

Debt Pushes Cannabis Firm Gold Flora Into Receivership

Gold Flora Faces Receivership as Another Major California Cannabis Operator Struggles to Stay Afloat

Gold Flora Corp., one of California's largest [cannabis retail chains](#), has announced plans to enter receivership after defaulting on an \$11.5 million loan. This latest setback follows a series of financial and operational difficulties that have plagued the company since its high-profile merger with TPCO Holdings in 2023.

Lawsuits, High Business Expenses, and Debt Push Gold Flora to Seek Court Protection

Gold Flora revealed in a news release that it is seeking legal protection due to multiple lawsuits tied to its acquisition of TPCO Holdings, escalating operational costs, and mounting high-yield debt. The merger, which was initially projected to save \$20-\$25 million annually, instead left the company struggling with financial burdens and inefficiencies.

“There’s a special level of M&A consolidation problems when you have a merger of equals,” said Frank Colombo, managing director at Viridian Capital Advisors. “It’s extremely difficult to merge two really big companies like these. Most M&A deals fail in the first place, but especially these mergers of equals.”

One of the most visible aspects of the TPCO merger was its association with rap icon Shawn “Jay-Z” Carter, which brought significant media attention. However, despite its star-studded backing, Gold Flora found itself unable to control its growing liabilities.

Default Notice from J.J. Astor & Co. Triggers Gold Flora’s Receivership Filing

Gold Flora’s financial troubles escalated when J.J. Astor & Co. issued a default notice related to senior secured promissory notes from August to December 2024. As a result, the outstanding principal and interest on these notes ballooned to approximately \$11.5 million.

CEO and founder Laurie Holcomb acknowledged the difficulties but defended the decision to enter receivership. “While Gold Flora remains a leading operator and retailer in the cannabis market in California with over \$100 million in annual revenues, the liabilities on our balance sheet, many of which are due to lawsuits we inherited with the TPCO business combination, forced us to file for a voluntary receivership that is necessary to achieve an orderly sale of the business.”

Gold Flora did not respond to requests for further comment.

Liquidity Issues and Cash Flow Problems Signaled Gold Flora’s Imminent Financial Collapse

Industry experts had been warning about Gold Flora's financial struggles for some time. "They had negative cash flow from Day 1," Colombo said. "The financial writing was on the wall."

Adding to its woes, Gold Flora reportedly burned through its cash reserves, reducing liquidity and making it nearly impossible to cover expenses. The company's inability to generate sustainable profits ultimately led to its downfall.

Gold Flora Defaults on Property Leases as Landlords Prepare Legal Action

Following Gold Flora's receivership announcement, Innovative Industrial Properties (IIP), a cannabis real estate investment trust, disclosed that Gold Flora and its affiliates defaulted on three of its property leases. The unpaid rent obligations total approximately \$1.7 million, accounting for 2.9% of IIP's contracted rent income.

IIP has indicated it may pursue legal action, including eviction proceedings, further complicating Gold Flora's path to financial recovery.

Receivership Proceedings and the Future of Gold Flora's Assets

Gold Flora is expected to enter receivership in the Los Angeles Superior Court's Santa Monica Division, with Richard Ormond of Stone Capital Blossom appointed as the receiver. Ormond, a Los Angeles-based attorney with extensive experience in finance, banking, and cannabis regulations, previously served as the chief restructuring officer for MedMen Enterprises when it faced similar financial turmoil.

Despite the receivership, Gold Flora intends to continue operations during the asset sale process. The company's portfolio includes:

16 dispensaries

Three cultivation facilities in Desert Hot Springs

Two cultivation sites in San Jose, spanning a total of 107,000 square feet

A manufacturing and extraction business in Desert Hot Springs

A distribution arm under Stately Distribution

Its retail brands include Airfield Supply Co., Caliva, Coastal, Calma, King's Crew, Varda, Deli, and Higher Level.

Stock Trading Suspension and Expected Delisting from Cboe Canada

Due to the receivership filing, Gold Flora expects its common stock (GRAM) and warrants to be suspended from trading and eventually delisted from the Cboe Canada exchange, where it had a \$14 million market capitalization as of Monday.

Legal proceedings will be handled by Frank Segall of Philadelphia-based Blank Rome, representing Gold Flora in the restructuring process.

Gold Flora's Collapse Reflects Broader Cannabis Industry Struggles in California

Gold Flora's financial failure is the latest in a string of collapses among major California cannabis companies. Other high-profile firms, including Herbl, MedMen, High Times, and StateHouse Holdings, have also succumbed to financial pressures in recent years.

Receiverships often prioritize secured creditors such as banks and lenders with asset-based collateral, leaving unsecured creditors with little to no compensation. As Gold Flora undergoes its restructuring, many stakeholders—including employees, landlords, and suppliers—will be closely watching the proceedings, hoping for a favorable resolution.

The future of Gold Flora remains uncertain, but its downfall serves as a stark reminder of the financial volatility in California's cannabis market.

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