Written Statement Submitted on Behalf of Seneca Distributions LLC Concerning SB1018

I am a Mohawk Native American and the sole owner of Seneca Distributions, LLC. I submit this written statement on behalf of Seneca Distributions in opposition to SB1018.

Seneca Distributions is a distribution company I founded in 2013. I began my career in 2006, working as a marketing representative for the Seneca brand of products in traditionally Native markets throughout the United States. After seven years, and traveling extensively throughout the U.S., I made the decision to start my own business and focus my efforts in the mid-Atlantic region of the U.S.

I am a single mother who has dedicated days, nights, and weekends over the last 10 years to my business, sometimes sacrificing time with my daughter so that the business could survive and continue. From humble beginnings where I was the only worker, Seneca Distributions now employs 30 people. Over the years, and developing the market for Seneca products in Maryland and surrounding areas, I have learned extensively about the tobacco market in Maryland and beyond. I witness and experience firsthand each day which manufacturers have products in the market, and what these manufacturers do to sell their products on a daily and quarterly basis.

I am very familiar with Maryland's Escrow Statute, and the compliance it requires from Grand River Enterprises (the manufacturer of the Seneca cigarettes we distribute). I understand that the Escrow Statute currently requires Grand River to deposit approximately $8.90 per carton for each carton of Grand River cigarettes that Seneca Distributions sells in Maryland.

I am also very familiar with the marketing and pricing competition of a certain group of MSA manufacturers that are commonly referred to as "Exempt MSA Companies." Grand River's products compete extensively with these Exempt MSA Companies, and my daily, monthly, quarterly, and annual business depends critically on my ability to compete with the marketing and pricing of these Exempt MSA Companies. I see their prices in the market every day, and I witness firsthand the competitive advantage they have to price their products in the states and regions in which we compete. Through Seneca Distributions's dedication, goodwill, and plain hard work, our minority-owned and disadvantaged company has been able to survive in the market just enough to stay in business.

Having worked with and modeled our business around the Escrow Statute which has been in place for over 20 years, SB1018 now proposes to change the Escrow Statute in a way that will upset and materially affect the competitive balance that exists and has existed in the Maryland market. SB1018 will keep the escrow requirements in place, but also impose an assessment on Grand River's products much like a tax. The effect of the assessment will be to raise the cost and price of Grand River's products in the market, to levels at which Seneca Distributions cannot compete with the Exempt MSA Companies. I know of no reason or basis to impose this increased regulatory cost on the products we distribute, when our principal competitors make no

equivalent or even remotely comparable payments to or for the benefit of the MSA States, including Maryland.

After having been told for 10 years that Maryland law required Seneca Distributions and its products to comply with a fixed set of rules and requirements, and having forged and built our business in reliance on those rules and requirements, we do not see any basis to change those rules and requirements – particularly in a manner that discriminates in favor of a select few and privileged companies that stand to further benefit from an already discriminatory and biased regulatory regime. SB1018's unfairness and anticompetitive effects will shut the door on competition from smaller and Native-owned businesses such as Grand River and Seneca Distributions, and likely shut Seneca Distributions' doors altogether. For these reasons, we respectfully ask the Legislature to reject SB1018 in every respect.