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Serving the Cherokee People Since 1992

Latest SEC filing topic of concern for Cherokees

Teddy Snell - Tahlequah Daily Press

TAHLEQUAH — A recent U.S. Securities and Exchange Commission quarterly report filed by Texas-based Global Energy Group Inc. may spike the concern of Cherokee Nation citizens.

Cherokee Nation Industries is heavily invested in the company, and the purchase is the target of an ongoing investigation.

In June, seven tribal councilors – Linda Hughes-O’Leary, Bill John Baker, Joe Crittenden, David Thornton Sr., Charles Hoskin, Melvina Shotpouch and John F. Keener – filed suit against then-CNI CEO Jim Majewski, Principal Chief Chad Smith, and Benny Dixon, then executive in charge of economic development for CNI. The lawsuit alleged the tribe was defrauded and corporate assets were wasted by purchasing stock in GEG.

James Garland, attorney for Commercial Litigation Services, is representing the councilors in the suit, and is watching GEG’s actions closely. According to Garland, a number of questions have been raised about the latest quarterly report, including a notation under “Recent Developments” stating the company received notice from the SEC about GEG’s purchase of Global Energy Distribution Group LLC.

“The SEC believes Global may have incorrectly accounted for the transaction,” states the report. “...however, pending the outcome, Global may have to restate financial results for the periods ending Sept. 30, 2005; Dec. 31, 2005; March 31, 2006; and June 30, 2006; if the SEC requires restatement.”

John Bailey, GEG CFO, believes the accounting was accurate. “I wish I had the odds on whether or not the SEC is going to require us to restate,” said Bailey. “The SEC is so diligent in their efforts to keep accounts exact that we’ve gone back and forth, making a number of adjustments. They’ve never said our accounting is inappropriate; however, the SEC is the SEC, and we will change [quarterly statements] if we have to.”

Bailey indicated the company has never been, nor is it now, under investigation by the SEC.

“We had an inquiry in April, and we went to Fort Worth and answered their questions, but we are not under investigation,” he said.

Garland believes the SEC is looking closely at the company, and is baffled at CNI’s reticence.

“I’m certain GEG will have to restate regarding GEDG,” said Garland. “I don’t know why these folks continue to defend a totally irresponsible acquisition. GEG will not know about an SEC investigation until someone shows up with papers in hand, requiring them to turn over information. I do believe when they make comments on restatement of accounting procedures, a serious look is being taken at the company.”

According to Garland and other professionals in the accounting, acquisitions and mergers field who have reviewed the report, GEG has no sales outside of “trading checks” with Cherokee Nation Industries.

The report filed with the SEC indicated GEG reported sales revenues of \$1,023, 892 for the six-month period ending June 30. Of those, \$967,000 were made by either Cherokee Nation Industries or Cherokee Nation Distributors, leaving a mere \$56,892 in sales to other entities.

Bailey explained why so much in sales was attributed to the tribe.

“When the Cherokees make everything [supplies, parts], you’d better put them on Cherokee buildings first to make sure they’re going to work,” said Bailey. “We have a number of other companies such as Frito Lay who are customers, but we want to make sure the product is viable before contracting.”

Garland believes the transactions are subterfuge. “GEG has nothing going on in sales outside of exchanging

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Constitution Crisis

The Chief and JAT in a 2-1 vote to put into effect the new 1999 Constitution does not have that Authority. The reason Chief Smith gave in an open meeting at Wichita, Kansas was the BIA was dragging their feet. So, he asked the JAT to put it into effect. The BIA dragging their feet does not give our JAT the authority to put the 1999 Constitution into effect.

One issue that is in Federal court in Washington DC right now is on the 2003 general election’s where the freedmen tribal members were denied the right to vote.

Second, trying to remove the freedmen off of the roll. The freedmen are on the Dawes Final Roll of the 5 civilized tribes. They can’t remove them, it is set to time indefinite. They want to remove all freedmen (even the ones that are Cherokee by blood), but not removal of the adopted whites, which have no Cherokee

blood. They keep saying it is not racial, but their actions speak louder than their words.

It appears that our current administration feels they are not accountable to anyone.

The President or BIA has that federal authority and they have not approved the 1999 constitution and the Federal Court could rule to nullify the 2003 elections and call for a new election, with all the officials that were in office before the elections back in. Then open up new elections with the freedmen getting to vote in those elections. The BIA would probably handle that election.

We, Cherokees need to be cautious in accepting what this administration is saying. Their track record is not very good. Their actions speak louder than their words. Keep an open mind and research for the truth.

Response to Is the Cherokee Phoenix and Indian Advocate really free?

The 2000 Freedom of the Press Act passed by the Cherokee Nation of Oklahoma Tribal Council and signed into law by Chad Smith, is nothing more than a ruse to make the people believe that the tribal newspaper is free. No media outlet can be free while its umbilical cord remains connected to the government.

The fact is, and I have heard it directly from the mouths of various reporters at the CNO paper, the stories are whitewashed before going to print. That newspaper, while working closely with the rules of journalistic style, has, as Marvin pointed out, no hard hitting news or presented opposing viewpoints that might be critical of the administration.

The Cherokee Phoenix and Indian Advocate, including all of its staff and the editorial board, are paid by the tribal government. Regardless of how the legislation purporting to “free” the newspaper might be interpreted, the fact that the paper is not freestanding by being supported by advertising and subscriptions is proof positive it is not free. Thousands and thousands of tribal dollars are thrown at the Phoenix and its staff, making them beholden to their cash cow, the principal chief.

We have already seen how Chad Smith will manipulate funding for various programs and even the legislature, in order to get what he wants. The paper is no different. A newspaper cannot have an intervenous infusion of funds from the government it is suppose to be watching and legitimately be viewed as an independent news source.

We have not and would never say that the Cherokee Observer is the end all to independent news in the Cherokee Nation. We don’t even say we are journalists. In fact, we understand our own limitations in presenting news because we have certain views which make us biased. And we respond to the biased news presented by the Phoenix and mainstream press and tell the other side of the story. The difference for the Cherokee Observer staff is that we take no government funds. Everything that is done for the Observer is out of the pockets of the staff and/or advertising and subscriptions. If the readers/advertisers do not like or want our news, they need only withdraw their support.

On the other hand, because the Phoenix is created by the tribal government, using the Cherokee people’s money, there is no chance to withdraw from it. Sure we can toss it when it arrives on our doorstep, or we can simply ignore it. But it is still spoon

feeding a majority of our tribal citizens the gruel prepared by the government. The party line towed by the Phoenix is inescapable, even if we choose not to read. I spoke a fellow yesterday about some of the issues facing the tribe today, including the Freedmen, GEG, Arkansas Riverbed, United Keetoowah Band, Delaware recognition; and his response, “I have never read any of that in the Cherokee paper.”

The Cherokee Observer staff have diligently worked with the mainstream media operating in and near the Cherokee Nation to provide information essential for them to cover all sides of the Cherokee story. As the Cherokee Observer developed, we developed working relationships with mainstream reporters and editors so that they would no longer simply accept the CNO press releases as the only facts. Every major paper in the Cherokee Nation now has an official “NATIVE” beat with an assigned reporter. That is a direct result of making real news available to the press, which was unavailable from the CNO spokespersons and press.

The Cherokee Observer staff understands our own limitations of time and money and as news arises, we take it to a mainstream reporter and let him/her cover the story. Because the Cherokee Observer is monthly, and news must get to the Cherokee people quickly, most of the hot stories that have been broken by the mainstream press were handed to them by one of the staff members of the Cherokee Observer. We could have held onto the news until our own publication date, but that would not serve the interests of the Cherokee people. Keep in mind that a newspaper is not the goal of the Cherokee Observer. Our longstanding goal has always been the dissemination of news to the Cherokee people. The Cherokee Observer hard copy, online copy and our work with the mainstream media all serves that goal.

The mainstream media has begun to mature in its coverage of Cherokee and Indian issues. That maturity includes a clear understanding that the government leaders of Indian tribes, like most politicians, will only say what is in their own best interest to say. With this maturity comes an understanding that the “NOBLE SAVAGE” image, where whites think Indians don’t lie or litter, is false. The leadership of the Cherokee Nation of Oklahoma: Keeler, Swimmer, Mankiller, Byrd and Smith, have all been consummate liars. It is that pattern of covering up their misdeeds which has made the Cherokee Observer and real freedom of the press a necessity for the Cherokee people.

Cherokee People Want To Know “Where is all the Money Going?”

Editorial: Ed Crittenden

The number one question among tribal members living within the Cherokee Nation that has only grown louder over the past seven years is, “Where is all the money going?” Invariably, when I discuss tribal issues with other members, that question is asked of me.

Let’s look at a basic picture of the Cherokee peoples’ money. These are general amounts as space limits the depth of discussion. All financial information should be available at the tribe through a simple FOIA request and I encourage everyone to follow up with their own inquiries. I hope this discussion might promote and encourage other members to begin asking their elected officials more questions.

The 2007 Cherokee Nation Fiscal Year Annual Budget for the operation of programs including overhead and salaries will be proposed to Council in the September Budget Hearings. This year the annual budget will begin at \$348,000,000 more than double what the annual budget was only ten years ago. The bulk of this amount is funded by federal programs and federal grants which have stipulations in how the dollars must be spent.

Federal programs and grants require that all of the money be spent within the jurisdictional
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AG files suit against Councilors

The Cherokee Nation Attorney General filed charges against seven tribal councilors involved in a federal suit.

Portions by Teddy Snell - Tahlequah Daily Press

TAHLEQUAH — In response to a federal civil suit recently filed by seven Cherokee Nation tribal councilors, Diane Hammons, attorney general for the tribe, filed a suit against the councilors on a number of charges, including that the seven acted beyond their authority as councilors.

According to court documents, in filing a federal civil suit against Principal Chief Chad Smith, Jim Majewski, CEO of Cherokee Nation Industries, and Benny Dixon, a financial adviser to the tribe, councilors violated the

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Those named in the suit include Linda O’Leary, Bill John Baker, David Thornton Sr., John F. Keener, Charles Hoskin, Melvina Shotpouch and Joe Crittenden.

Wah doh, David. For your explanation concerning the Cherokee Nation of Oklahoma’s legislation regarding the so-called freedom of the press in 2000. The Cherokee Observer was created under the umbrella of the United States Constitution’s first amendment. The Bill of Rights for all American citizens guarantee us the following:

Amendment I Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

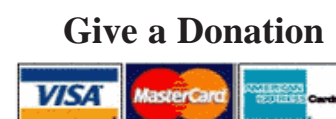
The Cherokee people already had the freedom of the press long before Chad came up with his idea.

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CNI CFO resigns his post

TAHLEQUAH — Fed up with fighting and “playing hide-and-seek with documents,” Tom Reynolds, chief financial officer for Cherokee Nation Industries, resigned his post effective at 8 a.m. Tuesday morning.

In his resignation letter, Reynolds wrote that he “didn’t come here to be involved in a fight ... and get my name in the newspaper every week.”

Reynolds has been embroiled in the ongoing internal investigation into CNI’s questionable investment in Global Energy Group, a publicly held company based in Texas. He recently appeared before the Cherokee Nation Tribal Council’s Executive and Finance Committee and reported CNI stood to lose millions of dollars due to the investment.

Reynolds resigned via a letter addressed to Jim Majewski, CNI CEO, who was placed on paid administrative in June; Bryan Collins, acting CNI CEO; and David Ballew, chairman of the board of directors at CNI.

“Because of the board of directors’ no-action, no-decision policy, I don’t even know to whom I should address this letter, so I guess all of you should cover it,” the letter states.

Collins issued a statement on Reynolds’ resignation: “Cherokee Nation Industries CFO, Tom Reynolds, resigned today. Cherokee Nation Industries has more than 35 years of proud success behind it, and we think the best years are ahead of us. It is unfortunate that Mr. Reynolds has chosen not to be part of that success and growth.”

Reynolds addresses Majewski directly in the letter, saying, “Jim,

you told me this position was political, but I didn’t know that you meant covering the Chief’s rear was job one, and business was job two! This is a situation I am not comfortable with. I am a businessman, not a politician.”

Reynolds confirmed writing the letter during a telephone interview Tuesday afternoon.

“The world of real business isn’t about politics,” said Reynolds. “I was retired when I took this job. I thought it sounded interesting, and my two children are Cherokee, so I thought it would be fun. I had no idea what I was getting myself into.”

Reynolds, former vice president of finance and secretary treasurer of Hudson Foods, said he strongly believes in the ethics instilled by his former employer, who is also a member of the Arkansas Business Hall of Fame.

“I hope the Cherokee Nation will remember one thing for the short time I was here,” wrote Reynolds. “I have said it before and I will keep repeating it. There are three simple rules that Mr. Hudson of Hudson Foods Inc. taught me during my 20 years with him, and they served us well there: Never get involved with venture capitalists, never buy start-up companies, and never buy less than 100 percent of anything.

“By using these simple guidelines, the Cherokee Nation may miss out on a few great opportunities, but they will be saved from many, many bad deals and losses that will far outweigh the missed opportunities.”

Reynolds pledged to provide any assistance or information to any tribal or governmental body that

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