



Ohio Senate Finance Committee
The Honorable Matt Dolan, Chairman
Interested Party Testimony on Am Sub HB 33

Chairman Dolan, Vice Chair Cirino, Ranking Member Sykes and members of the Senate Finance Committee, thank you for the opportunity to speak to you today in regards to Ohio's Alcohol Beverage Franchise Law.

My name is Sarah Schwab. I am the owner and President of Matesich Distributing in Newark. I am the fourth generation of our family to own and operate the business, recently taking over control from my father. We are celebrating 95 years in business this year. We are much more than a logistics company. We are community minded brand builders. We know our markets, what works and moves in our accounts, the goals and aspirations of our retail partners as well as what consumers are searching for from the shelf. We are more than just people and trucks moving products from one place to the next. We make investments in our people, specializing and developing them to be subject matter experts in the world class products we serve in our communities.

Ohio's alcohol beverage franchise law is a fundamental part of my business. It allows me to make decisions regarding my business. It is the law that has allowed Matesich Distributing to grow beyond Anheuser-Busch (AB) in terms of the beers that we offer by allowing us to distribute other beers to our retail customers. We believe a proposal that removes 100% of all Ohio craft brewers and 99% of all brewers from the franchise law is unreasonable and requires a much more in-depth discussion.

The franchise law requires that the termination of my relationship with a supplier, such as a brewer, be based upon just cause. Just cause is determined from the negotiations I have with my supplier partner and covers the issues that are important to me and the issues that are important to my supplier partner. These negotiations vary from supplier partner to supplier partner. Generally, they begin with my supplier partner presenting me with their proposed agreement.

In executing the agreements that are in place today, we have made certain commitments and investments that would now be considered poor decisions because of this proposed law change. Matesich Distributing made those decisions by determining the time for the return on our investment and reflecting that in our agreed upon contract. Our investments range from employees to trucks to warehouse space or refrigerated space to marketing spending on brands.

Most importantly, Matesich Distributing's relationship with a supplier is determined by our negotiated contract. That is the controlling document, and we believe that should not change. If a party is not performing to the terms of the contract, then we sit down and determine how to correct, part ways or, if necessary, proceed legally.



However, the legal process is rarely used as most of these issues are resolved either by a party fixing their non-performance or working out a transfer of the brand to another wholesaler or to the supplier to self-distribute. We have been involved in no less than 10 brand transfers over the last decade. This may be us becoming the new distributor, acquiring a new portion of territory or being the terminated distributor.

The reality is that this relationship is a contractual relationship and all the obligations that come with signing a contract are present in operations with the supplier.

I appreciate your taking the time to consider our position. If there are any questions, I appreciate the opportunity to answer them.