



OHIO MEDICAL MARIJUANA
— LICENSE HOLDER COALITION —

Chairman Blessing, Vice-Chair Reineke, Ranking Member Clyde and members of the House Government Accountability and Oversight Committee, my name is Adam Thomarios and I am the President of AT-CPC of Ohio LLC, which is a provisionally licensed level I cultivation facility located in Akron. Thank you for the opportunity to give testimony as an opponent to House Bill 495 (HB 495), both in my capacity as an owner of a cultivation facility, and as the current Vice-President of the Ohio Medical Marijuana License Holder Coalition.

In addition to my involvement with the medical marijuana industry, I am the Vice President of THOMARIOS, a diverse corporation headquartered in Akron, Ohio that operates nationwide providing comprehensive services in construction management, design build, general construction, commercial and industrial painting and coatings, powder coating, historic spacecraft, aircraft, and building restoration, some of which are carried out in the most highly regulated and secure industries in the United States such as nuclear power generation facilities as well as military installations.

AT-CPC of Ohio believes patients are at the heart of Ohio's burgeoning medical marijuana program. Targeted cannabinoid therapy through medical marijuana treatment will allow recommending physicians to address illnesses that FDA-approved medicines do not adequately treat. Unfortunately, mandating that the state have a closed-loop payment system for this industry will adversely affect Ohio's eligible patients.

HB 495 would create a closed-loop payment system to be used by not only licensed medical marijuana cultivators, processors, dispensaries and testing laboratories, but it would also require all patients, as well as any vendors or ancillary companies that want to do business with those licensed medical marijuana entities, to also use the state closed-loop payment system and obtain a debit card. This mandate of a closed-loop system will have a negative effect on patients, as it will add additional costs to the medicinal product. If a closed-loop system is put in place, an extra processing fee will occur at every single point of the transaction, causing the price of the medicine to increase significantly. This synthetic tax on multiple vertical levels will adversely

impact the program as a whole because it will both deter patients from getting much needed relief, as well as deter other businesses from working with us. In addition, a closed loop system will prevent many patients from participating in the Ohio legal medical cannabis market and may continue to source their medicine in the unsafe black market. As a result, the economic development benefits that should result from Ohio welcoming a brand new industry will also be lessened.

Another serious concern is the elimination of a licensed medical marijuana entity's ability to work through the private sector, and free market, to competitively price banking options. My business partners at AT-CPC operate licensed marijuana companies in California, Nevada and are pending in Massachusetts and have private banking options in each of those states. During the application process and now as we construct our facility, we have worked with consultants who are involved in the medical marijuana industry in many other states, and we have learned about private banking options in those states as well. In contrast, no other state has ever created a successful closed-loop payment system. In addition, based on my discussions with financial institutions, I believe HB 495 would actually hinder private financial institutions from getting involved in our industry. We currently have banking for the construction of our facility and many provisional license holders are close to having operational banking. I believe operational banking will happen come September in Ohio once due diligence and compliance criteria are reviewed and protocols are set in place at various institutions.

Finally, I would like to conclude by discussing the security requirements for our cultivation facilities, as well as the METRIC seed to sale tracking software that is required for the entire program. I commend the state of Ohio for implementing extremely stringent security requirements, and I believe one of the reasons that AT-CPC was awarded a cultivation license was for our exceptional security plan. AT-CPC will have a multi-layered security strategy that begins with physical facility securing, including perimeter fencing and reinforced entry-points for the secure on-site buildings, and will also feature on-site security personnel to include armed guards at all times, with comprehensive electronic surveillance and alarm coverage. Although I agree that a cashless industry would be ideal, since cash is scheduled to be used, the state's extremely rigorous security regulations, as well as the state's ability to access medical marijuana facilities in person or through 24/7 video surveillance, provide the methods and controls for the protection and accountability a closed-loop system aims to achieve. All while METRIC software

tracks the plants and processed products through the supply chain to the patients, monitoring all distribution points to curb diversion.

As a level I cultivator that will be directly impacted by this legislation, continuing to allow a private banking solution, and not mandating a state solution via HB 495, would be the best course of action for this already highly regulated industry.

Thank you for your time.