

# GROWERTALKS

## GT in Brief

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## Color Star Growers Files Ch. 11, Goes on Auction Block

*Chris Beytes*

In late December, *GrowerTalks* received word that Color Star Growers of Colorado had filed for Chapter 11 bankruptcy protection. Our attempts to reach the owners, the Verbeek family, via phone and email have gone unanswered, and there's been little news coverage from which we could glean any details as to the cause of the filing. So our information has come primarily from publicly available legal documents.

The U.S. Bankruptcy Court for the Eastern Texas region puts the date of the filing as December 15. In a Worker Adjustment and Retraining Act letter filed with the Texas Workforce Commission, Color Star reported laying off 185 employees at two Texas locations effective December 16. On December 23, the court approved the sale of "substantially all the estate's assets." January 3 was the deadline for submitting bids to buy the business, and Monday, January 6, was the auction at a law office in Dallas, Texas. By the time you read this, Color Star probably has a new owner.

Coming up January 17 in Texas is a meeting of creditors, who have until April 17 to submit proof of claims. The only business news we could find online about the business is a report that Color Star borrowed \$13.5 million from MCG Capital Corporation last January in connection with "recent debt refinancing."

Who is—or was—Color Star Growers? They have three facilities in Colorado, two in Texas and one in Missouri, and they lease three locations, including the former Ellison's Greenhouse facility in Brenham, Texas. They serve chain customers across a large swath of the western U.S., from Texas north to Montana and from St. Louis to the Rockies. Walmart is one customer; we learned that in last year's Walmart vendor shakeup. Color Star lost Walmart's Texas stores, but gained stores in the Plains states. They're big, too—ranked #9 on Greenhouse Grower's 2013 Top 100 listing, with an estimated 5 million sq. ft. of production.

Confidentiality rules will likely limit the information coming out about this situation; even the buyer (who will have to change the name of the business within five days, according to documents regarding the sale) will have to get any public announcements approved. **GT**