

TRIBAL TOBACCO NEWS

Inside this issue:

NEW ELECTRONIC-CIGARETTES	2
HCI TAX TRAINING & SEMINAR!	2
MEET THE TEAM	2
TRIBAL TOBACCO IS NATIVE NATION BUILDING	3
NEBRASKA APOLOGY TO PONCA TRIBE	3
TRIBAL NATION TAX SUMMIT: SAVE THE DATES!	3
LEGAL UPDATE: Lance Morgan Testifies!	4

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Indian Country is our distribution territory!

IF STATES ARE PARTNERS WITH BIG TOBACCO, THEN "WHO RUNS BARTERTOWN?!"

The **Master Settlement Agreement (MSA)** between states & the big four tobacco companies have created a new business partnership that is something right of the 1985 post-apocalyptic Hollywood film, *Mad Max Beyond Thunderdome*. Bartertown is controlled by the tiny Master carried around by Blaster, the bulky developmentally-challenged boy-figure. In the movie, "Master Blaster" signs an agreement to control Bartertown. As a result, "Master Blaster" begins to manipulate & abuse their position by imposing "embargoes." Bartertown is controlled by a set of rigid laws with one stating "no contract can be broken,

for any reason; or, the punishment will be: bust a deal, & face the wheel." **Lance Morgan, CEO of Ho-Chunk, Inc.** stated that "Big tobacco lied to Congress. These companies are now business partners with the states to control tobacco market share. The **MSA is a hidden tax paid by taxpaying smokers**; therefore, big tobacco are not paying for their lies! Instead, **taxpayers are bailing them out**. Moreover, big tobacco now controls states & their attorney generals through the MSA, which requires the state to limit competition & crush Tribal Tobacco. In these



STATE & BIG TOBACCO ARE PARTNERS!

agreements, big tobacco will penalize the state. For example, Marlboro will penalize the state with a 3% payment penalty when Marlboro loses 1% market share; or, even withhold payment. *Modern tobacco-tax agreements between Tribes & states are a big tobacco & state bailout.*"

HCI DISTRIBUTION TO ATTEND NATIONAL INDIAN GAMING CONFERENCE

HCI Distribution (HCID) will be in attendance at the National Indian Gaming Conference in Phoenix. The event is scheduled for April 3rd-6th & held at the Sheraton Phoenix Downtown. HCID will be located at

booth 1261. "Tribal Tobacco is Native Nation Building! Tribal Tobacco is helping many Native Nations build-up their economy. We welcome tribal representatives to stop by our booth and visit. We are

on a mission to educate other Tribal Nations about the financial benefits of retailing tribal tobacco on their sovereign lands without state & big tobacco infringement," says Maunka Morgan with HCID.

HO-CHUNK, INC. DISTRIBUTION IS NOW OFFERING ELECTRONIC-CIGARETTES!

Ho-Chunk, Inc. Distribution (HCID) now offers the very popular Electronic-Cigarette or E-cigarette. Our customers can purchase a package including 16 disposable e-cigarettes, three starter units, which include: battery, charger, replacement filter, and the e-cigarette. Regular and menthol flavors are available. Replacement filters come in high, medium, & low nicotine content. HCID is looking at other brands, which offer other flavors, accessories, and other options to chose

from. HCID plans to have other choices available by mid-to-end of April. As some readers may know, the e-cigarettes use no tobacco; no flame; no ashes; no odor; no smoke; & no heat. The e-cigarette can be used in restaurants, bars, casinos, airports, office, and other places where a regu-



E-CIG PRODUCES WATER VAPOR

lar cigarette is banned. The replacement filters contain the nicotine that smokers crave and when a person takes a puff, the nicotine is vaporized into a fog-like water vapor. "I am a long time smoker and I have tried the e-cigarette. It is a revolutionary and convenient product. I carry mine with me when I travel on airplanes and in vehicles." says Vincent Bass with HCID. Contact HCID for pricing information.

TRIBAL TOBACCO TAX TRAINING & SEMINAR

Co-sponsors Ho-Chunk, Inc. & HCI Distribution invites all interested Native Nation representatives to join Ho-Chunk, Inc. in Winnebago Nebraska for a valuable & informative tribal tax training & seminar. This event is tentatively scheduled for June 28th & 29th. The training & seminar will provide attendees with the knowledge & technical assistance for setting up your own tribal tax system. You will learn about: tribal tax & law; leveraging

sovereign immunity; diversifying tribal economies; tribal law's scope of authority; the power of unilateral action; success stories; collecting tribal taxes; empowering tribal government; & Native nation building as it relates to tribal tobacco. "Knowledge is power! Knowing how to set up you tribal tax system and leverage tribal sovereignty is tribal power," says Lance Morgan, President & CEO of Ho-Chunk, Inc., & Keynote Speaker. Do

not miss this opportunity!

"Knowledge is power! Knowing how to set up your own tribal tax system and leverage tribal sovereignty is tribal power," says Lance Morgan, President & CEO of Ho-Chunk, Inc., & Keynote Speaker.

Register by calling 877-846-6805 or Email: sales@hcidistribution.com

MEET THE TEAM: MR. MAUNKA MORGAN, SENIOR ACCOUNT EXECUTIVE

Meet Mr. Maunka Morgan, Senior Account Executive with Ho-Chunk, Inc. Distribution. Mr. Morgan has worked for Ho-Chunk, Inc. since 2007. Maunka is an enrolled member of the Winnebago Tribe of Nebraska (Hochunk Nisoc). He is a member of the Thunder Clan (Wakaja), &



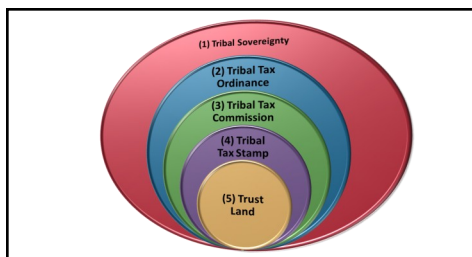
Mr. Maunka Morgan, M.B.A. mmorgan@hochunkinc.com

his Hochunk name means the Edge of the Earth/World or the time of day for prayer. Moreover, Maunka serves as a business & Native American studies adjunct at the University of Nebraska Omaha & Little Priest Tribal College (LPTC). He is an LPTC Board of Trustee member. Maunka is married to Amanda, Dine (Navajo) &

of the bitter water clan. They have two daughters: Hahewi (Moon) & Haini-Wiragusge (Morning-Star). Maunka is completing a Doctor of Business Administration degree. His dissertation topic: "Tribal Tobacco is Native Nation Building." "Our work serves a deeper purpose & is empowering Native Nations everywhere," says Maunka.

TRIBAL TOBACCO FOSTERS AND PROMOTES NATIVE NATION BUILDING

The Harvard Kennedy School of Government & the Native Nations Institute for Leadership, Management, and Policy at the University of Arizona have produced research known as “The Nation-Building Approach.” This model involves a shift in thinking about tribal economic development. Nation building involves tribal people & their governments coming full circle to reclaim & empower their sovereignty, ideals, ways, & practices on how best to govern & provide for



Tribal Tobacco Tax Infrastructure Helps To Build Tribal Government Capacity and Capability

themselves. For example, many of Ho-Chunk, Inc. tribal tobacco customers

adopt a tribal tax ordinance. In turn, this infrastructure opens the door for the Tribe to retail tribal tobacco on their sovereign lands. The benefit & result include a tribal tobacco tax base & profits that are funneled into tribal government coffers & economic development engines. “Tribal tobacco is Native Nation Building! Tribal tobacco offers a low cost & high reward solution to building tribal capacity & capability” says Maunka Morgan, Senior Account Executive with HCID.

NEBRASKA RETURNS PONCA SMOKES AND ISSUES AN APOLOGY!

On March 10, 2011 the Nebraska Department Revenue seized about \$14,000 worth of tribal tobacco from Ponca stores located on their sovereign lands. The next week, the Nebraska Department of Revenue returned the Ponca smokes with an apology to Chairwoman, Becci White and the Ponca Tribal Council. The state alleged the Ponca smokes did not have a state tax stamp affixed to the packs. However, the Ponca smokes

had a tax stamp affixed, a Ponca Tribal Tax stamp. The affixed stamp is defined under Ponca Tribal Tax Law and falls under the scope of authority of Ponca jurisdiction, not state jurisdiction. “The Ponca case is really a good example of how Tribal nations can assert their

power on their lands. Tribal tobacco tax is a real shot in the arm for tribal governments,” says Leisa Guerrero, V.P. of Distribution Tobacco.

“The Ponca case is really a good example of how Tribal Nations can [successfully] assert their power on their lands. Tribal tobacco tax is a real shot in the arm for tribal governments,” says Leisa Guerrero, V.P. of HCI Distribution Tobacco.

LANCE MORGAN TO SPEAK ABOUT TRIBAL TAXES & ECONOMIC POWER

Save the dates for April 19th & 20th! Mr. Morgan’s presentation on tribal taxation and the emerging economic power of tribes will be held at the Micosukee Hotel and Gaming Resort near Miami Florida. United South & Eastern Tribes, Inc. (USET) and The Affiliated Tribes of Northwest Indians,

& The National Congress of American Indian are sponsors. In addition, Maunka Morgan, Senior Account Executive with HCI Distribution will also speak on the benefits of capturing tribal tobacco taxes through a tribe-to-tribe trading system. “It will



Lance Morgan, CEO/
President of Ho-
Chunk, Inc.

be open to all tribal leaders (only tribal leaders and their self identified technical staff),” says Kitcki Carroll, Executive Director of USET. {For more information, please contact Kitcki Carroll at 615-467-1540 or Email: kcarroll@usetinc.org.

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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.

LEGAL UPDATE: LANCE MORGAN TESTIFIES ON TRIBAL TOBACCO TAXATION

Lance Morgan, partner with Federick Peebles, & Morgan, LLC and CEO of Ho-Chunk, Inc. testified before the Nebraska Unicameral on March 2, 2011 to protest LB590, legislation introduced by Senator Mike Gloor of Grand Island, Nebraska. The legislation is part of the state's efforts to jump on the bandwagon of the PACT Act, a bill signed by President Barack Obama in 2009. The LB590 legislation is a template of a bill distributed by the National Attorney Generals Association to provide individual states the ability to collect taxes from Indian Tribes, which is a direct violation of tribal sovereignty. Morgan, an enrolled member of the Winnebago Tribe of Nebraska spoke on behalf of

Ho-Chunk, Inc., the economic development corporation of the Winnebago Tribe. Ho-Chunk subsidiaries are wholesale distributors of tribal cigarettes. Currently these subsidiaries collect about \$250,000 a year in tribal tobacco taxes. This tax revenue in addition to gas tax revenue is the Winnebago Tribe's entire tax base to help support tribal programs because the Tribe is unable to levy property taxes. Morgan testified that he believes the bill is also partially an attempt by the big tobacco companies to crush their competition. By allowing the state to collect taxes on tribal cigarettes, the price advantage enjoyed by tribes would be eliminated and would pit them directly against the big tobacco

manufacturers such as Phillip Morris and R.J. Reynolds. Morgan stated that big tobacco is holding the states hostage by withholding MSA settlement funds to the states unless they are willing to force tribes to collect state taxes. The Winnebago Tribe does not make payments to the MSA fund nor do they receive any money from the MSA fund. Based on Morgan's testimony, Senator Gloor has indicated that he will introduce an amendment to his bill that would address the Winnebago Tribe's concerns, although he has not offered any detail at this time. For more information on this topic go to www.ndnlaw.com or contact Lance Morgan at Hochunk@aol.com; or, 712-259-5835.