

**BYLAWS**  
**OF**  
**SKOOKUM CREEK TOBACCO CO., INC.**

**ARTICLE I**  
**OFFICES**

The Corporate headquarters of the Corporation shall be located on the Squaxin Island Tribe Reservation (“Reservation”), but the Corporation may conduct its business activity any place in or outside of the United States. The Corporation may have such other offices, either within or without the Reservation, as the Skookum Creek Tobacco Board (SCTB) may designate from time to time.

The Registered office of the Corporation required by the Squaxin Island Tribe Business Corporation Ordinance to be maintained on the Reservation may be, but need not be, identical with the principal office on the Reservation, and the address of the registered office may be changed from time to time by filing the required statement with the Tribal Council of the Squaxin Island Tribe.

**ARTICLE II**  
**SHARES**

The Corporation shall be wholly owned by the Squaxin Island Tribe (the “Tribe”). Shares held by the Tribe shall be issued in the name of the Tribe. All rights and privileges associated with the Shares shall be administered and exercised by a majority vote of the Tribal Council of the Tribe (the “Tribal Council”). All beneficial interest or right in the Corporation shall be indivisibly held by and for the Tribe.

**Section 2.1 Transfers of Shares Forbidden.** The shares of the Corporation shall not be subject to share or transfer.

**Section 2.2 Time and Place of Meetings.** Annual and special meetings of the shareholders shall be held at the principal place of business or another location designated by the Tribal Council at such time and place as the Tribal Council shall fix.

**Section 2.3 Annual Meeting.** Annual meetings of the members of the Tribal Council as representatives of the shareholders shall be at such time and place as the Tribal Council shall determine. In the event the Tribal Council fails to set the time and date of the meeting, it shall be held immediately prior to the Tribe’s General Body Meeting each year. At such annual meeting, such business as may properly be brought before the meetings shall be considered.

**Section 2.4 Special Meetings.** Any two members of the SCTB or a majority of the Tribal Council may call a special meeting of the shareholders for any purpose.

**Section 2.5 Notice of Meetings.** The SCTB shall notify the Tribal Council members of the date, time and place of a regular meeting or, if called by the members of the SCTB, a special meeting. The Tribal Council shall notify the Tribal Council and the SCTB of the date, time and place of any special meeting called by a majority of the Tribal Council. Notice of any regular or special shareholder meeting of the Corporation shall be given at least five days before the meeting. Notices shall be deemed to be effective if placed in the United States mail, with proper first-class postage affixed, at least seven calendar days in advance of the date of the meeting.

**Section 2.6 Manner of Meeting.** Except as otherwise provided in these Bylaws, the shareholders of the Corporation may conduct regular or special meetings through the use of any means and procedures which are proper for meetings of the Tribal Council of the Tribe. Balloting may be conducted in the manner prescribed for actions of the Tribal Council of the Tribe.

**Section 2.7 Presiding Officer.** The Tribal Council Chair shall preside over meetings of the shareholders.

**Section 2.8 Records.** The Corporation shall keep at its registered office books in which shall be recorded the names and addresses of every shareholder, the names and residences of its officers and such other records and information as may be required by law.

**Section 2.9 Inspection of Records.** A shareholder is entitled to inspect the corporate records during the usual and customary hours of business and in a manner that will not unduly interfere with the regular conduct of business of the Corporation. Any such information so obtained shall not be used to the competitive detriment of the Corporation

### **ARTICLE III BOARD OF DIRECTORS**

**Section 3.1 General Powers.** The business and activities of the Corporation shall be managed under the direction of its Skookum Creek Tobacco Board (SCTB) (the "SCTB"), which shall serve as the functional equivalent of a Board of Directors for the Corporation.

**Section 3.2 Duties and Powers.** The SCTB is hereby vested with all powers necessary to carry out the purposes of the Corporation and shall have control and management of the business and activities of the Corporation. The SCTB members shall in all cases act as a Committee. The SCTB members may adopt such rules and regulations for the conduct of their meetings and management of the Corporation as they may deem proper, not inconsistent with the Squaxin Island Tribe Business Corporation Ordinance and other Squaxin Island tribal laws, or the Articles of Incorporation.

**Section 3.3 Election, Number and Tenure.** The number of SCTB members shall be five, four of whom shall be appointed by the Squaxin Island Tribal Council, and one of whom

shall be the General Manager of the Corporation selected by the Tribal Council. In addition to the General Manager, the Tribal Council shall appoint as members of the SCTB one representative of the Tribal Council, at least two members of the Tribal community, and at least one individual selected for his or her expertise in cigarette manufacturing or other business experience suited to this enterprise. Except for individuals selected for such expertise, all members of the SCTB shall be Squaxin Island Tribal members. Each member of the SCTB, except the General Manager, shall hold office until the expiration of the term to which he or she was elected and until the successor has been elected and qualified. Of the initial representatives, one shall be appointed to a one-year term, two of the initial representatives to two-year terms, and one of the representatives to a three-year term. At the end of each initial term, all representatives shall serve a three-year term.

**Section 3.4 Resignation.** Any SCTB member may resign at any time by giving written notice to the President or to the Secretary of the Corporation. The resignation of any SCTB member shall take effect at the time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 3.5 Removal of SCTB Members.** A SCTB member may be removed by a two-thirds vote of the Tribal Council at any time for cause, after a hearing and opportunity to be heard. "Cause" shall be limited to gross incompetence, persistent absenteeism, conflict of interest, serious impropriety of conduct in the performance of the SCTB member's duties, ineligibility for SCTB membership, or any action that puts at risk the Corporation's permits or licenses. Any SCTB member removed for cause may appeal the removal to the Squaxin Island Tribal Employment Court.

**Section 3.6 Vacancies.** Any vacancy occurring in the SCTB may be filled by the same means as the appointment of initial representatives. A SCTB member appointed to fill a vacancy shall be appointed for the unexpired term of his or her predecessor in office.

**Section 3.7 Regular Meetings.** A regular meeting of the SCTB shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of the shareholders (see §2.3). The SCTB may provide, by resolution, the time and place, either within or without the Reservation, for the holding of additional regular meetings without other notice than such resolution.

**Section 3.8 Special Meetings.** Special meetings of the SCTB may be called by or at the request of the President or any two SCTB members. The person(s) authorized to call special meetings of the SCTB may fix any place, either within or without the Reservation, as the place for holding of any special meeting of the SCTB called by him or her.

**Section 3.9 Notice.** The Secretary shall notify the SCTB of the date, time and place of any special meeting at least five days previously thereto by written notice delivered personally or mailed to each SCTB member at his or her business address, or by e-mail or facsimile. Notices shall be deemed to be effective if placed in the United States mail with proper first-class postage affixed, at least seven calendar days in advance of the date of the meeting. If notice be given by e-mail or facsimile, such notice shall be deemed to be delivered when the transmittal of same is

completed. Any SCTB member may waive notice of any meeting. The attendance of a SCTB member at a meeting shall constitute a waiver of notice of such meeting, except where a SCTB member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the SCTB need be specified in the notice or waiver of notice of such meeting.

**Section 3.10 Quorum.** A majority of the number of SCTB members fixed by Section 3.3 of this Article III shall constitute a quorum for the transaction of business at any meeting of the SCTB so long as the Tribal Council representative is present, but if less than such majority is present at a meeting, a majority of the SCTB members present may adjourn the meeting from time to time without further notice.

**Section 3.11 Manner of Acting.** The act of the majority of the SCTB members present at a meeting at which a quorum is present shall be the act of the SCTB. Any action required or permitted to be taken at any meeting of the SCTB may be taken without a meeting, if, prior to such action, a written consent thereto is signed by each of the SCTB members, and such written consent is filed with the minutes of the proceedings of the SCTB.

**Section 3.12 Compensation.** By resolution of the SCTB, the SCTB members may be paid their reasonable expenses, if any, of attendance at each meeting of the SCTB, including but not limited to travel expense and may be paid a fixed sum for attendance at each meeting of the SCTB or a stated salary as a SCTB member, except that the General Manager shall not be entitled to any compensation or salary in addition to his or her regular salary, except for reasonable expenses of attendance at SCTB meetings. No such payment shall preclude any SCTB member from serving the Corporation in any other capacity and receiving compensation therefore.

**Section 3.13 Presumption of Assent.** A SCTB member who is present at a meeting of the SCTB at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as Secretary of the meeting before the adjournment thereof or shall forward such dissent by certified mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a SCTB member who voted in favor of such action.

**Section 3.14 Telephonic Meetings.** Unless otherwise restricted by the Articles of Incorporation or these Bylaws, members of the SCTB, or any subcommittee designated by the SCTB, may participate in a meeting of the SCTB or subcommittee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

**Section 3.15 Subcommittees.** The SCTB may, by resolution adopted by a majority of the full SCTB, designate an Executive Committee consisting of two or more of the SCTB members, which Executive Committee shall have and may exercise, when the SCTB is not in

session, the power of the SCTB in the management of the business and affairs of the Corporation and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it; but the Executive Committee shall not have the power to amend the Articles of Incorporation or Bylaws of the Corporation, adopt a plan of merger or consolidation, recommend to the shareholders the sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property and assets of the Corporation otherwise than in the usual and regular course of business or recommend to the shareholders a voluntary dissolution of the Corporation or a revocation thereof. The Executive Committee may make rules for the conduct of its business and may appoint such committees and assistants as it shall from time to time deem necessary. A majority of the members of said Executive Committee shall constitute a quorum. The Executive Committee shall keep written minutes of its transactions and report such minutes to the SCTB at the next regular meeting. The designation of any Executive Committee and the delegation thereto of authority shall not operate to relieve the SCTB, or any member thereof, of any responsibility imposed by law.

The SCTB may establish such other subcommittees of the SCTB having such duties and powers as the SCTB shall deem appropriate, but in no event shall any such subcommittee have any of the powers which may not be granted to the Executive Committee.

#### **ARTICLE IV OFFICERS**

**Section 4.1 Number.** The officers of the Corporation shall be a President, one or more Vice Presidents (the number thereof to be determined by the SCTB), a Secretary and a Treasurer, each of whom shall be elected by the SCTB. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the SCTB. Any two or more offices may be held by the same person.

**Section 4.2 Election and Term of Office.** The officers of the Corporation to be elected annually by the SCTB shall be elected at the first annual meeting of the SCTB held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign or shall have been removed in a manner hereinafter provided, whichever comes first.

**Section 4.3 Resignations.** Any officer may resign at any time by giving written notice of his or her resignation to the SCTB, to the President or to the Secretary of the Corporation. Any such resignation shall take effect at the time of acceptance by the Corporation, and the acceptance of such resignation shall be necessary to make it effective.

**Section 4.4 Removal.** Any officer or agent elected or appointed by the SCTB may be removed by the SCTB whenever, in its judgment, the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

**Section 4.5 Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the SCTB for the unexpired portion of the term.

**Section 4.6 Duties of Officers.** The duties and powers of the officers of the Corporation are as follow and shall also include any additional duties and powers as may be set by resolution of the SCTB.

**Section 4.6.1 President.**

(a) The President shall be the principal executive officer of the Corporation and shall supervise and control all the business activities of the Corporation.

(b) The President shall preside at all meetings of the SCTB and may also cast a vote on all questions.

(c) The President shall present an annual report of the condition of the business of the Corporation to the SCTB.

(d) The President shall appoint, discharge, and fix the compensation of all employees and agents of the Corporation other than the duly appointed officers by the SCTB, subject to the approval of the SCTB.

(e) The President shall sign and execute all contracts in the name of the Corporation, all deeds, mortgages, notes, drafts or other orders for the payment of money, or other instruments which the SCTB have authorized to be executed, except in cases where the signing and execution shall be expressly delegated by the SCTB to some other officer or agent of the Corporation or shall be required by law to be otherwise signed or executed.

(f) The President shall cause all books, reports, statements and certificates to be properly kept and filed as required by law.

(g) The President shall enforce these Bylaws and perform all duties incident to the office and which are required by law and generally perform all duties as may be prescribed by the SCTB from time to time.

**Section 4.6.2 Vice President.** In the absence of the President, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the President and, when so acting, shall have all the powers and be subject to all the responsibilities of the office of President. The Vice President shall also perform such other duties and have such other powers as from time to time may be assigned to him or her by the SCTB or President.

**Section 4.6.3 Secretary.**

(a) The Secretary shall be responsible for keeping the minutes of the meetings of the SCTB in an appropriate book set aside and used exclusively for such purpose.

(b) The Secretary shall be responsible for giving notice of special meetings of the SCTB.

(c) The Secretary shall be the custodian of the records and the seal of the Corporation and shall affix the seal on Corporation papers when required.

(d) The Secretary shall attest the execution of instruments on behalf of the Corporation by a proper officer thereof and shall affix the corporate seal to such instruments on behalf of the Corporation.

(e) The Secretary shall attend to all correspondence and present to the SCTB at its meetings all official communications received by the Secretary.

(f) The Secretary shall in general perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned by the President or by the SCTB.

#### **4.6.4 Treasurer.**

(a) The Treasurer shall have the care and custody of and be responsible for all funds and securities of the Corporation and shall be responsible for the deposit of such funds and securities in the name of the Corporation in such banks, trust companies, or other depositories as shall be designated by the SCTB.

(b) Subject to banking resolutions adopted by the SCTB, the Treasurer shall, with the additional signature of either the President or Vice President, make, sign and endorse in the name of the Corporation all checks, drafts, notes and other orders for the payment of money and pay out and dispose of such under the direction of the President or the SCTB.

(c) The Treasurer shall be responsible for keeping at the principal office of the Corporation accurate books of account of all its business and transactions and shall at all reasonable hours exhibit books and accounts to any SCTB member upon application at the office of the Corporation during business hours.

(d) A report shall be rendered by the Treasurer of the condition of the finances of the Corporation at each regular meeting of the SCTB and at such other times as shall be required of the Treasurer.

(e) The Treasurer shall perform all duties incident to the office of the Treasurer of the Corporation.

(f) If required by the SCTB, the Treasurer shall give such bond as the SCTB shall determine appropriate for the faithful performance of the duties of Treasurer.

**4.6.5 Other Officers.** Other officers shall perform such duties and have such powers as may be assigned to them by the SCTB. Assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the SCTB.

**Section 4.7 Salaries.** The salaries of the officers shall be fixed from time to time by the SCTB. No officer shall be prevented from receiving such salary by reason of the fact that he or she is also a member of the SCTB.

## **ARTICLE V CONTRACTS, LOANS, CHECKS, DEPOSITS AND PROXIES**

**Section 5.1 Contracts.** The SCTB may authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

**Section 5.2 Loans.** No loans greater than Ten Thousand Dollars (\$10,000.00) shall be contracted on behalf of the Corporation, and evidence of indebtedness shall not be issued in the Corporation's name, unless authorized by a resolution of the SCTB. Such authority may be general or confined to specific instances.

**Section 5.3 Checks, Drafts, Etc.** All checks, drafts or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Corporation shall be signed by at least two officers who are agents of the Corporation and in such manner as shall from time to time be determined by resolution of the SCTB.

**Section 5.4 Deposits.** All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the SCTB may select.

## **ARTICLE VI ASSETS**

Subject to the contractual and sovereign rights of others, including the Tribe, the Corporation shall have as its corporate assets, and the authority to acquire, manage, own, use, pledge, encumber, or otherwise dispose of, the following:

- (a) All funds which the Corporation may acquire by grant, gift, loan or other means;
- (b) All interests in real and personal property, whether of a tangible or intangible nature, which the Corporation may acquire by grant, gift, loan, purchase, lease or other means; and
- (c) All earnings, interest, dividends, accumulations, contract rights, claims and other proceeds arising from the above-listed assets.

**ARTICLE VII  
DISTRIBUTION OF NET PROFIT**

Any Net Profits or Dividends of the Corporation shall be distributed as provided by the Corporation's Plan of Operation.

**ARTICLE VIII  
INDEMNIFICATION**

**Section 8.1** The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Corporation, by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

**Section 8.2** The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, against expenses, including attorneys' fees, actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

**Section 8.3** To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in sections 8.1 and 8.2 of this Article VIII, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him or her in connection therewith.

**Section 8.4** Any indemnification under Sections 8.1 and 8.2 of this Article VIII, unless ordered by a court, shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 8.1 and 8.2 of this Article VIII. Such determination shall be made by the SCTB by a majority vote of a quorum consisting of SCTB members who were not parties to such action, suit or proceeding or, if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested SCTB members so directs, by independent legal counsel in a written opinion or by the shareholders as the case may be.

**Section 8.5** Expenses incurred in defending a civil or criminal action, suit or proceeding, may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in Section 8.4 of this Article VIII upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation as authorized by this Article VIII.

**Section 8.6** The indemnification provided by this Article VIII shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any agreement, vote of shareholders, members or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such person.

**Section 8.7** The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation against liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article VIII.

## **ARTICLE IX SEAL**

The Corporation may have a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal".

## **ARTICLE X WAIVER OF NOTICE**

Whenever any notice is required to be given to any shareholder or SCTB member of the Corporation under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or under the provisions of the Squaxin Island Tribe Business Corporation Ordinance, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed to be equivalent to the giving of such notice.

**ARTICLE XI  
AMENDMENTS**

The Bylaws of the Corporation may be amended, added to or repealed only by the SCTB at any meeting, provided that notice of the proposed change is given in the notice of meeting; however, the foregoing shall not constitute a limitation on the right of taking such action without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the SCTB members entitled to vote with respect to the subject matter thereof.

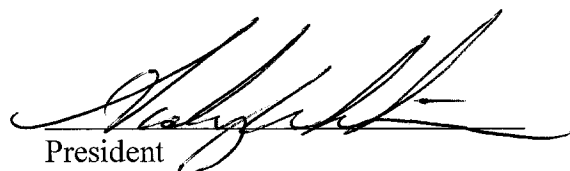
**ARTICLE XII  
RELIANCE ON RECORDS AND REPORTS**

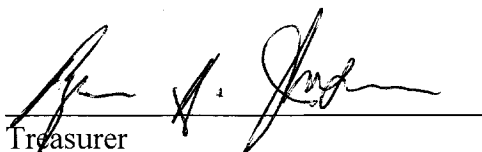
Each director, officer or member of the SCTB or of any committee designated by, or by authority of, the SCTB shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation or of any of its subsidiaries, or upon reports made to the Corporation or any of its subsidiaries by any official of the Corporation or of a subsidiary or by an independent certified public accountant or by an appraiser selected with reasonable care by the SCTB or by any such committee.

**ARTICLE XIII  
FISCAL YEAR**

The fiscal year of the Corporation shall begin on October 1 and end on September 30 of each year.

ADOPTED as the second amended Bylaws of the Corporation on this 22nd day of October, 2004.

  
President

  
Treasurer