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Investor Says 'Cannabis King' Ran Off With Millions

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Sam Reisman

A cannabis mogul whom one trade publication dubbed the "California Cannabis King" has been hit with a $3 million lawsuit in Florida state court, alleging he treated his marijuana ventures "as his personal piggy bank."

In a suit filed Thursday, GIA Investments LLC accused Paul King, the CEO of Cannafornia Holdings Inc., of defaulting on a 2018 loan of $3 million and "stealing nearly $2 million" from the company by redirecting the funds toward a personal project to purchase condominiums.

According to the complaint, Cannafornia and its alleged alter ego entity, New Wave, have been rendered insolvent through King's malfeasance and mismanagement. Specifically, GIA claims that the company has not made rent payments since November and has rent liabilities that total as much as $20 million.

Moreover, King allegedly siphoned off almost $2 million in funds from New Wave and Cannafornia, funneling them into private entities that he controlled for the purpose of purchasing Miami real estate. The complaint alleges further that King has not repaid any of the $3 million loan, which became due at the end of 2019.

GIA alleged that an attorney for New Wave has claimed that the loan documents are inauthentic and refused to enter into mediation, spurring the current action.

In a February interview with CFN Media, the apparent originator of the "Cannabis King" moniker, King told a reporter that the vertically integrated Cannafornia was already "one of the biggest, most profitable companies now in California" and that the company would be expanding into Florida's medical market in 2020.

King did not respond to multiple requests for comment on Friday. A phone number

listed for Cannafornia was disconnected on Friday.

Counsel for GIA Investments did not immediately respond to a request for comment.

GIA alleges breach of loan documents, breach of fiduciary duty, unjust enrichment and fraudulent transfer. GIA is seeking orders appointing a receiver to manage Cannafornia and New Wave and mandating a full accounting of the companies' revenue and expenses.

GIA is represented by Eric Ostroff of Meland Budwick, P.A..

Counsel information for King and the other entity defendants was not immediately available.

The case is GIA Investments LLC et al. v. King et al., case number not available, in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County, Florida.