

DOWDY



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Serving the Cherokee People Since 1992

JAT rules 2003 Constitution law

Ed. Note: The BIA stated they have not approved the 1999 Cherokee Constitution which is a requirement of the 1975 Constitution. Also, The law suit in Federal Court on the 2003 Cherokee Elections may be voided for not allowing the Freedmen to vote. These two issues are under review now. Other tribes didn't allow the freedmen to vote, So the BIA came & shut them down until they got the issue corrected. It may take this kind of action to right more wrongs.

In May 2003, Cherokees voted to remove the federal approval clause from the 1975 Constitution. The clause stated that no amendment or new constitution shall be effective without presidential approval.

By Travis Snell
Staff Writer

TAHLEQUAH, Okla. - By a 2-1 decision, the Judicial Appeals Tribunal ruled in June that the Cherokee Nation's 2003 Constitution is effective and the tribe's governing law.

Bypassing federal approval from the Bureau of Indian Affairs, JAT justices Darell Matlock and Darrell Dowdy ruled on June 6 that Article XV, Section 10 of the tribe's 1975 Constitution was self-imposed and that the Cherokee people "by their inherent sovereign power had the right to remove the self-imposed requirement."

Article XV, Section 10 of the 1975 Constitution states that no amendment or new constitution shall be effective without presidential approval or his authorized representative.

Principal Chief Chad Smith said the CN was exercising its sovereignty by approving the new constitution without federal approval and has received all proper approvals by passing a vote of the Cherokee people in July 2003.

"This is a historic day for the Cherokee Nation," he said. "Our constitution requires that the people review our constitutional laws every 20 years and modify when necessary. Today, the (tribe's Supreme) Court has reaffirmed the obvious; we were a government exercising inherent sovereignty before there was a United

States. The greatest exercise of that sovereignty is to pass our own constitution, without interference from outsiders."

In April 2002, after negotiations between the tribe and the BIA, the BIA agreed that the tribe could amend its 1975 Constitution by referendum vote to remove the clause regarding federal approval.

In May 2003, Cherokees voted to remove the federal approval clause from the 1975 Constitution and two months later voted to accept the 2003 Constitution as the tribe's new governing document.

However, a lawsuit was filed in March 2005 by Dennis Jay Hannah and Ralph Keen Jr., two men who served on the tribe's 1999 Constitutional Convention Commission when the constitution was drafted.

The men believed the 2003 Constitution had not been formally approved by the president and asked the JAT to determine the legal status of the federal approval amendment and the 2003 Constitution.

The June 6 decision stemmed from that lawsuit and a 2002 letter from then-Assistant Secretary of the BIA Neal A. McCaleb, who stated that it was his intention to give Cherokee voters final approval or rejection of the federal approval clause.

Justices Matlock and Dowdy ruled that because citizens voted to strike the federal approval clause no further approval from the federal government was necessary.

However, Nedra Darling, a BIA spokeswoman said the BIA is reviewing the issue.

"They need (BIA) secretarial approval. It's been upheld in the courts" that federal approval is

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Joe Grayson-Deputy Chief

"Is stealing a crime in the Cherokee Nation"

per his veto of Increase of Punishment on Serious Crimes.



Executive Branch

Ed. Note: The Cherokee people's view is "YES, stealing is a crime in the Cherokee Nation" and it appears some of our elected officials are true to their words". It's the Cherokee peoples money, not theirs!

Global Energy Group - Public Stock Listing - GENG - their stock symbol has changed to: GENG.OB

Enter up to 8 symbols below (separated by commas): [Find Symbols](#)
GENG 1 decade [Get Chart](#)

Global Energy Grp (GENG) as of 05/25/2006 09:30 ET (OTCBB Delay: 15 min.)
Last: 0.10 Change: -0.10 (-50.0%)



What do you think? Does this look like a good investment to you? Is this how you want your elected officials to waste our Cherokee money?

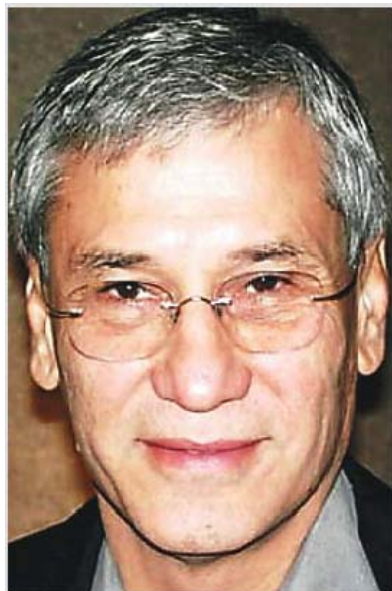
Suit names Cherokee chief

By S.E. RUCKMAN World Staff Writer
6/25/2006

MUSKOGEE -- Cherokee Chief Chad Smith was named in a federal lawsuit filed Friday by seven tribal councilors who allege fraud and financial misconduct surrounding the acquisition of a company by one of the tribe's business entities.

The tribal councilors seek a jury trial in U.S. District Court for the Eastern District in the suit that names Smith and two other defendants, James Majewski and Benjamin Dixon.

Majewski is the head of Cherokee Nation Industries in Stilwell,



Smith and two other defendants, James Majewski and Benjamin Dixon.

an industrial arm of the tribe's business interests. Dixon is an economic development executive for Cherokee Nation Industries.

The councilors allege that Smith knew of deceptive practices by Majewski and Dixon involving the purchase of Global Energy Group, a company that sells air-conditioning and heat pump equipment.

The tribal councilors are seeking a judgment against the defendants for losses to the tribe caused by alleged fraud, waste of corporate assets and breach of fiduciary duty. The suit alleges violations of the Securities Exchange Act in connection with the purchase.

The councilors allege that financial transactions surrounding the loan to purchase the company were questionable and not properly accounted for to the tribal council. The company was bought with federally backed loans obtained with the tribal council's approval.

Smith, Dixon and Majewski then used the borrowed money to buy shares of Global Energy Group directly from stockholders at a

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Fraud alleged in suit on Cherokee purchase

By Randy Ellis and Sheila Stogsdill - Daily Oklahoman Staff Writers

Allegations of fraud, accounting irregularities, stock price manipulation and possible insider trading have surfaced in connection with a Cherokee Nation corporation's \$2.5 million acquisition of majority interest in a money losing air-conditioning products company.

Seven Cherokee tribal councilors filed a federal civil lawsuit against Chief Chad Smith and two tribal business leaders June 23 alleging fraud and deception in last summer's purchase of stock in Global Energy Group, a publicly traded company headquartered in Plano, Texas.

John R. Bailey, Global Energy Group's chief financial officer, denied that there have been irregularities in the purchase and accounting.

Global Energy Group

"Those allegations are patently untrue and incorrect," he said. "Global Energy Group is trying to maintain a rational and calm response to these statements, but we certainly reserve the right to exercise all our legal remedies."

Chief Smith refused to say whether he thinks the acquisition of Global stock has been good for the Cherokee Nation, but said the allegations made against him are false.

A Securities and Exchange Commission inquiry is under way.

Doug Evans, executive director of financial oversight for the Cherokee Nation Tribal Council, requested the SEC inquiry in February in a letter that said Global appeared to have used a "highly questionable" accounting entry in its financial statements.

Evans specifically questioned the legitimacy of the company listing an asset of more than \$15 million for "goodwill" after its acquisition.

Goodwill is an accounting term that refers to company assets that cannot be seen or touched, such as the value of a well known and respected brand name.

Evans noted that Global had "essentially no assets" and a significant amount of financial obligations that were assumed by a subsidiary of the Cherokee Nation at the time of the acquisition.

Global has lost money since its inception. The company reported in its March 31 quarterly report that it had a retained deficit of more than \$12.4 million and that there was a "substantial doubt about its ability to continue as a going concern."

Cherokee Nation Distributors acquired slightly more than half the stock in Global through a complex three-way transaction that involved Cherokee Nation Distributors paying \$2.5 million for 61 percent of a distribution company. Global then bought the distribution company with stock in a virtually instantaneous transaction.

The net effect of the deal was that the Cherokee Nation subsidiary ended up with about 52 percent of Global at a cost of \$2.5 million. Based on that price, the whole Global company would appear to be worth less than \$5 million — which is far less than the \$15 million-plus that Global is listing on its financial statements as the value of its goodwill.

"I believe the questionable goodwill entry has been inflating the asset base,

misstating the public financial statements and manipulating the stock price," Evans told the SEC.

Bailey argues that proper accounting methods were used to arrive at the goodwill value. He said he explained the accounting entry to an SEC official and hasn't heard back.

An SEC spokesman said the agency doesn't comment on the status of its investigations unless some official court action is taken, and no such action has been taken.

Evans reported in his letter that one member of Cherokee Nation Industries has openly admitted to actively trading in Global stock. Evans said a tribal official has questioned whether the trades were illegal insider deals and wants to know who else was trading Global stock.

The recent federal lawsuit makes a series of allegations against Chief Smith, Benjamin Dixon and James Majewski. Dixon is in charge of economic development for Cherokee Nation Industries and Majewski is chief executive officer of that entity. Majewski was placed on administrative leave earlier this month.

The lawsuit alleges the three schemed to hide the true financial condition of Global from other tribal officials and ignored a letter from the tribe's business advisory team that identified several concerns that should be addressed prior to the purchase.

Smith said the allegations are political and false.

"Just like the robin comes out in spring, this came out at the beginning of the political season," he said. "There's nothing to it other than a very frail effort at political embarrassment."

Smith said he is planning to run for re-election. Candidates will file for office in February and the election will be in June 2007.

Global owns several patents and manufactures products to improve energy efficiency. Its leading product is designed to hook up with existing industrial-sized air-conditioning units and can improve the efficiency of units by as much as 40 percent, the company claims.

In a December letter to tribal officials, Majewski said the primary reason for purchasing Global was to provide jobs to Cherokees. The products are manufactured by a Cherokee Nation subsidiary in Stilwell and Majewski projected 25 to 50 jobs would be created within 12 months.

He called the company a "diamond in the rough" and said all the acquired company had to do was "sell to one military base" to recoup its investment.

Bailey said the Cherokee's status as a minority contractor with federal government contacts was a major factor in Global officials' thinking the acquisition could be beneficial for both groups.

Daily Oklahoman - Fri June 30, 2006



Cherokee Election Commission Passes Referendum Petition to Block \$1.25 Million Expenditure Up To Supreme Court

decided, in the interest of clarity, the people now need to argue before the court what the definition of "or" is. However, it's a step up from trying to get a ruling from the court on the void within the law that does not specify what body the people are to entrust petitions when there is no commission in place as we are still tied up on the four other petitions we circulated almost 2 years ago."

The Supreme Court Justices will now determine if Proponents have acquired a sufficient number of signatures according to the requirement within the Constitution. A referendum requires at least 5% of the total number for the candidate receiving the highest number of votes in the last election. Using the votes that Chad Smith

received, 7281, Commissioner Rick Doherty, from Stilwell calculated the total number of signatures required for a valid order to be 364. The Commission voted unanimously to pass forward 368 signatures to the Supreme Court as verified registered voters' signatures.

After Justices announce their mathematical determination a protest period will open where any Cherokee citizen can protest the petition on the validity of signatures or the face of the petition.

Crittenden said it is likely that petitioners will file their own protest on the signature count in an attempt to abolish the requirement of personal tribal membership numbers on petitions because of the jeopardy it places

on peoples' privacy and the compromise to the integrity of both tribal membership records and the absentee voting system.

Crittenden said, "Those numbers are like an Indian's social security number, which must be kept private. Otherwise anyone could very easily request an absentee ballot in another's name, could potentially access private medical records, and could very easily create fraudulent documents to acquire tribal membership into the tribe. Once someone has made it in under the radar they have total access to all federal program dollars without further security anywhere within our system to ever catch them."

Proponent Carey recently lost one round in his effort to protect the funds from being wasted by the

Principal Chief. The Court ruled that he had not met the requirements of the Federal Rules of Procedure to obtain a temporary restraining order, which was vacated by the Court.

David Cornsilk, lay advocate representing Proponent Phillip Carey in the suit against Smith, stated that over a three year period in the later 1990's he worked inside the Cherokee Nation Registration Department where he confiscated over 1,000 erroneous CDIB and tribal membership cards. Cornsilk said most were discovered in the normal course of business where some question prompted suspicion that an error had occurred. "Protecting the integrity of the enrollment process protects the integrity of our elections," he added.

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