



STATE OF WASHINGTON  
DEPARTMENT OF REVENUE  
OFFICE OF THE DIRECTOR

P.O. Box 47454 • Olympia, Washington 98504-7454 • (360) 753-5574 • FAX (360) 586-5543

July 7, 2008

The Honorable Ralph Sampson, Chair  
Yakama Nation  
P.O. Box 151  
Toppenish, Washington 98948

Dear Chair Sampson:

This letter is official notice that the Yakama State Cigarette Compact, signed on July 24, 2004, is terminated, effective today. By letter on February 8, 2007, I notified Chair Washines that we were commencing the termination process. Today's termination is the outcome of following the dispute resolution protocols in the 2004 State of Washington-Yakama Tribe Cigarette Agreement. For over a year we have been working together to resolve various issues. Our discussions culminated in meetings with your attorneys last week, and with a final meeting with the mediator on July 3 for a rendering of his opinion on the fact finding. The mediator ruled that the state had met its burden in establishing that the alleged violations had occurred.

The Department of Revenue will be notifying its licensed wholesalers about this change in status. The wholesalers no longer will be able to apply Yakama stamps to packs of cigarettes.

One outcome of termination is that the Yakama smokeshops will be subject to enforcement action. As the State evaluates its approach under the law, we will advise you of our intentions so that you and your members are fully aware of the risks.

Chair Sampson, I want to personally thank you for diligently working with the Department of Revenue on this complicated matter. I am proud of the work we did together for the successful enactment of the 2008 state legislation. I believe that given the passage of time we will be back at the table. Our mutual interests and the fact of our concurrent jurisdiction point to a cooperative agreement as a very practical way to avoid lasting conflict.

Sincerely,

Cindi Holmstrom, Director

The Honorable Ralph Sampson

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cc: Governor Christine Gregoire  
Craig Bill, Executive Director, Governor's Office of Indian Affairs  
Debra Juarez, Attorney  
Gabe Galanda, Attorney  
Julio Carranza, Attorney  
Lorraine Lee, Chair, Liquor Control Board  
Pat Kohler, Executive Director, Liquor Control Board  
Tim Thompson, Captain, Liquor Control Board  
Leslie Cushman, Deputy Director, Department of Revenue  
Stuart Thronson, Assistant Director of Special Programs, Department of Revenue