

PhilipMorrisUSA

December 7, 2007

Subject: Peace Pipe Smokeshop

To Gutlove & Shirvint:

PM USA is aware of ongoing law enforcement activity related to the owner of Peace Pipe Smokeshop, an account located at 9 Squaw Lane, Mastic, New York. This law enforcement activity is reflected in, among other things:

- (1) the attached Superseding Indictment in the matter of United States of America v. Rodney Arnoldo Morrison, Cr. No. 04-699, pending in the United States District Court for the Eastern District of New York, through which the federal authorities allege a variety of federal crimes related to the sale of cigarettes through Peace Pipe Smokeshop, and
- (2) the attached September 14, 2007 Affidavit in Support of an Application for Arrest Warrant and Search Warrant in the matter of United States of America v. Joseph Rombola, and United States of America v. The Premises Known as Peace Pipe Smoke Shop, 9 Squaw Lane, Mastic, New York, 11950, which specifically references Marlboro brand cigarettes.

In light of these developments, PM USA has determined that as of January 1, 2008, it will no longer sell its products to wholesalers that supply PM USA products, directly or indirectly, to Peace Pipe Smokeshop or any affiliate of Peace Pipe Smokeshop. According to data supplied to us through MSA, Gutlove & Shirvint currently supplies PM USA products to Peace Pipe. Accordingly, if Gutlove & Shirvint elects to continue supplying PM USA products to Peace Pipe or to any affiliate of Peace Pipe after December 31, 2007, its ability to order product from PM USA will be suspended. PM USA requests that you sign the attached acknowledgement, and return it to us no later than noon, December 31, 2007. PM USA will not offer to Gutlove & Shirvint a Wholesale Leaders 2008 Participation Agreement unless and until we receive the signed acknowledgment.

Please be advised that effective with orders placed on Monday, December 10, your payment terms will be minus 3 days, which will require orders to be placed 4 days in advance of anticipated delivery. We will restore your current payment terms upon receipt of the signed acknowledgement.

Thank you.

Philip Morris USA

ACKNOWLEDGEMENT

I have read the December 7, 2007 letter from PM USA and acknowledge that PM USA has determined that it will not sell its products to wholesalers that ship PM USA products directly or indirectly to Peace Pipe Smokeshop, 9 Squaw Lane, Mastic, New York, or any business affiliated with Peace Pipe Smokeshop. I hereby inform you that, effective [date], Gutlove & Shirvint will no longer supply PM USA products, directly or indirectly, to Peace Pipe Smokeshop, 9 Squaw Lane, Mastic, New York, or any business affiliated with Peace Pipe Smokeshop.

Signature

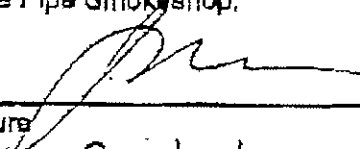
Title

Date

ACKNOWLEDGEMENT

I have read the December 7, 2007 letter from PM USA and acknowledge that PM USA has determined that it will not sell its products to wholesalers that ship PM USA products directly or indirectly to Peace Pipe Smokeshop, 9 Squaw Lane, Mastic, New York, or any business affiliated with Peace Pipe Smokeshop. I hereby inform you that, effective [date], Guttove & Shirvint will no longer supply PM USA products, directly or indirectly, to Peace Pipe Smokeshop, 9 Squaw Lane, Mastic, New York, or any business affiliated with Peace Pipe Smokeshop.

Signature



Title

President

Date

12/20/07