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Latest SEC filing topic of concern for Cherokees

checks with CNI and CND," said Garland. "They cannot book any goodwill as assets under its pooling or equity method of accounting, which renders the goodwill figure wholly inaccurate and misrepresents the value of the company to the public."

GEG listed its total assets for the quarter as \$16,940,793, with the goodwill portion of those same assets as \$15,595,665.

According to Garland, after taking away "intangible" assets, GEG is listed with approximately \$100,000 in assets and carries more than \$8.5 million in debt.

Bailey indicated the company is making headway, and future prospects are good. "This has been a long time in coming," said Bailey. "Contracting with any Native American company takes longer, what with due diligence and all, but we're finally getting things under way."

Garland isn't convinced.

"They have no rights, no assets and no prospects," said Garland. "Their license payments are in default. I'm amazed when I see this penny stock company being represented as having any viability."

These are the same concerns Tom Reynolds, former CNI CFO, and Doug Evans, CEO for financial oversight for the tribal council, have pointed out during recent meetings with tribal councilors.

GEG has a "going concern" statement in the report indicating it has incurred losses from inception in 1998 through June 30 this year. "The company does not have an established source of revenues sufficient to cover operating costs, and accordingly, there is substantial doubt about its ability to continue as a going concern," the statement reads. "To develop an established source of revenues and achieve a profitable level of operations, the company will need, among other things, additional capital resources. However, there is no guarantee that management will be successful in procuring any outside funding."

Garland believes many Cherokee citizens are afraid to speak out about the issue. "I'm sure there are hundreds [Cherokee citizens] who are outraged and afraid to speak out for fear of being punished by the tribal administration through economic means or by loss of employment," said Garland.

CFO Explains Fiduciary Duty In Response To A Councilor

I wish I could say that I appreciated a recent letter supposedly written by Cherokee Councilor and CNI Board Member Jackie Bob Martin where he introduced me in a less than honorable manner. Mr. Martin somehow confiscated personal emails where I was speaking candidly about some of the upper hierarchy saying these Indians are nuts. By now there should be no doubt in anyone's mind that there is something nuts about a multi-million investment in a company that is financially worthless.

What I find preposterous is that Mr. Martin sits on the Board that approved the questionable decisions concerning GEG. He also sits as a Councilor with a fiduciary duty over the Cherokee peoples' money, but has done nothing in either capacity to intercede and stop Cherokee money from hemorrhaging out of CNI into this investment. But he has the audacity to publicly attack me for saying that these Indians are nuts. Mr. Martin went beyond any reasonable explanation for a person with fiduciary responsibility when he recently voted against giving the Councils' attorney the authority to use any legal means available to recoup the Cherokee peoples' money. Why would some outsider like me looking at the financials of this situation and the subsequent actions by the various bodies not think these Indians are nuts?

Mr. Martin described me in terms I feel is beneath deserving a response. I would rather just clarify that I am Native American, Shawnee, and my deceased wife and my two children are Cherokee.

I believe a man of integrity is one who does the right thing for the right reason and tells the truth even when it is not what the majority wants to hear. I am the type of guy who says what the facts show. If people are being stupid or nutty in relation to any business deal where I serve as the CFO, I get paid a lot of money to tell it like it is.

I understand that Mr. Martin is one of the Chief Smith's political slate members and has historically been quite loyal to the Chief. I think that is remarkably undeniable by simply assessing Mr. Martin's voting record to see that if Chad Smith wants it, Jackie Bob Martin does anything to get it. This speaks volumes to Cherokee people about Mr. Martin and his relationship to integrity. The GEG investment will likely expose many more improprieties as I have seen these kinds of companies before.

In conclusion I would like to say that I don't believe that Mr. Martin even wrote the letter that was published and that it was probably designed as a shoot the messenger tactic by one of the tribal media people working for the Chief. I would like to reiterate my offer to assist any attempt to recoup the peoples' money and get to the bottom of this situation.

Tom Reynolds

My Thoughts: Chief Smith's Open meeting in Wichita, Kansas

Franklin McLain Sr.

Chief Smith welcomed everyone that came to the open meeting in Wichita, KS today, (August 12, 2006). Deputy Chief Grayson gave the prayer.

Chief Smith made introductions, The two newly appointed At-Large Council members; Jack Baker of Oklahoma, OK and Taylor Keen of Tulsa, OK. Along with the Tribal Registrar who had enrollment information available and a few others.

Chief Smith gave a slide presentation on "Why have a Cherokee Nation?" It was a warm and fuzz story, along with the administrations reason why they were doing this to the "Freedmen". During this presentation there were several things that came out, which really stood out. The major statement was, we need to decide now, how the Cherokee Nation will survive after all enrollees are gone. Many of us Cherokees have talked & discussed this issue for the last 30 years. It was interesting in what Chief Smith said, that the body and the government are the same thing. The people are not the body any more. In taking this course, we would guarantee the Cherokee Nation would survive 100 of years, no matter what happens to the people. This issue and the actions of selected tribal elective officials along with non-Cherokee department heads & employees need to be watched very close.

The meeting had several issues that came out of it. There were around 26 to 28 attendees with about 65 to 70% of freedmen descendants. Many have been denied the rights to vote since 1983 and was looking for answers as to the current JAT that the Freedmen are tribal members and has a right to vote ruling and the new administrative efforts to remove the descendents of freedmen from membership under 1976 constitution.

Then after this presentation Chief Smith gave the two newly appointed At-Large Tribal Councilors; Jack Baker of Oklahoma, OK and Taylor Keen of Tulsa, OK an opportunity to say something to the attendees. Then Chief Smith opened the floor for questions and answers. Then one tribal member wanted to know what help or grants were available to them in Wichita, Kansas. Chief Smith stated there were none. Then the next attendee got up and "Made several statements and issues" Chief Smith refused to answer her questions, his statement was is was an argument and he was not going to answer them. She then said "this seems racial" and many in the meeting agreed in her statement. It was also asked, "Are you going to remove the adopted whites too? They are not Cherokee by blood. He answered "NO". Marilyn Vann asked for the floor to respond to what this petition to remove the Freedmen from the Cherokee Nation as members/citizens with the right to vote. She handed out information sheets to the ones that wanted them, which was all of them. They also asked how was both sides of this issues going to get to the Cherokee people? Chief Smith said "It's up to you to get the other side or your view to the tribal members". Which implied that the Cherokee Nation of Oklahoma was not going to provide the other sides of the issues to the Cherokee people. I guess that is why no one from our Cherokee tribal newspaper, our free press was there.

Then several other freedmen descendants asked questions, and they felt that chief smith didn't answer their questions. Taylor Keen the new at-large councilor got up to speak about his feelings and view on this issue. He stated "The Freedmen descendents are right now Cherokee tribal members and are eligible to vote, he encouraged them to get all their family member, friends enrolled. The Cherokee registrar was there with the entire enrollment forms and they could download from www.cherokee.org website. They stated the enrollment office is backlogged with applications for membership. They would just have to be patient in the process. Which brought up another issue, I will talk about a little later.

They had no sound system, so it was really hard to hear every thing that was said. Chief Smith had the tribal newspaper "Cherokee Phoenix" handed out to everyone so they would have all the current information on the Freedmen issues and the Cherokee Nation stand on the issue. Chief Smith stated he has no stance either for or against it. It is not his discussion. It is the Cherokee tribal citizens rights to decide. He would go with what they decide. Which that is what he said about it before, "I'll go with what Cherokee JAT decide". Well we know he didn't do that, because if he had kept his word, this issue would not be before the Cherokee people today. We're asked to go against our Constitution.

Chief Smith started all of his staff with the drawing for door prizes. I got a hymnbook in Cherokee with CD & Isaac got a CD with Xmas songs in Cherokee. Almost everyone got something and the children got hats. At that point Chief Smith closed the meeting.

I talked to the Registrar about our enrollment department. I asked, "How many staff do we have working in the enrollment department?" She said, "fifteen (15), I then asked her "How many did you have 10 years ago?" She said "eighteen (18)". This administration is so busy and no one can get his or her enrollment processed in a timely manner. I said, we need to increase our enrollment department; we need more people working to correct this issue. I asked about the procedures in the process of applications. What she said really surprised me. She said they are processed as they come in. Which is one of the reasons we have a backlog and can't get them out faster. She said they have a new computer system now. I stated that I developed tribal enrollment software in 1982. I'm very familiar with the computerized enrollment process. We should not have a backlog of applications and it should not take two years, if you're lucky to get your tribal membership. We need changes in the enrollment department. We can get new elected officials in 2007.

If you attend any meetings with Chief Smith or tribal representatives, please tape it, with video would be the best and send it to the Cherokee Observer.

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CNI CFO resigns his post

will help regain the Cherokee people's money from the investment.

"I find very few highly experienced business people in the Cherokee Nation," wrote Reynolds. "It is my hope that the Nation will take some their excess cash and provide for education so that can be changed. My two kids are Cherokee, and I know that they will be watching future elections with much interest, as will I."

Reynolds attributed the length of his stay with CNI to three co-workers. "I made a lot of new friends at the Nation," wrote Reynolds, "and I want to especially thank my three accounting controllers. They are some of the best I have ever worked with, and it is only because of them that I have stayed this long."

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The Cherokee Observer

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The Only Independent Cherokee Newspaper

P.O. Box 487

Blackwell, OK 74631-0487

e-mail: cwyobserver@yahoo.com

editors@cherokeeobserver.org

Phone/Fax: 1-580-363-5438

PUBLISHER: Marvin J. Summerfield

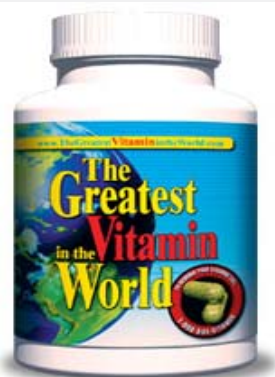
OWNER: Cherokee Observer, Inc.

www.cherokeeobserver.org

Back Issues rate per copy\$2.00
Yearly Mailing Rate (domestic).....\$22.00
Yearly Mailing Rate (foreign).....\$45.00
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