

Interested Party Testimony – Senate Bill 261

Fire Rock, Ltd.

Pete Pantelides, CEO

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- Chairman Rulli, Vice-Chairman Lang, Ranking Member Sykes, members of the Senate Small Business and Economic Opportunity Committee, my name is Peter Pantelides and I am the CEO of Fire Rock Ltd, a small Level 2 cultivation facility in Akron, Ohio. I am also CEO of Fire Rock Processing Ltd, a processing facility in Columbus, Ohio. I appear before you today to testify as an Interested Party to Senate Bill 261.
- Fire Rock is a small family business, co-owned by myself, my brother, and one of our childhood friends, and we employ 10 hard working individuals, some of whom we've known for decades. Fire Rock started in California as my brother and I wanted to get into this new legal industry. As Ohio natives, we were thrilled when Ohio established a medical marijuana program and were able to come back to our home and use our expertise to create high quality products for the patients here. If you ask any dispensary that carries our product, you will hear that we produce some of the best cannabis in the market today. Our application received the highest score out of the Level 2 applicants, and the second highest score overall out of all applicants. I'm pointing these things out not to brag, but to highlight that great scores and excellent operators don't need to come from huge corporate backers.
- What expansion means to us
With lots of dedication and hard work, we've been fortunate to produce highly effective products that are well received by Ohio patients. As a small cultivator, we are unfortunately limited by government regulation. As a result of this arbitrary government interference in the market, we cannot help as many patients as we have demand due to severe supply limitations. The medical marijuana program is all about helping patients and we are happy that SB 261 is addressing some of its pain points. We believe in the medical benefits of cannabis. We also believe that businesses in the state, regardless of their industry, should be able to expand (hire more people, invest in more capital) based on the market. Keeping level 2 cultivators hamstrung by a government-created monopoly of mostly out-of-state, multi-state corporations who do not have a leadership presence in Ohio is contrary to what I believe this committee was created to address—the economic opportunity that exists when we allow Ohio small businesses to work hard, fill a market need, and create more jobs in Ohio.

- There is a lot of discussion about Level 1 operators putting in more capital and resources to establish themselves and taking the risk to build a larger operation. This is a true statement. Level 1 operators likely spend 8x what a Level 2 operator spent to get a facility up and running, which is commensurate with the size of their operation. In fact, this is the only difference between Level 1 and Level 2, it was literally a check box on the application, and you had to prove you had the funds to build out the facility in your application. All the qualitative scoring was identical. Further, I think the argument of allowing Level 1 cultivators to maintain a cultivation area dominance so they can recoup their investment is misguided. On the contrary, I believe that having an operational level 1 facility in Ohio has allowed the Level 1 cultivators to disproportionately take advantage of the supply limitations in Ohio and has allowed them to recoup their capital expenditures more aggressively than normal. I believe Level 1 cultivators have their lead already and will maintain it if they stay good operators. My ask is that my business be treated like any other business in this state—let me grow (or do not grow) my business as the market dictates.
- Finally, I'd like to address the provision in this bill that addresses stand alone processor cultivation licenses. As introduced, it would allow an operational stand-alone processor to obtain a cultivation license if they previously applied for and were denied a cultivation license. I find fault with this for a few reasons. First, if you didn't meet the qualifications to obtain a cultivation license in the first place, then you shouldn't get one. Second, if licenses are going to be awarded to stand alone processors, then all stand alone processors should get them. My request would be to grant this extra cultivation square footage to all stand-alone processors that are operational by the future date when this bill becomes law and not the arbitrary 10/31/2021 date. As stated earlier, I'm also part owner of Fire Rock Processing which is a stand-alone processor with a different ownership structure than the cultivation facility. Because this provision seemingly was set forth to help alleviate the strain of procuring biomass, I would want the same benefit for all operators that are in this position and not just a select few.
- Thank you for your consideration. I would be happy to answer any questions.