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2003-0101-0003

VIA E-MAIL: frank@flyonsmith.com

Mr. Franklin L. Smith
Franklin Smith Law Offices
800 Fifth Avenue, Suite 4000
Seattle, WA 98104

Re: Mill Bay Members Association v. U.S., et al.
U.S. District Court No. 09-CV-00018-JLQ

Dear Frank:

Thank you for taking the time to speak with me this morning regarding the status of the Mill Bay matter. I also spoke with Paul Grondal who asked that I provide a short, non-privileged summary of the status of the proceedings. I'm happy to do so.

You will recall that from the inception of this litigation, Judge Quackenbush issued a stay. The language of that order precluded any of the parties from engaging in depositions, other discovery or filing motions until further order of the Court. The effect of that stay also allowed us to remain in possession. I think we were all aware that the stay was not going to be indefinite and would be lifted at some point in the proceedings.

At the time the Ninth Circuit affirmed Judge Whaley's decision in *Wapato Heritage v. BIA*, the judge requested that we file a Joint Status Report. We did so, but there was no scheduling order or lift of stay at that time. The U.S. Attorney's office then filed the pending motion for summary judgment. When we pointed out that the stay had not been lifted, the Court noted that the proper procedure was to first ask that the stay be lifted before filing the motion. In order to short-circuit that process, however, the judge lifted the stay but granted an extension of time for us to respond to the motion for summary judgment.

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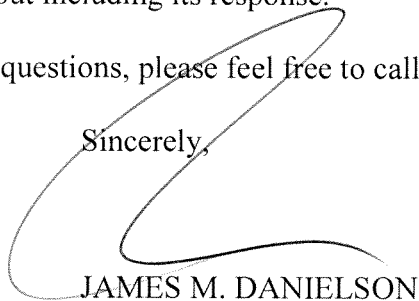
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Now that the stay has been lifted, we are able to engage in discovery, take depositions of some of the key players, and otherwise prepare to respond to the motion for summary judgment. The response date has been moved to April 23 and subsequently the Court will determine whether additional time will be granted for discovery and/or take the matter under advisement and make a ruling thereafter.

One of the fundamental issues to be presented to the Court is the trust status of the property and the Court previously ordered Wapato Heritage to amend its pleadings to raise that issue. I think the government has the cart before the horse on that issue and I intend to talk with Wapato Heritage's attorney about including its response.

If you have any questions, please feel free to call.

Sincerely,

A handwritten signature in black ink, appearing to read 'JAMES M. DANIELSON', is written over the typed name. The signature is stylized with a large, sweeping initial 'J'.

JAMES M. DANIELSON

JMD:jod

cc: Mr. Paul Grondal
Ms. Kristin M. Ferrera