

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

MICHAEL A. COX,
ATTORNEY GENERAL
STATE OF MICHIGAN

No. 04-234 CZ

Plaintiff,

HON. PAULA J. M. MANDERFIELD

v

Cig Tec Tobacco, LLC,

Defendant,

Stewart H. Freeman (P13692)
Charles D. Hackney (P14503)
Assistant Attorneys General
Attorney for Plaintiff
Consumer Protection Division
PO Box 30213
Lansing, MI 48909
(517) 335-0855

DEFAULT JUDGMENT
At a session of said court
Held in the City of Lansing, Ingham County,
Michigan the 2nd Day of June, 2004

PRESENT: Hon. Paula J. M. Manderfield
Circuit Judge

The court having considered plaintiff's MOTION FOR DEFAULT JUDGMENT, the defendant having received notice of the default and of the motion and having failed to appear and contest the motion, the court being advised in the premises and having determined that the relief requested in the complaint should be granted,

Declaratory Relief

IT IS ORDERED, ADJUDGED AND DECREED, the defendant has defaulted on its escrow payment obligations pursuant to 1999 PA 244, as amended, MCL 445.2051, 445.2052, in the total amount of \$289,688.30 (\$381.35 for year 2000 sales; \$56,990.10 for year 2001 sales; and \$232,316.85 for year 2002 sales).

Civil Penalties

IT IS ORDERED, ADJUDGED AND DECREED, the defendant knowingly violated MCL 445.2052 and the court imposes a civil penalty, payable to the state's general fund, in the amount of \$869,064.90, MCL 445.2052(3)(b), plus pre-judgment interest of \$8,215.15.

Injunctive Relief

IT IS ORDERED, ADJUDGED AND DECREED, that, until such time as defendant provides proof that it has met, the escrow obligations determined above and until May 19, 2006, whichever occurs later, defendant is enjoined from manufacturing cigarettes anywhere that defendant intends to be sold in the United States, including cigarettes intended to be sold in the United States through an importer (except where such importer is an original participating manufacturer that will be responsible for the payments under the Master Settlement Agreement with respect to such cigarettes as a result of the provisions of subsection II(mm) of the Master Settlement Agreement and that pays the taxes specified in subsection II(z) of the Master Settlement Agreement, and provided that the manufacturer of such cigarettes does not market or

advertise such cigarettes in the United States). During that time period defendant is also enjoined from selling cigarettes to consumers within this state (whether directly or through a distributor, retailer or similar intermediary). This injunctive judgment applies to defendant, its officers, agents, servants, employees and attorneys, and to any person or entity that acts in concert or participation with them and has actual notice of this judgment by personal service or otherwise. The reasons for issuance of this injunction are: defendant has failed to contest well-pled allegations that defendant has, on two or more occasions, knowingly defaulted on escrow deposit obligations imposed by MCL 445.2051, 445.2052.

IT ORDERED, ADJUDGED AND DECREED that as used in this judgment, the terms "cigarette" and "Master Settlement Agreement" have the same meaning as is given to them in MCL 405.2051, subsections (d) and (f), respectively.

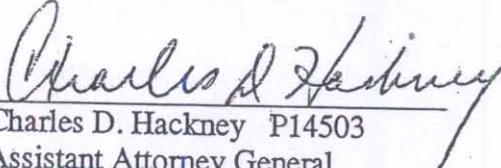
Plaintiff may tax costs.

This judgment resolves all pending claims and closes the case.

PAULA J.M. MANDERFIELD

Paula J. M. Manderfield
CIRCUIT JUDGE

Approved as to form and substance:


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