manufacturing and cultivation," recalled a former MedMen executive, who said the founders' ambitions to grow high-quality marijuana, a skill that takes decades to hone, outmatched their capabilities. "They couldn't grow a fucking tomato plant."

At its height, MedMen seemed to be everywhere. It snapped up a retail location in Manhattan's Meatpacking District and secured preliminary approvals to open a shop near Boston's Fenway Park. It opened a store in Beverly Hills and acquired a pot business in Arizona. In Nevada, it opened a cultivation facility in Reno, opened stores in Vegas, and started a delivery service.

In early October, Clark County, Nevada, declared "MedMen Day" for the opening of a new location a mile-and-a-half off the Vegas strip. Just a month before being elected Nevada's governor, county Commissioner Steve Sisolak, a Democrat, was on hand for the ribbon-cutting. He described the founders as "good friends of mine" and presented them with a framed proclamation marking the occasion.

After the ribbon-cutting, Modlin showed off one of the store's iPads for Sisolak as throngs of curious shoppers explored the store for the first time.

"It's a beautiful facility," Sisolak told a reporter. "They've done an incredible job."

Photo ops with politicians only went so far. State and local officials decided which companies got coveted licenses to operate and whether to treat the businesses in their backyards more like partners or adversaries. Cannabis firms needed real political clout.

In April 2018, former House Speaker John Boehner, a Republican, joined the advisory board of Acreage Holdings, another cannabis firm.

Four months later, Former L.A. Mayor Antonio Villaraigosa joined MedMen's corporate board. Villaraigosa, a Democrat who has since left the board, declined to comment.

MedMen also hired lobbyists in Florida, Illinois, Massachusetts, California, Nevada and New York, according to state disclosure databases.

Even with allies, in cannabis, everything was still harder. In one television appearance, Bierman spoke of navigating "the most arduous retail zoning restrictions known to man."

Indeed, MedMen and its peers had to contend with layers of unique, untested regulations that, at times, were being enforced by people with active grudges against the industry.

"In some states, the city controls it and then the county has a say and then the state, and then the feds have their say in how you make it," complained a former MedMen executive. "They're all making the rules and changing them in real time. If I could tell you one story I could tell you a million."

Take windows.

The former executive pointed to Florida, where MedMen first opened locations in Key West, Sarasota and West Palm Beach.

State law forbids cannabis shops from advertising, but in this new and controversial industry, the ban raised a whole slew of questions, the former executive said. "What is advertising? Is it the sign above your door?" As it turns out, no, the stores could have signs. But windows presented a problem. Passersby could look in from the streets and see MedMen branding inside. MedMen retooled its store concept to accommodate the law, removing visible branding from its interiors.

But then, the former executive recalled, regulators complained that "dispensing activity" taking place at the register—customers paying and staff handing them red bags with weed inside—remained visible from the outside. So, MedMen frosted its windows. Once the store interiors were hidden, they hung up MedMen-branded shirts for sale inside.

It turned out that frosted windows ran afoul of local police departments. So, the executive recalled, MedMen obtained permission from the state to restore its transparent windows. Regulators dropped their complaint about visible dispensing activity at the register but made MedMen take down its branded T-shirts.

It was determined that employees could still wear the shirts while working.

"It's Kafka," the former executive said. "It happens because the rules and regulations just don't make sense."

Then, there are the complications involved in financing a cannabis business.

Because of its legal status, institutional investors have, by and large, continued to shy away from it. Despite the growing number of states that have liberalized their cannabis laws and begun regulating their own markets, it remains on Schedule 1, the federal government's list of banned narcotics. An Obama-era Justice Department policy officially discouraged prosecution of state-regulated marijuana activity, but former Attorney General Jeff Sessions rescinded that policy in 2018, raising the prospect of a renewed federal crackdown. The feared crackdown has not materialized, but Sessions' rescission underscored the precariousness of the industry's position.

Most banks will not even allow pot firms to open accounts out of fear of federal money-laundering laws. Those that offer their services do so quietly. Though MedMen has found banks to work with, a company spokesman told Yahoo News in 2018 that none of them wanted to be identified in the press.

It does not help, either, that cannabis firms face higher federal tax rates than others thanks to a provision of the tax code designed to prevent drug dealers from taking business deductions.

Las Vegas-based cannabis investor Leslie Bocskor said such restrictions often push cannabis operators to seek less savory sources of financing than they otherwise would need to. “We’ve created a gray market for money,” he said, “in the same way that we had a gray market for cannabis.”

Just providing customers a normal payment experience can be an ordeal. Rolling Stone reported that, for a time before MedMen went public, its stores accepted credit cards. It cloaked the practice from the card companies, which do not want to serve pot businesses, by registering under the name of an obscure corporate subsidiary. Now, the company no longer accepts credit, advertising that it takes debit cards and cash instead.

Because of federal securities law, those companies that manage to shimmy through this obstacle course and grow large enough to seek financing in the public markets have to go abroad to do so. Bocskor lays some of the blame for MedMen’s troubles at the feet of its unusual foreign IPO. Being forced to go public in Canada, rather than on an American exchange, he argues, hobbles companies by forcing them to navigate an unfamiliar regulatory landscape. He said it also makes the stock less accessible to U.S. investors, who can be uncomfortable with foreign markets.

“It’s not specific to MedMen,” Bocskor said. “This is a challenge for anyone.”

MedMen’s headquarters sits in an industrial space on an unglamorous drag in Culver City, a section of L.A. inland from Venice Beach. Across the street are manufacturers of military-grade electronic components and protective equipment for industrial workers.

One cannabis executive who visited the headquarters in its prime was struck by the super high-end sports cars in the first two parking spots outside the entrance—out of place in both the neighborhood and in this still-modest industry.

Other hints of MedMen's grand designs only became apparent inside, where the decor, all red metal and glass, betrayed Bierman's ambitions to mimic tech startups.

In the go-go days of 2018, the office featured free snacks and other Silicon Valley-style perks. "It wasn't over the top," one former employee said. "Other than the kombucha machine. I found that a little strange."

As MedMen raised ever more money, the headquarters grew more crowded, another departure from leanly staffed peers.

"I couldn't believe it," said another cannabis executive who visited the bustling headquarters. "What do all these people do?"

Two former executives said the firm maintained a small "culture group," whose job it was to guide the company culture.

MedMen also regularly had a masseur visit the premises to pamper staffers, though one former employee said a peek at the man's schedule revealed he sometimes would only have one session of 30 or 45 minutes booked per day.

There was a therapist on staff, called a "performance improvement expert"—who happened to be Bierman's personal marriage counselor—at a salary of more than $300,000 a year, according to allegations later made in court and denied by MedMen.

The firm had also invested heavily in IT, building its own in-house point-of-sale system, MyMedMen.

"They would ask themselves at times, 'Are we a marijauana company or a tech company?'" recalled the person, who viewed the expenditures as wasteful distractions from the firm's core business, pointing to the founders' lack of experience in the tech industry. "It was nuts. It was literally nuts."

The market suspended its disbelief. In October of 2018, MedMen announced a deal to purchase PharmaCann, an Illinois-based retailer with operations in several states, for nearly $700 million in stock. It was to be the largest-ever cannabis acquisition in the U.S., and the move played well with investors.

But by the end of the year, the spending and the bravado began to catch up with Bierman. In the second half 2018 alone, MedMen lost more than $130 million according to its disclosures.

In November, two MedMen subsidiaries were hit with a class-action lawsuit in a Los Angeles court alleging labor law violations. At the time, a MedMen spokesman told Marijuana Business Daily, “We offer competitive compensation and strive to cultivate a thriving work environment.” The case remains ongoing.

In December, the city of West Hollywood announced that MedMen’s flagship, which had been operating on a temporary permit, would not receive a permanent license to sell marijuana, placing the store in a state of semi-permanent legal limbo.

In the first week of 2019, two early investors in MedMen sued Bierman, Modlin and the company. The plaintiffs claimed that the defendants were improperly preventing them from cashing in their shares. They also accused the founders of abusing the business’s complex corporate structure to engage in “rampant, brazen self-dealing.”

A company spokesman described the allegations as “frivolous claims” and said that the plaintiffs had already profited on their investments.

Later that month, the company’s outgoing CFO filed a more sensational suit. In his complaint, James Parker claimed that Bierman and Modlin breached his contract by forcing him out of the company in response to his attempts to professionalize its finances and uphold his fiduciary duties to shareholders.

Parker also alleged in his complaint that Bierman, in private, called Los Angeles City Councilman Herb Wesson a “midget negro” (a spokesman for Wesson declined to comment) and called a marijuana activist a “fat, black lesbian”; that the founders threw around terms like “cunt,” “retard” and “pussy-bitch” and were intoxicated at corporate events; that Bierman told him to go up to an employee’s hotel room and tell the employee to “take his fist out of his boyfriend’s ass, and tell him to get to work.”

Parker’s vivid portrait of the workplace environment was only the beginning.

The complaint alleged that he was ordered to pay a Canadian firm hundreds of thousands of dollars so it would buy MedMen stock, to prop up its price when it was “under attack,” and to pay private intelligence firms to dig up dirt on MedMen’s perceived enemies.

His complaint alleged that the founders were not fully transparent about non-arm’s-length transactions with related entities and that they ordered the opening of a “sham office” in Vancouver to fool Canadian regulators.

The complaint alleged that Bierman spoke of falsifying his personal brokerage statement, with Modlin’s help, to apply for a home mortgage. Parker also alleged that Bierman asked him to donate to a Nevada politician because Bierman had personally maxed out and promised the politician more contributions. And the complaint alleged that company funds were used to pay for personal furniture for Modlin to indirectly reimburse a contribution Modlin made to the same Nevada politician.

Campaign-finance records show that the only Nevada candidate to receive maximum contributions from Parker, Bierman and Modlin is Sisolak, who presided over “MedMen Day” weeks before his election as Nevada’s governor. Representatives for Sisolak did not respond to requests for comment.

Speaking at a pot convention in Boston after the lawsuit landed, Bierman called Parker’s allegations “absolutely silly and disgusting.”

In response to the allegations about a hostile workplace environment, the CEO pointed out that his wife is Latina and that Modlin is gay.

“This guy wants to blackmail me and wants all this money—I say, ‘Sue me,’ and he puts out all this incendiary stuff,” Bierman said. “I don’t think that the Bezoses of the world had to deal with that when they were building their companies.”

In addition to denying wrongdoing, MedMen counter-sued Parker, alleging breach of contract among other offenses. A spokeswoman for Parker declined to comment, citing the ongoing litigation.

Despite the setbacks, the juggernaut kept on rolling. Throughout last summer, MedMen continued to expand, even as its stock price continued its decline. At its peak headcount, in mid-2019, it boasted over 1,300 employees.

Last June, MedMen published a triumphant press release titled, “Investors Drop MedMen Lawsuit.” It trumpeted that the investor plaintiffs had “voluntarily dismissed their frivolous lawsuit.” In fact, the fifth sentence of the release noted that the case, rather than being over, was headed to arbitration, where it remains ongoing.

In July, Modlin outgrew his West Hollywood digs and sprang for an upgrade, paying $11 million for a five-bedroom, seven-bathroom mansion in the Hollywood Hills. His new pad featured a cactus garden, an olive tree and a swimming pool. His new neighbors included Leonardo DiCaprio and Keanu Reeves.

After winning a temporary reprieve to remain open in West Hollywood, MedMen took the city to court over its licensing procedures.

But the green rush was finally hitting a wall, both for MedMen and its competitors. In June, efforts to legalize recreational pot in New York fell apart, the latest sign that the revolution was taking longer than anticipated.

One former executive compared MedMen’s experience in the state to Charlie Brown’s regular wipeouts in “Peanuts.” For years, MedMen invested in retail and political muscle in New York in anticipation of recreational pot becoming legal in one of the country's richest consumer markets. The state seemed always on the cusp of legalization, only to repeatedly defer. "New York is a poster child for almost—and then it's like Lucy with the football," said the former executive. "It gets pulled away."

Last summer also saw an uptick in concerns about the dark side of the emerging industry.

In August, the FBI raised the alarm over public corruption. "As an increasing number of states change their marijuana legislation, the FBI is seeing a public corruption threat emerge in the expanding cannabis industry," warned an official Bureau podcast. "The corruption is more prevalent in Western states where the licensing is decentralized—meaning the level of corruption can span from the highest to the lowest level of public officials."

Eastern states, it seems, are not immune either. In September, federal authorities arrested the young mayor of Fall River, Massachusetts, and charged him with taking bribes in exchange for approving marijuana outfits in his city.

In October, two associates of Rudy Giuliani, Lev Parnas and Igor Fruman, were arrested on their way out of the country and charged with federal campaign-finance violations. According to federal prosecutors, Parnas, Fruman and their business partners conspired to make straw donations to politicians in Nevada, New York and elsewhere on behalf of a Russian investor in a bid to win licenses for a pot venture. The two men have pleaded not guilty and are awaiting trial. Their arrest was among the most dramatic dominoes to fall in the scandal that led to President Donald Trump's impeachment. It also brought scrutiny of the Russian money that has been flooding into American cannabis.

The week of the Parnas-Fruman arrest, MedMen's landmark deal to acquire PharmaCann was officially called off. In November, MedMen announced layoffs, rolled back its retail expansion and dumped its stake in a cannabis-focused real estate investment trust.

In December, it announced agreements to sell off assets in Arizona and Illinois. It announced more layoffs, saying it had reduced its workforce by 40 percent in the course of a month.

In January, Bierman resigned as CEO and ceded his voting rights in the company. He remains on its board, though he has stayed out of the public eye. Modlin, who remains as the company's chief brand officer, agreed to give up his own super-voting shares.

In February, MedMen laid off 128 more employees and cut more the next month. Also in February, Modlin sold his West Hollywood home to 18-year-old YouTube star Emma Chamberlain, leaving him with just the Hollywood Hills mansion.

That may be in jeopardy, too. In April, a creditor sued Bierman and Modlin, saying the co-founders had personally guaranteed its investment in MedMen stock late last year, putting up their homes as collateral. But, the creditor alleged, the men had failed to deliver documents securing their pledges. It asked a California judge to force them to pony up. Lawyers for Bierman and Modlin did not respond to questions about the case, which is ongoing.

In some cases, vendors, unable to get cash for the product they have supplied to the company, have instead been taking payment in MedMen stock. As of mid-May, its stock price was down more than 95 percent from its late-2018 high, according to data from the Canadian Securities Exchange.

Normally, a business in such dire straits could seek federal bankruptcy protection. Because of weed's legal status, that option is not open to MedMen.

MedMen was faring worse than most, but the rest of industry was also coming down hard from its high. There were too many entrepreneurs trying to blaze the same path as Bierman, competing for a pool of legal sales that was not growing fast enough, with too much regulatory uncertainty hanging over them. In the year leading up to March 21, the United States Marijuana Index, which tracks top cannabis stocks, fell by more than four-fifths.

Meanwhile, the onset of coronavirus has created new uncertainty for the struggling cannabis industry. It has raised the specter of global depression but also sparked higher cannabis sales in many places as Americans face the prospect of being stuck at home with little to do.

It is the sort of crisis that a brash leader and a nimble company might just be able to turn to their advantage, maybe even into a viral marketing opportunity.

But for Bierman and MedMen it appears to have come too late.

In April, cannabis sales in Florida set a record. Yet in the first week of May, in the latest sign of corporate distress, MedMen shuttered five of its eight retail locations in the state, a move it is describing as temporary. In contrast to the company's ballyhooed store openings, the closures came abruptly and without explanation.