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GenCanna Drops \$4.5M Suit Over Medterra's Unpaid Bills

By **Diana Novak Jones**

Law360 (January 4, 2021, 4:16 PM EST) -- Bankrupt hemp company GenCanna has dropped its adversary suit against CBD company Medterra over what it said was \$4.5 million in unpaid invoices, saying the lawsuit was actually "based on a misconstruction of facts and circumstances."

GenCanna, now known as OGGUSA Inc. after the company sold its assets as part of its Chapter 11 bankruptcy, sued Medterra last month, claiming it accepted shipments of CBD extracts and other products without paying in full. But GenCanna dropped the suit Dec. 30, according to court records.

In a statement, GenCanna said it withdrew its complaint and has resolved the dispute with Medterra. GenCanna said it will be working with Medterra as "long-term partners," but GenCanna Chief Executive Officer Andrew Barnett declined to provide any additional details about the settlement.

GenCanna's suit claimed Medterra had 15 unpaid invoices dating back to June 2019, with the biggest bill — just less than \$3 million — for a shipment of crystalline CBD.

GenCanna entered bankruptcy proceedings last year after one of its creditors filed an involuntary Chapter 11 petition. GenCanna consented and then filed a petition of its own the following month, court records show.

The company blamed a variety of problems, including a fire at one of its facilities and a drop in the price of CBD isolate, for its financial troubles.

In May, GenCanna **got the go-ahead** to sell the bulk of its assets in a deal worth more than \$70 million. One of the company's biggest creditors, MGG Investment Group, was the buyer via credit bid, according to court records.

In November, U.S. Bankruptcy Judge Gregory Schaaf **approved GenCanna's plan**, which included a settlement between MGG and the unsecured creditors committee. Under the settlement, MGG is required to share some of its proceeds with the committee if it pursues litigation over money owed to GenCanna, according to the plan.

The claims against Medterra were among the largest GenCanna has brought in an adversary proceeding.

A representative for Medterra did not immediately respond to a request for comment Monday.

Counsel information for Medterra was not immediately available Monday.

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 5:20-ap-05034, 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 Stephen Berg.

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