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**FILED**  
Superior Court of California  
County of Los Angeles  
03/09/2023

David W. Slayton, Executive Officer / Clerk of Court  
By: H. Martinez Deputy

7 Attorneys for Plaintiffs  
BR CO I, LLC and NEDCO, LLC

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 FOR THE COUNTY OF LOS ANGELES, CENTRAL JUSTICE CENTER

11 BR CO I, LLC, a California limited liability  
company, and NEDCO, LLC, a Wyoming  
12 limited liability company, suing individually  
and derivatively on behalf of COOKIES  
13 CREATIVE CONSULTING &  
PROMOTIONS, INC.,

14 Plaintiff,

15 v.

16 GILBERT MILAM, an individual; PARKER  
17 BERLING, an individual; MICHAEL JOHN  
ROBERTS, an individual; OMAR ORTIZ, an  
18 individual; IAN HABENICHT, an individual;  
LESJAI PERONNET CHANG, an individual;  
19 12/12 VENTURES FUND I, LLC, a Delaware  
limited liability company; 12/12 VENTURES  
20 GP I, LLC, a Delaware limited liability  
company; 12/12 SPV I, LLC: Cookies LLC, a  
21 Delaware limited liability company; MESH  
VENTURES, LLC, a Delaware limited liability  
22 company; and DOES 1 through 25, inclusive,

23 Defendants.

24 COOKIES CREATIVE CONSULTING &  
PROMOTIONS, INC., a California corporation,

25 Nominal Defendant.  
26  
27  
28

Case No. 23STCV02764  
Assigned for All Purposes to:  
Honorable Gregory Keosian  
Department 61

**FIRST AMENDED COMPLAINT FOR:**

- (1) BREACH OF FIDUCIARY DUTY (DERIVATIVE);
- (2) BREACH OF FIDUCIARY DUTY (INDIVIDUAL);
- (3) BREACH OF DUTY OF LOYALTY (DERIVATIVE);
- (4) VIOLATION OF CORP. CODE § 310 (DERIVATIVE);
- (5) VIOLATION OF CORP. CODE § 310 (INDIVIDUAL);
- (6) UNJUST ENRICHMENT AND IMPOSITION OF A CONSTRUCTIVE TRUST (DERIVATIVE);
- (7) UNJUST ENRICHMENT AND IMPOSITION OF A CONSTRUCTIVE TRUST (INDIVIDUAL);
- (8) ACCOUNTING (DERIVATIVE);
- (9) ACCOUNTING (INDIVIDUAL);
- (10) INTENTIONAL INTERFERENCE WITH CONTRACTUAL RELATIONS (DERIVATIVE);
- (11) INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC RELATIONS (DERIVATIVE);
- (12) REMOVAL OF DIRECTORS (DERIVATIVE);
- (13) UNFAIR COMPETITION (DERIVATIVE);
- (14) DECLARATORY RELIEF

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1 Plaintiffs BR CO I, LLC (“BR”) and NedCo, LLC (“NedCo,” and collectively with BR,  
2 “Plaintiffs”), suing individually and suing derivatively on behalf of Nominal Defendant Cookies  
3 Creative Consulting & Promotions, Inc. (“Cookies”), hereby allege the following on information  
4 and belief:

5 **THE PARTIES**

6 1. BR is a California limited liability company with its principal place of business in  
7 Orange County, California. BR is a shareholder of Cookies and has been a shareholder at all times  
8 relevant to this Complaint.

9 2. NedCo is a Wyoming limited liability company with its principal place of business  
10 in Sonoma County, California. NedCo is a shareholder of Cookies and has been a shareholder at  
11 all times relevant to this Complaint.

12 3. Cookies is a California corporation with its principal place of business in San  
13 Francisco County, California.

14 4. Defendant Gilbert Milam (“Milam” or “Berner”) is an individual residing in Marin  
15 County, California.

16 5. Defendant Parker Berling (“Berling”) is an individual residing in Los Angeles  
17 County, California.

18 6. Defendant Michael John Roberts (“Roberts”) is an individual residing in Los  
19 Angeles County, California.

20 7. Defendant Omar Ortiz (“Ortiz”) is an individual residing in Los Angeles County,  
21 California.

22 8. Defendant Ian Habenicht (“Habenicht”) is an individual residing in San Francisco  
23 County, California.

24 9. Defendant Lesjai Peronnet Chang (“Chang”) is an individual residing in San  
25 Francisco County, California.

26 10. Defendant 12/12 Ventures Fund I, LLC (“12/12 Fund”) is a Delaware limited  
27 liability company which has its principal place of business in Marin County, California.

28 11. Defendant 12/12 Ventures GP I, LLC (“12/12 GP”) is a Delaware limited liability

1 company which has its principal place of business in Marin County, California. Milam and  
2 Berling each own a 17.5% interest in 12/12 GP and Habenicht owns a 2.5% interest in 12/12 GP,  
3 which is the general partner of 12/12 Fund.

4 12. Defendant 12/12 SPV I: Cookies LLC (“12/12 SPV”) is a Delaware limited  
5 liability company which has its principal place of business in Marin County, California.

6 13. Defendant Mesh Ventures, LLC (“Mesh Ventures”) is a Delaware limited liability  
7 company which has its principal place of business in Alameda County, California.

8 14. Defendants Milam, Berling, Roberts, Ortiz, Habenicht, Chang, 12/12 Fund, 12/12  
9 GP, 12/12 SPV and Mesh Ventures are hereinafter collectively referred to as “Defendants.”

10 15. Plaintiffs are unaware of the true names and capacities of defendants Does 1  
11 through 25, inclusive, and therefore sue these defendants by such fictitious names. Plaintiffs will  
12 amend this Complaint to show the true names and capacities of such fictitiously named defendants  
13 when the same have been ascertained or upon proof at trial. Plaintiffs are informed and believe  
14 and based thereon allege that each of the fictitiously named defendants is legally responsible for  
15 the events and damages alleged herein.

16 16. At all relevant times, unless alleged otherwise, the actually and fictitiously named  
17 defendants were acting as the agents, servants, employees, joint venturers, alter egos, successors,  
18 or predecessors-in-interest of the remaining defendants, and were acting within the course and  
19 scope of such relationship, with the knowledge, expressed or implied, of each of the other  
20 defendants.

21 **OPERATIVE FACTS**

22 17. Cookies is a cannabis company largely operated by Milam (aka “Berner”) as its  
23 founder/CEO and Berling as its President. Habenicht is Cookies’ chief financial officer. Cookies’  
24 board of directors consists of Milam, Berling, Chang, and Wilder Ramsey. Roberts and Ortiz are  
25 Cookies employees.

26 18. Collectively, BR and NedCo own more than 10% of the outstanding shares of  
27 Cookies. Defendants and/or their affiliates own the majority of Cookies’ outstanding shares.

28 19. Milam was recently featured on the cover of Forbes Magazine and was touted as a

1 “legendary cannabis CEO, musician, and fashion creator” who has led Cookies to sell “hundreds  
2 of millions of dollars of cannabis a year” and “millions more in clothing with [the] Cookies  
3 brand.” Milam claimed in his Forbes interview that his “relationship with [his] investors is very  
4 pure” because they “respect the vision” and that they let him have “full control of the company.”

5         20.       However, the image of Milam and Cookies painted by these articles is far from the  
6 truth. In reality, Milam and his cohorts Berling, Habenicht, Chang, Roberts, and Ortiz use the  
7 popularity of the Cookies brand to engage in pervasive self-dealing without regard to inherent  
8 conflicts of interest and to strongarm and bully others into paying them millions of dollars in  
9 personal benefits and kickbacks. Third parties that dare to stand up to these demands or refuse to  
10 play Defendants’ game are threatened, including with physical violence and slanderous blasts on  
11 social media, and are refused opportunities to work with Cookies (often to Cookies’ detriment).  
12 Defendants’ pervasive wrongdoing has lined their own pockets while causing massive losses to  
13 Cookies and its shareholders.

14         21.       For example, Milam accepted diamond jewelry valued at over \$1 million from a  
15 third party as a kickback for allowing the third party to do business with Cookies – despite the  
16 relationship being against Cookies’ best interests – and failed to properly disclose these  
17 transactions or obtain the informed consent of Cookies’ disinterested shareholders or directors.

18         22.       When these and other self-dealing transactions came to light, Plaintiffs repeatedly  
19 requested that Cookies conduct an independent investigation to determine the extent of the self-  
20 dealing and conflicts of interest, but, to date, Cookies (under the leadership of Defendants) has  
21 refused to do so. Plaintiffs were therefore left with little choice but to file this lawsuit to protect  
22 the interests of Cookies and its shareholders.

23         23.       The following paragraphs contain further representative samplings of the many  
24 instances of self-dealing and misappropriation perpetrated by the Defendants that have been  
25 uncovered and are continuing to be uncovered.

26         24.       Milam consistently uses Cookies’ resources to promote his own personal interests  
27 and outside activities, including by: (1) misappropriating Cookies’ confidential information to  
28 attract investors for his affiliate entities 12/12 Fund and/or 12/12 GP and their portfolio

1 companies; (2) misappropriating Cookies’ marketing materials and social media presence to drive  
2 traffic away from Cookies’ website to promote his personal music career and technology venture  
3 Social Club Holdings LLC (“Social Club”); (3) using Cookies’ bus (which was purchased with  
4 investor money) for personal travel and promotions and replacing Cookies’ advertising materials  
5 on the bus with his own personal advertising; (4) using Cookies’ personnel time to market his  
6 other ventures and music career; (5) accepting expensive gifts such as jewelry, housing, and cash  
7 from third parties in exchange for access to Cookies; (6) using Cookies’ resources to support a  
8 lavish lifestyle; (7) negotiating side deals alongside Cookies’ contracts for his own personal  
9 enrichment; and (8) entering into affiliate transactions without proper disclosures or approvals,  
10 including agreements with 12/12 SPV, GPen, Vibes, 12/12 Fund, Mesh Ventures, Gage Cannabis,  
11 and Cookies SF, which are all entities in which Milam owns interests. Milam recently  
12 acknowledged his interests in Vibes, 12/12 Fund and Cookies SF (see Exhibit “A” hereto), and  
13 additionally admitted his interests in other entities engaging in previously insufficiently disclosed  
14 or undisclosed affiliate transactions, including Biggerbizz LLC (“Biggerbizz”), Cookies Retail  
15 Canada Corp., Social Club, and Natura LLC.

16         25. In addition, Milam entered into direct deals with cannabis brands, potentially  
17 including, among others, Sluggers Hit, Dee Thai, Natura, and Fohse Lighting, and did not include  
18 Cookies as a party even though Cookies’ intellectual property and confidential information were  
19 used in connection with these deals and the benefits thereof should go to Cookies rather than to  
20 Milam individually.

21         26. Similarly, Berling has: (1) misappropriated Cookies’ resources and confidential  
22 information for the benefit of dozens of his other ventures such as Mesh Ventures, 12/12 Fund,  
23 12/12 GP and/or 12/12 SPV, 162 Fund, Cookies Production Company, and their portfolio  
24 companies; (2) promised exclusive contracts with Cookies in exchange for investments in his  
25 other ventures; (3) negotiated side deals relating to Cookies’ contracts for his own personal  
26 enrichment; (4) entered into related party transactions without proper disclosures or approvals,  
27 such as with One Log and Tree Lounge, 12/12 Fund, 12/12 SPV, Mesh Ventures, and Gage  
28 Cannabis, which are entities in which he has an interest; and (5) used Cookies’ accounts as

1 lifestyle slush funds.

2           27.     With regard to related party transactions, by way of example, the Company  
3 belatedly disclosed the Company pays Backbone – in which Mesh Ventures is an owner –  
4 hundreds of thousands of dollars in “software development fees” for no discernable benefit. In  
5 addition, Berling caused Cookies to acquire an 80% interest in Berling’s entity 1L Botanicals LLC  
6 d/b/a “MFN”, without any apparent benefit and at clear cost to Cookies, including absorbing  
7 historical liabilities and ongoing losses of these failed business ventures. By saddling Cookies  
8 with these liabilities, Berling, Milam, and Habenicht were able to avoid disclosing their failure to  
9 Mesh Ventures investors.

10           28.     Likewise, Berling, Milam, and Habenicht improperly used their company Mesh  
11 Ventures to cause Cookies to enter into affiliate transactions with Mesh Ventures’ portfolio  
12 companies for their own personal gain without the proper disclosures, including transactions with  
13 One Log and Tree Lounge, Adnant, MFN Oil, Backbone, Villa Noble, and Edgewater. These  
14 transactions have resulted in higher costs to Cookies for less return than could have been achieved  
15 from entering into arm’s-length transactions with third parties.

16           29.     As a further example, Berling insists that Cookies and all licensors use only his  
17 brother Seth Berling’s construction company GCI for any construction work, even though GCI  
18 often costs more than double the cost of other contractors, so that he can take kickbacks from GCI  
19 for his own personal benefit. If a licensor refuses to use GCI, Berling in turn refuses to allow  
20 Cookies to sign licensing agreements or do business with them.

21           30.     Habenicht owns interests in Mesh Ventures, 12/12 GP, and One Log. He has also  
22 engaged in self-dealing in similar manners as described above by, among other things: (1)  
23 misappropriating Cookies’ resources and confidential information for the benefit of Mesh  
24 Ventures, 12/12 Fund and/or 12/12 GP, and their portfolio companies; and (2) entering into related  
25 party transactions without proper disclosures or approvals, such as with One Log.

26           31.     For example, Cookies contracted with a third party to sell Cookies products at an  
27 event and instructed the third party to pay a percent of the proceeds to One Log (even though One  
28 Log had not provided any goods or services) instead of paying all of the proceeds to Cookies, who

1 should have been the beneficiary of the proceeds. Further, Defendants cause Cookies to route its  
2 product for labeling and packaging to One Log’s remote and difficult to reach location – a  
3 commercially unviable real estate investment by Berling and Habenicht – far from any major  
4 highway, causing Cookies to incur more shipping and transportation costs than necessary, just so  
5 One Log (and Berling, Habenicht and Mesh) can financially benefit at Cookies’ expense. In  
6 addition, utilizing One Log causes Cookies to incur dramatically more labor cost, and is massively  
7 inefficient for Cookies.

8         32. Berling, Milam, and Habenicht improperly used their entities 12/12 Fund and/or  
9 12/12 GP to misappropriate Cookies’ confidential information and opportunities, including by  
10 holding those companies out to be the “sole” means of investing in Cookies and enriching  
11 themselves with promotion equity and other fees in doing so. They also caused Cookies to enter  
12 into transactions with 12/12 Fund, 12/12 GP, 12/12 SVP and/or Mesh Ventures’ portfolio  
13 companies without proper disclosures and disclosed Cookies’ confidential information in  
14 fundraising efforts for the portfolio companies. These same things were done with their other  
15 companies, 162 Opportunity Fund and Cookies Production Fund. 12/12 Fund, 12/12 GP, 12/12  
16 SPV and Mesh Ventures accepted the substantial benefits of these transactions knowing that they  
17 were done in violation of Defendants’ duties owed to Cookies.

18         33. Berling and Milam used Cookies Production Company (“CPC”) – a separate entity  
19 – to solicit investors by claiming that CPC is Cookies’ “exclusive production partner” and that  
20 investors in CPC can obtain access to invest in Cookies, which conduct, once again, improperly  
21 misappropriates Cookies’ goodwill and diverts money from Cookies for the benefit of CPC and  
22 the Defendants.

23         34. Berling and Milam often sent Roberts and Ortiz on their behalf to “negotiate” with  
24 third parties by telling third parties that they needed to pay Parker, Milam, Roberts, Ortiz and/or  
25 their affiliate companies (including Biggerbizz, a company wholly owned by Milam) kickbacks or  
26 give them other personal benefits in order to do business with Cookies. Often, third parties that  
27 refused were threatened by Parker, Milam, Roberts, and/or Ortiz that Cookies would not do  
28 business with them, defamed on social media blasts, and, in some instances, Defendants even

1 threatened to, or did, cause property and bodily injury. These tactics were used to steal cannabis  
2 strains and other intellectual property from third parties as well as affiliated companies.  
3 Defendants' bad business tactics and refusal to honor Cookies' contracts caused Cookies to forfeit  
4 highly valuable assets, including but not limited to Runtz, causing significant harm to Cookies'  
5 reputation and long term value.

6 35. For example, Defendants' wrongdoing was recently exposed in another lawsuit,  
7 Los Angeles Superior Court Case No. 23STCV00185, filed by Cookies Retail Products, LLC  
8 ("CRP"), which is a company separate from Cookies that is owned by a third party and licenses  
9 the Cookies brand for CBD products. CRP alleges that Defendants forced CRP to use only  
10 suppliers that were affiliates of Defendants, even though other suppliers could supply better  
11 quality products at better costs, so that Defendants could take kickbacks from their affiliate  
12 suppliers. CRP further alleges that when CRP pushed back on these demands, Defendants  
13 harassed CRP and threatened to take the license away, and then purposefully tanked CRP's  
14 business, defamed CRP, and stole CRP's trade secrets in violation of the license agreement.  
15 Cookies was sued as result of this tortious conduct, to the detriment of its shareholders.

16 36. Berling and Milam recently caused Cookies to enter into a \$5 million Note  
17 Agreement in favor of Entourage Effect Capital Opportunity Fund III ("Entourage"), without  
18 getting the necessary corporate approvals. The transaction involved certain exclusivity periods  
19 that appear not to have been arms-length transactions. This taking on of more debt is  
20 representative of Defendants' reckless spending that is out of proportion with its ability to pay,  
21 which leaves the company and its shareholders in a precarious position.

22 37. These are just a few examples of self-dealing, misappropriation, and wrongdoing  
23 that have been discovered so far. These self-dealing transactions were entered into without the  
24 informed consent of the disinterested shareholders/directors as required by Corporations Code  
25 section 310 and have resulted in unfavorable transactions to Cookies and the diversion of Cookies'  
26 resources and opportunities for the Defendants' own personal gain.

27 38. On December 22, 2022, BR sent Cookies, Milam, and Berling a formal demand  
28 letter in which BR requested that Cookies' Board take legal action on these claims, including by:



1 (1) obtaining a full disclosure regarding all transactions Cookies has ever done with the  
2 Defendants or any entity in which any of the Defendants have or received any financial interest,  
3 including, but not limited to, all of the transactions identified above; (2) investigating the  
4 disclosures made to Entourage in connection with its potential investment; and (3) immediately  
5 causing a full investigation to be conducted by the disinterested Board members or an impartial  
6 third party investigator regarding the wrongdoing alleged herein so that appropriate action can be  
7 taken. Cookies' Board has refused to take these actions on Cookies' behalf, since the Board is  
8 controlled by Berling and Milam. Plaintiffs therefore bring certain of the claims set forth below  
9 derivatively on behalf of Cookies, which is named as a nominal defendant for this purpose.

10 39. Rather than complying with Plaintiffs' demands for an investigation, Defendants  
11 doubled down by purporting to enter into a Series A Preferred Stock Purchase Agreement (the  
12 "SPA") with yet more of its affiliates. After the filing of this Action Defendants rushed into the  
13 SPA and claimed to have amended corporate documents (the "Transaction Documents") pursuant  
14 to which Cookies asserts it sold shares of Series A preferred stock to a number of investors – that  
15 are either unidentified or identified as yet more affiliates of Defendants, including but not limited  
16 to defendant 12/12 SPV – for a total of \$23 million. Cookies refused to comply with a request by  
17 NedCo for information regarding the transaction, of which Cookies gave NedCo (as well as BR)  
18 insufficient notice. Although Cookies responded to NedCo's request for information by stating  
19 information would be sent, Cookies ultimately provided no such information to NedCo. What is  
20 more, Cookies claims to have entered into this transaction despite assertions by Cookies investor  
21 Red Tech Holdings LLC ("Red Tech"), which – before the purported closure of the SPA – served  
22 a notice of exercise of its right to convert its note to Series A Preferred Stock. Cookies refusal to  
23 acknowledge Red Tech's conversion and reckless conduct in proceeding with the SPA will result  
24 in yet further losses to Cookies and impairment of the value of the interests held by Cookies'  
25 shareholders.

26 40. Cookies asserts the SPA was approved by "disinterested" directors of Cookies.  
27 Plaintiffs are informed and believe the transaction was purportedly approved by a single director,  
28 Chang, who was the only supposedly "disinterested" director to be provided information regarding

1 the transaction.

2 41. In fact, there was no “disinterested” board member review or approval. Chang has  
3 admitted he was pressured by the interested directors, Milam and Berling, into approving the SPA.  
4 Chang further acknowledged he had not had time to read the SPA documents but nevertheless  
5 voted to approve the transaction as the sole supposedly “disinterested” director. Chang further  
6 admitted he was aware of Milam and Berling’s self-dealing, and that when he later (after voting to  
7 approve the transaction) reviewed the SPA documents, he believed them to serve Milam and  
8 Berner’s self-interests. Nevertheless, Chang simply rubber-stamped the transaction in violation of  
9 his fiduciary duties owed to Cookies.

10 42. Cookies sent the SPA and Transaction Documents to BR and NedCo for their  
11 shareholder approval, which precipitated the filing of this amended complaint.

12 43. Incredibly, within the disclosure schedules attached to the SPA (a true and correct  
13 copy of one of which, Schedule 2.12, is attached hereto), Cookies and the Principals brazenly  
14 admitted to dozens of instances of self-dealing that had never been previously disclosed and for  
15 which the required approvals had never been obtained. BR asserted these admissions warrant a  
16 full independent investigation to determine whether and to what extent these self-dealing  
17 transactions have harmed Cookies and its shareholders. Indeed, despite BR’s prior demands for  
18 such an investigation, even before the lawsuit was filed, Cookies still admits in these transaction  
19 documents that it has never been audited. BR asked that an independent investigation and audit be  
20 commissioned, certainly before Cookies would enter into any of the transactions being  
21 contemplated. Cookies categorically refused any such independent investigation or audit and  
22 baldly asserted BR’s claims of wrongdoing were without foundation.

23 44. In addition, Defendants proposed yet more self-dealing transactions, given their  
24 affiliate entity 12/12 SPV is one of the investors that is the subject of the SPA. The SPA also  
25 involves Entourage and three other unidentified investors. Plaintiffs are informed and believe the  
26 other three investors have not been identified because they are yet more affiliates of Defendants  
27 that will demonstrate yet more conflicts of interest.

28 45. Further, the Transaction Documents conceal material information that prevents

1 anyone from giving informed consent to any of the transactions. Among other things, the  
2 documents lack the following material information:

- 3 a. The identity of the three unnamed proposed investors and disclosure of any  
4 connection they have to any of Defendants or Cookies' directors, or other shareholders.
- 5 b. A redline of all the Transaction Documents against their original versions.
- 6 c. The proposed closing date for the SPA.
- 7 d. The identity of the proposed new executives/directors and disclosure of any  
8 connection they have to any of Defendants or Cookies' directors, or other shareholders.
- 9 e. A full disclosure of what approvals, if any, Cookies had to enter into each  
10 of the improper transactions identified on Schedule 2.12 and the volume of business that was done  
11 in each transaction.
- 12 f. All reasons why Cookies has failed to comply with BR's demands for an  
13 independent investigation/audit to be conducted.
- 14 g. Details for the proposed new capitalization table and how the prices per  
15 shares were calculated.

16 46. Plaintiffs are informed and believe that the intended purpose of the SPA is to dilute  
17 Plaintiffs' interests in Cookies for Defendants' benefit and so that Defendants can continue their  
18 pervasive self-dealing and other wrongdoing. In addition, Plaintiffs are informed and believe that  
19 Defendants seek by way of the SPA to eliminate any dissenting board members, among other  
20 impairments of Plaintiffs' and other dissenting parties' rights.

21 **FIRST CAUSE OF ACTION**

22 **(For Breach Of Fiduciary Duty by Plaintiffs Derivatively on behalf of Cookies Against**  
23 **Berling, Milam, Chang, and Does 1-10)**

24 47. Plaintiffs reallege and hereby incorporate by reference all of the preceding  
25 paragraphs above, inclusive.

26 48. Without limitation, Plaintiffs are informed and believe, and based thereon allege,  
27 that, in accordance with their fiduciary duties of loyalty and care to Cookies, Berling, Milam, and  
28 Does 1 through 10, inclusive, were not permitted to take kickbacks and other benefits for

1 themselves and their affiliate companies in connection with Cookies' transactions, were not  
2 permitted to cause Cookies to enter into transactions with their affiliate companies without proper  
3 disclosures and votes of disinterested directors/shareholders, and were not permitted to engage in  
4 the other instances of wrongdoing alleged above.

5 49. On information and belief, and without limitation, by engaging in the conduct  
6 described above, Berling, Milam, Chang, and Does 1 through 10, inclusive, violated their  
7 fiduciary duties of loyalty and care to Cookies.

8 50. Chang additionally and in particular violated his fiduciary duties of loyalty and care  
9 by, *inter alia*, failing to conduct any due diligence with respect to purporting to approve the SPA  
10 and Transactional Documents, even though those documents were clearly missing key information  
11 and disclosed concerning and pervasive self-dealing.

12 51. Plaintiffs are informed and believe, and based thereon allege, that as a direct and  
13 proximate result of the above-described breaches of fiduciary duty by Berling, Milam, Chang, and  
14 Does 1 through 10, inclusive, Cookies has sustained damages consisting of (without limitation):  
15 (a) loss of cash and other assets; (b) loss of business opportunities and resulting financial losses;  
16 (c) loss of profits, and (d) damage to Cookies' reputation and goodwill. Plaintiffs are informed  
17 and believe, and based thereon allege, that the amount of said damages exceeds the jurisdictional  
18 minimum of this Court in an amount to conform to proof at trial.

19 52. Plaintiffs are informed and believe, and based thereon allege, that, in engaging in  
20 the above-described conduct, Berling, Milam, and Does 1 through 10, inclusive, are guilty of  
21 oppression, fraud and/or malice, and were acting with willful and conscious disregard of the rights  
22 of Cookies and its shareholders. On information and belief, by reason thereof, punitive damages  
23 should be imposed against Berling, Milam, and Does 1 through 10, inclusive, in an amount  
24 appropriate to properly punish those defendants for their conduct and to deter similar future  
25 conduct.

26 / / /

27 / / /

28 / / /

1 **SECOND CAUSE OF ACTION**

2 **(For Breach of Fiduciary Duty by Plaintiffs Individually Against Berling, Milam, Chang,**  
3 **and Does 1-10)**

4 53. Plaintiffs reallege and hereby incorporate by reference all of the preceding  
5 paragraphs above, inclusive.

6 54. Without limitation, Plaintiffs are informed and believe, and based thereon allege,  
7 that, in accordance with their fiduciary duties of loyalty and care to Plaintiffs as Cookies'  
8 shareholders, Berling, Milam, Chang, and Does 1 through 10, inclusive, were not permitted to take  
9 kickbacks and other benefits for themselves and their affiliate companies in connection with  
10 Cookies' transactions, were not permitted to cause Cookies to enter into transactions with their  
11 affiliate companies without proper disclosures and votes of disinterested directors/shareholders,  
12 and were not permitted to engage in the other instances of wrongdoing alleged above.

13 55. On information and belief, and without limitation, by engaging in the conduct  
14 described above, Berling, Milam, Chang, and Does 1 through 10, inclusive, violated their  
15 fiduciary duties of loyalty and care to Plaintiffs as Cookies' shareholders.

16 56. Chang additionally and in particular violated his fiduciary duties of loyalty and care  
17 by, *inter alia*, failing to conduct any due diligence with respect to purporting to approve the SPA  
18 and Transactional Documents, even though those documents were clearly missing key information  
19 and disclosed concerning and pervasive self-dealing.

20 57. Plaintiffs are informed and believe, and based thereon allege, that, as a direct and  
21 proximate result of the above-described breaches of fiduciary duty by Berling, Milam, Chang, and  
22 Does 1 through 10, inclusive, Plaintiffs have sustained damages exceeding the jurisdictional  
23 minimum of this Court in an amount to conform to proof at trial.

24 58. Plaintiffs are informed and believe, and based thereon allege, that, in engaging in  
25 the above-described conduct, Berling, Milam, and Does 1 through 10, inclusive, are guilty of  
26 oppression, fraud and/or malice, and were acting with willful and conscious disregard of the rights  
27 of Plaintiffs. On information and belief, by reason thereof, punitive damages should be imposed  
28 against Berling, Milam, and Does 1 through 10, inclusive, in an amount appropriate to properly

1 punish those defendants for their conduct and to deter similar future conduct.

2 **THIRD CAUSE OF ACTION**

3 **(For Breach Of Duty of Loyalty by Plaintiffs Derivatively on Behalf of Cookies Against All**  
4 **Defendants [Except for 12/12 Fund, 12/12 GP, 12/12 SPV and Mesh Ventures] and Does 1-**  
5 **25)**

6 59. Plaintiffs reallege and hereby incorporate by reference all of the preceding  
7 paragraphs above, inclusive.

8 60. Without limitation, Plaintiffs are informed and believe, and based thereon allege,  
9 that, in accordance with their duties of loyalty to Cookies as Cookies employees, officers, and  
10 directors, Defendants (excluding 12/12 Fund, 12/12 GP, 12/12 SPV and Mesh Ventures) and Does  
11 1 through 25, inclusive, were not permitted to take kickbacks and other benefits for themselves  
12 and their affiliate companies in connection with Cookies' transactions, were not permitted to cause  
13 Cookies to enter into transactions with their affiliate companies without proper disclosures,  
14 investigations, and votes of disinterested directors/shareholders, and were not permitted to engage  
15 in the other instances of wrongdoing alleged above.

16 61. On information and belief, and without limitation, by engaging in the conduct  
17 described above, Defendants (excluding 12/12 Fund, 12/12 GP, 12/12 SPV and Mesh Ventures)  
18 and Does 1 through 25, inclusive, violated their fiduciary duties of loyalty and care to Cookies.

19 62. Plaintiffs are informed and believe, and based thereon allege, that, as a direct and  
20 proximate result of the above-described breaches of fiduciary duty by Defendants (excluding  
21 12/12 Fund, 12/12 GP, 12/12 SPV and Mesh Ventures) and Does 1 through 25, inclusive, Cookies  
22 has sustained damages consisting of (without limitation): (a) loss of cash and other assets; (b) loss  
23 of business opportunities and resulting financial losses; (c) loss of profits, and (d) damage to  
24 Cookies' reputation and goodwill. Plaintiffs are informed and believe, and based thereon allege,  
25 that the amount of said damages exceeds the jurisdictional minimum of this Court in an amount to  
26 conform to proof at trial.

27 63. Plaintiffs are informed and believe, and based thereon allege, that, in engaging in  
28 the above-described conduct, Defendants (excluding 12/12 Fund, 12/12 GP, 12/12 SPV and Mesh

1 Ventures) and Does 1 through 25, inclusive, are guilty of oppression, fraud and/or malice, and  
2 were acting with willful and conscious disregard of the rights of Cookies and its shareholders. On  
3 information and belief, by reason thereof, punitive damages should be imposed against Defendants  
4 (excluding 12/12 Fund, 12/12 GP, 12/12 SPV and Mesh Ventures) and Does 1 through 25,  
5 inclusive, in an amount appropriate to properly punish those Defendants for their conduct and to  
6 deter similar future conduct.

7 **FOURTH CAUSE OF ACTION**

8 **(Violation of Corporations Code Section 310 by Plaintiffs Derivatively on Behalf of Cookies**  
9 **Against Berling, Milam, Chang, and Does 1-10)**

10 64. Plaintiffs reallege and hereby incorporate by reference all of the preceding  
11 paragraphs above, inclusive.

12 65. Corporations Code section 310 provides that contracts or other transactions  
13 between a corporation and one or more of its directors, or between a corporation and any  
14 corporation, firm or association in which one or more of its directors has a material financial  
15 interest, is void or voidable if those director(s) fail to obtain approval by the disinterested  
16 shareholders or directors after full disclosure of the material facts.

17 66. As set forth in detail above, Berling, Milam, Chang, and Does 1 through 10,  
18 inclusive, caused Cookies to enter into numerous transactions with themselves personally and with  
19 other companies in which they have material financial interests without obtaining the informed  
20 consent of the disinterested shareholders or directors.

21 67. Plaintiffs are informed and believe, and based thereon allege, that, as a direct and  
22 proximate result of the above-described violations of Corporations Code section 310 by Berling,  
23 Milam, Chang, and Does 1 through 10, inclusive, Cookies has sustained damages consisting of  
24 (without limitation): (a) loss of cash and other assets; (b) loss of business opportunities and  
25 resulting financial losses; (c) loss of profits, and (d) damage to Cookies' reputation and goodwill.  
26 Plaintiffs are informed and believe, and based thereon allege, that the amount of said damages  
27 exceeds the jurisdictional minimum of this Court in an amount to conform to proof at trial.  
28 Pursuant to Corporations Code section 310, Plaintiffs also seek an order voiding any and all

1 contracts/transactions that Berling, Milam, Chang, and Does 1 through 10, inclusive, caused  
2 Cookies to enter into in violation of Corporations Code section 310.

3 **FIFTH CAUSE OF ACTION**

4 **(Violation of Corporations Code Section 310 by Plaintiffs Individually Against Berling,**  
5 **Milam, Chang, and Does 1-10)**

6 68. Plaintiffs reallege and hereby incorporate by reference all of the preceding  
7 paragraphs above, inclusive.

8 69. Corporations Code section 310 provides that contracts or other transactions  
9 between a corporation and one or more of its directors, or between a corporation and any  
10 corporation, firm or association in which one or more of its directors has a material financial  
11 interest, is void or voidable if those director(s) fail to obtain approval by the disinterested  
12 shareholders or directors after full disclosure of the material facts.

13 70. As set forth in detail above, Berling, Milam, Chang, and Does 1 through 10,  
14 inclusive, caused Cookies to enter into numerous transactions with themselves personally and with  
15 other companies in which they have material financial interests without obtaining the informed  
16 consent of the disinterested shareholders or directors.

17 71. Plaintiffs are informed and believe, and based thereon allege, that, as a direct and  
18 proximate result of the above-described violations of Corporations Code section 310 by Berling,  
19 Milam, Chang, and Does 1 through 10, inclusive, Plaintiffs have sustained damages consisting of  
20 (without limitation): (a) loss of Cookies' cash and other assets; (b) loss of Cookies' business  
21 opportunities and resulting financial losses; (c) loss of profits, and (d) damage to Cookies'  
22 reputation and goodwill. Plaintiffs are informed and believe, and based thereon allege, that the  
23 amount of said damages exceeds the jurisdictional minimum of this Court in an amount to  
24 conform to proof at trial. Pursuant to Corporations Code section 310, Plaintiffs also seek an order  
25 voiding any and all contracts/transactions that Berling, Milam, Chang, and Does 1 through 10,  
26 inclusive, caused Cookies to enter into in violation of Corporations Code section 310.

27 / / /

28 / / /



1 **SIXTH CAUSE OF ACTION**

2 **(For Unjust Enrichment And Imposition Of A Constructive Trust by Plaintiffs on Behalf of**  
3 **Cookies Against All Defendants and Does 1-25)**

4 72. Plaintiffs reallege and hereby incorporate by reference all of the preceding  
5 paragraphs above, inclusive.

6 73. Plaintiffs are informed and believe, and based thereon allege, that, as a result of the  
7 conduct described above, Defendants and Does 1-25, inclusive, have been unjustly enriched at the  
8 expense of Cookies in the form of monies and other Cookies assets wrongfully obtained by  
9 Defendants and Does 1-25, inclusive.

10 74. Plaintiffs are informed and believe, and based thereon allege, that, as a direct and  
11 proximate result of the foregoing conduct, Cookies is entitled to an order: (a) requiring Defendants  
12 and Does 1-25, inclusive, to disgorge all funds or monies that they have and/or will otherwise  
13 unjustly obtain; and (b) imposing a constructive trust on all such funds.

14 75. Plaintiffs are informed and believe, and based thereon allege, that, by virtue of  
15 having converted funds and other assets as alleged in this Complaint, a constructive trust should  
16 be imposed in equity upon all proceeds, ownership, monies, and assets of Defendants and Does 1-  
17 25, inclusive, insofar as Cookies is proven to be damaged, in the interests of justice.

18 76. Plaintiffs are informed and believe, and based thereon allege, that, in engaging in  
19 the above-described conduct, Defendants and Does 1-25, inclusive, are guilty of oppression, fraud  
20 and/or malice, and were acting with willful and conscious disregard of the rights of Cookies and  
21 its shareholders. On information and belief, by reason thereof, Cookies is entitled to recover  
22 punitive damages against Defendants and Does 1-25, inclusive, in an amount appropriate to  
23 properly punish said Defendants for their conduct and to deter similar future conduct.

24 **SEVENTH CAUSE OF ACTION**

25 **(For Unjust Enrichment And Imposition Of A Constructive Trust by Plaintiffs Individually**  
26 **Against All Defendants and Does 1-25)**

27 77. Plaintiffs reallege and hereby incorporate by reference all of the preceding  
28 paragraphs above, inclusive.

1 78. Plaintiffs are informed and believe, and based thereon allege, that, as a result of the  
2 conduct described above, Defendants and Does 1-25, inclusive, have been unjustly enriched at the  
3 expense of Plaintiffs as shareholders of Cookies in the form of monies and other Cookies assets  
4 wrongfully obtained by Defendants and Does 1-25, inclusive.

5 79. Plaintiffs are informed and believe, and based thereon allege, that, as a direct and  
6 proximate result of the foregoing conduct, Plaintiffs are entitled to an order: (a) requiring  
7 Defendants and Does 1-25, inclusive, to disgorge all funds or monies that they have and/or will  
8 otherwise unjustly obtain; and (b) imposing a constructive trust on all such funds.

9 80. Plaintiffs are informed and believe, and based thereon allege, that, by virtue of  
10 having converted funds and other assets as alleged in this Complaint, a constructive trust should  
11 be imposed in equity upon all proceeds, ownership, monies, and assets of Defendants and Does 1-  
12 25, inclusive, insofar as Plaintiffs are proven to be damaged, in the interests of justice.

13 81. Plaintiffs are informed and believe, and based thereon allege, that, in engaging in  
14 the above-described conduct, Defendants and Does 1-25, inclusive, are guilty of oppression, fraud  
15 and/or malice, and were acting with willful and conscious disregard of the rights of Plaintiffs. On  
16 information and belief, by reason thereof, Plaintiffs are entitled to recover punitive damages  
17 against Defendants and Does 1-25, inclusive, in an amount appropriate to properly punish said  
18 Defendants for their conduct and to deter similar future conduct.

19 **EIGHTH CAUSE OF ACTION**

20 **(For An Accounting by Plaintiffs on Behalf of Cookies Against All Defendants [Except 12/12  
21 Fund, 12/12 GP, 12/12 SVP and Mesh Ventures] and Does 1-25)**

22 82. Plaintiffs reallege and hereby incorporate by reference all of the preceding  
23 paragraphs above, inclusive.

24 83. By reason of the respective positions of Defendants (excluding 12/12 Fund, 12/12  
25 GP, 12/12 SPV and Mesh Ventures) and Does 1-25, inclusive, in Cookies as described above,  
26 Cookies is entitled to an accounting of all revenues, expenses, profits, and other matters related to  
27 the business of Cookies, including an accounting of all funds or other assets obtained by  
28 Defendants (excluding 12/12 Fund, 12/12 GP, 12/12 SPV and Mesh Ventures) and Does 1-25, or

1 any of them, from Cookies.

2 84. In particular, Cookies is entitled to a full accounting of all activities that have taken  
3 place relating to Defendants' self-dealing, their acceptance of kickbacks and other personal  
4 benefits, and any transactions that they caused Cookies to enter into with their affiliates or  
5 companies in which they have any financial interest so that the company and its shareholders can  
6 be compensated for all of the monetary harm that Defendants have caused through their  
7 wrongdoing.

8 **NINTH CAUSE OF ACTION**

9 **(For An Accounting by Plaintiffs Individually Against All Defendants [Except 12/12 Fund,  
10 12/12 GP, 12/12 SVP and Mesh Ventures] and Does 1-25)**

11 85. Plaintiffs reallege and hereby incorporate by reference all of the preceding  
12 paragraphs above, inclusive.

13 86. By reason of Plaintiffs' standing as shareholders of Cookies and the respective  
14 positions of Defendants (excluding 12/12 Fund, 12/12 GP, 12/12 SPV and Mesh Ventures) and  
15 Does 1-25, inclusive, in Cookies as described above, Plaintiffs are entitled to an accounting of all  
16 revenues, expenses, profits, and other matters related to the business of Cookies, including an  
17 accounting of all funds or other assets obtained by Defendants (excluding 12/12 Fund, 12/12 GP,  
18 12/12 SPV and Mesh Ventures) and Does 1-25, or any of them, from Cookies.

19 87. In particular, Plaintiffs are entitled to a full accounting of all activities that have  
20 taken place relating to Defendants' self-dealing, their acceptance of kickbacks and other personal  
21 benefits, and any transactions that they caused Cookies to enter into with their affiliates or  
22 companies in which they have any financial interest so that Plaintiffs can be compensated for all of  
23 the monetary harm that Defendants have caused through their wrongdoing.

24 **TENTH CAUSE OF ACTION**

25 **(For Intentional Interference With Contractual Relations by Plaintiffs Derivatively on  
26 Behalf of Cookies Against Milam, Berling, Roberts, Ortiz, and Does 1-25)**

27 88. Plaintiffs reallege and hereby incorporate by reference all of the preceding  
28 paragraphs above, inclusive.

1           89.     Without limitation, Plaintiffs are informed and believe, and based thereon allege,  
2 that Milam, Berling, Roberts, Ortiz and Does 1 through 25, inclusive, demanded kickbacks and  
3 other benefits for themselves and their affiliate companies in connection with Cookies’  
4 transactions, threatened third parties when they refused to provide such benefits, pulled Cookies  
5 out of transactions when such benefits were not provided, and engaged in the other instances of  
6 wrongdoing alleged above.

7           90.     On information and belief, and without limitation, by engaging in the conduct  
8 described above, Milam, Berling, Roberts, Ortiz and Does 1 through 25, inclusive, interfered with  
9 Cookies’ contracts by preventing performance of those contracts and/or making performance more  
10 expensive or difficult since third parties were threatened into providing them personal benefits.  
11 Milam, Berling, Roberts, Ortiz and Does 1 through 25, inclusive, intended to disrupt the  
12 performance of these contracts and/or knew that disruption of performance was certain or  
13 substantially certain to occur, and Cookies was harmed as a result.

14           91.     Plaintiffs are informed and believe, and based thereon allege, that, as a direct and  
15 proximate result of the above-described wrongdoing by Milam, Berling, Roberts, Ortiz and Does 1  
16 through 25, inclusive, Cookies has sustained damages consisting of (without limitation): (a) loss of  
17 cash and other assets; (b) loss of business opportunities and resulting financial losses; (c) loss of  
18 profits, and (d) damage to Cookies’ reputation and goodwill. Plaintiffs are informed and believe,  
19 and based thereon allege, that the amount of said damages exceeds the jurisdictional minimum of  
20 this Court in an amount to conform to proof at trial.

21           92.     Plaintiffs are informed and believe, and based thereon allege that, in engaging in  
22 the above-described conduct, Milam, Berling, Roberts, Ortiz and Does 1 through 25, inclusive, are  
23 guilty of oppression, fraud and/or malice, and were acting with willful and conscious disregard of  
24 the rights of Cookies and its shareholders. On information and belief, by reason thereof, punitive  
25 damages should be imposed against Milam, Berling, Roberts, Ortiz and Does 1 through 25,  
26 inclusive, in an amount appropriate to properly punish those Defendants for their conduct and to  
27 deter similar future conduct.

28 / / /

**ELEVENTH CAUSE OF ACTION**

**(For Intentional Interference With Prospective Economic Relations by Plaintiffs  
Derivatively on Behalf of Cookies Against Milam, Berling, Roberts, Ortiz, and Does 1-25)**

93. Plaintiffs reallege and hereby incorporate by reference all of the preceding paragraphs above, inclusive.

94. Without limitation, Plaintiffs are informed and believe, and based thereon allege, that Milam, Berling, Roberts, Ortiz and Does 1 through 25, inclusive, demanded kickbacks and other benefits for themselves and their affiliate companies in connection with Cookies' transactions, threatened third parties when they refused to provide such benefits, pulled Cookies out of transactions when such benefits were not provided, and engaged in the other instances of wrongdoing alleged above.

95. On information and belief, and without limitation, by engaging in the conduct described above, Milam, Berling, Roberts, Ortiz and Does 1 through 25, inclusive, interfered with Cookies' prospective economic relations by preventing Cookies from entering into what would have been lucrative transactions when third parties refused to provide them personal benefits or other kickbacks. Milam, Berling, Roberts, Ortiz and Does 1 through 25, inclusive, knew of these relationships and intended to disrupt the performance of these relationships and/or knew that disruption of the relationships was certain or substantially certain to occur, and Cookies was harmed as a result. Milam, Berling, Roberts, Ortiz and Does 1 through 25, inclusive, engaged in conduct that was independently wrongful because it was in violation of their fiduciary duties and duties of loyalty, and included criminal threats to cause injury to third parties and their property.

96. Plaintiffs are informed and believe, and based thereon allege, that, as a direct and proximate result of the above-described wrongdoing by Milam, Berling, Roberts, Ortiz and Does 1 through 25, inclusive, Cookies has sustained damages consisting of (without limitation): (a) loss of cash and other assets; (b) loss of business opportunities and resulting financial losses; (c) loss of profits, and (d) damage to Cookies' reputation and goodwill. Plaintiffs are informed and believe, and based thereon allege, that the amount of said damages exceeds the jurisdictional minimum of this Court in an amount to conform to proof at trial.



1 this claim.

2 104. Defendants' conduct and actions as alleged herein with regard to their self-dealing  
3 and wrongdoing constitutes unfair, unlawful, and fraudulent conduct. Defendants have no valid or  
4 legitimate purpose for such conduct except to unfairly benefit Defendants at Plaintiff's expense.

5 105. Plaintiff is entitled to restitution and, because Defendants are likely to continue  
6 with their unlawful conduct absent an injunction, Plaintiff is entitled to a preliminary and  
7 permanent injunction.

8 **FOURTEENTH CAUSE OF ACTION**

9 **(For Declaratory Relief Against All Defendants and Does 1-25)**

10 106. Plaintiffs reallege and hereby incorporate by reference all of the preceding  
11 paragraphs above, inclusive.

12 107. An actual controversy has arisen and now exists between Plaintiffs on the one hand  
13 and Defendants and Does 1 through 25, and each of them, on the other hand concerning their  
14 respective rights and duties with regard to Defendants' self-dealing and wrongdoing alleged  
15 above, whether Defendants complied with Corporations Code section 310 with respect to the self-  
16 dealing transactions, and whether the SPA and Transactional Documents are void or voidable.  
17 Plaintiffs desire a judicial determination of Plaintiffs' rights and a declaration of the rights and  
18 duties of the respective parties in this matter. Plaintiffs' have no other remedy at law that is as  
19 speedy or as adequate in determining the rights and duties of all the respective parties as between  
20 themselves.

21 **PRAYER FOR RELIEF**

22 **WHEREFORE**, Plaintiffs pray for judgment against Defendants and Does 1 through 25,  
23 and each of them, as follows:

- 24 1. For damages in amounts to be proven at trial, in excess of the jurisdictional  
25 minimum of this Court;
- 26 2. For restitution and disgorgement;
- 27 3. For punitive damages;
- 28 4. For statutory damages and fines;

- 1           5.       For an order voiding contracts and transactions entered into in violation of  
2 Corporations Code section 310;
- 3           6.       For an order imposing a constructive trust on all funds or gains that Defendants  
4 have and/or will otherwise unjustly obtain at the expense of Cookies;
- 5           7.       For on order requiring an accounting;
- 6           8.       For interest at the maximum rate allowed by law;
- 7           9.       For attorneys' fees;
- 8           10.      For removal of Milam, Berling and Chang as directors and an Order barring them  
9 from reelection as directors;
- 10          11.      For an Order appointing an independent provisional director(s).
- 11          12.      For preliminary and permanent injunctive relief stopping Defendants from further  
12 acts of self-dealing without proper disclosures and approvals and voidig the SPA and Transaction  
13 Documents;
- 14          13.      For declaratory relief;
- 15          14.      For costs of suit; and
- 16          15.      For such other and further relief as the court deems just and proper.

17  
18 Dated: March 9, 2023

RUTAN & TUCKER, LLP

19  
20 By: /s/ Richard K. Howell

Richard K. Howell  
Attorneys for Plaintiffs  
BR CO I, LLC and NEDCO, LLC



**EXHIBIT A**

## Schedule 2.12 – Certain Transactions

(a)

1. Gilbert A. Milam, Jr. (“**Berner**”), owns forty percent (40%) of the issued and outstanding equity interests of Vibes Holdings LLC (“**Vibes**”). Portofino Partners LLC (“**Portofino**”) owns fifty percent (50%) of the issued and outstanding equity interests of Vibes, which it acquired from Warehouse Goods LLC, d/b/a Greenlane (“**Greenlane**”), and Dufort Holdings, LLC owns the remaining ten percent (10%) of the issued and outstanding equity interests of Vibes. Vibes developed and commercializes the “Vibes” brand of rolling papers and related merchandise bearing the “Vibes” trademarks and enters into commercial agreements with the Company and its affiliates on an arms-length basis.
2. Each of Berner and Parker Berling (“**Mr. Berling**”) owns a seventeen and one-half percent (17.5%) interest in 12/12 Ventures GP I, LLC (the “**12/12 GP**”), which is the general partner of 12/12 Ventures, Fund I, LLC (“**12/12**”). Ian Habenicht (“**Mr. Habenicht**”) owns a two and one-half percent (2.5%) interest in the 12/12 GP. 12/12 holds 2020 Notes and 2021 Notes.
3. The One Log Facilities, located in Humboldt at 705 US Hwy 101, Garberville, CA, 95542 consist of: (a) 1L Garden Supply, LLC (“**1LGS**”), which is a licensed nursery and cultivation facility; (b) 1L Botanicals LLC d/b/a “MFN” (“**MFN**”), which owns a cannabis manufacturing license; (c) 1L DX LLC (“**1L DX**”), which owns a cannabis distribution license; and (d) 1L Tree Lounge, LLC (“**1L Tree Lounge**”), which is a licensed retail cannabis dispensary that is party to a Retail License Agreement with the Company.
  - (a) Each of 1LGS and 1L Tree Lounge are wholly owned by 1L Holdings, Inc., which is owned: (i) forty-five and one-third percent (45.33%) by 1L Core, LLC (“**1L Core**”); and (ii) forty-five and one-third percent (45.33%) by 1L Grandmother Trees, LLC, which is wholly owned by Kevin Jodrey, who is not a Company employee; and (iii) nine and one-third percent (9.34%) is owned by third-party investors. 1L Core is owned: (A) 24.78% by Peter Huson; (B) 24.78% by Mr. Berling; (C) 24.78% by Mr. Habenicht; (D) 14.16% by Seth Berling, who is Mr. Berling’s brother; (E) 6.19% by Oliver Kanner; (F) 3.54% by Jonah Carrington; and (G) 1.77% by Amanda Friedman. In addition to Mr. Berling and Mr. Habenicht, each of Jonah Carrington and Amanda Friedman is an employee of the Company.
  - (b) Each of MFN and 1L DX are owned: (i) eighty percent (80%) by the Company; and (ii) twenty percent (20%) by Mesh Ventures, LLC (“**Mesh**”), which holds a 2019 Note and equity of Lemonnade.
  - (c) Commencing in 2018, 1LGS began providing services related to maintaining the Company’s genetics library and propagating genetics for and on behalf of the Company. These services were provided for free in 2018, and in 2019 1LGS invoiced the Company for these services at cost plus a mark-up of less than

5.0%. Beginning in 2020, 1LGS invoiced the Company at an amount equal to the operating costs of the services plus a markup of less than 20.0%. Beginning in 2021, 1LGS provided the additional services under the cultivation license held by 1LGS as well as the application to expand the propagation license through a science amendment to allow for the R&D of breeding genetics. In 2021 and 2022 all services provided were invoiced to the Company at an amount equal to 1LGS's costs plus a mark-up of 50.0%.

- (d) All businesses and entities located at the One Log facilities hold a real estate lease agreement with Longpeace, Inc. ("**Longpeace**") for rent and common area maintenance. Longpeace, Inc is owed by: (A) 21.05% by Peter Huson; (i) 21.05% by Mr. Berling; (ii) 21.05% by Mr. Habenicht; (iii) 21.05% by Seth Berling, who is Mr. Berling's brother; (iv) 6.32% by Oliver Kanner; (v) 4.21% by Jonah Carrington; (vi) 2.11% by Amanda Friedman; and (vii) 3.16% by Andrew Borgelt.
  - (e) The Company has rent liabilities due to Longpeace for the lease of real estate including (i) An office and classroom space used for Social Equity training and day to day general office and (ii) the space used for Social Equity students lodging
4. Lemonnade was founded in May 2018 by Berner, Mesh, Mesh Brands, LLC ("**Mesh Brands**") and Mr. Brett Wilson ("**Mr. Wilson**"). When it was formed, Berner owned forty percent (40%) of Lemonnade, Mr. Wilson owned twenty percent (20%); Mesh owned thirty-two percent (32%) and Mesh Brands owned eight percent (8.0%). In June 2020, Lemonnade was converted to a corporation and each of Gron and Citrea Holdings LLC invested in Lemonnade in exchange for shares of Series A-1 Preferred Stock. 12/12 also invested in Lemonnade in exchange for shares of Series A-1 Preferred Stock. Lemonnade is managed by the Company pursuant to the Lemonnade Management Agreement, under which the Company has the right to acquire Lemonnade. A current capitalization table for Lemonnade has been provided to Purchasers.
5. Mesh holds a 2019 Notes. Each of Mr. Berling (14.67%) and Mr. Habenicht (3.7%) owns an interest in Mesh Management Holdco, LLC, which is the general partner of Mesh.
6. Cookies Retail Canada Corp., a corporation existing under the laws of Canada ("**Cookies Retail Canada**"), is Gage's retail arm in Canada that receives the economic benefits<sup>2</sup> of operation of the entities that own and manage the Cookies- and Lemonnade-branded retail stores in Canada. Berner is the sole owner of Biggerbizz LLC ("**Biggerbizz**"). Each of Biggerbizz and Mr. Berling own 1M common shares of Cookies Retail Canada (which

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<sup>2</sup> **Note to Purchasers:** Prior to Gage's acquisition by TerrAscend, Cookies Retail Canada owned the subsidiaries that operate the Cookies- and Lemonnade branded retail stores in Canada. Because TerrAscend is a licensed producer in Canada and is, therefore, restricted from holding a twenty five percent (25%)-or-greater equity stake in an entity that holds an Ontario retail cannabis license, Cookies Retail Canada recently underwent a reorganization such that it no longer holds an equity interest in the subsidiaries that own/control the Ontario Cookies- and Lemonnade-branded retail stores. However, Cookies Retail Canada retained the full economics of the operations of those two entities.

equaled two-and-one-half percent (2.5%) of the issued and outstanding equity of Cookies Retail Canada as of November 2020).

7. Cookies SF owns the federal trademarks registrations for the core “Cookies”, “C-bite” logo and stylized “C” trademarks in various on-cannabis classes (the “*Cookies Marks*”). Cookies SF has granted the Company an exclusive license to use the Cookies Marks for the Permitted Uses under the Cookies SF License Agreement. Berner owns sixty five percent (65%) of the issued and outstanding equity interests of Cookies Clothing.
8. Backbone is a cannabis-specific manufacturing and supply chain software solution. In 2021, the Company was party to an agreement with Backbone under which the Company paid \$20,000/month in software development fees; provided, that Backbone provided a credit of \$181,710. That credit was provided and the contract was renewed in 2022, for which the Company has paid \$150,000. Backbone also has an agreement with: (a) 1LDX, under which 1LDX began paying a monthly subscription fee of \$500/month beginning in May 2021; (b) MFN, under which MFN began paying a monthly subscription fee of \$500/month beginning in May 2021; and (c) GMLC WLNS, LLC (“*GMLC WLNS*”), under which GMLC WLNS began paying a monthly subscription fee of \$500.00/month beginning in May 2021. All software fees will be increasing to \$2,500/month beginning in 2023. One Cookies employee – Amanda Friedman – owns 0.031% of Backbone. Each of Mesh Ventures and 12/12 also owns an interest in Backbone.
9. Berner owns Social Club Holdings LLC (“*Social Club*”). Social Club has re-developed and launched a social media mobile app catering to the cannabis community that Berner previously launched in 2019.
10. Berner owns an interest in Natura LLC (“*Natura*”) pursuant to that certain Equity Based Consulting Agreement, dated effective September 3, 2021, by and between Natura and Berner. The Company and Natura are party to that certain License and Packaging Agreement, dated June 24, 2020.
11. The Company is engaged with Adnant, LLC, a consultant providing professional services related to accounting and finance. Adnant provides technical accounting services and quarterly financial statements. Sabas Carrillo (“*Mr. Carillo*”) is an owner and CEO of Adnant. Mr. Carillo is also the CFO of Mesh Ventures.
12. Mr. Milam entered into that certain Stock Purchase Agreement, dated March 8, 2019 (the “*GMLC SPA*”), by and among GMLC Holdings, Inc. (“*GMLC Holdings*”) and each Purchaser (as defined in the GMLC SPA), pursuant to which he acquired 316,800 shares of common stock of GMLC Holdings.
13. Lesjai Peronnet Chang (“*Mr. Chang*”) entered into the GMLC SPA with GMLC Holdings, pursuant to which he acquired 316,800 shares of common stock of GMLC Holdings.
14. Mr. Berling entered into the GMLC SPA with GMLC Holdings, pursuant to which he acquired 83,000 shares of common stock of GMLC Holdings.

15. Wilder Ramsey (“*Mr. Ramsey*”) entered into the GMLC SPA with GMLC Holdings, pursuant to which he acquired 100,000 shares of common stock of GMLC Holdings.
16. Edward Fussell entered into the GMLC SPA with GMLC Holdings, pursuant to which he acquired 183,400 shares of common stock of GMLC Holdings.
17. Each of Mr. Berling and Mr. Ramsey is an officer and director of GMLC Holdings.
18. GMLC Management is the employer of record for individuals performing services for or on behalf of the Company. GMLC Management is a wholly owned subsidiary of GMLC Holdings. Each of Parker Berling and Wilder Ramsey is an officer and director of GMLC Management.
19. GMLC WLNS is a wholly owned subsidiary of GMLC Holdings. GMLC WLNS operates the hemp-derived CBD business for and on behalf of the Company. Each of Mr. Berling and Mr. Habenicht is an officer of GMLC WLNS.
20. It is anticipated that the Company will acquire one hundred percent (100%) of the equity interests of GMLC Holdings via acquisition, merger or some similar transaction.
21. Mr. Berling is party to that certain Restricted Stock Award Agreement, dated December 13, 2020, with the Company.
22. Berner is party to that certain Restricted Stock Award Agreement, dated December 13, 2020, with the Company.
23. Mr. Chang is party to that certain Restricted Stock Award Agreement, dated December 13, 2020, with the Company.
24. Each of Mr. Chang and Berner is party to the 2021 NPA and holds a 2021 Note.

(b)

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

4. The Company is party to: (a) the 2019 NPA and has issued a 2019 Note to each of Red Tech and Mesh Ventures; (b) the 2020 NPA and has issued a 2020 Note to each of Gron and 12/12; and (c) the 2021 NPA and has issued a 2021 Note to each of 12/12, Biggerbizz and Lesjai Peronnet Chang. Mr. Ramsey is director of the Company and a principal of Gron and an affiliate of Red Tech. Each of Berner and Mr. Berling is director of the Company and owns an interest in 12/12, as described in Schedule 2.11(a). Mr. Berling and Mr. Habenicht own an interest in Mesh Ventures, as described in Schedule 2.11(a). Mr. Chang is a director of the Company.

1 **PROOF OF SERVICE**

2 *BR CO I, LLC v. Gilbert Milam, et al.*

3 Los Angeles County Superior Court Case No. 23STCV02764

4 **STATE OF CALIFORNIA, COUNTY OF ORANGE**

5 I am employed by the law office of Rutan & Tucker, LLP in the County of Orange, State  
6 of California. I am over the age of 18 and not a party to the within action. My business address is  
7 18575 Jamboree Road, 9th Floor, Irvine, California 92612. My electronic notification address is  
8 mconour@rutan.com

9 On March 9, 2023, I served on the interested parties in said action the within:  
10 **FIRST AMENDED COMPLAINT** as stated below:

11 **See Attached Service List**

12 In the course of my employment with Rutan & Tucker, LLP, I have, through first-hand  
13 personal observation, become readily familiar with Rutan & Tucker, LLP's practice of collection  
14 and processing correspondence for mailing with the United States Postal Service. Under that  
15 practice, I deposited such envelope(s) in an out-box for collection by other personnel of Rutan &  
16 Tucker, LLP, and for ultimate posting and placement with the U.S. Postal Service on that same  
17 day in the ordinary course of business. If the customary business practices of Rutan & Tucker,  
18 LLP with regard to collection and processing of correspondence and mailing were followed, and I  
19 am confident that they were, such envelope(s) were posted and placed in the United States mail at  
20 Irvine, California, that same date. I am aware that on motion of party served, service is presumed  
21 invalid if postal cancellation date or postage meter date is more than one day after date of deposit  
22 for mailing in affidavit.

23  (BY MAIL) by placing a true copy thereof in sealed envelope(s) addressed as shown on  
24 the attached service list.

25  (BY FEDEX) by depositing in a box or other facility regularly maintained by FedEx, an  
26 express service carrier, or delivering to a courier or driver authorized by said express  
27 service carrier to receive documents, a true copy of the foregoing document in sealed  
28 envelopes or packages designated by the express service carrier, addressed as shown on the  
attached service list, with fees for overnight delivery provided for or paid.

(BY E-MAIL) by transmitting a true copy of the foregoing document(s) to the e-mail  
addresses set forth on the attached service list.

(BY E-MAIL VIA ONE LEGAL) by transmitting a true copy of the foregoing  
document(s) to the e-mail addresses set forth on the attached service list.

29 I declare under penalty of perjury under the laws of the State of California that the  
30 foregoing is true and correct.

31 Executed on March 9, 2023, at Irvine, California.

32 Melody Conour  
33 (Type or print name)

34 /s/ Melody Conour  
35 (Signature)

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**SERVICE LIST**  
***BR CO I, LLC v. Gilbert Milam, et al.***  
**Los Angeles County Superior Court Case No. 23STCV02764**

Jennifer Lee, Agent for Service of Process            Via U.S. Mail  
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