



State of Arizona NPM Surety Bond

I. INFORMATION FOR THE PREPARATION AND EXECUTION OF THIS BOND

- A. The legal name of Principal on the bond should be fully and correctly stated and should precisely agree with the name of applicant on its local business license or articles of incorporation (any material variation may delay acceptance of bond).
- B. The name in which business is conducted should follow the name or names of the Principal where the applicant does business under a fictitious name.

Examples:

Individual operating in own name: "Henry Smith"

Individual owner operating in another name: "Henry Smith d/b/a/ City Extended Contract Provider"

Partners operating in another name: "John Doe, Richard Doe, and Mary Doe d/b/a Contract Provider"

Corporation operating in own name: "Chase Company (a corporation)"

Corporation operating in another name: "John Doe Enterprises, Inc. d/b/a Superior Contract Provider"

II. EXECUTION BY PRINCIPAL

If the Principal of this bond is:

- A. An individual: This bond must be signed by the Principal.
- B. A partnership: This bond must be executed in the name of the partnership, and must be signed by at least one of the partners.
- C. A corporation: This bond must be executed in the name of the corporation, and signed by its President or Vice President, with an impression of corporate seal affixed, and attested to by the Secretary or Assistant Secretary of the corporation.

III. EXECUTION BY SURETY

- A. This bond must be executed by a properly authorized person, whose title must be shown, with an impression of the corporate seal of the Surety affixed.
- B. Attach an original or certified copy of Power-of-Attorney authorizing said execution.



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STATE OF _____ BOND NUMBER _____
COUNTY/CITY OF _____

KNOW ALL PEOPLE BY THIS DOCUMENT that we,

_____ (Tobacco Product Manufacturer)

Of _____ (Address of Tobacco Product Manufacturer)

as Principal, doing business at:

_____ (Tobacco Product Manufacturer business address for Non-U.S. Tobacco Product Manufacturer address - no P.O. Boxes)

And _____ (Name of Bonding Company)

Of _____ (Street address of Bonding Company)

as Surety authorized to transact business in Arizona, are held and firmly bound unto the STATE OF ARIZONA, as Oblige,

in the full and just sum of _____ THOUSAND DOLLARS AND _____ CENTS,
(Amount in Words) (Amount in Words)

(\$ _____), for which payment we hereby bind ourselves, our heirs, administrators, executors,
(Amount in Figures)

successors and assigns firmly by this document.

Statutory Requirement:

Pursuant to A.R.S. § 44-7111(3)(d)-(f), a nonparticipating manufacturer shall post a bond for the exclusive benefit of this State if (i) its cigarettes were not sold in the State during any one of the four preceding calendar quarters, (ii) it or any person affiliated with it failed to make a full and timely escrow deposit due under section 44-7101 during any of the five preceding calendar years, unless the failure was not knowing or reckless and was promptly cured on notice or (iii) it or any person affiliated with it, or any of its brands or brands of a person affiliated with it, were removed from the state directory of any State during any of the five preceding calendar years, unless the removal was determined to have been erroneous or illegal. Entities are affiliated with each other if one directly or indirectly through one or more intermediaries controls or is controlled by or is under common control with the other.

The bond shall be posted at least ten days in advance of each calendar quarter as a condition to the nonparticipating manufacturer and its brand families being included in the state directory for that quarter. The amount of the bond shall be the greater of (i) the greatest required escrow amount due from the nonparticipating manufacturer or its predecessor for any of the twelve preceding calendar quarters or (ii) fifty thousand dollars.

If a nonparticipating manufacturer that posted a bond has failed to make or have made on its behalf deposits equal to the full amount owed for a quarter within fifteen days following the due date of the quarter under section 5, subparagraph (g), the state may execute on the bond in the amount equal to any remaining amount of the escrow due. Amounts that the state collects on a bond shall be deposited into the state treasury and shall reduce the amount of escrow due from that nonparticipating manufacturer in the dollar amount collected. Escrow obligations above the amount collected on the bond remain due from that nonparticipating manufacturer and, as provided in any joint and several provision in A.R.S. § 44-7111, from the importers that sold its cigarettes during that calendar quarter.

NOW, THEREFORE, the condition of this obligation is such that if the above-named nonparticipating manufacturer as Principal, shall faithfully and truly fulfill all of its duties and obligations under A.R.S. §§ 44-7101 and 44-7111, then this obligation shall be void, otherwise it shall remain in full force and effect.



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PROVIDED, HOWEVER, this bond is issued subject to the following express conditions:

1. This bond is executed by the Principal to comply with the above-described provisions, and said bond shall be subject to all of the terms and conditions thereof.
2. The aggregate accumulated liability of the Surety under this bond shall in no event exceed the penal sum named herein, for any and all claims which may accrue during the term thereof.
3. This bond shall become effective on the _____ day of _____, 20_____, at twelve and one minute o'clock A.M., Mountain Standard Time, and continues in effect until the Surety withdraws from this bond by giving 60 days advance written notice by registered mail to the Office of the Attorney General, Tobacco Enforcement Unit, 1275 West Washington, Phoenix, Arizona 85007-2926 provided such withdrawal shall not release said Surety from any liability existing hereunder at the time of the effective date of the said withdrawal, and further provided that said 60 days shall begin to run on the day following receipt of notice by the Tobacco Enforcement Unit, Office of the Attorney General.
4. More particularly, all obligations existing on the effective date of Surety's withdrawal, including but not limited to escrow obligations, penalties, costs of investigation and attorneys' fees, shall continue to be protected by this bond, even though no cause of action has accrued at the time of the withdrawal, until the running of the statute of limitations on actions claiming against this bond.

Signed, sealed and dated this _____ day of _____, 20 _____.

_____(SEAL)_____(SEAL)
Principal

By _____ By _____

Signed and acknowledged by Surety's agent _____ before me this
day of _____, 20 _____.

My Commission expires: _____

Notary Public

Approved by: _____