



SQUAXIN ISLAND TRIBE

RESOLUTION NO. 03- 64
Of the
SQUAXIN ISLAND TRIBAL COUNCIL

WHEREAS, the Squaxin Island Tribal Council is the Governing Body of the Squaxin Island Tribe, its members, its lands, its enterprises, and its agencies by authority of the Constitution and Bylaws of the Squaxin Island Tribe, as approved and adopted by the General Body and the Secretary of the Interior on July 8, 1965; and

WHEREAS, the Tribe is a federally-recognized Indian Tribe possessing reserved powers, including the powers of self-government; and

WHEREAS, under the Constitution, Bylaws and inherent sovereignty of the Tribe, the Squaxin Island Tribal Council is charged with the duty of protecting the health, security, education and general welfare of tribal members, and with protecting and managing the lands and treaty resources and rights of the Tribe; and

WHEREAS, the Squaxin Island Tribal Council has been entrusted with the creation of ordinances and resolutions in order to fulfill their duty of protecting the health, security, education and general welfare of tribal members, and of protecting and managing the lands and treaty resources of the Tribe; and

WHEREAS, the Squaxin Island Tribal Council created the Skookum Creek Tobacco Co., Inc. (hereafter "Skookum Creek") to manufacture cigarettes on the Squaxin Island Reservation; and

WHEREAS, the Squaxin Island Tribal Council finds that taking certain steps, including adopting and implementing a Corporate Code of Conduct and Corporate Compliance Program, is essential to ensuring compliance by Skookum Creek with all applicable laws;

NOW THEREFORE BE IT RESOLVED, that the Squaxin Island Tribal Council hereby declares its intent and commitment to accomplish the following no later than one month prior to first manufacturing cigarettes under a BATF permit to manufacture cigarettes to be issued in the name of the Skookum Creek Tobacco Co., Inc.:

1. The Cigarette Manufacturing Monitoring Committee will adopt and implement a Corporate Code of Conduct substantially in the form of the draft Corporate Code of Conduct presented to BATF on October 1, 2002;
2. The Cigarette Manufacturing Monitoring Committee will adopt and implement a Corporate Compliance Program substantially in the form of the draft Corporate Compliance Program presented to BATF on October 1, 2002;
3. The Cigarette Manufacturing Monitoring Committee will adopt and implement a Consent Action of Board of Directors of Skookum Creek Tobacco Co., Inc. substantially in the form of the draft Consent Action presented to BATF on October 1, 2002;
4. The Cigarette Manufacturing Monitoring Committee will adopt the Corporate Compliance Program and Code of Conduct Compliance Certification substantially in the form of the draft Certification presented to BATF on October 1, 2002;
5. Skookum Creek Tobacco Co., Inc. will consult with persons knowledgeable about internal control procedures and the requirements of Chapter 52 of the Internal Revenue Code and 27 CFR Part 40 to develop and institute specific internal controls adequate to ensure that material errors in records, reports or returns required under those provisions will not occur or, if they do occur, will be caught and corrected; and
6. Skookum Creek Tobacco Co., Inc. will establish and maintain a Compliance Committee having as one member an attorney, who initially will be a member of the firm of McKay Chadwell, PLLC;

NOW THEREFORE BE IT FURTHER RESOLVED, that the Squaxin Island Tribal Council hereby declares its intent and commitment to accomplish the following in a timely fashion after commencing the manufacture of cigarettes under a BATF permit to manufacture cigarettes to be issued in the name of the Skookum Creek Tobacco Co., Inc.:

1. Skookum Creek Tobacco Co., Inc. will select an independent accounting firm (Audit Firm) qualified to perform agreed upon procedures audits under the standards of Chapters 2 and 6 of the Attestation Standards: Revision and Recodification SSAE 10 Manual;
2. Skookum Creek Tobacco Co., Inc. will engage the Audit Firm, under the direction of the Compliance Committee, to perform agreed upon procedures audits annually under the standards of Chapters 2 and 6 of the Attestation Standards: Revision and Recodification SSAE 10 Manual to assist the Committee in evaluating the company's compliance with the requirements of Chapter 52 of the IRC and its implementing regulations;
3. The Compliance Committee shall determine, for purposes of the audit inquiry only, the procedures and appropriate threshold for materiality. Notwithstanding the

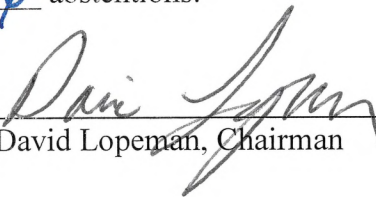
Committee's determination of materiality, the company shall report all instances of tax liability whether deemed material or not by the Committee;

4. The Compliance Committee shall ensure that the agreed upon procedures include specific steps to detect fraud that might occur in entries made to records, reports, and returns required under Chapter 52 of the IRC and the applicable regulations;
5. The Compliance Committee shall meet at least four times a year for the purpose of determining to its satisfaction that the company is in substantial compliance with Chapter 52 and regulations issued thereunder and with the conditions of the BATF Permit. The first such meeting shall occur no later than one month after commencing to manufacture cigarettes under the Permit.

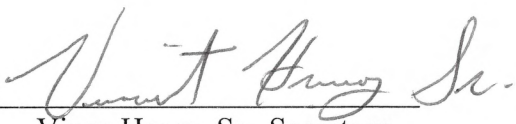
NOW THEREFORE BE IT FINALLY RESOLVED, that the Squaxin Island Tribal Council specifically wishes to communicate to the BATF its intent and commitment to the above Resolution.

CERTIFICATION

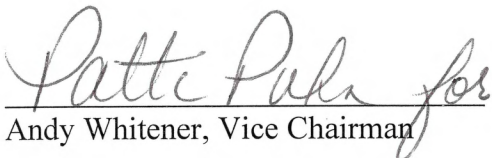
The Squaxin Island Tribal Council does hereby certify that the foregoing Resolution was adopted at the regular meeting of the Squaxin Island Tribal Council, held on this 28th day of August, 2003 at which time a quorum was present and was passed by a vote of 5 for and 0 against with 0 abstentions.



David Lopeman, Chairman

Attested by: 

Vince Henry, Sr., Secretary



Andy Whitener, Vice Chairman