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## Bankrupt GenCanna Says CBD Co. Owes \$4.5M

By **Diana Novak Jones**

Law360 (December 9, 2020, 6:57 PM EST) -- Bankrupt hemp processor GenCanna is suing Medterra CBD for nearly \$4.5 million in unpaid invoices for CBD isolates and other products, saying Medterra accepted shipment after shipment last year without paying its bills.

GenCanna, which is now known as OGGUSA Inc. after the company sold its assets as part of the bankruptcy, filed the adversary proceeding on Tuesday, a little less than a month after GenCanna's Chapter 11 plan **received approval** from U.S. Bankruptcy Judge Gregory Schaaf.

Under the plan, GenCanna's buyer, MGG Investment Group, agreed to a settlement with the unsecured creditors committee that requires MGG to share the proceeds of the debtor's collection litigation with the committee.

The adversary proceeding against Medterra is among the larger claims the debtor has pursued since it entered Chapter 11 bankruptcy proceedings earlier this year, according to court records.

GenCanna claims that Medterra has 15 unpaid invoices dating back to June 2019. The largest bill, from June 29, 2019, is also the oldest, showing about \$2.8 million still owed on an invoice for crystalline cannabidiol, or CBD.

All of the invoices required full payment within 60 days of shipping, according to the complaint.

GenCanna sent the company a demand letter in April, but Medterra still owes \$4,478,273.39, the suit said.

Medterra representatives did not respond to a request for comment on Wednesday. Counsel for GenCanna declined to comment.

GenCanna entered bankruptcy proceedings in January after one of its creditors filed an involuntary Chapter 11 petition. GenCanna consented and then filed a petition of its own in February, according to court records.

A number of problems pushed the Kentucky hemp company into insolvency, including a drop in CBD isolate prices and a fire at GenCanna's headquarters that caused \$10 million in damage, the company said.

In May, GenCanna sold almost all of its assets to creditor MGG in a credit bid deal worth more than \$70 million.

Counsel information for Medterra was not immediately available.

GenCanna is represented by James R. Irving, April A. Wimberg and Christopher B. Madden of Dentons Bingham Greenebaum LLP, and Michael J. Barrie, William M. Alleman Jr. and Noelle B. Torrice of Benesch Friedlander Coplan & Aronoff LLP.

The adversary case is OGGUSA Inc. v. Southern Tier Hemp LLC, case number 20-50133, in the U.S. Bankruptcy Court for the Eastern District of Kentucky.

The bankruptcy case is In re: GenCanna Global USA Inc., case number 20-50133, in the U.S. Bankruptcy Court for the Eastern District of Kentucky.

--Editing by Steven Edelstone.

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