

TRIBAL TOBACCO NEWS

Inside this issue:

LEGAL UPDATE	2
HCI LOGISTICS	2
CUSTOMER AWARDS	2
NEW PRODUCT	3
CUSTOMER SUCCESS	3
TRIBAL TAX PRESENTATION SCHEDULED	3
SENECA GIVEAWAYS	4

HCI TOBACCO LAUNCHES CUSTOMER NEWSLETTER

In 2011, one strategic business goal for Ho-Chunk, Inc. (HCI) Distribution Tobacco is to improve communication with their Native Nation customers. To help achieve this goal, HCI has launched a monthly publication titled: *Tribal Tobacco News (TTN)*. The purpose of TTN is to inform & educate the HCI customer base of pertinent & relevant information concerning the tribal tobacco industry. "The newsletter is an important communication vehicle that helps strengthen our business relationship with our tribal customers," says Maunka Morgan, Senior Account Executive with HCI. TTN plans to provide legal updates affecting our niche

customers. "It is important to keep our customers abreast of changes in the legal landscape that could impact their business. HCIs success depends on making sure our customer are successful. We want to ensure that our clients are informed and have the legal tools and support to continue selling tribal tobacco on their homelands." said Lance Morgan, CEO/ President of Ho-Chunk, Inc. In each issue of TTN, customers can expect to read about business tips & best practices that help to grow the tribal tobacco business,

price changes, new product & brand offerings, customer success stories & recognition, upcoming



Tribal Tobacco News sends out smoke signals to its customers to inform & improve communication.

events, promotions, contests & competitions, customer input, HCI team & customer profiles, business trends, & much more. "We want to provide the best customer service & our newsletter will help in this area," said Vincent Bass, Account Executive at HCI.

SUPPLIER PRICE INCREASE AFFECTS HCI CUSTOMERS

During October 2010 through January 1, 2011 the HCI suppliers began raising their prices. HCI held off until January 10, 2011 to pass on the increase. Staff notified customers of the increase & updated price

sheets, which were sent out to our clientele. As a result, the higher rates caused customers to call in & express their concern. "We only raised our wholesale prices by our supplier's rate of increase. We will

work to provide as much notice as reasonably possible, allowing time to adjust. We consider this a customer service issue," stated Leisa Guerrero, Vice President of HCI's Distribution Tobacco Division.

HCI Distribution Tobacco

701 Buffalo Trail

Winnebago, NE 68071

Toll Free: 1-877-846-6805

Phone: 402-878-2300

Fax: 402-878-2302

Email:

sales@hcidistribution.com

Website:

www.hcidistribution.com

Indian Country is our distribution territory!

LEGAL UPDATE: Tribal Law Defines ‘Scope of Authority,’ Not State Law!

Frederick Peebles & Morgan, LLP (FPM) a national native law firm serving Tribes has won an appeal before the Colorado Supreme Court on behalf of their clients, Santee Sioux Nation and the Miami Nation of Oklahoma. According to FPM’s website (www.ndnlaw.com), “the attorneys were able to successfully argue that tribal sovereign immunity does apply to state investigative subpoenas; that entities owned by tribes when it can be proven that the entity is closely

enough held, also have sovereign immunity; and that tribal officers acting within the laws of the tribe and federal law, also enjoy sovereign immunity in state proceedings” (Para. 6). HCI Distribution travels around *Indian Country* presenting to Native Nation



Lance Morgan, HCI CEO/President

leaders advocating it is in their best interest to develop & enact their own tribal laws. “Individual tribal employees that follow tribal law are working within the scope of authority of the tribe’s law, which in turn prevents the state from exceeding their authority in these type of matters concerning tribes. Tribes really need to enact their own tribal tobacco tax law,” says Lance Morgan with HCI.

HCI OFFERS LTL DELIVERY ALTERNATIVE

HCI Distribution offers it’s customers Less Than Truck Load (LTL) delivery. LTL is an alternative to using the United Parcel Service (UPS). We are offering LTL In response to customer feedback. Our customers have informed us that UPS has damaged our product in transit to your locations. We have contacted UPS with our concerns. HCI has taken steps to double box customer orders to help prevent damage by UPS. Although, this has not

proven 100% successful. It is important to communicate any delivery issues right away. When our customers choose the LTL option, they have received their product without damage. To date we have had a 99% success rate with the LTL shipping method. There is a *minimum* of one pallet per LTL order. A variety of product maybe ordered & a *new* delivery schedule must be established. Please contact Danielle Gutierrez, Office Manager

with HCI to coordinate an

When our customers choose the LTL option, they have received their product without damage. To date we have had a 99% success rate with the LTL shipping method.

LTL delivery today at 402-878-2300 or dgutierrez@hcidistribution.com.

HCI CUSTOMERS RECEIVE AWARDS AT BREAKFAST IN VEGAS

During the recent Seneca customer appreciation gala held in Las Vegas, HCI recognized their customer sales performance at a breakfast awards ceremony. HCI presented Meskwaki Distribution with the *Number One In Overall Sales Award*. The Pines Con-



We challenge our customers to aspire to even higher

venience Center won the *Most Growth From Previous Year Award*, & Native Land won the *Newest Customer With Highest Sales & Quickest Growth Award*. Congratulations! We have seen tremendous success throughout “Indian Country” when tribes decide to sell the tribal tobacco on their lands. HCI

plans to continue expressing our sincere appreciation for all the hard work of everyone involved. “It is important to cheer on our customers. Our work is important because each time a pack or carton of tribal tobacco retails, three Native Nations benefit! Now that is something to be proud about,” said Leisa Guerrero, Vice President of HCI Distribution Tobacco.

HCI DISTRIBUTION ADDS NEW PRODUCTS: *RENARDS* PREMIUM CIGARS

HCI adds premium cigars to their product list. Made in the Dominican Republic, the quality R.B. long filler premium cigars have been tested in some of HCI's key markets. The consumer response has been positive and the cigars are becoming big sellers. In December of 2010, HCI provided samples to WinnaVegas Casino gift shop & they began selling to the casino patrons to test consumer interest. "Our customers really like the option



Natural Wrapper Blended Tobacco
Quality Long Filler Premium Cigar

of having a premium cigar available to smoke as they gamble. After sampling the product, our customers are now requesting that we continue to carry these cigars in our gift shop," said WinnaVegas Gift Shop Manager.

Moreover, "I think the cigars make sense. The pricing that can be provided is VERY favor-

able and very profitable. They are a superior product (The Dominican Republic tobacco that rivals Cuban, but is legal); they are superior to Dutch Masters which is the number one seller, and can be sold much cheaper; they don't provide the same controversy that cigarettes provide, and they are not subject to the layers and layers of taxes as cigarettes are," stated HCI Distribution's supplier. HCI is excited about the profit potential for your businesses! Call for pricing now!

HCI CUSTOMER EXPERIENCES HIGH GROWTH & OPENS SECOND LOCATION!

In the small rural town of Niobrara Nebraska blinks a new open sign. Ponca Smoke Signals 2 is now open for business! Retailing the best selling tribal tobacco products being distributed today. The first Ponca smoke shop opened December 5, 2009 in Carter Lake Iowa. In spite of three blizzards the same month, the drive-thru window operation started to grow. Quickly, consumers awareness increased because the Ponca leased

billboard advertising, ran coupon print ads in local papers, used promotions, canvassed local business, and word-of-mouth. "It's all about your sales associates buying into the natural tobacco experience so they can convincingly sell and convert the new customers," says

Nick Furnald, Manager of Ponca Smoke Signals. Every month the Ponca set a new sales record. By the fall of 2010, they decided to expand.

"It's all about your sales associates buying into the natural tobacco experience so they can convincingly sell and convert the new customers," said Nick Furnald, Manager.

U.S.E.T. & A.T.N.I. SCHEDULE LANCE MORGAN TO SPEAK ON TRIBAL TAXES

United South & Eastern Tribes, Inc. (USET) and The Affiliated Tribes of Northwest Indians (ATNI) have scheduled Lance Morgan to speak about tribal taxation systems & the emerging economic power of tribes on *Tuesday March 8, 2011 & Wednesday March 9, 2011*. The event will be held at the

Miccosukee Hotel and Gaming Resort near Miami Florida. In addition, Maunka Morgan will present on the reemergence of a Tribe-To-Tribe trading system that focuses on tribal tobacco trade & taxes. "It will be open to all tribal leaders (only tribal



Lance Morgan, HCI
CEO/President

leaders and their self identified technical staff)," says Kitcki Carroll, Executive Director of USET. The event is being sponsored by USET and ATNI. For more information please contact Kitcki Carroll at 615-467-1540 or Email: kcarroll@usetinc.org.

HCI Distribution Tobacco

701 Buffalo Trail
Winnebago, Nebraska 68071

Toll Free: 877-846-6805
Direct: 402-878-2300
Fax: 402-878-2302
E-mail: sales@hcidistribution.com

Indian Country is our distribution territory!

Www.hcidistribution.com



HCI Distribution Tobacco (HCID) is a division of the parent company, Ho-Chunk, Inc. (HCI). HCI's immediate mission is to use the Tribe's various economic & legal advantages to develop & operate successful business enterprises & provide job opportunities for Tribal members. The long-term mission of Ho-Chunk, Inc. is to provide the Tribe with a large enough income stream from its business operations to enable the Tribe to reach economic self-sufficiency. HCI was launched in 1994 as the economic development corporation owned by the Winnebago Tribe of Nebraska. Since that time, HCI has successfully developed a variety of business enterprises both on & off the Winnebago Reservation and today employs almost 1,000 people in various industries throughout the United States & abroad. HCI Distribution is HCI's most successful on-reservation business whose main production facilities are located in Winnebago. HCID's success stems from our Native Nation customers leadership realizing the benefit of enacting their own tribal tobacco tax law. In so doing, tribes begin selling our tribal tobacco on their sovereign lands, diversifying their economy, & generating critical tribal government revenue used to rebuild their Nation.

SENECA ANNOUNCES NATIONAL AND REGIONAL GIVEAWAYS!

HCI'S number one seller is the Seneca brand. HCI works closely with Seneca promotions to drive sales up at our customers locations. Seneca has announced this years national & regional give ways.

The **national contest** period is January 3rd to March 25th of this year. The draw date is April 1, 2011 & drawn from all tickets across the U.S. The **customer prize** includes winning **\$2,000 per month for one year!** In addition, the **winning store** will receive a **\$10,000 cash prize!** This is a separate drawing & is based on the highest case sales for the period. Furthermore, the **manager & clerk** can each win **\$5,000 in cash!** According to Seneca, the clerk winner is determined

by the winning customer ticket and the manager winner is determined by the store winner.

The Seneca's **regional monthly contest** includes **one lucky consumer** winning a **50-inch plasma television** for the month of January and another lucky person winning a **\$1,000 gift card** for February. The **customer regional** drawing will occur the week following the end of the promotional month. In addition, a **\$5,000 vacation package** will be won by a **regional store**. The highest case sales for the month will determine the winner. The **regional store winner** will be drawn from all the U.S.

stores the week following the **regional customer draw**. "It really is a win-win for everyone. When the clerks & managers drive sales at the store level then everyone benefits. Incentivizing people is a good catalyst to grow sales. We always see sales grow when the Seneca girls promote at the stores. Getting the stores to buy in to the idea of up selling is key in this process. People get excited about winning prizes," says Carole Thompson, with Seneca Promotions.

SENECA

For information on the Seneca giveaways or to schedule on-site promotions email cthompsonseneca@live.com or call 716-698-4683