

California's Largest Cannabis Delivery Service Shuts Down

Eaze to Shut Down by December 31, 2024, Following Asset Foreclosure

Eaze Technologies, once the largest and most prominent cannabis delivery service in California, has announced it will completely cease operations by December 31, 2024. The decision follows a series of financial challenges and the foreclosure of the company's assets earlier this year.

In a letter shared via LinkedIn, CEO Cory Azzalino confirmed the company's closure, attributing it to the ongoing difficulties in California's cannabis market. The company's assets were foreclosed on by its lenders on August 6, 2024. The shutdown will result in nearly 500 layoffs, many of whom are unionized workers represented by the United Food and Commercial Workers (UFCW).

A Rise and Fall: Eaze's Turbulent Financial Journey

Eaze, founded in 2014, quickly gained attention as a pioneer in the legal cannabis delivery space, especially following California's legalization of recreational marijuana in 2018. At its peak, the company was valued at \$700 million and was often referred to as the "Uber of Weed."

However, Eaze's rapid growth was marred by financial instability, leadership changes, and legal challenges. In 2021, the company was rocked by the resignation of a former CEO who was convicted in a bank fraud case involving deceptive practices to process cannabis payments.

This year marked a significant turning point for the company when tech billionaire James Henry Clark foreclosed on Eaze after it defaulted on a \$36.9 million loan. Clark's investment firm, FoundersJT, subsequently acquired the company for \$56 million at auction, but despite this ownership change, Eaze was unable to regain financial stability. High operating costs, regulatory pressures, and increasing competition—both from the hemp industry and California's thriving unlicensed cannabis market—further compounded its challenges.

Challenges in California's Cannabis Market

Eaze's downfall underscores the broader issues affecting the legal cannabis market in California. High taxes, complex regulations, and competition from unlicensed operators have made it increasingly difficult for legal cannabis businesses to thrive in the state. Despite efforts to regulate the market, illegal cannabis sales continue to undercut legal operators, contributing to a decline in demand for companies like Eaze.

The company's financial struggles also reflect a broader issue within the legal cannabis industry, where many businesses have faced rising costs, regulatory burdens, and capital shortages. These challenges have led to closures and layoffs across the industry, and Eaze's shutdown is the latest and most high-profile example of this trend.

An Uncertain Future for Eaze and Its Workers

The future of Eaze now rests with its new ownership, though the path forward remains unclear. The company is expected to provide a final update to employees by November 15, 2024. There is speculation that some depots could potentially reopen in the future, but much of that depends on external factors, including the results of [Florida's November 2024 ballot initiative](#) to legalize adult-use cannabis. Should Florida legalize recreational cannabis, it may present new opportunities for the company under its current ownership.

Meanwhile, UFCW and other advocates have voiced concern over the nearly 500 workers affected by Eaze's closure. Jim Araby, a representative of UFCW, emphasized the need for legislative reforms to address the structural challenges within California's cannabis market. Without significant changes, other legal cannabis companies may face similar struggles.

As of now, it remains uncertain whether some of Eaze's workforce could be rehired in 2025, but for many, the future remains bleak as the company prepares for a complete shutdown by year's end.

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