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# Battle Begins To Increase Tribal Services With Gaming Dividend

by Ed Crittenden

by the corporation. An amended version will return in November that asks councilors to consider an incremental increase from projected gross revenues, instead of being based on what CNE accounting practices wishes to define as income.

typical business strategy would be to borrow the money on large projects and amortize the payback of those mortgages over a feasible schedule of time while depreciation of the building is spread over the reasonable life expectancy of the property.

Catcher was a staff accountant within the tribe 6 years ago. According to an anonymous source inside the CNO administration Catcher receives around \$120,000 plus a \$60,000 bonus annually in her new position within the newly formed CNB.

Cherokee citizens posed questions to Councilors after the meeting asking "Why are we putting all of our eggs in one basket if gaming has a short life span?" And, "What will the tribe do with huge over built facilities when the day comes that the State enters gaming and any advantages the tribes have are gone?"

Last month Stewart reported to Council in excess of \$150 million in proposed casino projects throughout the 14 Counties over the next few years including an \$80 million theme park project in West Siloam Springs.

O'Leary stated, "Unless the CNE accounting system is adjusted to conform with GAAP standards and legislation is enacted by council to mandate a parallel strategy to the tribe, the CNE Board will continue paying huge construction bills from revenues prior to dividends and the proposed development plan is sure to keep revenues for services to a bare minimum for years to come."

She said, "The main justification for the tribe having all of these corporations is to provide revenue for more services." She said, "If that isn't happening then Council needs to be finding out what is wrong."

"I really don't think Cherokee citizens waiting in long lines hoping for assistance with healthcare, adequate housing and education are as proud as CNE officials are that any building is paid in full the day it's completed," said O'Leary.

Cherokee Observer correspondents have sought information from CNE officials asking how many of the organization's upper management are not members of the Cherokee Nation and who receive annual salaries in the range of \$80,000 and above, plus an 80 to 100% bonus. An anonymous source stated that CNE is top-heavy with high paid non-Cherokee officials. At press-time, the information still was not available.

What other tribes are doing with their discretionary gaming revenues varies. Smaller tribes such as the United Keetoowah Band, (UKB) have only one casino. As a result the majority of gaming revenue goes back into the tribe to support services. Another prominent gaming tribe, the Choctaw Nation makes annual appropriations for unmet needs of its members. That tribal council voted last year to appropriate \$3 million in gaming revenues to meet a federal educational funding shortfall.

The Chickasaw Nation, a 38,000-member tribe, funded a state-of-the-art diabetic treatment center in Ada. It is the only one of its kind at an Indian health center in the state. The

tribe also opened a family recreation center with a heated Olympic size swimming pool. It's free to members but non-members can access it by paying a fee.



GAMING REVENUES FOR SERVICES	
Percentage of Tribal Gaming Revenue Spent on Services	
TRIBE	%
Muscogee Creek Nation	40
UKB	80
Osage	95
Cherokee Nation	25

Source: Tribal Figures

The proposed legislation to increase the CNE dividend to the tribe will be revisited in the November Executive Finance Committee meeting at 3 p.m. November 24, 2005.

CNE Financial Projections for 2005	
Fiscal Year Ends Sept. 30, 2005	
	\$ In Millions
Gross Revenues (After All Payouts To Winners)	270
Net Income (After All Expenses Including salaries and bonuses)	75
Tribal Dividend (Anticipated For Services)	18

Source: CNE 2005 Financials

Doug Evans, the council CPA, briefed council on the modest increase stating, "Gross Revenue is NOT in the eyes of the beholder." He said, "Generally Accepted Accounting Principles, (GAAP) defines Gross Revenue, not CNE."

Evans said, "A viable proposal is to use figures that correspond to all gaming revenue less payouts to patrons." He said, "The method that dividends are presently determined by, gives our gaming industry operation no incentive to run an efficient business."

He also pointed out that currently CNE officials could spend every dime of gaming revenue and not violate any tribal law on the books. "It is a dangerous accounting situation that could theoretically duplicate what Enron did to their stockholders accept with no consequences to officials who made the decisions that would normally be held legally accountable," Evans stated.

O'Leary said, "Presently the council receives 25 percent of whatever is left over after CNE expenses off whatever amount they decide to spend." "The underlying question we are going to determine before we are finished is who will be held legally accountable for watching the bank, CNE officials or the Cherokee Council and under what legal guidelines and penalties?" she said.

She added, "We have recently found that CNE accounting practices are actually double dipping with a depreciation expense on buildings, the Cherokee people have already paid for in full, thereby reducing the bottom line income prior to determining the tribal dividend for services."

The casino construction project in Catoosa, which began as a \$34 million project, topped \$80 million upon completion. The sign alone in front of the casino, cost the tribe an additional \$4 million.

CNE officials chose to completely pay for the construction project in full with revenues on hand depleting moneys, which could have provided tens of millions of dollars toward more current services.

Evans stated that few businesses would ever use \$80 million of cash on hand to pay for a building in full especially when interest rates are at a 40-year low. He said that a more

O'Leary said, "The concept for revenue expenditures at CNE to be parallel and complimentary to the goals and needs of the tribe is important because the main business of the tribe is principally to provide services to the Cherokee people."

She exclaimed, "Very simple wisdom suggests that CNE officials would usually choose the most efficient business strategies to generate the healthiest revenue stream possible into tribal services." She said, "It seems that the goals of the administration and their support for CNE officials to hold 75% of the profits away from the people's needs is in conflict with what is best for whom I serve, the Cherokee people."

O'Leary stated, "We must move toward more financial oversight by the council and create more stringent requirements that mandate a complimentary business responsibility to the tribe by CNE. We must assure better checks and balances whereby council has complete access to the paper trails throughout our corporations' financial systems. Council is the only branch of our government that has the duty to enact law, which defines crimes and punishment to discourage pilferage and impropriety. With so much money coming into our gaming it is imperative we do so now or we will never have a system of integrity that the people will trust," she said. Presently the CNE board to employees which last year included a \$50,000 bonus each to them, all before the dividend was paid to the tribe approves bonuses. Cherokee Nation Enterprise CEO Dave Stewart receives approximately \$125,000 annual salary, plus a 100% bonus each year.

Stewart reported a decrease in gaming profits for June, which he attributed the slump to an age increase requirement for admission because the tribe has begun selling liquor within casinos and also blamed it on increased competition from other casinos. Tribal Councilor Bill John Baker said this was the first time that CNE saw a decrease. Callie Catcher, recently promoted to head up the newly formed Cherokee Nation Businesses, advised the council to consider gaming a revenue source with a short lifespan. "As such, an increase to services could result in more of a fiscal hit if gaming revenues ever drop," she said.

## REDBIRD SMITH AND THE NIGHTHAWK KEETOOWAHS

The Ancient Keetoowahs have always been the Keepers of the Flame for the Cherokee Tribe. They are the conservative of the traditions and the stabel center from which the tribe gains its strength and retains its unique identity.

Some Keetoowahs have been fearless partisans and resistance fighters in troubled times, others have withdrawn farther into the fastness of the hills to protect their belief system and defend their traditions from the political conflicts of their embattled Nation and the inexorable encroachment of white society.

After the removal the Keetoowahs were eclipsed by the missionaries and by mixed blood acculturation. A Keetoowah Society was organized just before the civil war, and while it was a Christian society and not one of the Ancient Keetoowahs, it did serve to bring the full bloods together with an identity of their own.

In the Illinois District in the southern part of the Cherokee Nation, a group of Ancient Keetoowahs, conservative Creeks, and a few Natchez were nurturing the Sacred Fire and remembering the beliefs of their ancestors. They were determined to remain faithful to the surviving remnants of the Southeastern Temple Mound Culture.

The Smith family of the Illinois District was among the most conservative of the Ancient Keetoowahs, and from this family came RedBird Smith, who, almost single-handedly, gave the Cherokees back their traditional beliefs and ceremonies.

The passage of the Dawes Act on February 8, 1887, set in motion machinery that would, in very short order, crush the Indian Nations so they would no longer exist as separate entities.



Senator Henry M. Dawes, the great Indian Theorist, was the accepted authority of the time. He had spent a few days in the Indian Territory and had seen and talked to some of the leaders. This in itself made him considerably more knowledgeable than his colleagues in the Senate, most of whom had never seen an Indian.

On the assumption that the Senator knew the best course for these thousands of people to follow, the organizations in the East that had taken up the Indian as a popular cause, shouted down any dissenting views voiced by the Indian delegations to Washington or by the occasional clear-headed ethnologist who dared speak a word of caution. These were labeled "obstructionists" and summarily dismissed.

The Dawes Act was the vehicle for the allotment of land severalty—the breaking up of tribal lands which were still held in common, as they had always been. Those lands not included in the allotments were to be sold to the United States and subsequently opened for white settlement. At the time of its passage the Five Civilized Tribes believed

them-selves to be protected from the Dawes Act treaty. There was, nonetheless, an uneasiness and an insecurity among the Tribes. The opening of the Oklahoma Territory, west of the Indian Nations, gave them a sure indication of things to come.

In 1890, Congress passed the Organic Act making Oklahoma Territory officially a part of the United States. In 1893 the Dawes Commission was appointed to negotiate with the Five Civilized Tribes.

Grover Cleveland resumed the office of President the day after the Dawes Commission was appointed. As the vast majority of Americans, he thought the allotment plan for the Indians was a good idea.

Senator Dawes had retired from public office by this time, but he was called back from retirement into service because of what was believed to be his vast knowledge of the Indians and Indian affairs.

The Dawes Commission was officially designated as the Commission to the Five Civilized Tribes, but only in official documents was it given that title.

While the Dawes Commission was bgeing appointed, the sale of the Cherokee Outlet was begun. This was a seven million-acre tract of land west of the 96th meridian which had been ceded to the Cherokee by the Treaty of New Echota in 1835 was a "perpetual outlet west." At the time this teaty was negotiated all of that wild country seemed to be of little value to the United States and the government was anxious to placate the Cherokees and send them on their way west. It seems the Cherokee even then had a fear of a strangulation.

The Treaty of Washington, or Treaty of 1866, as it is generally known, provided for other tribes to be settled on portions of the Outlet lying between the Arkansas River and the 96th meridian. This left the Cherokee still holding title to some six million acres of prairie land which white settlers by this time were lusting after. The United States Government coerced the Cherokees into selling the remaining portion of the Outlet for something less than \$1.40 an acre. The Cherokee Council agreed to the terms on January 4, 1892. [This must be the same Council serving in 2005.]

The purchase of the Outlet was approved by Congress on March 3, 1893, and ratified by the Cherokee Nation on May 17. The Federal Government paid the Cherokees in bonds which were not sold until 1894.

The greatest land rush of the western frontier took place when the Cherokee Outlet was opened for settlement at high noon on Septem 16, 1893.

When the bonds that had been accepted as payment for the Outlet were finally sold in 1894 the money was divided up and each Cherokee citizen received \$265.70. Since this included citizens of all ages, some large families collected what amounted to a substantial sum of money for the time.

Nearly \$1,000,000 was distributed in Tahlequah. Chief Harris knew that this amount of money in the hands of the Cherokees would draw grafters and con men to the Nation like steel filings to a magnet. He issued a proclamation urging caution and temperance. He reminded them that they had now sold all their outlying lands and this would be the last payment.

The money was brought to the capitol building in Tahlequah under heavy guard and the distribution took more than two weeks. All manner of schemes and amusements to separate the Cherokee from his money sprang

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