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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91177190
Party	Plaintiff Cherokee Nation Enterprises, L.L.C.
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

**CHEROKEE NATION AND CHEROKEE
NATION ENTERPRISES, L.L.C.,**

Opposers,

v.

**THE NORTH-EASTERN BAND OF
CHEROKEE INDIANS,**

Applicant.

**Consolidated Opposition Nos.
91177190 and 91177191**

OPPOSERS' MOTION FOR SUMMARY JUDGMENT

Opposers, the Cherokee Nation and Cherokee Nation Enterprises, L.L.C. (collectively, the "Opposers"), pursuant to Federal Rule of Civil Procedure 56, move the Trademark Trial and Appeal Board to enter summary judgment in its favor sustaining Opposition Nos. 91177190 and 91177191. This Motion is made on the grounds that there are no genuine issues of material fact and that Opposers are entitled to judgment in its favor as a matter of law as set forth in the accompanying Opposers' Brief in Support of Motion for Summary Judgment.

WHEREFORE, Opposers respectfully requests that the Board enter summary judgment in their favor and against Applicant, North-Eastern Band of Cherokee Indians, and sustain Opposition Nos. 91177190 and 91177191. Opposers further respectfully requests that the Board suspend all further proceedings in these Oppositions pending the Board's ruling on Opposers' Motion for Summary Judgment, including all remaining discovery, testimony and trial dates and deadlines, pursuant to 37 C.F.R. § 2.127(d) and T.B.M.P. § 528.03.

DATED this 26th day of November, 2007.

Respectfully submitted,



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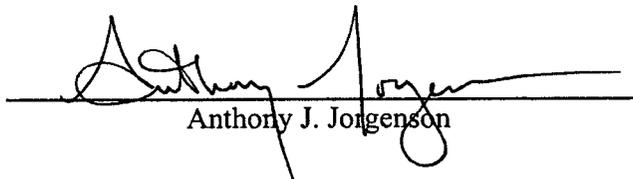
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**ATTORNEYS FOR OPPOSER,
CHEROKEE NATION, A FEDERALLY
RECOGNIZED INDIAN TRIBE.**

CERTIFICATE OF FILING

I, Anthony J. Jorgenson, hereby certify that a copy of the foregoing Opposers' Motion for Summary Judgment is being filed with the Electronic System for Trademark Trial and Appeals ("ETTS") of the U.S. Patent and Trademark Office on this 26th day of November, 2007.



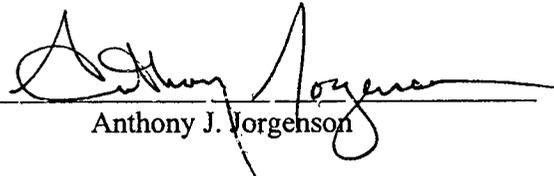
Anthony J. Jorgenson

CERTIFICATE OF SERVICE

I, the undersigned, do hereby certify that on this 26th day of November, 2007, a true and correct copy of the above and foregoing OPPOSERS' MOTION FOR SUMMARY JUDGMENT was served upon Applicant at the following address:

Grey Wolf Richards
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The Bronx, NY 10451

by first class mail, proper postage prepaid, on this 26th day of November, 2007.



Anthony J. Jorgenson

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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

**CHEROKEE NATION AND CHEROKEE
NATION ENTERPRISES, L.L.C.,**

Opposers,

v.

**THE NORTH-EASTERN BAND OF
CHEROKEE INDIANS,**

Applicant.

**Consolidated Opposition Nos.
91177190 and 91177191**

OPPOSERS' BRIEF IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT

Opposers, Cherokee Nation and Cherokee Nation Enterprises, LLC (collectively "Opposers"), by and through their undersigned attorney, have moved the Trademark Trial and Appeal Board (the "Board"), pursuant to Rule 56 of the Federal Rules of Civil Procedure and Rule 2.127 of the Trademark Rules of Practice, for summary judgment in its favor and sustaining Opposition Nos. 91177190 and 91177191.¹ As set forth herein, there are no genuine issues of material fact and Opposers are entitled to judgment as a matter of law on their claims that Applicant's proposed mark, **NORTH-EASTERN BAND OF CHEROKEE INDIANS**, is confusingly similar to Opposers' marks, and falsely suggests a connection to Opposers. Accordingly, the Oppositions should be sustained and Applicant denied registration of its claimed mark.

INTRODUCTION

The law does not allow the registration of marks on the Principal Register where those marks are likely to cause confusion with virtually identical marks that are already registered or

¹ By order dated June 28, 2007, the Trademark Trial and Appeal Board (the "Board") consolidated Opposition Nos. 91177910 and 91177191. See Consolidation Order, Ex. 1.

where a prior user of virtually identical marks is likely to be harmed by their registration. See 15 U.S.C. § 1052(a). The Cherokee Nation owns prior use rights in its mark, **CHEROKEE NATION**, to indicate membership in the Cherokee Indian tribe. Similarly, Opposer, Cherokee Nation Enterprises, LLC owns registrations for the marks “**CHEROKEE CASINO RESORT**,” U.S. Registration No. 2961563, and “**CHEROKEE HILLS GOLF CLUB**,” U.S. Registration No. 2961562, as well as prior use rights in the mark **CHEROKEE NATION ENTERPRISES** in connection with the goods, entertainment services and/or advertising and business services it provides. Nevertheless, Applicant seeks to register the mark **NORTH-EASTERN BAND OF CHEROKEE INDIANS** to indicate “membership in an Indian Tribe consisting of descendents of Cherokee Indians now living in the North-Eastern United States.”

Applicant’s attempt to register its proposed mark should be summarily refused. Applicant’s proposed mark makes it likely, if not probable, that the mark will be confused with Opposers and/or Opposers’ marks. Clearly, the average consumer is likely to be confused as to both the source and sponsorship of the goods, services, affiliation, governance and membership of Applicant. Moreover, although Applicant admits that it has no connection or affiliation with Opposers, Applicant’s proposed mark creates the false impression that its members, goods and/or services are somehow affiliated with, or sponsored by Opposers. For these reasons, Applicant’s attempt to register the mark, **NORTH-EASTERN BAND OF CHEROKEE INDIANS**, should be refused.

STATEMENT OF UNDISPUTED MATERIAL FACTS

A. THE CHEROKEE NATION

1. Opposer, Cherokee Nation, is a federally recognized Indian tribe that provides governmental, social, financial, educational, and other services to its tribal citizens. There are approximately 109,724 citizens who live within Opposer’s Tribal Jurisdictional Service Area and

approximately 268,761 citizens dispersed throughout the world. See Cherokee Nation Notice of Opposition, ¶1, Ex. 2; Amended Answer, ¶1, Ex. 3.

2. Opposer has used the mark **CHEROKEE NATION** in conjunction with its governmental, social, financial, educational, and other services since at least 1791 (Treaty of Holston, July 2, 1791). See Cherokee Nation Notice of Opposition, ¶2, Ex. 2; Amended Answer, ¶2, Ex. 3.

3. Since its initial use of its **CHEROKEE NATION** mark, Opposer has continuously used, advertised, promoted, and offered its governmental, social, financial, educational and other services under the **CHEROKEE NATION** mark with the result that individuals have come to know and recognize Opposer's **CHEROKEE NATION** mark and to associate the same with Opposer and/or Opposer's services. See Cherokee Nation Notice of Opposition, ¶3, Ex. 2; Amended Answer, ¶3, Ex. 3.

4. The term "Cherokee," is defined as:

- (i) a member of an important tribe of North American Indians whose first known center was in the southern Alleghenies and who presently live in North Carolina and Oklahoma;
- (ii) a native American people formerly inhabiting the southern Appalachian Mountains from the western Carolinas and eastern Tennessee to northern Georgia, with present-day populations in northeast Oklahoma and western North Carolina. The Cherokee were removed to Indian Territory in the 1830s after conflict with American settlers over rights to traditional lands;
- (iii) a member of an Iroquoian people formerly living in the Appalachian Mountains but now chiefly in Oklahoma.

See Cherokee, Dictionary.com, Dictionary.com Unabridged (v.1.1), Random House, Inc., <http://dictionary.reference.com/browse/Cherokee> (accessed Nov. 20, 2007), Ex. 4.

5. By law, membership in the Cherokee Nation is limited to those direct blood descendents of a Dawes Act² enrollee. See U.S. Dept. of the Interior, Indian Ancestry - Cherokee Indian Ancestry, <http://www.doi.gov/cherokee.html> (accessed Nov. 21, 2007), Ex. 5.

6. The Cherokee Nation has excelled and has experienced an unprecedented expansion in economic growth, equality, and prosperity for its citizens, with significant business, corporate, real estate, and agricultural interests, including numerous highly profitable casino operations. See Cherokee Nation, Comprehensive Annual Financial Report, Sept. 30, 2006, Ex. 7.

7. The total budget for the Cherokee Nation from October 2005 through September 2006 exceeded \$380 million. See Cherokee Nation, 2006 Report to the Cherokee People, Financial Report, Ex. 8. Among other things, the Cherokee Nation has constructed health clinics throughout Oklahoma, contributed to community development programs, built roads and bridges, constructed learning facilities and universities for its citizens, revitalized language immersion programs for its children and youth, and is a powerful and positive economic and political force. See Cherokee Nation, Clinics and Hospitals, <http://www.cherokee.org/Services/Health/HealthClinics/Default.aspx> (accessed Nov. 23, 2007), Ex. 9; Cherokee Nation, Community Development Services, <http://www.cherokee.org/Services/Default.aspx?Service=CommDevListing> (accessed Nov. 23, 2007), Ex. 10; Cherokee Nation, Roads Program, <http://www.cherokee.org/Services/CommDevListing/157/Default.aspx> (accessed Nov. 23, 2007), Ex. 11; Cherokee Nation, Education,

² The Dawes Commission was organized in 1893 to accept applications for tribal enrollment between 1899 and 1907 from American Indians of the Five Civilized Tribes who resided in the Indian Territory which later became the eastern portion of Oklahoma. The Five Civilized Tribes consist of the Cherokee, Choctaw, Creek, Seminole and Chickasaw Indians. See U.S. Dept. of the Interior, Indian Ancestry - Locating the Dawes Roles, <http://www.doi.gov/dawes.html> (accessed Nov. 21, 2007), Ex. 6.

<http://www.cherokee.org/Services/Default.aspx?Service=Education> (accessed Nov. 23, 2007), Ex. 12; Cherokee Nation, Culture, <http://www.cherokee.org/Culture/Default.aspx> (accessed Nov. 20, 2007), Ex. 13; Wikipedia.org, Cherokee, <http://en.wikipedia.org/w/index.php?title=Cherokee&printable=yes> (accessed Nov. 20, 2007), Ex. 14.

8. The Cherokee Nation also operates gift shops where consumers can purchase goods featuring Opposer's mark, **CHEROKEE NATION**. See Cherokee Nation Gift Shop, Nation Seal Items, <http://www.cherokeegiftshop.com/index.php?cPath=26> (accessed Nov. 20, 2007), Ex. 15.

9. Opposer markets, advertises and promotes its goods, services, affiliations, governance and membership to interested persons using the Internet. See Cherokee Nation, Site Map, <http://www.cherokee.org/SiteMap.aspx> (accessed Nov. 23, 2007), Ex. 16.

10. Many groups have sought recognition by the Federal government as Cherokee Indian tribes. See Eddie Glenn, A league of nations?, Tahlequah Daily Press (Jan. 6, 2006), http://www.tahlequahdailypress.co/features/local_story006134311.html?keyword=secondarystory (accessed Nov. 21, 2007), Ex. 17. However, there are only three federally recognized Cherokee Indian tribes. See U.S. Dept. of the Interior, Indian Ancestry - Cherokee Indian Ancestry, <http://www.doi.gov/cherokee.html> (accessed Nov. 21, 2007), Ex. 5.

11. The Cherokee Nation is the predominant and largest federally registered Cherokee Indian tribe having the right to present itself as Cherokee Indian tribes. See Mary Pierpoint, Unrecognized Cherokee claims cause problems for nation, Indian Country Today (Aug. 16, 2000), <http://www.indiancountry.com/content.cfm?id=703&print=yes> (accessed Nov. 21, 2007), Ex. 18; Cherokee Nation, Buyer Beware, Only Three Cherokee Groups Recognized, Official

Statement Cherokee Nation, Oklahoma (Nov. 13, 2000), <http://www.thepeoplespaths.net/Cherokee/LegalDocuments/CNO001113Recognized.htm> (accessed Nov. 21, 2007), Ex. 19.

12. Indeed, Examining Attorneys at the United States Patent and Trademark Office have previously concluded on at least two prior occasions that federally recognized Cherokee Indian tribes are sufficiently famous so as to warrant protection from marks falsely suggesting a connection to the Cherokee Indian tribe. See In re CHEROKEE PROUD, Office Action, Serial No. 75/506359 at 1-2 (Feb. 11, 1999), Ex. 20; In re CHEROKEE STONEWORKS, Office Action, Serial No. 77/122071 at 3-4 (June 4, 2007), Ex. 21.

B. CHEROKEE NATION ENTERPRISES, LLC

13. Opposer, Cherokee Nation Enterprises, LLC (“CNE”), is a limited liability company organized under the laws of the Cherokee Nation, a federally recognized Indian Tribe. See CNE Notice of Opposition, ¶1, Ex. 22; Amended Answer, ¶1, Ex. 3.

14. Opposer is wholly owned by Cherokee Nation Businesses, L.L.C., a limited liability company organized under the laws of the Cherokee Nation, which is in turn wholly owned by the Cherokee Nation. Opposer’s principal purpose is to help in the management of business affairs and/or commercial functions of the Cherokee Nation. See CNE Notice of Opposition, ¶2, Ex. 22; Amended Answer, ¶2, Ex. 3.

15. Opposer operates six casinos, two golf courses, a 236-acre horse racetrack, two convenience stores, seven retail tobacco shops, and two gift shops. Opposer employs over 2,800 persons. Twenty-five percent of Opposer’s net profits are paid to the Cherokee Nation to fund governmental and other services to citizens of the Cherokee Nation. See CNE Notice of Opposition, ¶3, Ex. 22; Amended Answer, ¶3, Ex. 3.

16. The Cherokee Nation also operates gift shops where consumers can purchase goods featuring the mark, **CHEROKEE NATION**. See Cherokee Nation Gift Shop, Nation Seal Items, <http://www.cherokeegiftshop.com/index.php?cPath=26> (accessed Nov. 20, 2007), Ex. 15.

17. Opposer markets, advertises and promotes its goods and services to consumers using the Internet. See Cherokee Nation Businesses, Cherokee Nation Enterprises, http://www.cherokeestationbusinesses.com/pages/CN_Enterprises.htm (accessed Nov. 23, 2007), Ex. 23; Cherokee Casino Resort, Casinos, www.cherokeecasino.com/ (accessed Nov. 23, 2007), Ex. 24.

18. Opposer has used the mark **CHEROKEE NATION ENTERPRISES** in conjunction with its goods, entertainment services and/or advertising and business services since April 4, 1996. Opposer's use of the mark **CHEROKEE NATION ENTERPRISES** in conjunction with its goods, entertainment services and/or advertising and business services directly benefits the Cherokee Nation and its citizens. See CNE Notice of Opposition, ¶5, Ex. 22; Amended Answer, Ex. 3.³

19. Opposer is also the owner of the following U.S. Trademark Registrations: Registration No. 2961563 for the mark **CHEROKEE CASINO RESORT**, issued June 7, 2005; and Registration No. 2961562 for the mark **CHEROKEE HILLS GOLF CLUB**, issued June 7, 2005 (the "Related Registrations"). The Related Registrations operate as prima facie and/or conclusive evidence of Opposer's ownership of the marks set forth therein in exclusive right to

³ Applicant's Amended Answer filed on June 15, 2007 purports to answer the allegations set forth in the Notices of Oppositions filed in both Opposition Nos. 91177190 and 91177191. See Amended Answer, Ex. 3. However, the Amended Answer does not admit or deny the allegations contained in numbered paragraphs 5 through 8 of the Notice of Opposition filed by Cherokee Nation Enterprises, LLC. Accordingly, those allegations are deemed admitted for purposes of this consolidated proceeding. See T.B.M.P. § 311.02(a); Fed. R. Civ. P. 8(d).

use same in connection with the goods and/or services listed in those registrations. See CNE Notice of Opposition, ¶6, Ex. 22; Amended Answer, Ex. 3.

20. Since its initial use of its **CHEROKEE NATION ENTERPRISES** mark and the Related Registrations, Opposer has continuously used, advertised, promoted, and offered its goods, entertainment services and/or advertising and business services under the **CHEROKEE NATION ENTERPRISES** mark and the Related Registrations, with the result that individuals have come to know and recognize Opposer's **CHEROKEE NATION ENTERPRISES** mark and the Related Registrations and to associate the same with Opposer and/or Opposer's goods and services. See CNE Notice of Opposition, ¶7, Ex. 22; Amended Answer, Ex. 3.

C. APPLICANT'S PROPOSED MARK

21. On March 8, 2006, Applicant filed an Application for Registration of the collective membership mark **NORTH-EASTERN BAND OF CHEROKEE INDIANS**. The application was assigned Serial No. 78831782, and was published for opposition in the Official Gazette of January 9, 2007, identifying the collective membership mark as "[i]ndicating membership in an Indian Tribe consisting of descendents of Cherokee Indians now living in the North-Eastern United States," in International Class 200. See Cherokee Nation, Notice of Opposition, ¶4, Ex. 3; Amended Answer, ¶4, Ex. 3; Application, Serial No. 78831782, Ex. 25.

22. Applicant is not a federally recognized Indian tribe. See Amended Answer, ¶5, Ex. 3.

23. Applicant "is not in any way a satellite of, or in any way affiliated with the Cherokee Nation, Cherokee Nation Enterprises, L.L.C., Cherokee Casino Resort, [or] Cherokee Hills Golf Club." See Amended Answer, ¶ 5, Ex. 3.

24. Applicant actively solicits donations, monetary support and business relationships claiming a "Cherokee" affiliation. See North-Eastern Band of Cherokee Indians, Welcome, pp.

14-15, <http://mysite.verizon.net/vzepxrv5/nebci/id10.html> (accessed Nov. 20, 2007), Ex. 26; North-Eastern Band of Cherokee Indians, Donor List, <http://mysite.verizon.net/vzepxrv5/nebci/id15.html> (accessed Nov. 20, 2007), Ex. 27; North-Eastern Band of Cherokee Indians, Corporate Donors, <http://mysite.verizon.net/vzepxrv5/nebci/id18.html> (accessed Nov. 20, 2007), Ex. 28; North-Eastern Band of Cherokee Indians, Business Relationships, <http://mysite.verizon.net/vzepxrv5/nebci/id11.html> (accessed Nov. 20, 2007), Ex. 29. The expressed purpose of Applicant's attempt to register its claimed mark is to protect its alleged "financial interests." See North-Eastern Band of Cherokee Indians, Dates in Cherokee History, pp. 1-2, <http://mysite.verizon.net/vzepxrv5/nebci/id3.html> (accessed Nov. 20, 2007), Ex. 30.

25. Applicant offers goods, including bumper stickers, stickers, and patches, for sale to consumers and purchasers using the mark, NORTH-EASTERN BAND OF CHEROKEE INDIANS. See North-Eastern Band of Cherokee Indians, Support Items, <http://mysite.verizon.net/vzepxrv5/nebci/id7.html> (accessed Nov. 20, 2007), Ex. 31.⁴

26. Applicant advertises, markets and promotes its goods, services, governance and membership using the Internet. See North-Eastern Band of Cherokee Indians, Home Page, <http://mysite.verizon.net/vzepxrv5/nebci/index.html> (accessed Nov. 20, 2007), Ex. 32.

27. Applicant further attempts to infer an affiliation with Opposer, Cherokee Nation, by including a link to Opposer's website, www.cherokee.org, on Applicant's own website. See North-Eastern Band of Cherokee Indians, Other NDN Websites, <http://mysite.verizon.net/vzepxrv5/nebci/id17.html> (accessed Nov. 20, 2007), Ex. 33.

⁴ Although the proposed mark, NORTH-EASTERN BAND OF CHEROKEE INDIANS, has not been registered, Applicant repeatedly uses the Federal registration symbol ® in conjunction with the proposed mark. See, e.g., North-Eastern Band of Cherokee Indians, Support Items, <http://mysite.verizon.net/vzepxrv5/nebci/id7.html> (accessed Nov. 20, 2007), Ex. 31; North-Eastern Band of Cherokee Indians, Welcome, p.1, <http://mysite.verizon.net/vzepxrv5/nebci/id10.html> (accessed Nov. 20, 2007), Ex. 26.

ARGUMENTS AND AUTHORITIES

I. THE STANDARD FOR SUMMARY JUDGMENT

Rule 56 of the Federal Rules of Civil Procedure provides that summary judgment shall be granted where, after drawing all reasonable inferences in favor of the non-moving party, there remains no genuine issue of material fact. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 247-48 (1986); Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986). The Supreme Court emphasized “[s]ummary judgment procedure is properly regarded not as a disfavored procedural shortcut, but rather as an integral part of the Federal Rules as a whole, which are designed ‘to secure the just, speedy and inexpensive determination of every action.’” Id. at 327 (quoting Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574 (1986)). See also Pure Gold, Inc. v. Syntex (U.S.A.), Inc., 739 F.2d 624, 222 U.S.P.Q. 741 (Fed. Cir. 1984); Levi Strauss & Co. v. Genesco, Inc., 742 F.2d 1401, 222 U.S.P.Q. 939 (Fed. Cir. 1984).

A non-moving party cannot rest on its pleadings or merely show that there is “some metaphysical doubt as to the material facts;” “rather, the non-moving party must come forward with specific facts showing that there is a genuine issue for trial.” Matsushita, 475 U.S. at 586-87; see Celotex, 477 U.S. at 322. If the evidence purporting to raise a genuine issue of material fact is “merely colorable” or “not significantly probative,” summary judgment is appropriate. Id. at 324.

Opposers seek to preclude registration of Applicant’s Mark on the grounds that registration is likely to cause confusion, mistake and deception and that registration will falsely suggest a connection with Opposers. “Whether a likelihood of confusion exists is ‘a question of law based on underlying facts.’” In re Dixie Restaurants, Inc., 105 F.3d 1405, 1406, 41 U.S.P.Q.2d 1531, 1533 (Fed. Cir. 1997) (quoting Lloyd’s Food Products, Inc. v. Eli’s, Inc., 987

F.2d 766, 767, 25 U.S.P.Q.2d 2027, 2028 (Fed. Cir. 1993)).⁵ In Pure Gold, the Board's grant of summary judgment in an opposition proceeding was affirmed. There, citing Exxon Corp. v. National Foodline Corp., 579 F.2d 1244, 1246, 198 U.S.P.Q. 407, 408 (C.C.P.A. 1978), the Federal Circuit explained that the basic purpose of summary judgment is that of judicial economy. It is against the public interest to conduct useless trials, and where the time and expense of a full trial can be avoided by the summary judgment procedure, such action is favored. Pure Gold, 222 U.S.P.Q. at 744. Where, as in the instant proceeding, the undisputed facts establish that the moving party is entitled to judgment as a matter of law, summary judgment is appropriate.

II. APPLICANT'S PROPOSED MARK IS LIKELY TO CAUSE CONFUSION WITH OPPOSERS' MARKS

Opposers challenge Applicant's registration under Section 2(d) of the Trademark Act. Thus, the Board's determination is based on an analysis of all the probative facts in evidence that are relevant to the factors bearing on the issue of likelihood of confusion. See Application of E. I. DuPont DeNemours & Co., 476 F.2d 1357, 177 U.S.P.Q. 563 (C.C.P.A. 1973). The relevant factors identified in DuPont are as follows:

1. The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation, and commercial impression;
2. The similarity or dissimilarity and nature of the goods and services as described in the application or in connection with which a prior mark is in use;
3. The similarity or dissimilarity of established, likely-to-continue trade channels;

⁵ See also Olde Tyme Foods, Inc. v. Roundy's, Inc., 961 F.2d 200, 202, 22 U.S.P.Q.2d 1542, 1544 (Fed. Cir. 1992); Giant Food, Inc. v. Nation's Foodservice, 710 F.2d 1565, 1569, 218 U.S.P.Q. 390, 394 (Fed. Cir. 1983); Interstate Brands Corp. v. Celestial Seasonings, Inc., 576 F.2d 926, 929, 198 U.S.P.Q. 151, 153 (C.C.P.A. 1978) (“[T]hat confusion is unlikely to occur’ is a legal conclusion...”).

4. The conditions under which the buyers to whom sales are made, i.e., “impulse” vs. careful, sophisticated purchasing;
5. The fame of the prior mark (sales, advertising, length of use);
6. The number and nature of similar marks in use on similar goods;
7. The nature and extent of any actual confusion;
8. The length of time during and conditions under which there has been concurrent use without evidence of actual confusion;
9. The variety of goods on which a mark is or is not used (house mark, “family” mark, product mark);
10. The market interface between applicant and the owner of a prior Mark;
11. The extent to which applicant has a right to exclude others from use of its mark on its goods;
12. The extent of potential confusion, i.e., de minimums or substantial; and
13. Any other fact probative of the effect of use.

Id. at 1361.

No one factor is always determinative, and from time to time each may play a dominant role. Id. at 1362. Moreover, the Board need not consider each factor to evaluate the likelihood of confusion. See Bose Corp. v. QSC Audio Prods., Inc., 293 F.3d 1367, 1370, 63 U.S.P.Q.2d 1303, 1305 (Fed. Cir. 2002) (“Our precedent establishes that the determination of a likelihood of confusion does not require examination and findings as to each and every DuPont factor.”) (acknowledging reliance on only four factors to reverse Board’s decision). If the Board has any doubt regarding a likelihood of confusion, that doubt should be resolved in favor of the Opposer and prior use of the mark. In re Hyper Shoppes, Inc., 837 F.2d 463, 464-65, 6 U.S.P.Q.2d 1025

(Fed. Cir. 1988); see also MSI DataCorp. v. Microprocessor Systems Inc., 220 U.S.P.Q. 655, 658 (T.T.A.B. 1983).

In this proceeding, the similarity of the marks, the similarity of the goods and services, the similarity of likely-to-continue trade channels, the conditions under which the parties' respective marks are marketed, and the fame of Opposers' marks establish conclusively that Applicant's mark is likely to be confused with Opposers and/or Opposers' mark and thus, should be refused registration.

A. **The Marks are Similar in Appearance, Sound, Connotation and Commercial Impression.**

"The test of likelihood of confusion is not whether the marks can be distinguished when subjected to a side-by-side comparison, but whether the marks are sufficiently similar that there is a likelihood of confusion as to the source of the goods or services." T.M.E.P. § 1207.01(b). In evaluating the similarities between marks, the emphasis must be on the recollection of the average purchaser who normally retains a general, rather than specific, impression of trademarks. Sealed Air Corp. v. Scott Paper Co., 190 U.S.P.Q. 106, 108 (T.T.A.B. 1975).

The dominant portion of each of the parties' marks is the term "CHEROKEE." Thus, in terms of appearance and sound, the marks are similar. See In re Chatham Intern'l, Inc., 380 F.3d 1340, 1343, 71 U.S.P.Q.2d 1944,1947 (Fed. Cir. 2004) (affirming Board's conclusion that JOSE GASPAR GOLD and GASPAR'S ALE were "strikingly similar"). "When the dominant portion of the two marks are the same, confusion is likely." Country Floors, Inc. v. A Partnership of Gepner and Ford, 930 F.2d 1056, 1065, 18 U.S.P.Q.2d 1577 (3rd Cir. 1991); see also Lone Star Steakhouse & Saloon, Inc. v. Alpa of Va. Inc., 43 F.3d 922, 936, 33 U.S.P.Q.2d 1481, 1492 (4th Cir. 1995) (finding a strong likelihood of confusion between "Lone Star" and "Lone Star Grill" for restaurant services because the dominant marks were identical); In re Dixie Restaurants, Inc.,

105 F.3d 1405, 1406-07, 41 U.S.P.Q.2d 1531, 1533-34 (Fed. Cir. 1997) (finding likelihood of confusion between “The Delta Café” and “Delta” for restaurant services, based on the common dominant portion of the marks); and Century 21 Real Estate Corp. v. Sandlin, 846 F.2d 1175, 1179, 6 U.S.P.Q.2d 2034, 2036 (9th Cir. 1988) (finding a likelihood of confusion between “Century Investments & Realty” and “Century 21” based on the common dominant feature of the marks).⁶

The conclusion that the marks are confusingly similar is even more apparent considering the connotation and commercial impression of the marks. In describing its mark, Applicant states that its mark is to:

indicate membership in an Indian Tribe consisting of descendents of Cherokee Indians now living in the North-Eastern United States.

See Statement of Undisputed Material Facts (“UMF”) No. 21. Clearly, the impression Applicant seeks to convey through the use of the mark, and particularly, the dominant term, “Cherokee,” is that its members, goods and services emanate from, or are affiliated with, the Cherokee Nation. There is thus no dispute that the marks are confusingly similar.

B. The Marks are Used on Identical Goods and Services.

In inter partes proceedings, registerability must be determined “on the basis of the identification of goods set forth in the application regardless of what the record may reveal as to the particular nature of an applicant’s goods...” Bose, 293 F.3d at 1377, 63 U.S.P.Q.2d at 1310-11. Furthermore, because “[p]roceedings before the Board are concerned with registerability and not use of a mark the identification of goods/services statement in the registration, not the

⁶ Applicant may contend that the use of additional words to describe the particular geographic location of its claimed band of Cherokee Indian servers to distinguish its mark from those of Opposers. However, where the dominant portion of each mark is the same, confusion may be likely notwithstanding peripheral differences. See T.M.E.P. § 1207(b)(iii) (citing cases).

goods/services actually used by the registrant, frames the issue.” Cunningham v. Laser Golf Corp., 222 F.3d 943, 948, 55 U.S.P.Q.2d 1842, 1846 (Fed. Cir. 2000).

According to the identification statement in Applicant’s application, the members it purports to represent are members of an “. . . Indian Tribe consisting of descendants of Cherokee Indians....” See UMF No. 21. However, Opposer is a federally recognized Indian tribe consisting of descendents of Cherokee Indians. See UMF No. 1. Indeed, membership in the Cherokee Nation is limited to those direct blood descendants of Dawes Act enrollees. See UMF No. 5. Therefore, as a matter of law, the membership Applicant purports to represent as indicated in the description of Applicant’s proposed mark is confusingly similar to Opposers’ marks. See Bose, 293 F.3d at 1377, 63 U.S.P.Q.2d at 1310 (“[T]here is ample evidence of relatedness from the text of the registrations alone”).

Further, were the Board to look beyond Applicant’s identification statement, the goods and services offered by Applicant using its claimed mark are confusingly similar to Opposers’ goods and services. For example, Applicant actively uses the mark to promote itself by soliciting money, soliciting business relationships, and selling merchandise claiming Cherokee affiliation. See UMF Nos. 24-26. However, Opposers have long used their marks to promote their business interests, heritage, membership, goods, and services. See UMF Nos. 1-9, 13-20. Consequently, the second DuPont factor strongly favors a finding of a likelihood of confusion.

C. The Trade Channels for the Parties’ Goods and Services are Identical or Overlap.

The third DuPont factor concerns the “similarity or dissimilarity of established, likely-to-continue trade channels”. DuPont, 476 F.2d at 1361, 177 U.S.P.Q. at 567. According to the Federal Circuit, where the parties’ products are the same, their trade channels are likely to be found to be similar. See Kimberly-Clark Corp. v. H. Douglas Enters., Ltd., 774 F.2d 1144, 1146,

227 U.S.P.Q. 541 (Fed. Cir. 1985) (upholding Board's finding that the parties' trade channels are "precisely the same" where both parties sell diapers sold in the same section of the same retail store); Specialty Brands, Inc. v. Coffee Bean Distribs., Inc., 748 F.2d 669, 672, 223 U.S.P.Q. 1281 (Fed. Cir. 1984).

In On-Line Careline, Inc. v. America Online, Inc., 229 F.3d 1080, 1086, 56 U.S.P.Q.2d 1471 (Fed. Cir. 2000), the Federal Circuit found substantial evidence to support the Board's finding that the parties share marketing channels where both are offered through the Internet and target similar customers. As in On-Line, the undisputed material facts establish that Applicant and Opposers advertise, market, and promote their respective goods, services and membership to a like class of consumers using the Internet. See UMF Nos. 9, 17, 26. Therefore, the likely-to-continue channels of trade are identical.

D. The "Consumers" or "Purchasers" of the Parties' Respective Goods, Services and Members are Likely to be Confused as to the Source and Sponsorship of Applicant's Goods, Services and Activities.

Applicant's use of the term "Cherokee" and its attempt to imply a connection with Opposers regarding Applicant's goods, services and activities is likely to, and designed to,⁷ create confusion among potential members, donors and business associates as to the source of Applicant's goods and services and sponsorship of Applicant's activities. Clearly, consumers may believe that Opposer, a federally recognized and highly successful and influential Indian tribe, approve of or sponsor Applicant's activities. Thus, Applicant may thereby improperly benefit from the fame, goodwill and reputation of Opposer's marks. See, e.g., San Francisco Arts & Athletics, Inc. v. United States Olympic Committee, 483 U.S. 522, 539, 3 U.S.P.Q.2d 1145 (1987) (where San Francisco Arts & Athletics promoted the "Gay Olympic Games," selling

⁷ As Applicant tacitly admits, Applicant seeks to capitalize on its claimed Cherokee heritage in an effort to further its own financial and business interests. See UMF No. 24.

t-shirts, buttons, bumper stickers and other merchandise under that name, the Supreme Court found that the “possibility for confusion as to sponsorship [by the United States Olympic Committee] is obvious” and enjoined the use).

As in San Francisco, Applicant maintains a website in which it purports to promote the “North-Eastern Band of Cherokee Indians,” and particularly, an Indian Tribe consisting of descendants of Cherokee Indians living in the North Eastern United States. See UMF Nos. 21, 24-26. Applicant promotes itself by, among other things, soliciting donations and selling “Support Items” such as banners, stickers, and flags expressing an affiliation to Cherokee Indians similar to those goods offered by Opposers. See UMF Nos. 8, 16, 24-26. The possibility of confusion as to the source of Applicant’s goods and services, and as to the sponsorship of Applicant’s activities by Opposer is obvious. For this additional reason, Applicant’s application should be summarily rejected.

E. Opposers’ Marks are Famous.

Opposer has used the **CHEROKEE NATION** mark in conjunction with its governmental, social, financial, educational, and other services since at least. Opposer has continuously used, advertised, promoted, and offered its governmental, social, financial, educational and other services under the **CHEROKEE NATION** mark for over 200 years with the result that individuals have come to know and recognize the **CHEROKEE NATION** mark and to associate the same with the Cherokee Nation and/or the Cherokee Nation’s services. See UMF Nos. 2-4, 6-7, 12. The fame of Opposer’s mark cannot seriously be contested. See B.V.D. Licensing Corp. v. Body Action Design, Inc., 846 F.2d 727, 728, 6 U.S.P.Q.2d 1719 (Fed. Cir. 1988) (taking judicial notice of fame of B.V.D. mark for mens’ underwear).

The fame of Opposer’s mark is “a dominant factor in the likelihood of confusion analysis for a famous mark, independent of the consideration of the relatedness of the goods.” Recot, Inc.

v. M.C. Becton, 214 F.3d 1322, 1328, 54 U.S.P.Q.2d 1894, 1898 (Fed. Cir. 2000). The fame of Opposer's mark entitles it to broad protection. See Specialty Brands, Inc. v. Coffee Bean Distribs., Inc., 748 F.2d 699, 675, 223 U.S.P.Q. 1281 (Fed. Cir. 1984) ("The fame of a trademark may affect the likelihood purchasers will be confused inasmuch as less care may be taken in purchasing a product under a famous name.").

Because Opposer's mark, **CHEROKEE NATION**, is indisputably famous and because an analysis of those other relevant DuPont factors demonstrates conclusively that Applicant's mark is likely to be confused with Opposers' marks, the Oppositions should be sustained under Trademark Act Section 2(d) and Applicant refused registration of the mark, **NORTHEASTERN BAND OF CHEROKEE INDIANS**.

III. APPLICANT'S PROPOSED MARK FALSELY SUGGESTS ASSOCIATION WITH OPPOSERS

Applicant's proposed mark should be refused registration on the additional ground that it consists of, or comprises matter, which may falsely suggest a connection with the Opposer, Cherokee Nation. Although, as Applicant concedes, Opposer is not connected with, or affiliated with, Opposer in any way, Opposer's **CHEROKEE NATION** mark is so famous that consumers would presume a connection. See 15 U.S.C. § 1052(a); T.M.E.P. §§ 1203.03, 1203.03(e) and 1203.03(f); see generally University of Notre Dame Du Lac v. J.C. Gourmet Food Imports Co., 703 F.2d 1372, 217 U.S.P.Q. 505 (Fed. Cir. 1983); In re Nuclear Research Corp., 16 U.S.P.Q. 2d 1316 (T.T.A.B. 1990); University of Alabama v. BAMA -Werke Curt Baumann, 231 U.S.P.Q. 408 (T.T.A.B. 1986); In re Cotter & Co., 228 U.S.P.Q. 202 (T.T.A.B. 1985); Buffett v. Chi-Chi's, Inc., 226 U.S.P.Q. 428 (T.T.A.B. 1985).

In order to demonstrate a false connection under Section 2(a):

1. The mark sought to be registered is the same as or a close approximation of the name or identity of a person or institution;

2. The mark would be recognized as such;
3. The person or institution identified in the mark is not connected with the goods sold or services performed by applicant under the mark; and
4. The fame or reputation of the named person or institution is of such a nature that a connection with such person or institution would be presumed when applicant's mark is used on its goods services.

In re Nuclear Research Corp., 16 U.S.P.Q.2d 1316 (T.T.A.B. 1990); In re Cotter, 228 U.S.P.Q. at 204; Buffett, 226 U.S.P.Q. at 429.

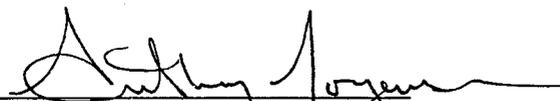
Opposer, Cherokee Nation, has satisfied each of the elements of its claim of false association to preclude registration of Applicant's proposed mark. Applicant's proposed mark, **NORTH-EASTERN BAND OF CHEROKEE INDIANS**, clearly features the name of the American Indian tribe, Cherokee, as the dominant term in the mark. The term, "Cherokee," is commonly recognized to refer to Opposer, the **CHEROKEE NATION**. See UMF Nos. 3-12. Further, as Applicant admits, it is not connected or affiliated with Opposer in any way. See UMF No. 23. Finally, the fame or reputation of Opposer is of such a nature that a connection between Opposer and Applicant would be presumed. Applicant's goods, services and activities are similar to those Opposer sells, uses, and promotes. See UMF Nos. 1-3, 6-12, 21, 24-27. Thus, it may be inferred that purchasers of the goods or services would be misled into making a false connection of sponsorship, approval, support or the like with the named party. In re Cotter 228 U.S.P.Q. at 204; In re National Intelligence Academy, 190 U.S.P.Q. 570 (T.T.A.B. 1976); In re CHEROKEE PROUD, Office Action, Serial No. 75/506359 at 1-2 (February 11, 1999), Ex. 20; In re CHEROKEE STONEWORKS, Office Action, Serial No. 77/122071 at 3-4 (June 4, 2007), Ex. 21.

In In re White, 73 U.S.P.Q.2d 1713, (T.T.A.B. 2004), the Board refused registration of APACHE for cigarettes under Section 2(a), finding that the mark falsely suggests a connection between the applicant and federally recognized Apache Indian tribes. As in White, Applicant seeks to register the mark, **NORTH-EASTERN BAND OF CHEROKEE INDIANS**, to indicate membership in an Indian tribe consisting of descendants of Cherokee Indians. As such, Applicant's proposed mark falsely suggests a connection between the citizens of the Cherokee Nation, a federally recognized Indian tribe, and Applicant's goods, services, activities and members. For this additional reason, Applicant's attempt to register the mark, **NORTH-EASTERN BAND OF CHEROKEE INDIANS**, should be refused.

CONCLUSION

Based upon the foregoing, Applicant's attempt to register the mark, **NORTH-EASTERN BAND OF CHEROKEE INDIANS**, should be refused on the ground that registration is likely to cause confusion as to the source or sponsorship of Applicant's goods, services and membership and on the ground that the proposed mark falsely suggests a connection or association with Opposers. Therefore, Opposers respectfully request that the Board grant summary judgment in their favor, and against applicant, sustaining Opposition Nos. 91177190 and 91177191, and refusing registration of Applicant's mark, Serial No. 78/831782.

Respectfully submitted,



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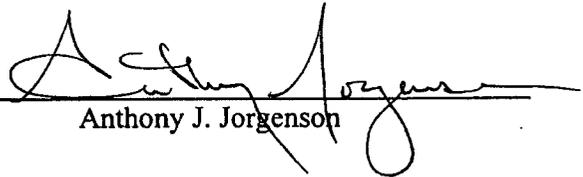
**ATTORNEYS FOR OPPOSERS,
CHEROKEE NATION AND CHEROKEE
NATION ENTERPRISES, LLC**
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**ATTORNEYS FOR OPPOSER,
CHEROKEE NATION, A FEDERALLY
RECOGNIZED INDIAN TRIBE.**

CERTIFICATE OF FILING

I, Anthony J. Jorgenson, hereby certify that a copy of the foregoing OPPOSERS' BRIEF IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT is being filed with the Electronic System for Trademark Trial and Appeals ("ETTS") of the U.S. Patent and Trademark Office on this 26th day of November, 2007.



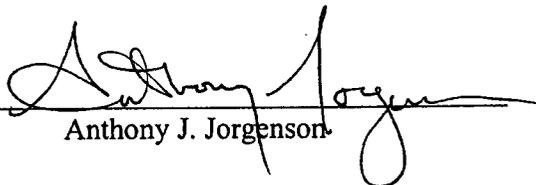
Anthony J. Jorgenson

CERTIFICATE OF SERVICE

I, the undersigned, do hereby certify that on this 26th day of November, 2007, a true and correct copy of the above and foregoing OPPOSERS' BRIEF IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT was served upon Applicant at the following address:

Grey Wolf Richards
#23 388-90 Grand Concourse
The Bronx, NY 10451

by first class mail, proper postage prepaid, on this 26th day of November, 2007.



Anthony J. Jorgenson

792945.3:231609:00280

Exhibit 1

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

Baxley

Mailed: June 28, 2007

Opposition No. 91177190

Opposition No. 91177191

Cherokee Nation Enterprises,
L.L.C.

v.

The North-Eastern Band of
Cherokee Indians

(as consolidated)

Andrew P. Baxley, Interlocutory Attorney:

The Board hereby orders the consolidation of the above-referenced proceedings inasmuch as the parties are the same and the proceedings involve common questions of law or fact.¹ In view thereof, Opposition Nos. 91177190 and 91177191 are hereby consolidated.

The consolidated cases may be presented on the same record and briefs. See *Helene Curtis Industries Inc. v. Suave Shoe Corp.*, 13 USPQ2d 1618 (TTAB 1989) and *Hilson Research Inc. v. Society for Human Resource Management*, 26 USPQ2d 1423 (TTAB 1993).

¹ When cases involving common questions of law or fact are pending before the Board, the Board may order the consolidation of the cases. See Fed. R. Civ. P. 42(a); *Regatta Sport Ltd. v. Telux-Pioneer Inc.*, 20 USPQ2d 1154 (TTAB 1991); *Estate of Biro v. Bic Corp.*, 18 USPQ2d 1382 (TTAB 1991).

Opposition No. 91177190 and 91177191

The Board file will be maintained in Opposition No. 91177190 as the "parent" case. As a general rule, from this point on only a single copy of any paper or motion should be filed herein; but that copy should include both proceeding numbers in its caption. Exceptions to the general rule involve stipulated extensions of the discovery and trial dates, see Trademark Rule 2.121(d), and briefs on the case, see Trademark Rule 2.128.

Despite being consolidated, each proceeding retains its separate character. The decision on the consolidated cases shall take into account any differences in the issues raised by the respective pleading; a copy of the decision shall be placed in each proceeding file.

Discovery and testimony periods remain as set in the Board notices instituting these proceedings.

Exhibit 2

ESTTA Tracking number: **ESTTA139623**

Filing date: **05/09/2007**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Notice of Opposition

Notice is hereby given that the following party opposes registration of the indicated application.

Opposer Information

Name	Cherokee Nation, a federally recognized Indian Tribe
Granted to Date of previous extension	05/09/2007
Address	17675 S. Muskogee Tahlequah, OK 74464 UNITED STATES
Attorney information	Anthony J. Jorgenson Hall, Estill, Hardwick, Gable, Golden & Nelson, P.C. 320 South Boston Avenue Suite 400 Tulsa, OK 74103 UNITED STATES ajorgenson@hallestill.com Phone:918.594.0631

Applicant Information

Application No	78831782	Publication date	01/09/2007
Opposition Filing Date	05/09/2007	Opposition Period Ends	05/09/2007
Applicant	The North-Eastern Band of Cherokee Indians 388-90 Grand Concourse #1 The Bronx, NY 10451 UNITED STATES		

Goods/Services Affected by Opposition

Class 200. All goods and services in the class are opposed, namely: Indicating membership in an Indian Tribe consisting of descendants of Cherokee Indians now living in the North-Eastern United States

Grounds for Opposition

Immoral or scandalous matter	Trademark Act section 2(a)
Deceptiveness	Trademark Act section 2(a)
False suggestion of a connection	Trademark Act section 2(a)
Priority and likelihood of confusion	Trademark Act section 2(d)
Other	The mark has not acquired sufficient distinctiveness under Trademark Act section 2(f).

Mark Cited by Opposer as Basis for Opposition

U.S. Application/Registration No.	NONE	Application Date	NONE
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Registration Date	NONE
Word Mark	CHEROKEE NATION
Goods/Services	governmental services, social services, financial services, educational services

Attachments	doc059.PDF (5 pages)(208322 bytes)
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Signature	/Anthony J. Jorgenson/
Name	Anthony J. Jorgenson
Date	05/09/2007

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the matter of trademark application Serial No.: 78831782
For the mark: THE NORTH-EASTERN BAND OF CHEROKEE INDIANS
Published in the Official Gazette on: January 9, 2007

CHEROKEE NATION

v.

Opposition No. _____

**THE NORTH-EASTERN BAND OF
CHEROKEE INDIANS**

NOTICE OF OPPOSITION

Cherokee Nation, a federally recognized Indian Tribe
17675 S. Muskogee
Tahlequah, OK 74464

The above-identified opposer believes that it will be damaged by registration of the mark shown in the above-identified application, and hereby opposes the same.

The grounds for opposition are as follows:

1. Opposer is a federally recognized Indian tribe that provides governmental, social, financial, educational, and other services to its tribal citizens. There are approximately 109,724 citizens who live within Opposer's Tribal Jurisdictional Service Area and approximately 268,761 citizens dispersed throughout the world.
2. Opposer has used the mark **CHEROKEE NATION** in conjunction with its governmental, social, financial, educational, and other services since at least 1791 (Treaty of

Holston, July 2, 1791), Opposer's first treaty with the United States of America. Opposer's current governmental structure was established under the 1975 constitution, which was ratified by the Cherokee voters and was approved by the Secretary of Interior.

3. Since its initial use of its **CHEROKEE NATION** mark, Opposer has continuously used, advertised, promoted, and offered its governmental, social, financial, educational and other services under the **CHEROKEE NATION** mark with the result that individuals have come to know and recognize Opposer's **CHEROKEE NATION** mark and to associate the same with Opposer and/or Opposer's services.

4. On information and belief, on March 8, 2006, Applicant filed an Application for Registration of the collective membership mark **NORTH-EASTERN BAND OF CHEROKEE INDIANS**. The application was assigned Serial No. 78831782, and was published for opposition in the Official Gazette on January 9, 2007, identifying the collective membership mark as "[i]ndicating membership in an Indian Tribe consisting of descendents of Cherokee Indians now living in the North-Eastern United States," in International Class 200.

5. On information and belief, Applicant's organization purports to be the same and/or similar to Opposer and/or Opposer's services and is and/or will be advertised, promoted, and offered through the same and/or similar channels of trade and to the same general class of individuals as Opposer and/or Opposer's services are offered under Opposer's **CHEROKEE NATION** mark. In addition, on information and belief, the purported membership of Applicant's organization constitute "Cherokee Indians," which will be the same and/or similar to the citizens (members) of Opposer.

6. Applicant's **NORTH-EASTERN BAND OF CHEROKEE INDIANS** mark so closely resembles Opposer's **CHEROKEE NATION** mark that the registration and use of **NORTH-EASTERN BAND OF CHEROKEE INDIANS** by Applicant is likely to cause confusion, mistake and deception within the meaning of Section 2(d) of the Trademark Act of 1946 (15 U.S.C. § 1052(d)) and will result in irreparable damage and injury to Opposer.

7. Applicant's **NORTH-EASTERN BAND OF CHEROKEE INDIANS** mark so closely resembles Opposer's **CHEROKEE NATION** mark that the registration and use of **NORTH-EASTERN BAND OF CHEROKEE INDIANS** by Applicant will falsely suggest a connection with Opposer and its citizens in violation of Section 2(a) of the Trademark Act of 1946 (15 U.S.C. § 1052(a)) and will result in irreparable damage and injury to Opposer.

8. Applicant's **NORTH-EASTERN BAND OF CHEROKEE INDIANS** mark is misrepresentative of citizenship (membership) in Opposer and deceptive in violation of Section 2(a) of the Trademark Act of 1946 (15 U.S.C. § 1052(a)).

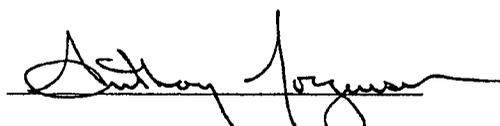
9. Applicant's **NORTH-EASTERN BAND OF CHEROKEE INDIANS** mark is being used in such a manner that the registration and use of **NORTH-EASTERN BAND OF CHEROKEE INDIANS** by Applicant will bring the Opposer and Opposer's **CHEROKEE NATION** mark into disrepute in violation of Section 2(a) of the Trademark Act of 1946 (15 U.S.C. § 1052(a)) and will result in irreparable damage and injury to Opposer.

10. Applicant's **NORTH-EASTERN BAND OF CHEROKEE INDIANS** mark is not entitled to registration because Applicant's use of the **NORTH-EASTERN BAND OF CHEROKEE INDIANS** has been insufficient and therefore the mark has not acquired sufficient distinctiveness under Section 2(f) of the Trademark Act of 1946 (15 U.S.C. § 1052(f)).

11. Opposer believes that it will be damaged by the registration by Applicant of the **NORTH-EASTERN BAND OF CHEROKEE INDIANS** mark, as set forth in Applicant's Application Serial No. 78831782, and that, if registration on the opposed application is granted, and the presumptions accorded to such registration are conferred under the Trademark Act of 1946, as amended, Applicant will receive benefits to which it is not entitled, to the damage and detriment of Opposer, and its **CHEROKEE NATION** mark.

WHEREFORE, and in view of Opposer's prior use of the mark **CHEROKEE NATION** to which Applicant's mark is confusingly similar thereto, Opposer prays that this opposition be sustained and that registration of the mark **NORTH-EASTERN BAND OF CHEROKEE INDIANS**, based on Applicant's application Serial No. 78831782, filed March 8, 2006, for a collective membership mark, namely, purporting to indicate membership in an "Indian Tribe" consisting of descendants of "Cherokee Indians" now living in the North-Eastern United States, in International Class 200, be refused and denied.

Respectfully submitted this 9th day of May, 2007.



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**ATTORNEYS FOR OPPOSER,
CHEROKEE NATION, A FEDERALLY
RECOGNIZED INDIAN TRIBE.**

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Exhibit 3

ESTTA Tracking number: **ESTTA146262**

Filing date: **06/15/2007**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91177190
Party	Defendant The North-Eastern Band of Cherokee Indians The North-Eastern Band of Cherokee Indians ns 388-90 Grand Concourse #1 The Bronx, NY 10451
Correspondence Address	GREYWOLF RICHARDS NORTH-EASTERN BAND OF CHEROKEE INDIANS #23 388-90 Grand Concourse THE BRONX, NY 10451 UNITED STATES greywolfwcnebc@verizon.net
Submission	Answer
Filer's Name	/GreyWolf Richards/
Filer's e-mail	greywolfwcnebc@verizon.net
Signature	/GreyWolf Richards/
Date	06/15/2007
Attachments	TTAB ANSWER.txt (3 pages)(6334 bytes)

13 June 2007

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD
CHEROKEE NATION

V. Opposition Numbers: 91177190 & 91177191
NORTH-EASTERN BAND OF CHEROKEE INDIANS
HEREBY ANSWERS THE NOTICE OF OPPOSITION AS
FOLLOWS (AMENDED ANSWER)

1. ADMIT
2. ADMIT
3. ADMIT
4. ADMIT

5. DENY We North-Eastern Band of Cherokee Indians cannot understand how the "Cherokee Nation, a federally recognized

-2 of 6-

Indian Tribe" could think that anyone will confuse or mistake the North-Eastern Band of Cherokee Indians mark with the unregistered mark of the "Cherokee Nation, a federally recognized Indian Tribe." However, to avoid any alleged confusion we will add the following disclaimer:

"The North-Eastern Band of Cherokee Indians cannot claim any benefits afforded state or federally recognized Indian Tribes. Furthermore, the North-Eastern Band of Cherokee Indians is not in any way a satellite of, or in any way affiliated with the Cherokee Nation, Cherokee Nation Enterprises, L.L.C., Cherokee Casino Resort, Cherokee Hills Golf Club."

6. Our North-Eastern Band of Cherokee Indians mark does not "closely resemble Opposer's Cherokee Nation mark." Our mark states our location and that we are a Band, not a Nation. The only similar word is "Cherokee" and, as Cherokee descendants, we have every right to our Cherokee identity, even if we are not on the 1898-1914 Dawes Rolls, or the 1924 Baker Roll.

7. Our North-Eastern Band of Cherokee Indians mark does not "so closely resembles Opposer's Cherokee Nation mark...Applicant

-3 of 6-

will falsely suggest a connection with Opposer and its citizens...."

This is not true. All Cherokee descendants are not residing in Oklahoma or North Carolina. There are Cherokee descendants here

in the northeast who left Cherokee lands to seek better economic opportunities. Many of us northeastern Cherokee descendants were not born on Cherokee lands. Many of us were born in urban areas.

But it is still our birthright to identify with our ancestors no matter what our complexion-Red, Black, White, ect-and we do know our culture and we do speak, read, and write our Cherokee

language.

ge. at "r

8. We are not "misrepresentative of citizenship (membership)...and deceptive...." All of us are Cherokee descendants. Many of our ancestors are on the 13 various rolls that are not accepted by the 3 federally recognized Cherokee Tribes. Understanding this, we have banded together in these urban areas to keep the traditions of our Principle People alive.

9. The registration of our mark will not in any way cause the disrepute or cheapening of the mark of the "Cherokee Nation a federally recognized Indian Tribe." We will not cause the Cherokee Nation mark "irreparable damage and injury," and our Opposer has -4 of 6-

not given nary an instance of such from 1971 to the present.

10. Our North-Eastern Band of Cherokee Indians mark has acquired sufficient distinctiveness here in the northeast to represent us northeastern Cherokee descendants. This is our reason for trademark registration. Many Cherokee organizations, bands, Tribes, and Nations are seeking individuality, some within the same reservation (the Freedman, the United Keetoowah Band, both residing within the Cherokee Nation reservation), and some are accomplishing this with trademark registration.

11. On this point of the Opposer's submission, they state "Applicant will receive benefits to which it is not entitled, to the damage and detriment of Opposer, and it's Cherokee Nation mark." This is not true. In order to receive federal benefits, a Tribe must go through the lengthy federal recognition process. If they become federally recognized, they are then placed on the Federal Roster. Before a Tribe can receive any federal benefits their federal status must be verified! Any one familiar with the federal recognition process will tell you this. Certainly the "Cherokee Nation, a federally recognized Indian Tribe" and their lawyers must also be aware of -5 of 6-

this. We are surprised that the "Cherokee Nation, a federally recognized Indian Tribe," would state a point that is not true.

We North-Eastern Band of Cherokee Indians are not federally recognized and cannot request, or claim, any benefits afforded federally recognized Indian Tribes (and we are not "immoral, scandalous,"... or untruthful). Ergo, the North-Eastern Band of Cherokee Indians will not "receive benefits to which it is not entitled, to the damage detriment of Opposer, and its Cherokee Nation mark."

We ask that registration of our North-Eastern Band of Cherokee Indians mark, Serial Number 78831782, filed 8 March 2007, for a collective membership mark in International Class 200, be sustained.

Not once since 1971 has the Opposer shown how our mark has caused

any "damage and detriment of Opposer...irreparable damage and injury to Opposer...confusion, mistake, and deception..." or how we "will falsely suggest a connection with Opposer and its citizens...receive benefits to which it is not entitled." Registration of our mark will not cause "Priority and likelihood of confusion," as it is not "confusingly similar" to any of the Opposer's-lucrative-registered marks. Any one

-6 of 6-

can see that our mark stands alone and separate in distinctiveness, and represents ONLY the northeastern Cherokee descendants.

We North-Eastern Band of Cherokee Indians thank you for allowing us to respond to this matter.

Respectfully submitted 15 May 2007

????????????????????????????

????????????????????????????

GreyWolf Richards, Wolf Clan
North-Eastern Band of Cherokee Indians
www.nebci.org
cc: Anthony Jorgenson @ ajorgenson@hallestill.com

and

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Cher·o·kee  [cher-uh-kee, cher-uh-kee]

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-noun, plural -kees, (especially collectively) -kee for 1.

1. a member of an important tribe of North American Indians whose first known center was in the southern Alleghenies and who presently live in North Carolina and Oklahoma.
2. the Iroquoian language of the Cherokee, written since 1822 in a syllabic script invented for the language by Sequoya.

Dictionary.com Unabridged (v 1.1)

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[American Heritage Dictionary - Cite This Source - Share This](#)

Cher·o·kee  (chĕr'ə-kē', chĕr'ə-kē') [Pronunciation](#)

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n. *pl.* Cherokee or Cher·o·kees

- a. A Native American people formerly inhabiting the southern Appalachian Mountains from the western Carolinas and eastern Tennessee to northern Georgia, with present-day populations in northeast Oklahoma and western North Carolina. The Cherokee were removed to Indian Territory in the 1830s after conflict with American settlers over rights to traditional lands.
 - b. A member of this people.
2. The Iroquoian language of the Cherokee.



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cherokee

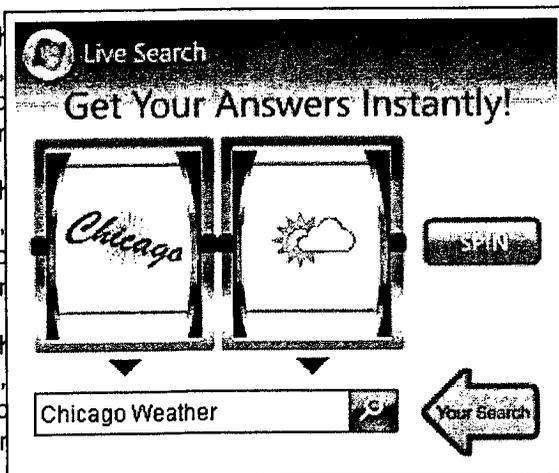
noun

1. the Iroquoian language spoken by the Cherokee
2. a member of an Iroquoian people formerly living in the Appalachian Mountains but now chiefly in Oklahoma

WordNet® 3.0, © 2006 by Princeton University.

U.S. Gazetteer - Cite This Source - Share This
Cherokee Village, AR Zip code(s): 72529

Cherokee Falls, SC Zip code(s): 29702



Cherokee County, OK (county, FIPS 21) Location: 35.90574
N. 94.99889 W

Population (1990): 34049 (15935 housing units)

Area: 1945.3 sq km (land), 65.7 sq km (water)

Cherokee County, NC (county, FIPS 39) Location: 35.13705

N, 84.06394 W

Population (1990): 20170 (10319 housing units)

Area: 1179.0 sq km (land), 29.8 sq km (water)

Cherokee County, KS (county, FIPS 21) Location: 37.16942

N, 94.84551 W

Population (1990): 21374 (9428 housing units)

Area: 1520.8 sq km (land), 10.0 sq km (water)

Cherokee County, IA (county, FIPS 35) Location: 42.73546

N, 95.62302 W

Population (1990): 14098 (5973 housing units)

Area: 1495.0 sq km (land), 0.5 sq km (water)

Cherokee County, GA (county, FIPS 57) Location: 34.24453

N, 84.47430 W

Population (1990): 90204 (33840 housing units)

Area: 1097.5 sq km (land), 26.6 sq km (water)

Indian Hills Cherokee Section, KY (city, FIPS 39358)

Location: 38.27791 N, 85.65157 W

Population (1990): 1005 (373 housing units)

Area: 0.8 sq km (land), 0.0 sq km (water)

Cherokee, AL (town, FIPS 14152) Location: 34.75637 N,

87.96669 W

Population (1990): 1479 (633 housing units)

Area: 5.8 sq km (land), 0.0 sq km (water)

Zip code(s): 35616

Cherokee, KS (city, FIPS 12825) Location: 37.34494 N,

94.82126 W

Population (1990): 651 (319 housing units)

Area: 1.8 sq km (land), 0.0 sq km (water)

Zip code(s): 66724

Cherokee, NC Zip code(s): 28719

Cherokee, OK (city, FIPS 13750) Location: 36.75413 N,

98.35493 W

Population (1990): 1787 (1010 housing units)

Area: 3.8 sq km (land), 0.0 sq km (water)

Zip code(s): 73728

Cherokee, TX Zip code(s): 76832

Cherokee, IA (city, FIPS 13080) Location: 42.75059 N,

95.55249 W

Population (1990): 6026 (2663 housing units)

Cherokee Village-Hidden Valley, AR (CDP, FIPS 13450)

Location: 36.30162 N, 91.56948 W

Population (1990): 4416 (2891 housing units)

Area: 80.3 sq km (land), 2.4 sq km (water)

U.S. Gazetteer, U.S. Census Bureau

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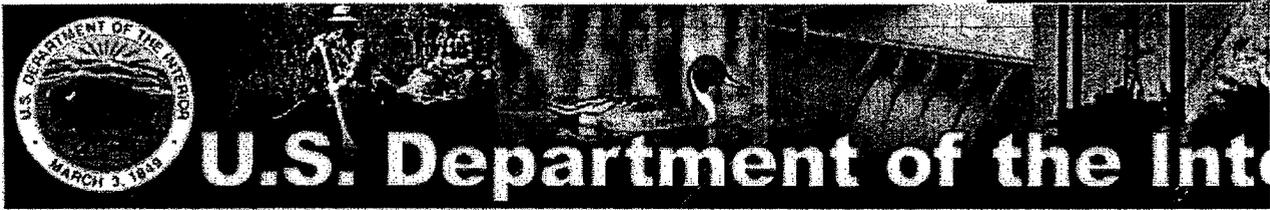
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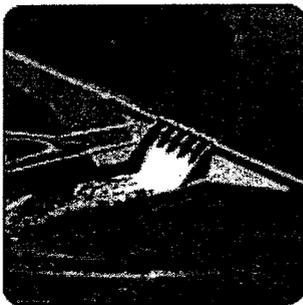
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Indian Ancestry - Cherokee Indian Ancestry

About 200 years ago the Cherokee Indians were one tribe, or "Indian Nation" that lived in t part of what is now the United States. During the 1830's and 1840's, the period covered by Removal Act, many Cherokees were moved west to a territory that is now the State of Okl; number remained in the southeast and gathered in North Carolina where they purchased l; continued to live. Others went into the Appalachian Mountains to escape being moved wes their descendants may still live there now.

Today, individuals of Cherokee ancestry fall into the following categories:

- (1) Living persons who were listed on the final rolls of the Cherokee Nation of Oklahoma (C Commission Rolls) that were approved and descendants of these persons. These final roll 1907.
- (2) Individuals enrolled as members of the Eastern Band of Cherokee Indians of North Car descendants who are eligible for enrollment with the Band.
- (3) Persons on the list of members identified by a resolution dated April 19, 1949, and certi Superintendent of the Five Civilized Tribes Agency and their descendants who are eligible with the United Keetoowah Band of Cherokee Indian of Oklahoma.
- (4) All other persons of Cherokee Indian ancestry.

Category 1.

After about a half century of self-government, a law enacted in 1906 directed that final rolls that each enrollee be given an allotment of land or paid cash in lieu of an allotment. The C formally organized in 1975 with the adoption of a new Constitution that superseded the 18: Nation Constitution. This new Constitution establishes a Cherokee Register for the inclusic Cherokee for membership purposes in the Cherokee Nation. Members must be citizens as reference to the Dawes Commission Rolls. Including in this are the Delaware Cherokees o Delaware Agreement dated May 8, 1867, and the Shawnee Cherokees of Article III of the Agreement dated June 9, 1869, and/or their descendants.

P.L. 100-472, authorizes through a planning and negotiation process Indian Tribes to admi manage programs, activities, function, and services previously managed by the Bureau of Pursuant to P.L. 100-472 the Cherokee Nation of Oklahoma has entered into a Self-govern and now provides those services previously provided by the BIA. Enrollment and allotmen maintained by the Cherokee Nation. Any question with regard to the Cherokee Nation shc to:

Cherokee Nation of Oklahoma
P.O. Box 948
Tahlequah, OK 74465

DOI JOBS

(918)456-0671 Fax (918)456-6485.

TEACHER RESOURCES

Category 2.

CHILDREN'S PAGES

The Eastern Band of Cherokee Indians of North Carolina is a federally recognized tribe and has its own requirements for membership. Inquiries as to these requirements, or for information shown on this page, may be addressed to the BIA's Cherokee Agency, Cherokee, North Carolina 28719, (704) 497-2771, Fax (704) 497-2952, ask for the Tribal Enrollment Office.

BUREAUS AND OFFICES

DOI Key Officials

DOI History

Eastern Band of Cherokee Indians
P.O. Box 455
Cherokee, North Carolina 28719
(207) 497-2771, Fax (704)497-2952
ask for the Tribal Enrollment Office.

WEBCAMS

Old Faithful

Mammoth Hot Springs

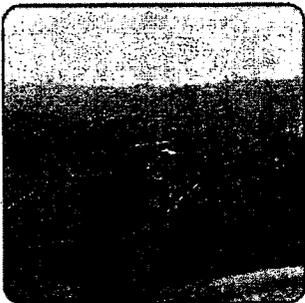
Glacier National Park

Grand Canyon

Big Bend National Park

Category 3.

By the Act of August 10, 1946, 60 Stat. 976, Congress recognized the United Keetoowah Band of Cherokee Indians in Oklahoma (UKB) for the purposes of organizing under the Oklahoma Indian Welfare Act. In 1950, the UKB organized under a Constitution and Bylaws approved by the Secretary of the Interior. Members of the UKB consist of all persons whose names appear on the list of members approved by a resolution dated April 19, 1949, and certified by the Superintendent of the Five Civilized Tribes Agency on November 26, 1949, with the governing body of the UKB having the power to promulgate rules and regulations governing future membership. The supreme governing body (UKB Council) consists of members, elected to represent the nine districts of the old Cherokee Nation and four offices at large. Information may be obtained by writing:



The Great Smoky Mountains National Park Web Camera is one of several webcams available on www.doi.gov.

United Keetoowah Band of Cherokee Indians
P.O. Box 746
Tahlequah Oklahoma, 74465-9432
(918) 456-5491 Fax (918) 456-9601.

Category 4.

Information about Indian ancestry of individuals in this category of Cherokees is more difficult to obtain. This is primarily because the federal government has never maintained a list of all the persons of Cherokee Indian descent, indicating their tribal affiliation, degree of Indian blood or other factors. To establish Cherokee ancestry you should use the same methods prescribed in "Indian Ancestry Research" material. (Reference directories "INDIAN ANCESTRY" and "GENEALOGICAL RESEARCH")

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Indian Ancestry - Locating the Dawes Rolls

The Dawes Commission was organized in 1893 to accept applications for tribal enrollment and 1907 from American Indians of the Five Civilized Tribes who resided in the Indian Territory later became the eastern portion of Oklahoma. The Five Civilized Tribes consist of the Choctaw, Creek, Seminole and Chickasaw Indians.

There are several places to get access to the Dawes rolls to see if your ancestor is listed, in the following locations.

National Archives & Records Administration
 Southwest Region
 P.O. Box 6216
 Fort Worth, TX 76115
 Phone: 817-334-5621
 Email: archives@ftworth.nara.gov
 URL: www.nara.gov

Oklahoma Historical Society
 Archives and Manuscripts Division
 2100 N. Lincoln Blvd.
 Oklahoma City, OK 73105
 Phone: 405-521-2491

Tulsa City-County Library
 400 Civic Center
 Tulsa, OK 74103
 Phone: 918-596-7977
 URL: www.tulsalibrary.org
 Collection: www.tulsalibrary.org/collections/genealogy/rolls-text.htm

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DOI Key Officials

DOI History

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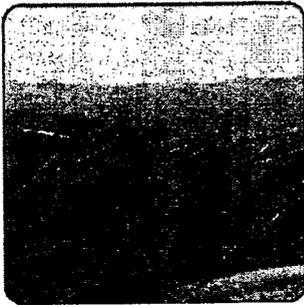
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TAHLEQUAH, OKLAHOMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2006

CHEROKEE NATION

Tahlequah, Oklahoma



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**YEAR ENDED
SEPTEMBER 30, 2006**

**Prepared by
Financial Resource Group**

CHEROKEE NATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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INTRODUCTORY SECTION

CHEROKEE NATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT



CHEROKEE NATION

P.O. Box 948
Tahlequah, OK 74465-0948
918-453-5000

Chad "Cornassel" Smith
ᏆᏃᏁᏍᏏ
Principal Chief

Joe Grayson
ᏆᏃᏁᏍᏏ
Deputy Principal Chief

March 28, 2007

Principal Chief, Deputy Chief, Tribal Council, and Citizens of the Cherokee Nation:

We are pleased to submit the Comprehensive Annual Financial Report of the Cherokee Nation (the "Nation" or "Tribe") for the fiscal year ended September 30, 2006. Accountability for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Nation. We believe the data presented is accurate in all material aspects, and fairly presents the financial position and results of operations for the year ended September 30, 2006.

A comprehensive analysis of the Nation's financial position and activities for the year are contained in this report. It has been prepared by the Nation's Financial Resources Group and conforms to the "pyramid" approach to governmental financial reporting as prescribed in National Council on Government Accounting ("NCGA") Statement 1, "Governmental Accounting and Financial Reporting Principles."

Organization of the Government

The Nation is the federally recognized government of the Cherokee people and has sovereign status granted by treaty and law. The Nation is the second largest federally recognized tribe in the United States and is located within the 14 counties of northeastern Oklahoma. The boundary runs northerly and southeasterly from Tulsa, Oklahoma to the Kansas and Arkansas state borders. The Nation's jurisdictional area—which consists of 9,234 square miles and includes all of nine counties and portions of five other counties—was established following the historical boundaries of the Cherokee Nation after the Treaty of 1866.

The Cherokee Nation has a tripartite form of government designed after the original democratic form of government of the Iroquois that was adopted by the United States. The Cherokee Constitution was amended by the Constitutional Convention in 1999 and ratified by a vote of the Cherokee citizens in 2003. This Constitution defines the distribution and separation of powers among the three branches of government. The three branches and their respective powers include the:

- (1) ***Executive Branch***--the executive power is vested in the Principal Chief, currently Chadwick "Cornassel" Smith. The Principal Chief is responsible for the execution of the laws of the Cherokee Nation, establishment of tribal policy and delegation of authority as is necessary for the administrative functions of the Cherokee Nation. The Principal Chief maintains an office at the W. W. Keeler Tribal Complex in Tahlequah (Cherokee County), Oklahoma.

The Deputy Chief, currently Joe Grayson, Jr., is empowered to act as directed by the Principal Chief.

- (2) ***Legislative Branch***--the Legislature consists of seventeen (17) tribal council members, who are citizens of the Cherokee Nation. The Tribal Council is elected to four-year terms from the nine districts of the Cherokee Nation and two at-large members who represent citizens living outside the jurisdictional area. The role of the Tribal Council is to adopt legislation and to conduct other business in the best interest of the Cherokee people.
- (3) ***Judicial Branch***--the Judicial Branch consists of the Supreme Court and the Cherokee Nation District Court. Supreme Court Justices are appointed by the Principal Chief and confirmed by the Tribal Council. The primary responsibility of the Justices is to hear and resolve any disagreements arising under the provisions of the Constitution or any enactment of the Tribal Council. The District Court system hears all cases brought before it under jurisdiction of the Cherokee Nation Code Annotated, Title 20, Courts and Procedure.

Between 1907 and 1971, the President of the United States appointed the Principal Chief of the Cherokee Nation. Special Congressional legislation was enacted to restore elective rights to the Cherokee people and, in 1971 W. W. Keeler became the first elected Principal Chief of the Cherokee Nation under this legislation. In 1975, Ross O. Swimmer was elected to the office of the Principal Chief and was re-elected in 1979 and 1983. In December 1985, Ross O. Swimmer resigned as Principal Chief of the Nation to become the Assistant Secretary of the Department of Interior for the Bureau of Indian Affairs. Wilma P. Mankiller, formerly Deputy Chief, was appointed Principal Chief and was elected to consecutive four-year terms in 1987 and 1991. Wilma Mankiller chose not to seek re-election in 1995. Joe Byrd was elected as Principal Chief in 1995. In 1999, Chad Smith was elected as Principal Chief. In May 2003, he was re-elected as Principal Chief and has continued his mission of improving services, increasing cultural awareness and increasing the resources for the betterment of the Cherokee Nation throughout 2006.

Government Services Provided

The Executive Branch of the Nation is organized with the Principal Chief and the Deputy Principal Chief serving as the final authorities of the administrative operations of the Nation. The Constitution provides for a three member Cabinet, the Secretary of State, the Treasurer and the Secretary of Natural Resources. The Secretary of State is responsible for a variety of governmental functions including but not limited to the certification of petitions, referring amendments of the constitution to the people, and receipt of petitions, orders for initiatives, and oaths of office. The Treasurer provides oversight and direction for the Nation on all financial matters, including annual budgets, investment of funds, and financial reporting in conformance with Generally Accepted Accounting Principles. The Secretary of Natural Resources advises the Chief on natural resource issues and works to advance the Nation's top environmental strategic priorities. The Secretary of Natural Resources office is currently vacant.

The Constitution also created an office of Attorney General and an office of Marshal. The Attorney General and Marshal are appointed by the Principal Chief and confirmed by the Tribal Council for a term of five (5) years. The terms of the Attorney General and Marshal shall not be concurrent. The Attorney General represents the Cherokee Nation in all criminal cases in the courts of the Nation, and in all civil actions wherein the Cherokee Nation is named as a party and shall have such other

duties as the Council may prescribe by law. The Marshal enforces tribal law within the jurisdiction of the Cherokee Nation.

The staff of the Principal Chief includes the Group Leaders of the respective groups who provide oversight and general direction. The three major Teams are Direction, Service, and Resources.

These Teams are comprised of the following:

1. **Direction Team**
 - a. Government Relations
 - b. Strategy
 - c. Solutions Development
 - d. Communications
2. **Service Team**
 - a. Education Services
 - b. Health Services
 - c. Community Services
 - d. Commerce Services
 - e. Human Services
 - f. Career Services
3. **Resource Team**
 - a. Legal Resources
 - b. Financial Resources
 - c. Human Resources
 - d. Management Resources
 - e. Government Resources

Reporting Entity

The Nation determines its financial reporting entity in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39 and, based on that criterion, has included the following entities as component units within the Nation's basic financial statements.

- Housing Authority of the Cherokee Nation ("HACN")
- Cherokee Nation Industries, Inc. ("CNI") and related companies
- Cherokee Nation Businesses, LLC ("CNB") and related companies
- Cherokee Nation Home Health Services, Inc. ("CNHHS")
- Cherokee Nation Comprehensive Care Agency ("CNCCA")
- Cherokee Nation Economic Development Trust Authority ("EDTA")

The nature of the activities of these organizations and the specific basis for inclusion as a component unit of the Nation are discussed in the notes to basic financial statements.

Excluded Organizations

During 2006, the following organizations did not meet the criteria for inclusion in the reporting entity and accordingly their financial operations are excluded from this report.

Cherokee Nation Education Foundation
Cherokee National Historical Society

Financial Information

The management of the Nation is responsible for ensuring that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Management of the Nation is also responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Nation are protected from loss, theft or misuse. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. The Nation did not change any financial policies that had a significant impact on the fiscal year's financial statements.

Single Audit - As a recipient of federal and state financial assistance, the Nation is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the Nation.

As a part of the Nation's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the Nation has complied with applicable laws and regulations. The results of the Nation's single audit for the fiscal year ended September 30, 2006, are included in a separately issued Single Audit Report.

Budget - Title 62, §31-32 provides the legal level of budgetary control for the Cherokee Nation. The Executive and Finance Committee of the Council, upon direction of the Treasurer and with advisement from the Controller, shall formulate an annual appropriations bill. The bill shall contain the legal budgeted annual revenue and expenditures for the general fund, and enterprise funds, the executive, legislative, and judicial branches of government. The sources of revenue may be based upon estimates. The budgeted expenditures for these funds shall not exceed total estimated revenues and beginning fund balance; Cherokee Nation limits uses of funds to the availability of the sources of revenues.

Should the need arise for management to transfer funds or propose additional appropriations, the Executive and Finance Committee of the Council, upon direction of the Treasurer and with advisement from the Controller, shall be responsible for proposing amendments to the annual appropriations law based upon material changes in real or estimated revenues and expenditures that affect the total amounts budgeted. Any amendments to the annual appropriations bill shall be presented to the full Council for consideration and passage. Any funds received by the Cherokee Nation, the use of which is determined by the granting or contracting agency (special revenue funds)

shall be used only for those purposes and under those conditions for which the funds are made available and such funds are not subject to legal appropriation by the Tribal Council.

The basic financial statements contain a budget and actual comparative statement for the General Fund, a legally budgeted fund. A budgetary statement for enterprise funds, which are also legally budgeted, is included in the budgetary information section of Other Supplementary Information. Budgets for the Nation are prepared on the same basis of accounting as the financial reports; therefore, no reconciliation is necessary.

Economic Outlook

Since fiscal year 2002, the Cherokee Nation primary government has increased its total assets by approximately \$180,000,000 or 132%. This growth is aligned with our vision for the Cherokee Nation as stated in the Declaration of Designed Purpose. This vision states, "The Cherokee Nation shall achieve and maintain an enriching cultural identity, economic self-reliance, and a strong government." The Nation's long-term financial planning process utilizes a Strategic Budget Committee to ensure discretionary resources are used to support the vision of the Nation. The planning process encompasses the annual financial budget process, as well as long-term strategic planning for use of the Nation's resources.

Through expansion of its component units, the Nation is working to establish a self-reliant economy for the citizens of the Nation. In addition to the expansion of component units, the Nation has been successful in partnering with local governments to attract new industries and create jobs within the Nation's jurisdiction.

Use of the Report

This report will be submitted to the U.S. Department of Interior, Office of Inspector General, in compliance with the requirements of the Office of Management and Budget (OMB) Circular A-133 "Audits of States and Local Governments and Non-Profit Organizations." Copies of the reports will also be submitted to elected officials of the Nation and various other agencies which require copies consistent with the administration of funding provided to the Nation under grants and contracts. Use of this report by the departments of the Nation is encouraged.

Readers of this report should refer to Management's Discussion and Analysis for better understanding of the financial activities of the Nation. The MD&A provides the reader with an easily readable discussion of the basic financial statements, significant differences, comparative analyses, fund financial analysis, significant budget variations, and facts, decisions or conditions which are expected to have a significant effect on the Nation's financial position or results of operations.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cherokee Nation for its comprehensive annual financial report for the fiscal year ended September 30, 2005. This was the

fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the 2006 Comprehensive Annual Financial Report (CAFR) was an extremely complex task requiring the professional skills of the entire Financial Resources Group. We would like to express our gratitude to the Financial Resources Group for their dedication and hard work. We would also like to thank BKD, LLP, independent auditors for the Cherokee Nation, for the guidance and technical assistance in completing this CAFR.

Respectfully submitted,



Callie Catcher
Treasurer

Cherokee Nation Tribal Officials 2006

EXECUTIVE BRANCH

Chadwick "Corntassle" Smith

Principal Chief

Joe Grayson, Jr.

Deputy Principal Chief

LEGISLATIVE BRANCH

Bill John Baker

District 1

Cherokee

Audra Smoke-Conner

District 1

Cherokee

S. Joe Crittenden

District 2

Trail of Tears

Jackie Bob Martin

District 2

Trail of Tears

David Thornton, Sr.

District 3

Sequoyah

Phyllis Yargee

District 3

Sequoyah

Don Garvin

District 4

Three Rivers

Linda Hughes-O'Leary

District 5

Delaware

Melvina Shotpouch

District 5

Delaware

Meredith A. Frailey

District 6

Mayes

John F. Keener

District 6

Mayes

Cara Cowan-Watts

District 7

Will Rogers

Buel Anglen

District 8

Oologah

William G. "Bill" Johnson

District 8

Oologah

Charles "Chuck" Hoskin

District 9

Craig

Taylor Keen

At Large

Jack D. Baker

At Large

JUDICIAL BRANCH

Darrell R. Dowty

Justice

Stacy Leeds

Justice

Darell R. Matlock

Chief Justice

James G. Wilcoxen

Justice

Kyle B. Haskins

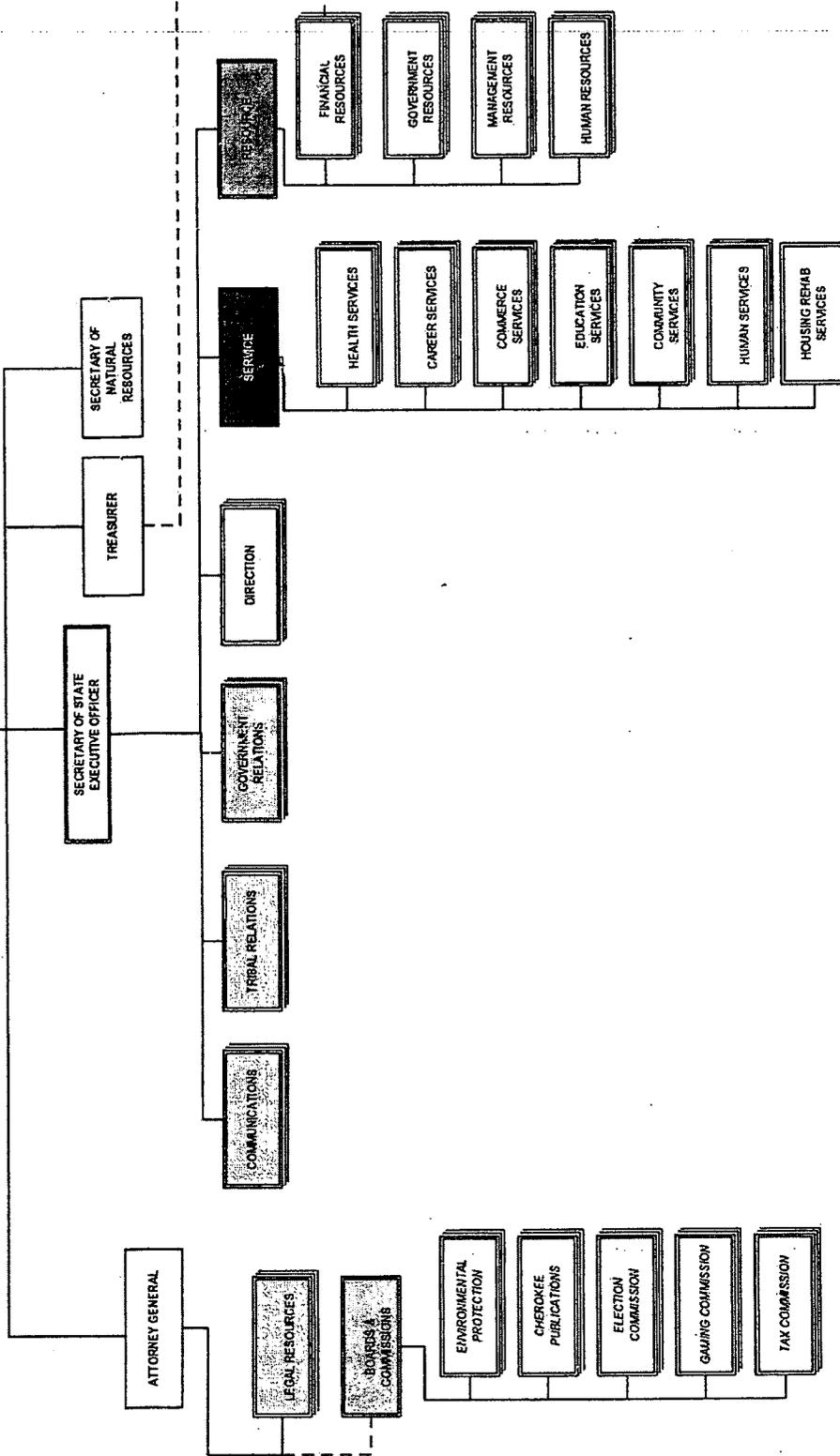
Justice

JUDICIAL
SUPREME COURT

LEGISLATIVE
TRIBAL COUNCIL

OFFICE OF PRINCIPAL
CHIEF

DEPUTY PRINCIPAL
CHIEF



Cherokee Nation
Organizational Chart
September 30, 2006

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cherokee Nation
Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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FINANCIAL SECTION

CHEROKEE NATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT



Independent Accountants' Report on Financial Statements and Supplementary Information

The Principal Chief and Tribal Council
Cherokee Nation
Tahlequah, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Cherokee Nation (the Nation) as of and for the year ended September 30, 2006, which collectively comprise the Nation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Nation's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the Cherokee Nation (HACN) or Cherokee Nation Home Health Services, Inc. (CNHHS), which are discretely presented component units of the Nation. The financial statements of HACN and CNHHS, which collectively comprise 36% of total assets and 2% of total operating revenues of the aggregate discretely presented component units, were audited by other accountants whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for HACN and CNHHS, is based solely on the reports of the other accountants.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other accountants, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Cherokee Nation as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2007, on our consideration of the Nation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Principal Chief and Tribal Council
Cherokee Nation
Page 2

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nation's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying information in the statistical section, as listed in the table of contents, has not been subjected to the procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

BKD LLP

March 28, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Nation's management provides Management's Discussion and Analysis of the Comprehensive Annual Financial Report ("CAFR") as a tool for readers of the Nation's financial statements for the fiscal year ended September 30, 2006. Readers of the Nation's financial statements are encouraged to utilize this information in conjunction with the information provided in the letter of transmittal, which precedes this section, and the accompanying basic financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

- The Nation's assets exceeded its liabilities at the end of fiscal year 2006 by \$145 million (net assets). Of this total amount, \$69 million are unrestricted net assets that may be used to meet the government's ongoing obligations.
- The Nation's overall liabilities increased by approximately \$22 million to \$170 million.
- The net assets increased by \$21 million, which is largely attributable to an increase in dividends from component units, increases in revenues from motor vehicle and tobacco taxes and increases in capital assets, net of related debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the Nation's basic financial statements. The Nation's basic financial statements are comprised of government-wide financial statements, fund financial statements, and notes to the basic financial statements. The CAFR also contains other information to supplement the basic financial statements. A brief description of the basic financial statements follows:

Basic Financial Statements

The basic financial statements include two types of financial statements that present different views of the Nation, the *Government-Wide Financial Statements* and the *Fund Financial Statements*. The basic financial statements also include *Notes to Basic Financial Statements*, which explain and provide additional detail about some of the information contained in the statements.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* provide a broad overview of the Nation's finances and operations in a manner similar to private-sector business. The statements provide information about the Nation's financial position on both a short-term and long-term basis. The statements are prepared using the accrual basis of accounting and an economic resources management focus. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities.

The *Statement of Net Assets* presents the assets and liabilities for the entire Nation, with the difference reported as "net assets." Increases or decreases in net assets over time, can serve as an indicator of the improvement or decline in the Nation's financial position.

The *Statement of Activities* presents information about how the Nation's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of when the related cash flows occur. Utilizing this method, revenues and expenses are reported when earned and incurred, rather than when cash is received or expended.

The financial statements include separate sections for three different types of activities. The three types are as follows:

- *Governmental Activities* – This section presents information about activities supported by dividends from component units, taxes, intergovernmental revenues (state and federal grants), and private grants. The services provided by the Nation's government generally fall into this category, including tribal government, health services, education services, human services, community services, and other tribal services.
- *Business-Type Activities* – These types of activities are intended to recover all or a substantial portion of their costs through user fees and charges to external users of the goods and services. The business type activities of the Nation include the Landfill Operations, Tsa-La-Gi Apartments, Economic Development Trust Authority, and Other Enterprise Activities.
- *Discretely Presented Component Units* – These are the operations for which the Nation has financial accountability, but have certain independent qualities, such as an independent Board of Directors. For the most part, these units operate similar to private-sector business.

The Nation's discretely presented component units are:

- The Housing Authority of the Cherokee Nation ("HACN")
- Cherokee Nation Industries, Inc. ("CNI") and related companies
- Cherokee Nation Businesses, LLC ("CNB") and related companies
- Cherokee Nation Home Health Services, Inc. ("CNHHS")
- Cherokee Nation Comprehensive Care Agency ("CNCCA")

Complete financial statements for each HACN, CNI, CNB and CNHHS can be obtained from their respective administrative offices, or by contacting Cherokee Nation, Office of the Controller.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been separated for specific activities or objectives. The Nation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual activities of the Nation's government, providing more detail than the government-wide financial statements. The funds of the Nation are divided into three types, which use different accounting approaches and should be interpreted differently. The three types of funds are:

Governmental Funds – Most of the services provided by the Nation are financed and reported through the governmental funds. Governmental funds are used to account for the same governmental functions as reported in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on the near-term inflows and outflows of expendable resources. These fund statements also focus on the balances of expendable resources available at the end of the fiscal year. This approach to financial reporting is known as using the flow of current financial resources and the modified accrual basis of accounting. This method may be useful in evaluating the government's near-term financing requirements. These statements provide a short-term view of the Nation's finances that assist in determining if there will be sufficient financial resources to meet the current needs of the Nation.

Because the focus of the governmental funds is narrower than that of the government-wide financials statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on pages 25 and 27 of the financial statements.

The Nation maintains five major governmental funds, each presented in a separate column in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The Nation's five major governmental funds are the General Fund, Self Governance DOI Roads, Self Governance DHHS, Housing and Urban Development and Sequoyah Education funds. In addition, the Nation maintains fifteen nonmajor funds, including two permanent funds, a capital projects fund and a debt service fund to account for other governmental activity. The governmental fund statements can be found on pages 25 and 26 of this report.

Proprietary Funds – These funds are used to show activities which operate similar to private-sector enterprises. Because these funds charge fees for goods and services provided to outside customers, they are known as Proprietary Funds. Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, except in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no separate reconciliation needed between the proprietary fund financial statements and the government-wide financial statements for business-type activities.

The proprietary funds financial statements can be found on pages 29 - 31 immediately following the governmental fund financial statements. The Nation's propriety funds include Enterprise and Internal Service Funds, which are described below.

Enterprise Funds – The Nation has four nonmajor enterprise funds for presentation purposes. The funds are the Nation's Landfill Operations, Tsa-La-Gi Apartments, Economic Development Trust Authority (EDTA), and Other Enterprises. The non-major enterprise combining financial statements can be found on pages 76 - 78 of this report.

Internal Service Funds – The internal service funds are used to account for activities related to goods and services provided by one department to other departments of the Nation and to other governmental units, on a cost reimbursement basis.

The internal service funds are:

- *Internal Leases* – used to account for the cost to maintain buildings for use by other funds of the Nation.
- *Force Accounts* – used to acquire and maintain equipment and supplies used by other funds of the Nation.
- *Fringe Pool* – used to account for the cost of fringe benefits, including the Nation's self-insured health care and worker's compensation benefits, used by other funds of the Nation.
- *Indirect Cost Pool* – used to account for the cost of providing certain services, such as accounting, human resources, and acquisition management, to other funds of the Nation.
- *Construction Management* – used to account for the cost to manage construction of buildings for use by other funds of the Nation. In 2006, the activities of this fund were transferred to CNI, a component unit of the Nation.

The internal service funds combining financial statements can be found on pages 79 - 81 of this report.

Cherokee Nation Component Unit Financial Statements – As previously mentioned above, the component units are operations over which the Nation has financial accountability, but they have independent qualities as well, similar to private-sector business. The government-wide financial statements present information for the component units in a single column. The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets present detail for each of the five discretely presented component units.

The financial statements for component units can be found on pages 32 and 33 of this report.

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and the fund financial statements. The notes to basic financial statements can be found on pages 34 - 73 of this report.

Supplementary Information

The basic financial statements are followed by a section of supplementary information. This section of the report includes combining schedules for nonmajor governmental and enterprise funds, internal service funds, one of the Nation's component units and a budgetary comparison schedule for the Nation's enterprise funds.

COMPARATIVE ANALYSIS FOR MAJOR FUNDS

The following is a comparative analysis for the Nation's major funds (in thousands):

Major Fund		2006	2005	Increase/ (Decrease)	Percentage Increase/ (Decrease)
General Fund					
Revenues and transfers in	(1)	\$ 63,289	\$ 54,027	\$ 9,262	17.1 %
Expenditures and transfers out	(2)	49,398	39,073	10,325	26.4 %
Self Governance DOI Roads					
Revenues and transfers in	(3)	11,536	3,522	8,014	227.5 %
Expenditures and transfers out	(3)	12,119	3,522	8,597	244.1 %
Self Governance DHHS					
Revenues and transfers in	(4)	70,940	61,876	9,064	14.6 %
Expenditures and transfers out	(4)	68,547	63,428	5,119	8.1 %
Housing and Urban Development					
Revenues and transfers in	(5)	24,295	24,692	(397)	(1.6)%
Expenditures and transfers out	(5)	24,295	24,692	(397)	(1.6)%
Sequoyah Education					
Revenues and transfers in	(6)	6,823	6,300	523	8.3 %
Expenditures and transfers out	(6)	6,468	6,141	327	5.3 %

(1) Revenue increases for General Fund are primarily the result of increased dividends from component units of \$7.5 million, increases in tax and license revenues of \$5.7 million and increased interest income of \$1.5 million offset by a reduction in revenue from indirect cost settlements of \$6.1 million.

(2) General Fund expenditures and transfers increased in FY2006 as compared to FY2005 by a total of \$10.3 million. The largest contributors to the increased expenditures were in salaries and fringe benefits of \$3 million, contract services of \$1.5 million, and client services of \$1.2 million. The increase in contract services included expenditures for community work projects, contract health services and an increased amount distributed from Motor Vehicle Tax to the schools and for highway construction.

(3) Self Governance DOI Roads program reflects an increase in revenue and expenditures as a result of new projects initiated in 2006.

(4) Self Governance DHHS revenue increased in FY 2006 primarily due to a \$9 million dollar increase in programmatic revenues received and increased third party revenues. Expenditures were more due to increases in salaries and fringe benefits.

(5) Housing and Urban Development revenue and expenditure were slightly less than FY2005 as a result of decreased sub-grants to Housing Authority of the Cherokee Nation ("HACN"). These sub-grants are used by HACN to provide affordable housing to citizens.

(6) Sequoyah Education revenue and expenditures increased in FY2006 primarily due to additional funding received from DOI for indirect costs.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

As stated earlier, the government-wide financial statements are presented to give a broad overview of the government as a whole. Total assets for the Nation's governmental activities at fiscal year ending September 30, 2006 were \$304 million. Of the \$304 million, \$56 million is related to investment in capital assets such as land, buildings, and equipment. Other assets, primarily cash, investments, and receivables, represent funds available to meet both current and future obligations of the Nation.

Total liabilities of the Nation's governmental activities at September 30, 2006 were \$164 million. Of this amount, approximately \$37 million relates to long-term obligations primarily for the Title VI guaranteed loan program used to provide affordable housing for sale to Tribal citizens and capital asset acquisitions. Other liabilities represent accounts payable and deferred grant revenue and other obligations generally due within one year of the financial statement date.

The assets of the Nation's governmental activities exceeded liabilities at September 30, 2006 by \$140 million, which is stated as net assets.

The Nation's business-type activities have total assets of \$11 million at September 30, 2006. Of the \$11 million, \$7 million is related to investment in capital assets such as land, buildings and equipment. The liabilities related to the business-type activities at fiscal year end were \$6 million. Of that amount, approximately \$4 million related to long-term obligations primarily to finance capital asset acquisitions and economic development authority loans for small business development. Other liabilities represent accounts payable and other obligations generally due within one year of the financial statement date. The assets of the Nation's business-type activities exceeded liabilities at September 30, 2006 by \$5 million, which is stated as net assets. The following table presents the Nation's net assets for the primary government (in thousands):

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 247,888	\$ 221,803	\$ 4,316	\$ 2,736	\$ 252,204	\$ 224,539
Capital assets	56,443	40,798	6,761	6,851	63,204	47,649
Total assets	<u>304,331</u>	<u>262,601</u>	<u>11,077</u>	<u>9,587</u>	<u>315,408</u>	<u>272,188</u>
Long-term debt outstanding	36,858	35,885	3,647	2,430	40,505	38,315
Other liabilities	127,557	107,298	2,357	1,999	129,914	109,297
Total liabilities	<u>164,415</u>	<u>143,183</u>	<u>6,004</u>	<u>4,429</u>	<u>170,419</u>	<u>147,612</u>
Net assets invested in capital assets, net of related debt	47,627	35,969	4,653	5,519	52,280	41,488
Restricted	23,250	16,822	-	-	23,250	16,822
Unrestricted	<u>69,039</u>	<u>66,627</u>	<u>420</u>	<u>(361)</u>	<u>69,459</u>	<u>66,266</u>
Total net assets	<u>\$ 139,916</u>	<u>\$ 119,418</u>	<u>\$ 5,073</u>	<u>\$ 5,158</u>	<u>\$ 144,989</u>	<u>\$ 124,576</u>

\$52 million of the net assets balance represents investment in capital assets, net of related debt. Restricted net assets represent external restrictions placed upon assets of the Nation. The largest category of restricted net assets is related to net assets restricted for specific program purposes. Of the total net assets, \$69 million is reported as unrestricted net assets. The unrestricted net assets represent amounts available for future services for the Nation's citizens, obligations, and creditors.

At September 30, 2006, the Nation reported positive net assets for the government as a whole, as well as for its separate governmental and business-type activities.

Changes in Net Assets

The Nation's net assets increased by \$21 million, or 17%, during the year. Total revenues for fiscal year ended September 30, 2006 were \$248 million. Total expenses of the Nation were \$227 million, which cover a variety of services. Approximately 38% of the total expenses were for health care for Tribal citizens. In total, governmental-type revenue exceeded expenses by \$21 million resulting in an increase in net assets. Net expenses for business-type activities exceeded revenues by \$85 thousand, resulting in a decrease in net assets. The changes in net assets during 2006 are as follows (in thousands):

Cherokee Nation's Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 2,576	\$ 2,001	\$ 1,737	\$ 3,192	\$ 4,313	\$ 5,193
Operating grants and contributions	108,177	104,278	119	104	108,296	104,382
Capital grants and contributions	411	-	-	-	411	-
General revenues:						
Motor fuel tax	7,406	8,094	-	-	7,406	8,094
Motor vehicle tax	7,188	6,382	-	-	7,188	6,382
Tobacco tax and fees	7,063	3,133	-	-	7,063	3,133
Sales tax	1,144	686	-	-	1,144	686
Unrestricted investment earnings	5,941	3,011	334	52	6,275	3,063
Dividends from Component Units	25,444	17,919	-	-	25,444	17,919
Grants and contributions not restricted to specific programs	78,849	62,015	-	-	78,849	62,015
Miscellaneous	1,199	898	69	-	1,268	898
Equity interest in joint venture	-	184	-	-	-	184
Gain/(loss) on disposals	-	-	72	-	72	-
Total revenues	<u>245,398</u>	<u>208,601</u>	<u>2,331</u>	<u>3,348</u>	<u>247,729</u>	<u>211,949</u>
Expenses:						
Tribal government	16,433	17,023	-	-	16,433	17,023
Health Services	87,061	79,344	-	-	87,061	79,344
Education Services	36,588	33,429	-	-	36,588	33,429
Human Services	27,307	24,824	-	-	27,307	24,824
Community Services	42,867	35,060	-	-	42,867	35,060
Other Tribal Services	12,712	10,623	-	-	12,712	10,623
Interest on long-term debt	1,975	1,651	-	-	1,975	1,651
Total governmental expenses	<u>224,943</u>	<u>201,954</u>	<u>-</u>	<u>-</u>	<u>224,943</u>	<u>201,954</u>
Tsa-La-Gi Village Apartments	-	-	390	352	390	352
Landfill Operations	-	-	1,794	2,252	1,794	2,252
EDTA	-	-	182	127	182	127
Childhood Development Centers	-	-	-	1,048	-	1,048
Other Enterprises	-	-	7	15	7	15
Total business-type expenses	<u>-</u>	<u>-</u>	<u>2,373</u>	<u>3,794</u>	<u>2,373</u>	<u>3,794</u>
Increase in net assets before transfers	20,455	6,647	(42)	(446)	20,413	6,201
Transfers	43	(2,889)	(43)	1,901	-	(988)
Change in net assets	<u>20,498</u>	<u>3,758</u>	<u>(85)</u>	<u>1,455</u>	<u>20,413</u>	<u>5,213</u>
Net assets—Beginning of year	119,418	115,660	5,158	3,703	124,576	119,363
Net assets—End of year	<u>\$ 139,916</u>	<u>\$ 119,418</u>	<u>\$ 5,073</u>	<u>\$ 5,158</u>	<u>\$ 144,989</u>	<u>\$ 124,576</u>

As indicated earlier in this report, the increase in net assets in 2006 is largely attributable to the increase in capital assets, net of related debt. The Nation has invested approximately \$13 million in new construction projects, including the Sequoyah multi-purpose center and three health clinics.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Nation's capital assets, net of depreciation, at the end of fiscal year 2006 were \$63 million. The Nation has no public domain (infrastructure) fixed assets. The following table presents details of the Nation's capital assets, net of depreciation (in thousands):

Cherokee Nation's Capital Assets (net of depreciation) September 30, 2006

	Governmental Activities	Business-type Activities	Total
Land and improvements	\$ 10,715	\$ 81	\$ 10,796
Construction in Progress	19,496	-	19,496
Buildings and improvements	19,416	6,226	25,642
Equipment	6,816	454	7,270
Total capital assets	<u>\$ 56,443</u>	<u>\$ 6,761</u>	<u>\$ 63,204</u>

Additional information on the Nation's capital assets can be found in Note 8 on pages 54 - 56 of this report.

The Nation's long-term debt at the end of fiscal year 2006 was approximately \$41 million, primarily related to investments in capital assets and Title VI loan proceeds. The following is a summary of long-term debt at September 30, 2006 (in thousands):

	Governmental Activities	Business-type Activities	Total
Notes payable	\$ 36,258	\$ 3,647	\$ 39,905
Capital leases payable	600	-	600
Total long-term debt	<u>\$ 36,858</u>	<u>\$ 3,647</u>	<u>\$ 40,505</u>

The Nation, as a tribal government, has the ability to incur debt, similar to a state and local government. The Nation entered into an agreement with Bank One, guaranteed by the United States Department of Housing and Urban Development's Title VI program. The purpose of the credit facility was to loan money to the HACN who, in turn, used the money in the building of affordable housing for Tribal citizens. As of September 30, 2006, borrowings under this credit facility totaled approximately \$28,202,000.

Additional information on the Nation's long-term debt can be found in Note 9 on pages 57 - 62 of this report.

SIGNIFICANT BUDGET VARIATIONS

The Nation's significant General Fund budget variations in 2006 were as follows (in thousands):

	Original Budget	Final Budget	Variance Increase/ (Decrease)	Percentage Increase/ (Decrease)	Actual		Variance Increase/ (Decrease)	Percentage Increase/ (Decrease)
Revenues:								
Taxes, licenses, and fees	10,299	12,587	2,288	22%	17,458	(1)	4,871	39%
Interest	1,300	1,396	96	7%	2,546	(2)	1,150	82%
Indirect cost settlement	-	-	-	-	2,201	(3)	2,201	
Dividends from component unit	18,600	23,000	4,400	24%	25,444	(4)	2,444	11%
Expenditures								
Tribal government	14,767	17,291	2,524	17%	10,543	(5)	(6,748)	(39%)
Member services	29,360	40,117	10,757	37%	24,884	(6)	(15,233)	(38%)
Capital outlay	4,651	5,825	1,174	25%	3,184	(7)	(2,641)	(45%)

The Nation's Tribal Council approves a comprehensive annual budget prior to the beginning of the fiscal year. During the year, budget modifications are submitted to Council based on changes in levels of actual revenue and expenses. The increase in Taxes, Licenses and fees is primarily the result of new legislation passed during 2006 adding a tobacco surtax. The increase in budgeted dividends from component units is the result of increased profit at Cherokee Nation Enterprises, LLC.

Variances between actual and final budget are as follows:

- (1) Taxes and fees generated approximately \$2.8 million more than anticipated in the budget, primarily from tobacco taxes. Motor vehicle licenses revenue exceeded budget by approximately \$2.1 million partially attributable to the addition of additional tag offices throughout the Nation's jurisdictional area.
- (2) Interest income was greater than budget, primarily due to increases in investment rates during 2006.
- (3) The indirect cost settlement was not anticipated in the budgeted revenues for 2006.
- (4) Component units are generally subject to a dividend based on net income. Dividends from component units were higher due to increased profits.
- (5) Expenditures for Tribal Government were less than budget primarily as a result of Contingencies reserves and Cash match for grants which were budgeted, but not expended. Communications projects expenditures totaling \$1.2 million were delayed due to timing.
- (6) Expenditures for Member Services were less than budget primarily as a result of timing on several projects.
- (7) Capital outlays were less than budget due to timing on land acquisitions.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Nation is currently in the process of several major projects, which will influence the future of the Nation. Health Services facilities are under construction in Sallisaw, Nowata and Muskogee. The health construction projects are being funded, in part, through the Nation's 2006 Health Care System Series 2006 Bond's which were issued in December, 2006. The debt service for these bonds will be funded from third party revenue from the health clinic operations. Community Services will continue to provide affordable housing for Tribal citizens through housing rehabilitation, mortgage assistance programs and rental subsidies. Budgeted expenditures and transfers for the Nation's General Fund for fiscal year 2007 total \$88 million, approximately \$.2 million more than the final amounts budgeted for fiscal year 2006.

During 2006, there were significant new entries to the gaming market in Oklahoma City as well as expansions completed along the Oklahoma and Texas borders. While these additions to the market are not direct competitors, they do offer competition for the regional customer. Announcements and groundbreaking by other tribes in the Tulsa market provide direct competition for the Nation's Catoosa casino operated by Cherokee Nation Enterprises, LLC ("CNE"). To address the competitive factors, CNE has begun an aggressive growth and development strategy for its flagship properties. Expansion plans have been announced for Roland, West Siloam Springs and Catoosa with these developments coming on line in 2008 and 2009. In addition to expansions, CNE also continues its innovative approach to offering the newest gaming options available as well as development of proprietary games. CNE has also started initiatives to improve loyalty within its existing customer base including targeted marketing and rewards programs.

CONTACTING THE NATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Nation's finances to its citizens, customers, creditors, and other interested parties. Questions concerning any of the information contained in this report or requests for additional financial information should be directed to the Nation's Controller's Office, Post Office Box 809, Tahlequah, Oklahoma, 74465.

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BASIC FINANCIAL STATEMENTS

CHEROKEE NATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

CHEROKEE NATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CHEROKEE NATION

STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2006
 (Dollars in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 163,139	\$ 1,840	\$ 164,979	\$ 74,981
Investments	15,801	-	15,801	28,525
Accounts receivable, net	14,295	718	15,013	22,220
Interest receivable	-	-	-	487
Mortgages receivable, Title VI and partnerships, current	-	-	-	557
Due from other funds - Internal Balances	2,138	(2,138)	-	-
Due from primary government	-	-	-	1,265
Inventories	777	-	777	10,208
Refundable income taxes	-	-	-	477
Prepaid expenses	-	-	-	367
Notes receivable	2,003	238	2,241	2,098
Deferred income taxes	-	-	-	637
Other current assets	1,409	2	1,411	2,683
Restricted cash, cash equivalents and investments	22,054	2,050	24,104	13,420
Long-term notes receivable	26,194	1,606	27,800	1,287
Long-term mortgages receivable, Title VI and partnerships	-	-	-	27,556
Other assets	78	-	78	901
Investment in joint ventures/partnerships	-	-	-	2,040
Capital assets, non depreciable	30,318	81	30,399	45,189
Capital assets, depreciable, net	26,125	6,680	32,805	191,876
Total assets	304,331	11,077	315,408	426,774
Liabilities				
Outstanding checks in excess of bank balance	-	-	-	1,984
Accounts payable and accrued liabilities	15,063	49	15,112	45,246
Due to component units	1,265	-	1,265	-
Compensated absences	3,884	-	3,884	-
Other current liabilities	2,558	18	2,576	-
Unearned revenue	677	300	977	-
Unearned grant revenue	104,110	-	104,110	-
Notes payable and long-term debt	-	-	-	-
Due within one year	4,691	312	5,003	2,517
Due in more than one year	31,567	3,335	34,902	35,402
Capital leases	-	-	-	-
Due within one year	348	-	348	-
Due in more than one year	252	-	252	-
Trust liabilities	-	-	-	10,775
Deferred income taxes	-	-	-	76
Other noncurrent liabilities	-	1,990	1,990	-
Total liabilities	164,415	6,004	170,419	96,732
Net Assets				
Invested in capital assets, net of related debt	47,627	4,653	52,280	231,798
Restricted for	-	-	-	-
Motor vehicle tax	5,255	-	5,255	-
Tobacco surtax	2,203	-	2,203	-
Permanent Funds - expendable	102	-	102	-
Permanent Funds - nonexpendable	425	-	425	-
Judgment funds - nonexpendable	2,734	-	2,734	-
Construction	972	-	972	-
Arkansas River Drybed Lands Settlement	1,578	-	1,578	-
Debt service	-	-	-	2,528
Program services	9,981	-	9,981	22,258
Unrestricted net assets	69,039	420	69,459	71,958
Total net assets	\$ 139,916	\$ 5,073	\$ 144,989	\$ 330,042

See notes to basic financial statements

CHEROKEE NATION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2006**
(Dollars in Thousands)

	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets				
	Charges for Services		Operating Grants and Contributions		Primary Government		Business-type		Component Units
	Expenses			Capital Grants and Contributions	Governmental Activities	Activities	Total		
Expenses/Programs									
Primary Government:									
Total Governmental activities:	\$ 16,433	\$ 4	\$ 1,624	\$ 323	\$ (14,482)	\$ -	\$ (14,482)	\$ -	
Health Services	87,061	-	31,376	-	(55,685)	-	(55,685)	-	
Educational Services	36,388	-	25,709	-	(10,679)	-	(10,679)	-	
Human Services	27,307	-	21,695	-	(5,612)	-	(5,612)	-	
Community Services	42,867	-	24,083	-	(18,784)	-	(18,784)	-	
Other Tribal Services	12,712	2,572	3,688	88	(6,364)	-	(6,364)	-	
Interest on long-term debt	1,975	-	-	-	(1,975)	-	(1,975)	-	
Total governmental activities	224,943	2,576	108,177	411	(113,779)	-	(113,779)	-	
Business-type activities									
Tea-La-Gi Apartments	390	492	-	-	-	192	102	-	
Landfill Operations	1,794	1,216	-	-	-	(578)	(578)	-	
EDTA	182	23	119	-	-	(40)	(40)	-	
Other Enterprises	7	6	-	-	-	(1)	(1)	-	
Total business-type activities	2,373	1,737	119	-	(517)	(517)	(517)	-	
Total primary government	\$ 227,316	\$ 4,313	\$ 108,296	\$ 411	(113,779)	(517)	(114,296)	-	
Component Units:									
Housing Authority of the Cherokee Nation (HAOCN)	\$ 29,657	\$ 6,367	\$ 20,003	\$ -	-	-	-	(3,217)	
Cherokee Nation Comprehensive Care Agency (CNCCA)	90	-	832	-	-	-	-	742	
Cherokee Nation Industries, Inc. (CNI)	99,101	99,059	-	-	-	-	-	(42)	
Cherokee Nation Business, LLC (CNBL)	295,038	333,417	-	-	-	-	-	58,339	
Cherokee Nation Home Health Services, Inc. (CNHHS)	3,172	3,106	-	-	-	-	-	(66)	
Total component units	\$ 427,058	\$ 461,949	\$ 20,835	\$ -	-	-	-	53,728	
General Revenues:									
Motor fuel tax					7,406	-	7,406	-	
Motor vehicle tax					7,188	-	7,188	-	
Tobacco tax					7,063	-	7,063	-	
Sales tax					1,144	-	1,144	-	
Grants and contributions not restricted to specific programs					78,849	-	78,849	-	
Unrestricted investment earnings					5,941	334	6,275	4,513	
Dividends from component units					23,444	-	23,444	-	
Miscellaneous revenue					1,199	69	1,268	322	
(Gain/loss) on investments in joint venture					-	-	-	(530)	
Loss on investment in equity investees					-	-	-	(4,560)	
Gain/(loss) on disposals					43	(43)	-	345	
Transfers									
Capital contributions									
Total general revenues and transfers					134,277	432	134,709	40	
Change in net assets									
Total					20,498	(85)	20,413	53,766	
Net assets, beginning					119,418	5,158	124,576	374,276	
Net assets, ending					\$ 139,916	\$ 5,073	\$ 144,989	\$ 330,042	

See notes to basic financial statements

FUND FINANCIAL STATEMENTS

CHEROKEE NATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CHEROKEE NATION

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006
(Dollars in Thousands)

	General	Self Governance DOI Roads	Self Governance DHHS	Housing & Urban Development	Sequoyah Education	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 26,726	\$ 29,820	\$ 21,699	\$ 37,564	\$ 15,578	\$ 30,591	\$ 161,978
Investments	-	7,417	-	-	-	8,384	15,801
Receivables, net	5,676	52	401	3	-	2,753	8,885
Due from other funds	32,868	-	-	1,055	-	2,458	36,381
Due from component units	-	-	-	-	-	-	-
Inventories	14	-	-	-	-	652	666
Notes receivable	-	-	-	-	-	149	149
Other current assets	164	-	634	-	-	448	1,246
Restricted cash, cash equivalents and investments	18,915	-	-	-	-	2,140	21,055
Total assets	\$ 84,363	\$ 37,289	\$ 22,734	\$ 38,622	\$ 15,578	\$ 47,575	\$ 246,161
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable and accrued liabilities	\$ 7,919	\$ -	\$ 2,141	\$ -	\$ -	\$ 993	\$ 11,058
Due to other funds	3,585	1,919	9,698	-	1,377	15,021	31,600
Due to component units	-	-	-	1,238	-	27	1,265
Other current liabilities	1	-	-	-	-	544	545
Deferred grant revenue	-	35,365	3,198	37,384	13,460	14,703	104,110
Deferred revenue	-	-	-	-	-	677	677
Total liabilities	11,505	37,289	15,037	38,622	14,837	31,965	149,255
FUND BALANCES:							
Fund balance:							
Reserved for debt service	-	-	-	-	-	-	-
Reserved by Legislative Act (Note 12):							
Motor fuel tax	24,674	-	-	-	-	-	24,674
Cash reserve	1,256	-	-	-	-	-	1,256
Tobacco retailers loan fund	1,000	-	-	-	-	-	1,000
Arkansas Riverbed settlement	1,894	-	-	-	-	-	1,894
Tribal judgements and trusts	-	-	-	-	-	9,653	9,653
Reserved by external sources and enabling legislation:							
Grant programs	-	-	7,697	-	741	1,543	9,981
Motor vehicle tax	5,255	-	-	-	-	-	5,255
Tobacco surtax	2,203	-	-	-	-	-	2,203
Permanent funds	-	-	-	-	-	527	527
Judgment funds	-	-	-	-	-	4,312	4,312
Unreserved (Note 12)	36,576	-	-	-	-	(524)	36,052
Total fund balances	72,858	-	7,697	-	741	15,610	96,906
Total liabilities and fund balances	\$ 84,363	\$ 37,289	\$ 22,734	\$ 38,622	\$ 15,578	\$ 47,575	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds.

Assets recorded in government-wide financial statements that are not available to pay for current period expenditures, therefore, are not recorded in the funds.

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities, including bonds payable, of the internal service funds are included in the governmental activities in the Statement of Net Assets.

Liabilities that are not due and payable in the current period and therefore not reported in the funds.

Net assets of governmental activities

\$ 139,916

CHEROKEE NATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006
 (Dollars in Thousands)

	General	Self Governance DOI Roads	Self Governance DHHS	Housing & Urban Development	Sequoyah Education	Other Governmental Funds	Total Governmental Funds
Revenues:							
Intergovernmental	\$ -	\$ 10,844	\$ 56,785	\$ 22,889	\$ 5,973	\$ 69,761	\$ 166,252
Property rentals	513	-	-	-	-	-	513
Motor fuel tax revenues	7,406	-	-	-	-	-	7,406
Tax and license revenues	17,458	-	-	-	-	-	17,458
Interest	2,546	690	1,251	1,334	384	3,446	9,651
Trust fund income	104	-	-	-	-	-	104
Indirect cost settlement	2,201	-	-	-	-	-	2,201
Dividends from component units	25,444	-	-	-	-	-	25,444
Other	1,378	2	12,854	5	35	7,935	22,202
Total revenues	57,050	11,536	70,890	24,228	6,385	81,142	251,231
Expenditures:							
Current operating:							
Tribal Government	\$10,543	-	403	1,043	-	3,040	15,029
Health Services	5,315	-	60,880	-	-	18,333	84,528
Education Services	6,447	-	-	488	6,461	22,392	35,788
Human Services	1,524	-	-	1,079	-	24,236	26,839
Community Services	5,245	10,750	3,567	21,068	-	1,790	42,420
Other tribal services	6,553	-	39	480	-	4,917	11,789
Debt services:							
Principal	263	-	-	-	-	2,854	3,117
Interest	71	-	-	-	-	1,748	1,819
Capital outlay	3,184	17	674	34	7	14,246	18,162
Total expenditures	38,945	10,767	65,563	24,192	6,468	93,556	239,491
Excess (deficiency) of revenues over expenditures	18,105	769	5,327	36	(83)	(12,414)	11,740
Other financing sources (uses):							
Issuance of long-term debt	-	-	-	-	-	4,260	4,260
Fees associated with debt issuance	-	-	-	-	-	128	128
Insurance recoveries	10	-	-	-	12	5	27
Transfers in	6,229	-	50	67	426	10,653	17,425
Transfers out	(10,453)	(1,352)	(2,984)	(103)	-	(3,028)	(17,920)
Total other financing sources (uses)	(4,214)	(1,352)	(2,934)	(36)	438	12,018	3,920
Net change in fund balances	13,891	(583)	2,393	-	355	(396)	15,660
Fund balance, October 1, 2005	58,967	583	5,304	-	386	16,006	81,246
Fund balance, September 30, 2006	\$ 72,858	\$ -	\$ 7,697	\$ -	\$ 741	\$ 15,610	\$ 96,906

See notes to basic financial statements

CHEROKEE NATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2006 (Dollars in Thousands)

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 15,660
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	16,266
Movement of equity of joint venture to a discretely presented component unit in the current year that was recorded in the government-wide statements in prior years.	(332)
Revenues previously reported in the statement of activities that did not provide current financial resources were not previously reported as revenues in the funds. These revenues are now presented in the fund statements as they become available	(5,858)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(1,271)
Some expenses are reported in the Statement of Activities when incurred and presented in the governmental funds when paid	(330)
The internal service funds are used to account for those activities which provide services to other functions within the government. These costs are allocated to the governmental funds in the government-wide financial statements. This amount is the net effect of the allocations.	<u>(3,637)</u>
Change in net assets of governmental activities	<u>\$ 20,498</u>

See notes to basic financial statements

CHEROKEE NATION

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (GAAP BASIS) - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(Dollars in Thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget over/(under)
	Original	Final		
Revenues:				
Property rentals	\$ 98	\$ 109	\$ 513	\$ 404
Motor fuel tax	7,484	7,484	7,406	(78)
Taxes, licenses, and fees	10,299	12,587	17,458	4,871
Interest	1,300	1,396	2,546	1,150
Trust fund income	60	60	104	44
Indirect cost settlement	-	-	2,201	2,201
Dividends from component units	18,600	23,000	25,444	2,444
Other	1,126	1,954	1,378	(576)
Total revenues	38,967	46,590	57,050	10,460
Expenditures:				
Tribal government	14,767	17,291	10,543	(6,748)
Member services	29,360	40,117	24,884	(15,233)
Capital outlay	4,651	5,825	3,184	(2,641)
Debt service	980	1,128	334	(794)
Total expenditures	49,758	64,361	38,945	(25,416)
Excess (deficiency) of revenues over expenditures	(10,791)	(17,771)	18,105	35,876
Other financing sources (uses):				
Insurance recoveries	-	-	10	10
Transfers in	13,889	17,823	6,229	(11,594)
Transfers out	(19,094)	(23,355)	(10,453)	12,902
Total other financing sources (uses)	(5,205)	(5,532)	(4,214)	1,318
Excess (deficiency) of revenues and other financing sources over expenditures	(15,996)	(23,303)	13,891	37,194
Fund balance, October 1, 2005	58,967	58,967	58,967	-
Fund balance, September 30, 2006	\$ 42,971	\$ 35,664	\$ 72,858	\$ 37,194

See notes to basic financial statements

CHEROKEE NATION

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

SEPTEMBER 30, 2006

(Dollars in Thousands)

	Business-type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Totals	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,840	\$ 1,840	\$ 1,161
Accounts receivable, net	718	718	241
Due from other funds	72	72	-
Inventories	-	-	111
Notes receivable, current	238	238	-
Other current assets	2	2	163
Total current assets	2,870	2,870	1,676
Noncurrent assets:			
Restricted cash and cash equivalents	2,050	2,050	999
Long-term notes receivable	1,606	1,606	-
Capital assets, net	6,761	6,761	11,646
Total noncurrent assets	10,417	10,417	12,645
Total assets	13,287	13,287	14,321
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	49	49	3,645
Current portion of long-term debt	312	312	476
Current portion of capital leases	-	-	348
Due to other funds	2,210	2,210	2,643
Compensated absences	-	-	3,884
Other current liabilities	18	18	2,013
Total current liabilities	2,589	2,589	13,009
Noncurrent liabilities:			
Unearned revenue	300	300	-
Long-term debt	3,335	3,335	3,058
Capital leases payable	-	-	252
Other liabilities	1,909	1,909	-
Total noncurrent liabilities	5,544	5,544	3,310
Total liabilities	8,133	8,133	16,319
NET ASSETS			
Invested in capital assets, net of related debt	4,653	4,653	7,512
Restricted	-	-	972
Unrestricted net assets/(deficit)	501	501	(10,482)
Total net assets/(deficit)	\$ 5,154	\$ 5,154	\$ (1,998)

Adjustment to reflect the consolidation of Internal Service Funds activities related to Enterprise Funds (81)

Net assets of business-type activities \$ 5,073

See notes to basic financial statements

CHEROKEE NATION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2006

(Dollars in Thousands)

	Business-type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Totals	
Operating revenues:			
Property rentals	\$ 486	\$ 486	\$ 3
Charges for services and goods	1,222	1,222	59,371
Other	29	29	221
Total operating revenues	<u>1,737</u>	<u>1,737</u>	<u>59,595</u>
Operating expenses:			
Cost of sales	-	-	(4)
Salaries and wages	626	626	50,375
Other services and charges	577	577	10,452
Materials and supplies	18	18	1,655
Depreciation and amortization	969	969	1,347
Total operating expenses	<u>2,190</u>	<u>2,190</u>	<u>63,825</u>
Operating income (loss)	<u>(453)</u>	<u>(453)</u>	<u>(4,230)</u>
Nonoperating revenues (expenses):			
Grant revenues	119	119	-
Interest income	334	334	25
Interest expense	(135)	(135)	(156)
Other sources	69	69	-
Gain/(loss) on sale of capital assets	72	72	138
Net nonoperating revenues (expenses)	<u>459</u>	<u>459</u>	<u>7</u>
Income (loss) before transfers	6	6	(4,223)
Transfers in	91	91	538
Transfers out	(134)	(134)	-
Change in net assets	<u>(37)</u>	<u>(37)</u>	<u>(3,685)</u>
Total net assets - beginning	<u>5,191</u>		<u>1,687</u>
Total net assets - ending	<u>\$ 5,154</u>		<u>\$ (1,998)</u>
Adjustment to reflect the consolidation of Internal Service Funds activities related to Enterprise Funds		<u>(48)</u>	
Change in net assets of business-type activities		<u>\$ (85)</u>	

See notes to basic financial statements

CHEROKEE NATION

NATION

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(Dollars in Thousands)

	Business-type Activities- Enterprise Funds		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
Cash flows from operating activities:			
Receipts from customers	\$ 1,708	\$ 1,708	\$ 59,374
Payments to suppliers	(648)	(648)	(12,301)
Payments to employees	(626)	(626)	(50,375)
Internal activity, net - payments (to)/from other funds	(669)	(669)	3,070
Program loans	(442)	(442)	-
Other receipts	30	30	1,448
Net cash provided/(used) by operating activities	<u>(647)</u>	<u>(647)</u>	<u>1,216</u>
Cash flows from noncapital financing activities			
Operating subsidies and transfers (to)/from other funds	(43)	(43)	538
Grant revenues	119	119	-
Receipts from other sources	69	69	-
Net cash provided by noncapital financing activities	<u>145</u>	<u>145</u>	<u>538</u>
Cash flows from capital and related financing activities			
Purchases of capital assets	(879)	(879)	(868)
Proceeds from capital debt	1,783	1,783	758
Principal paid on capital debt	(566)	(566)	(1,056)
Interest paid on capital debt	(135)	(135)	(156)
Proceeds from sales of capital assets	72	72	300
Net cash (used) by capital and related financing activities	<u>275</u>	<u>275</u>	<u>(1,022)</u>
Cash flows from investing activities			
Proceeds from sale of investments	11	11	-
Interest and dividends	334	334	25
Net cash provided by investing activities	<u>345</u>	<u>345</u>	<u>25</u>
Net increase (decrease) in cash and cash equivalents	118	118	757
Cash and cash equivalents, October 1, 2005	3,772	3,772	1,403
Cash and cash equivalents, September 30, 2006	<u>\$ 3,890</u>	<u>\$ 3,890</u>	<u>\$ 2,160</u>
Cash and Cash Equivalents consist of:			
Unrestricted cash and cash equivalents	\$ 1,840	\$ 1,840	\$ 1,161
Restricted cash and cash equivalents	2,050	2,050	999
	<u>\$ 3,890</u>	<u>\$ 3,890</u>	<u>\$ 2,160</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (453)	\$ (453)	\$ (4,230)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	969	969	1,347
Change in assets and liabilities:			
Receivables, net	(862)	(862)	1,880
Inventories	-	-	7
Other current assets	-	-	9
Accounts and other payables	(301)	(301)	2,203
Net cash provided by (used for) operating activities	<u>\$ (647)</u>	<u>\$ (647)</u>	<u>\$ 1,216</u>

See notes to basic financial statements

CHEROKEE NATION

COMBINING STATEMENT OF NET ASSETS - COMPONENT UNITS
SEPTEMBER 30, 2006 (JUNE 30, 2006 for CNI)
(Dollars in Thousands)

	Housing Authority of the Cherokee Nation (HACN)	Cherokee Nation Comprehensive Care Agency (CNCCA)	Cherokee Nation Industries Inc. (CNI)	Cherokee Nation Businesses LLC (CNB)	Cherokee Nation HomeHealth Services, Inc. (CNHHS)	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 8,038	\$ 491	\$ 549	\$ 65,714	\$ 189	\$ 74,981
Restricted cash	-	-	-	1,960	-	1,960
Investments	13,527	-	-	14,998	-	28,525
Receivables, net	809	-	16,514	4,476	421	22,220
Interest receivable	487	-	-	-	-	487
Mortgages receivable-Title VI	557	-	-	-	-	557
Due from primary government	1,265	-	-	-	-	1,265
Inventories	675	-	7,688	1,845	-	10,208
Refundable income taxes	-	-	477	-	-	477
Prepaid Expenses	199	-	157	-	11	367
Notes receivable	-	-	-	2,098	-	2,098
Deferred income taxes	-	-	637	-	-	637
Other current assets	173	-	-	2,510	-	2,683
Total current assets	25,730	491	26,022	93,601	621	146,465
Restricted investments	11,460	-	-	-	-	11,460
Notes receivable	146	-	-	1,141	-	1,287
Mortgages receivable-Title VI and partnerships	27,556	-	-	-	-	27,556
Other assets	641	-	260	-	-	901
Investment in partnerships/joint ventures	1,380	472	-	188	-	2,040
Capital assets, net	83,828	-	882	151,827	528	237,065
Total assets	150,741	963	27,164	246,757	1,149	426,774
LIABILITIES						
Current liabilities:						
Outstanding checks in excess of bank balance	-	-	1,984	-	-	1,984
Accounts payable and accrued liabilities	1,215	12	7,392	36,419	208	45,246
Current portion of long-term debt	-	-	478	-	179	657
Deferred revenue	701	-	-	-	22	723
Current portion of notes payable	1,860	-	-	-	-	1,860
Other current liabilities	9	-	-	-	-	9
Total current liabilities	3,785	12	9,854	36,419	409	50,479
Long-term debt	-	-	8,709	-	359	9,068
Trust Liabilities	10,775	-	-	-	-	10,775
Notes Payable	26,334	-	-	-	-	26,334
Deferred income taxes	-	-	76	-	-	76
Total liabilities	40,894	12	18,639	36,419	768	96,732
NET ASSETS						
Invested in capital assets, net of related debt	83,681	-	882	147,102	133	231,798
Restricted for:						
Debt service	2,528	-	-	-	-	2,528
Construction	-	-	-	1,500	-	1,500
Program services	22,258	-	-	-	-	22,258
Unrestricted net assets	1,380	951	7,643	61,736	248	71,958
Total net assets (deficit)	\$ 109,847	\$ 951	\$ 8,525	\$ 210,338	\$ 381	\$ 330,042

See notes to basic financial statements

CHEROKEE NATION

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2006 (Year ended June 30, 2006 for CNI)
(Dollars in Thousands)**

	Housing Authority of the Cherokee Nation (HACN)	Cherokee Nation Comprehensive Care Agency (CNCCA)	Cherokee Nation Industries Inc. (CNI)	Cherokee Nation Businesses LLC (CNB)	Cherokee Nation HomeHealth Services, Inc. (CNHHS)	Total
Operating revenues:						
Charges for services and goods	\$ 6,367	\$ -	\$ 99,059	\$ 353,417	\$ 3,106	\$ 461,949
Gain (loss) on investments in joint ventures	-	208	-	(788)	-	(580)
Other	386	-	-	-	4	390
Total operating revenues	6,753	208	99,059	352,629	3,110	461,759
Operating expenses:						
Cost of sales/operations	10,995	8	87,054	84,320	-	182,377
Salaries and wages	5,019	36	-	104,042	2,213	111,310
Housing assistance	6,037	-	-	-	-	6,037
Other services and charges	802	46	11,430	64,526	926	77,730
Depreciation and amortization	5,060	-	-	16,215	17	21,292
Total operating expenses	27,913	90	98,484	269,103	3,156	398,746
Operating income (loss)	(21,160)	118	575	83,526	(46)	63,013
Nonoperating revenues (expenses)						
Grant revenue	20,003	-	-	-	-	20,003
Funding provided by primary government	-	832	-	-	-	832
Interest/investment income	2,120	1	27	2,358	7	4,513
Interest expense	(1,744)	-	(774)	(80)	(16)	(2,614)
Loss on investment in equity investees	-	-	(4,560)	-	-	(4,560)
Allowance for uncollectible accounts	-	-	-	-	-	-
Debt forgiveness	-	-	-	-	-	-
Gain/(loss) on disposal of assets	807	-	-	(462)	-	345
Other, net	-	-	(61)	(7)	-	(68)
Net nonoperating revenues (expenses)	21,186	833	(5,368)	1,809	(9)	18,451
Income (loss) before income taxes	26	951	(4,793)	85,335	(55)	81,464
Income tax benefit (expense)	-	-	157	-	-	157
Net Income (loss)	26	951	(4,636)	85,335	(55)	81,621
Dividends to primary government	-	-	-	(25,444)	-	(25,444)
Capital grants to primary government	-	-	-	(411)	-	(411)
Change in net assets	26	951	(4,636)	59,480	(55)	55,766
Net assets, beginning of year	109,821	-	13,161	150,858	436	274,276
Net assets, end of year	\$ 109,847	\$ 951	\$ 8,525	\$ 210,338	\$ 381	\$ 330,042

See notes to basic financial statements

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NOTES TO BASIC FINANCIAL
STATEMENTS

CHEROKEE NATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT

**CHEROKEE NATION
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2006.**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Cherokee Nation (the "Nation") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities, including component units, the Nation has adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting*. The Nation has elected to apply all applicable GASB pronouncements, as well as Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") Opinions issued on or before November 30, 1989, unless those pronouncements conflict with, or contradict, GASB pronouncements.

Reporting Entity — The Nation is a tribal organization with Executive, Legislative, and Judicial Branches. The basic financial statements of the Nation present the reporting entity, which consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the Nation's basic financial statements to be misleading or incomplete. Accordingly, the accompanying basic financial statements reflect the financial position and the operations of the Cherokee Nation received, disbursed, or in the custody of the Nation or the Bureau of Indian Affairs ("BIA") and the United States Treasury, as its trustee, as well as all other funds and activities over which the Nation exercises financial accountability. The Nation's basic financial statements do not include the financial position or activities of various federal and state governmental agencies operating within tribal lands. The Nation determines its financial reporting entity in accordance with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," as amended by GASB No. 39, and based on that criterion, has included the following entities as component units within the Nation's basic financial statements:

Discretely Presented Component Units—The component units' columns in the government-wide financial statements includes the financial data of the Nation's discretely presented component units. These discretely presented component units are reported in a separate column to emphasize that they are legally separate from the primary government. Part of the determination for presenting them as discretely presented component units is that they do not have substantially the same governing body as the primary government nor do they provide services entirely or almost entirely to the primary government or for the benefit of the primary government. The following component units are included in the reporting entity because the primary government is financially accountable for and is able to impose its will on these organizations.

Housing Authority of the Cherokee Nation of Oklahoma — The Housing Authority of the Cherokee Nation of Oklahoma ("HACN") was created under the provisions of the laws of the State of Oklahoma and provides affordable housing and other services to low income Native Americans within the boundaries of the Nation. Effective October 1, 1997, the Native American Housing Assistance and Self-Determination Act ("NAHASDA") was implemented. The purpose of NAHASDA is to provide Federal assistance for Indian tribes in a manner that recognizes the right of Indian self-determination and tribal self governance. The Commissioners of the Housing Authority are nominated by the Principal Chief and confirmed by the Council of the Cherokee Nation. In September 2000, the Tribal Council of the Nation approved a legislative act that resulted in the Nation becoming the direct recipient of Department of Housing and Urban Development ("HUD")

funds formerly received directly by the HACN. Concurrent with this legislative act, the Nation and the HACN entered into a memorandum of understanding ("MOU") whereby the Nation agreed to pass through to the HACN a significant portion of the NAHASDA grant funds received by the Nation from HUD. Under the MOU, the Nation is responsible for oversight and compliance of the funds passed through to the HACN. As a result, HACN is considered to be a component unit of the Nation.

Cherokee Nation Business, LLC — Cherokee Nation Business, LLC ("CNB"), a tribal limited liabilities company, was created June 16, 2004, to provide shared services and strategic coordination to the Nation's business entities and to diversify the Nation's business holdings and act as a holding corporation for certain Nation investments in business enterprises. The Nation created CNB and is able to exert significant influence over CNB's activities as a result of its relationship to CNB and board member appointments. As of September 30, 2006, CNB held an interest in the following entities:

Cherokee Nation Enterprises, LLC ("CNE") — CNE is a limited liability company organized under the laws of the Cherokee Nation (the Nation). The Nation conducts all of its gaming and entertainment activities through CNE. Prior to July 14, 2006, CNE was a wholly owned tribal corporation of the Nation. On that date, CNE was converted from a corporation to a tribal limited liability company, and ownership was transferred from the Nation to CNB. For reporting purposes, CNE is included as a blended component unit of CNB which is a discrete component unit of the Nation. CNE operates six casinos, a horse racing facility with electronic gaming machines, two retail smoke shop facilities that include electronic gaming machines and other retail facilities including an additional smoke shop, convenience stores and gift shops. CNE's gaming and entertainment operations include food and beverage venues, hotels and motels, live entertainment venues and an 18-hole golf course. CNE is managed through a board of directors appointed by the Principal Chief of the Nation and approved by the Cherokee Nation Tribal Council. CNE has two of its own blended component units as follows:

Will Rogers Downs, LLC (WRD) — WRD is a limited liability company organized under the laws of the Cherokee Nation created to own and operate a horse racing and gaming facility and ancillary activities on nontribal lands in Claremore, Oklahoma. CNE is the sole member owning 100% of the units of WRD. The president of CNE is the designated manager of WRD. Based on the foregoing criteria and in compliance with the provisions of Governmental Accounting Standards Board (GASB) No. 14, *The Financial Reporting Entity*, WRD is included as a blended component unit in CNE's financial statements. Pursuant to the Act, WRD commenced electronic gaming and simulcast wagering operations in December 2005. In addition, WRD held its first live race meet during 2006. Prior to that time, WRD had limited operating activities. Separately issued financial statements with additional disclosures may be obtained from CNE's corporate office.

Cherokee Hotels, LLC (CHL) — CHL is a limited liability company, created on May 23, 2006, under the laws of the Cherokee Nation to own and operate two motels in Catoosa and Roland, Oklahoma. CNE is the sole member owning 100% of the units of CHL. The president of CNE is the designated manager of CHL. Based on the foregoing criteria and in compliance with the provisions of Governmental Accounting Standards Board (GASB) No. 14, *The Financial Reporting Entity*, CHL is included as a blended component unit in CNE's financial statements.

Cherokee Technologies, LLC ("CT") — CT is a limited liability company organized, on June 16, 2004, under the laws of the Nation created to facilitate CNB's ownership in Cherokee Connex, LLC. CNB is the sole member owning 100% of the units of CT, which is included in CNB's financial statements as a blended component unit.

Cherokee Services Group, LLC ("CSG") — CSG is a limited liability company organized under the laws of the Nation in 2006 for the purpose of marketing certain professional services to commercial enterprises, other tribes and state and federal governments. CSG has applied for and received 8(a) certification from the US Small Business Administration. CNB is the sole member of CSG which is included as a blended component unit of CNB. CSG had no operating activity for 2006.

CNB either directly or through its blended component units also holds a joint venture interest in two entities as follows:

Cherokee Connex, LLC ("Connex") — CT's joint venture, was organized on June 18, 2004 to provide wireless internet services in the Tulsa, Oklahoma market and surrounding areas. Connex is governed by the member managers, who consist of: CT, (51% ownership) and other nongovernmental investors (49% ownership) of Connex. CNB accounts for Connex using the equity method.

Cherokee CRC, LLC ("CCRC") — CNB's joint venture, was formed in March, 2005 in Tulsa, Oklahoma, by CNB (51% ownership) and an individual (49% ownership). CNB accounts for the investment in CCRC using the equity method. The targeted business of CCRC, a Tribal-owned 8(a) firm is to engage in the business of providing services to customers in the business described in the North American Industry Classification Codes 54162 (Environmental Consulting Services), 541330 (Engineering Services), 562910 (Remediation Services), 541710 (Research and Development in the Physical, Engineering and Life Sciences), 541380 (Testing Laboratories), and for customers in homeland security under governmental contracts in which Section 8(a) status provides a competitive advantage. CNB accounts for CCRC using the equity method.

Cherokee Nation Industries, Inc., CND, LLC, and Cherokee Medical Services, L.L.C. (collectively "CNI") — The Nation established CNI, and while not directly managing the daily operations, is able to exert significant influence over CNI's activities as a result of its relationship to CNI and appointment of a majority of CNI's board members. Although legally separate entities, this group of companies operates under the same management team and board of directors and issues combined financial statements. CNI engages primarily in the production, assembly, and repair of electronic component parts and wiring systems, and the provisions of certain contract medical services for the U.S. Government. All information included in the Nation's financial statements for CNI is for the fiscal period ended June 30, 2006.

Cherokee Nation Home Health Services, Inc. — Cherokee Nation Home Health Services, Inc. ("CNHHS"), a tribal corporation, was organized for the purpose of engaging in the home healthcare services. The Nation created CNHHS and is able to exert significant influence over CNHHS' activities as a result of its relationship with CNHHS and board member appointments.

Cherokee Nation Comprehensive Care Agency — The Cherokee Nation Comprehensive Care Agency, ("CNCCA") was established on January 29, 2004. CNCCA was created to facilitate various Nation health care initiatives including the facilitation of joint ventures and other business related health activities. CNCCA and the Tahlequah City Hospital entered into a joint venture on September 28, 2004, to create Cherokee Health Partners, LLC which is 51% owned by CNCCA. Cherokee Health Partners, LLC is an imaging center located in the Tahlequah City Hospital. The initial services to be provided are nuclear scans of the bones, heart, and lungs. The Nation through CNCCA has made an initial investment in Cherokee Health Partners, LLC in the amount of \$148,000. Since then CNCCA has recognized its proportionate share of CHP's earnings and distributions resulting in a carrying value of approximately \$472,000 for the joint venture at September 30, 2006. Prior to 2006 CNCCA was generally inactive and accounted for as a blended component unit. Upon

reconsideration in 2006, the Nation concluded that CNCCA should be reflected as a discretely presented component unit.

The financial statements for the discretely presented proprietary component units are presented as part of the accompanying basic financial statements. Selected disclosures for the discretely presented component units have been included in these notes to the basic financial statements. Separately issued audited financial statements with additional disclosures may be obtained for HACN, CNB, CNI, and CNHHS from the Cherokee Nation Controller's office.

Blended Component Units – A component unit whose operations are intertwined with those of the primary government are blended with the financial data of the primary government. There is no distinction between the data of the primary government and that of the component unit. The Nation's blended component units are as follows:

Cherokee Nation Economic Development Trust Authority – The Economic Development Trust Authority ("EDTA"), a Community Development Financial institution, is certified by the U.S. Treasury Department. Cherokee Nation EDTA was created by Tribal Council Legislative Act 36-89 as a mechanism to promote economic development. Its mission is to provide opportunities for income generation through economic development, to provide loans for business creation/expansion, and to provide loans to qualified individuals whom have traditionally been denied through conventional lending sources. EDTA is presented as a proprietary fund in the accompanying financial statements.

Excluded Organizations — During 2006, the following organizations did not meet the criteria for inclusion in the reporting entity, and accordingly their financial operations are excluded from this report.

Cherokee Nation Education Foundation

Cherokee National Historical Society

In fiscal year 2006, the Nation, CNE and the Cherokee National Historical Society entered into an operations management Memorandum of Agreement. This event is discussed more fully in Note 16.

Cherokee Nation law requires that all corporations, majority owned by the Nation, and incorporated under Cherokee Nation law pay a dividend based on net income. The dividend rate was 25% for the first quarter of FY2006 and 30% for the last three quarters of FY2006. Dividends paid to the Nation and other related party transactions are discussed in Note 16.

BASIS OF PRESENTATION

Government-Wide Financial Statements — The government-wide financial statements provide operational accountability information for the Nation as an economic unit. The government-wide financial statements report the government's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government and its component units. These statements include the Statement of Net Assets and the Statement of Activities as directed by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* ("GASB 34"). Under GASB 34 reporting, fiduciary funds and fiduciary-type component units are omitted from the government-wide financial statements.

Fund Financial Statements — The accounts of the Nation are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, expenditures, and transfers. The General Fund is always a major governmental fund. Other major funds are determined as funds whose revenues, expenditures/expenses, assets or liabilities are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the Nation. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Nation uses the following funds, grouped by fund type.

Governmental Funds — Governmental funds are those through which most governmental functions of the Nation are financed. The acquisition, use, and balances of the Nation's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

- **General Fund** — The General Fund represents the operating activities of the tribal government. All unrestricted resources not accounted for in other funds are reported in the General Fund.
- **Special Revenue Funds** — Special revenue funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted by law or administrative action to finance particular functions or activities of the Nation. The following are the Nation's major special revenue funds:
 - **Self Governance-DOI-Roads** — Established to account for funds received from the Department of Interior ("DOI") to expand the Nation's transportation activities such as planning, designing, constructing, and maintaining transportation facilities. Roads constructed with DOI funds are not capitalized by the Nation as they are transferred to other governmental agencies upon completion. These expenditures are generally presented as community service expenditures in the accompanying financial statements.
 - **Self Governance-DHHS** — Established to account for funds received under the Nation's Self Governance compact with the United States Government. These funds are used to administer a number of programs under Indian Health Services relating to health and human services. These expenditures are generally presented as health and community services expenditures in the accompanying financial statements.
 - **Housing and Urban Development** — Established to account for grant

funds received from the Department of Housing and Urban Development to improve living conditions and renovate homes of Indian residents. During fiscal 2006, the majority of the program expenditures were in the form of subrecipient payments to the Housing Authority, a discretely presented proprietary component unit of the Nation. These expenditures are generally presented as community service expenditures in the accompanying financial statements.

- **Sequoyah Education** — Established to account for funds received from the Department of Interior (“DOI”) Bureau of Indian Affairs (“BIA”) to provide education to Native American students. Sequoyah High School is located one-half mile south of the Nation and provides education for ninth through the twelfth grades. These expenditures are generally presented as education expenditures in the accompanying financial statements.
- **Permanent Funds** — Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes supporting the Nation’s programs. The Nation’s Permanent Funds contain two endowments, both of which allow the expenditure of income for tuition and educational purposes, with the principal being unavailable for disbursement. The trust agreements state the distributions of income shall go to individuals one-quarter or more of Cherokee blood quantum. All fund balances from the endowments are restricted and reserved.
 - **Sequoyah Endowment** — The Sequoyah Endowment was established in fiscal year 1991 by the Louise K. Green-Matthews Grant in Environmental Science in the amount of \$145,000. It was established to foster and encourage Cherokee students of at least one-quarter blood quantum to engage in obtaining a graduate education in Environmental Science or Natural Sciences. The income from the trust is available to provide one to two grants annually. The amount of net appreciation on the investment of the Sequoyah Endowment is \$59,000 which is the available amount reflected in the net assets.
 - **Gammon Education Trust** — The Glenn and Faye Gammon Education Trust was established in fiscal year 2001 by a willed contribution of \$290,000 to provide Cherokee higher education scholarships. In accordance with the will, income from the trust is used to provide tuition and related educational, travel and living expenses for Cherokee students with a blood quantum of one-quarter or more. The amount of net appreciation on the investment of the Gammon Education Trust is \$44,000 which is the available amount reflected in the net assets.
- **Debt Service Funds** — Debt service funds are used to report resources that are set aside to meet current and future debt service requirements on general long-term debt.
- **Capital Projects Funds** — Capital project funds are used to report resources that are used to report major capital acquisition and construction separately from ongoing operational activities.

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and nonmajor funds

aggregated. A reconciliation is presented to summarize the differences in net assets of the governmental fund financial statements and the net assets of the governmental activities in the government-wide financial statements. These differences are further explained in Note 2 to the basic financial statements.

Proprietary Funds — Proprietary funds are used to account for the Nation's ongoing organizations and activities which are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary funds maintained by the Nation are internal service funds, enterprise funds, and discretely presented component units, which represent the activities of the various entities established by the Nation for income and job producing purposes.

- **Internal Service Funds** — Internal service funds are used to report activities which provide goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. The Nation includes services such as internal leases, force accounts, fringe pool, indirect cost pool, and tribal operations' construction management in these funds. Substantially all internal service funds' net assets and activities are combined with the governmental activities in the government-wide financial statements. Note disclosures for governmental activities also include related amounts for the internal service funds.
- **Enterprise Funds** — The enterprise funds are proprietary funds that are used to report activities for which a fee is charged to external users. The Nation accounts for its Tsa-La-Gi Apartments, Landfill Operations, Economic Development Trust Authority ("EDTA") and Other enterprise activities in these funds. None of the Nation's enterprise funds are reported as major funds.
- **Component Units** — See pages 34 - 37 for descriptions of discretely presented component units.

Enterprise and internal service fund financial statements include a statement of net assets, a statement of revenues, expenses and changes in fund net assets, and a statement of cash flows. The enterprise fund financial information is presented under the business-type activities columns. A column representing internal service funds is also presented in these statements, with the internal service funds' net assets and activities combined with the governmental activities in the government-wide financial statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus — The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide Statement of Net Assets and Statement of Activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, financial position, and cash flows.

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. This measurement focus is based upon the receipt and disbursement of current available

financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, financial position and cash flows.

Basis of Accounting — The accrual basis of accounting is used throughout the government-wide financial statements; conversely, the financial statements of the General Fund, Special Revenue Funds, and Permanent Funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. The Nation accrues intergovernmental property rentals and tax revenues based upon this concept. Expenditures are generally recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources; and principal and interest on long-term debt are recorded as expenditures when paid.

The financial statements of the Enterprise Funds, Internal Service Funds, and the proprietary component units have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

Accounting Policies — The Nation's significant accounting policies related to the following basic financial statement categories are summarized below:

Cash and Cash Equivalents — The Nation considers all highly liquid investments in debt securities with maturities of three months or less when purchased to be cash equivalents. A "pooled cash" concept is used in maintaining certain cash accounts in the accounting records. Under this method, cash is pooled and each fund participating in the pool has equity in the pooled amount. Pooled cash accounts consist principally of interest-bearing and non-interest-bearing demand deposit accounts.

Restricted Cash and Cash Equivalents — Amounts represent certain bank account balances restricted for specific purposes as described in Note 4.

Investments — The Nation accounts for its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. GASB 31 establishes accounting and financial reporting standards for most investments held by governmental entities. The Nation reports investments at fair value. Fair value is determined using quoted market prices.

Inventories

- The Nation, through its participation in the Clinics Program, maintains an inventory of pharmaceutical drugs received from the United States Department of Health and Human Services. Title to these inventories does not pass to the Nation, which acts only as a distribution agent for the federal government. The value of drugs on hand related to this program has not been included in the Nation's financial statements.
- The Nation maintains an inventory of the food received for disbursement from Cherokee Nation's Food Distribution program. Food acquisitions are initially recorded as inventory and as deferred revenue and are charged to expenditures as used, using the FIFO method. Food inventories are valued at the cost assigned to such food items by the granting agency.
- CNB's inventories consist primarily of smokeshop, convenience store, gift shop, and gaming inventories and are valued at the lower of cost (FIFO) or market.
- CNI's inventories are valued at the lower of cost (FIFO) or market and consist principally of raw materials and purchased finished goods. Reserves are provided for slow-moving or obsolete inventories.

- HACN, as a result of the operation of the Title VI Loan program primarily, has built or acquired a number of homes in various locations in anticipation of the expected demand for the homes as well as homes for specific homebuyers in accordance with an agreement with them. These homes are presented as inventory by HACN.

Capital Assets — The Nation's accounting policies regarding capital assets such as land, buildings, vehicles, and equipment are that these assets, with an initial cost of \$5,000, or more are to be capitalized and depreciated over their estimated useful lives. Purchased or constructed capital assets are valued at historical cost or estimated historical cost. Donated capital assets are recorded at fair value at the date of the donation. Title to certain property and buildings utilized by the Nation, such as Sequoyah High School, the Child Care Development Center, and other land is held by the federal government. Therefore, such assets are not reflected as capital assets in the accompanying financial statements. The Nation has chosen the straight-line depreciation method for its capital assets based on the estimated useful lives of the capital assets as follows:

<u>Class of Asset</u>	<u>Estimated Useful Life</u>
Buildings and improvements	20-50 years
Equipment	3-20 years

The Cherokee Nation has the ability to request that land owned by the Nation and its component units be placed into trust status with the United States of America in Trust for the Cherokee Nation ("trust status"). If land is accepted into trust status, the Nation and its component units have the ability to continue using the property. Activities such as the Nations gaming activities can only be conducted on land held in trust status. When land goes into trust status, the title to the property is transferred to the Federal Government. Under generally accepted accounting principles this land must be removed from the books of the Nation or its component units since the Nation no longer has title to the land. At September 30, 2006, there were various parcels of land owned by the Nation and its component units that the Nation has requested to be placed into trust status. The cost basis of this property will be written off by the Nation when, and if, the property is accepted into trust status.

Fund Financial Statements — In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

Deferred Grant Revenues — The Nation is the recipient of grants from several different federal and state agencies. In some instances, the grants are advance funded. The Nation records these grants as deferred revenue until the funds are expended in accordance with the grant terms.

Landfill Site Development, Closure, and Postclosure Care Costs — The Nation capitalizes expenditures incurred for development of landfill cells for future use and amortizes such costs over the estimated life of the developed cell beginning upon its activation. The Nation, based on the cumulative amount of used capacity, accrues the currently estimated liability for closure and postclosure care costs. Such estimated costs include expected equipment and facility costs, costs of the final cover and postclosure care.

Taxes

- The Nation, except for CNI, is exempt from federal and state income taxes; consequently, no provision for income taxes is included in the accompanying financial statements for any funds, excluding CNI.

- Tsa-La-Gi Apartments are registered as tribal lands held in trust. As such, it is exempt from the payment of property taxes.
- CNE, a blended component unit of CNB, pays a gaming tax based on the previous year's gross revenues pursuant to provisions of the National Indian Gaming Regulatory Act. Amounts owed under the gaming tax are paid to the National Indian Gaming Commission ("NIGC") and have been reflected within operating expenses in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. Total payments for fiscal year 2006 were approximately \$112,000.

Compensated Absences — Vacation leave for the primary government is granted to all permanent full-time and eligible part-time employees. The annual amount of vacation time accrued varies, depending upon years of service, from 13 to 26 days for full-time employees. Permanent part-time employees earn vacation leave according to the pro-rata full-time hours worked. The maximum amount of vacation that may be accumulated and carried over to the following year is 30 days. Accumulated vacation leave vests, and the Nation is obligated to make payment, even if the employee terminates. Compensated absence liabilities are computed using the regular pay rates in effect at the statement of net assets date plus an additional amount for compensation-related payments such as social security and medicare taxes compiled using rates in effect at that date.

Upon request from the employee and approval by the supervisor and Human Resources, the Cherokee Nation annually buys back designated amounts of accrued annual leave from Regular/Full Time and Regular/Part Time employees, subject to restrictions based on funding agency guidelines as well as fund availability. In Fiscal Year 2006, the Cherokee Nation bought back \$655,000 of accrued annual leave.

Net Assets Classifications

Government-Wide Statements — Equity is classified as net assets and displayed in three components:

1. *Invested in capital assets, net of related debt* — Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.
2. *Restricted net assets* — Consists of net assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through Tribal constitutional provisions or enabling legislation. It is the Nation's policy to use restricted net assets prior to the use of unrestricted net assets when both restricted and unrestricted net assets are available for an expense which has been incurred.
3. *Unrestricted net assets* — All other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements — Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Proprietary fund equity is classified the same as in the government-wide statements.

Revenue Recognition — The Nation considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Nation defines the availability period for revenue recognition as ninety (90) days. The Nation's major revenue sources that meet this availability criterion are Motor Fuel Tax (MFT), Motor Vehicle Tax revenues and dividends declared by Component Units.

Program Revenues — There are two classifications of programmatic revenues for the Nation, grant revenues and program revenue. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized as the related expenditures are made and are reported as intergovernmental revenues. The primary source of program revenue is earned income in connection with the operation of the Nation's clinics and other health-related services, which are funded by the Department of Health and Human Services ("DHHS") Self Governance Compact. Under the provisions of the Self Governance Agreement with DHHS, the Nation is required to expend this program income for purposes similar to those funded by the basic DHHS Self Governance Compact. There are no specific requirements designating when or in what order program and other self governance funds should be spent. Program income earned from clinic and other health-related services during the year ended September 30, 2006 was approximately \$12.9 million.

Operating and Non-Operating Revenues and Expenses — In the Proprietary Funds and component units, operating revenues are those revenues produced as a result of providing services and producing and delivering goods, including all transactions and other events. Non-operating revenues are funds primarily provided by investing activities, such as interest income and Federal grants received by HACN. Operating expenses are those expenses related to the production of revenue. Non-operating expenses are those expenses not directly related to the production of revenue, and includes items such as interest expense and losses on disposal of assets.

Interest Income — Interest income is recorded as earned in the fund holding the interest bearing asset.

Interest Income-Self Governance Compacts — The Nation receives certain amounts of advance funding as a self governance compact tribe in three large self governance compacts with the DOI and DHHS. These funds are invested in interest-earning assets until the funds are expended under the terms of the self governance compacts. The Nation need not refund the interest earnings under these compacts and is not directly accountable to the DOI or the DHHS for the expenditure of these interest earnings. The discretionary interest is recorded in the Self Governance funds but is allocated to other programmatic expenditures through the budgeting process.

Interest Income-Grants — The Nation receives certain amounts of advance funding in connection with three large grants: (1) NAHASDA, funded by HUD, (2) the Sequoyah High School Grant, which is funded by the DOI, and (3) PL-102-477 which is funded by the Department of Labor ("DOL") and the DHHS through the DOI. The applicable legislation and regulations for each grant authorize the earning of interest on advance payments; the use of which is governed by the same.

Internal Activities — The Nation's policy for eliminating internal activities in the Government-wide Statement of Activities is the look-back approach. This method prescribes that the internal service funds operate on a breakeven basis. The net profit or loss on an internal service fund is to be allocated to the government's programs/departments that benefited from the goods or services provided based on their proportionate benefit.

Indirect Costs — The Government-wide Statement of Activities does not use a separate column to identify allocated indirect costs since the allocation is automatically calculated. Indirect costs are included in the program operating expenses reported for individual functions and activities in the fund statements.

The Nation's indirect cost plan utilizes a fixed rate with carryforward. To the extent that actual indirect cost expenses differ materially from indirect cost recoveries, the difference is recorded as deferred revenue (overrecovered) or a deferred charge (underrecovered) and reversed in the period the difference is used to adjust the indirect cost rate.

Budgets and Budgetary Accounting Policies — Title 62, §31-32. provides the legal level of budgetary control for the Cherokee Nation. The Executive and Finance Committee of the Council, upon direction of the Secretary-Treasurer and with advisement from the Controller, shall formulate an annual appropriations bill. The bill shall contain the legal budgeted annual revenue and expenditures for the general fund, and enterprise funds, the executive, legislative, and judicial branches of government. The sources of revenue may be based upon estimates. The budgeted expenditures for these funds shall not exceed total estimated revenues and beginning fund balance. The Executive and Finance Committee of the Council, upon direction of the Secretary-Treasurer and with advisement from the Controller, shall be responsible for proposing amendments to the annual appropriations law based upon material changes in real or estimated revenues and expenditures that affect the total amounts budgeted. Any amendments to the annual appropriations bill shall be presented to the full Council for consideration and passage. Any funds received by the Cherokee Nation, the use of which is determined by the granting or contracting agency (special revenue funds) shall be used only for those purposes and under those conditions for which the funds are made available and such funds are not subject to legal appropriation by the Tribal Council.

The basic financial statements contain a budget and actual comparative statement for the General Fund, a legally budgeted fund. A budgetary statement for enterprise funds, which are also legally budgeted, is included in the budgetary information section of Other Supplementary Information.

Budgets for the Nation are prepared on the same basis of accounting as the financial reports; therefore, no reconciliation is necessary.

Management Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reported period. Actual results could differ from those estimates.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation of total fund balance of the governmental funds to the total net assets of the governmental activities in the statement of net assets. One element of that reconciliation explains that "capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds." The details of this \$44,797,000 difference are as follows (in thousands):

Capital assets, net	\$ 56,443
Less: Internal service fund capital assets	<u>(11,646)</u>
Capital assets used in governmental activities	<u>\$ 44,797</u>

Another element of that reconciliation explains that "assets recorded in the government-wide financial statements are not available to pay for current period expenditures, therefore, are not recorded in the funds." This \$5,169,000 difference represents the remaining Arkansas River Drybed Lands Settlement receivable.

The final element of that reconciliation, excluding the net assets of the internal service funds of \$1,920,000, explains that "liabilities are not due and payable in the current period and, therefore, not reported in the funds." The details of this \$5,036,000 difference are as follows (in thousands):

Long-term debt - governmental funds	\$ 4,522
Liability payment for component unit	154
Arkansas River Drybed Lands litigation fee	200
Accounts payable - governmental funds	<u>160</u>
Net Adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 5,036</u>

A reconciliation of the net change in fund balance - total governmental funds reported in the statement of revenues, expenditures, and changes in fund balance for the governmental funds to the change in net assets of governmental activities reported in the statement of activities is presented in the accompanying basic financial statements.

One element of this reconciliation explains "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period." The details of this \$16,266,000 difference are as follows (in thousands):

Capital expenditures in governmental funds capitalized on government-wide financial statements	\$ 18,162
Depreciation expense	<u>(1,896)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 16,266</u>

The next element of that reconciliation represents the "movement of equity resulting from a joint venture recorded at the government-wide statements in prior years to a discretely presented component unit in the current year." The \$332,000 reflects the movement of the equity in the joint venture at the beginning of FY2006.

Another element of that reconciliation states that "revenues previously reported in the statement of activities that did not provide current financial resources were not reported as revenues in the funds. These revenues are now presented in the fund statements as they become available." The details of this \$5,858,000 difference are as follows (in thousands):

Arkansas River Drybed Lands	\$ (803)
Indirect cost settlement	(2,201)
Amount provided from HACN to the Nation for Title VI payment	<u>(2,854)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (5,858)</u>

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." The details of this \$1,271,000 difference are as follows (in thousands):

Debt principal payments	\$ 3,117
Proceeds from long term debt - capital projects	<u>(4,388)</u>
Net adjustment to decrease changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ (1,271)</u>

Some expenses are reported in the Statement of Activities when incurred and presented as expenditures in the governmental funds when paid. The details of this \$330,000 difference are as follows (in thousands):

Write down of liability for IDC settlement	\$ (90)
Disallowed cost settlement	100
Arkansas River Drybed Lands litigation fee	(200)
Additional capital outlay expense and loss on disposal	<u>(140)</u>
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (330)</u>

Another element of that reconciliation states that "the internal service funds are used to account for those activities which provide services to other functions within the government. These costs are allocated to the governmental funds in the government-wide financial statements. This amount, (\$3,637,000) is the net effect of the allocations."

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Internal Service Funds' Force Accounts and Fringe Pool, and the Capital Projects Fund had net deficits of \$102,000, \$9,299,000, and \$524,000 respectively, at September 30, 2006. If the above deficits cannot be recovered in future years through operating revenues, fringe charges to other funds of the Nation, and normal transfers, the General Fund may be required to cover the deficits. During fiscal year 2006, the Nation's construction management services were transferred to CNI, a component unit of the Nation. The accumulated net deficit of construction management in the amount of \$538,524 was covered by a transfer from the General Fund.

4. DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the Nation's deposits may not be returned to it. Cherokee Nation statute requires that funds be deposited in a financial institution insured either by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation. All balances in excess of insurance limits require pledged collateral from the financial institution. All deposits of the primary government were either insured or covered by pledged collateral. Component units' deposits of \$5,254,000 were uninsured and uncollateralized.

Investments — The Nation's permissible investments include corporate obligations, United States Government obligations and Certificates of Deposit. For investments, custodial risk is the risk that in the event of the failure of the counterparty, the Nation will not be able to recover the value of its investments in the possession of an outside third party. The Nation's investment policy does not specifically address custodial credit risk; however, investments are held by third party custodians in the Nation's name.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Nation manages interest rate risk by maintaining a balance of highly liquid investments and a "ladder" approach to long term investments. Funds are invested in blocks, normally of \$1,000,000 or greater, with maturities ranging from one to five years. Any investment with a maturity date of over five years requires CN Tribal Council approval.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the Nation's policy to limit its investments in corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The Nation's investments in U.S. agencies and Commercial paper were rated AAA by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service. The Nation's and CNB's mutual bond fund investments were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Nation's investment in a single issuer. The Nation's investment policy does not specifically address concentration of credit risk. Of the total primary government's investments, \$5,688,000, or 14%, is invested in Freddie Mac and \$4,575,000, or 12%, is invested in Fannie Mae.

Investments, categorized as to interest and credit risk, at September 30, 2006 were as follows (in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)				Credit Rating Moody's/S&P
		Less Than 1	1 - 5	6 - 10	More Than 10	
Primary Government:						
U.S. Treasuries	\$ 11,468	\$ 4,978	\$ 6,490	\$ -	\$ -	N/A
Government sponsored entities	23,896	13,547	8,778	1,071	500	Aaa/AAA
Commercial paper	81	-	81	-	-	Aaa/AAA
Money Market Mutual funds	3,361	3,361	-	-	-	(1)
Total Primary Government	\$ 38,806	\$ 21,886	\$ 15,349	\$ 1,071	\$ 500	
Component Units:						
Money market funds	\$ 282	\$ 282	\$ -	\$ -	\$ -	(1)
Government Obligations Fund	7,926	7,926	-	-	-	AAA/Aaa
Government sponsored entities	21,462	19,290	2,172	-	-	AAA/Aaa
Total Component Units	\$ 29,670	\$ 27,498	\$ 2,172	\$ -	\$ -	

(1) While these Money Market Mutual funds and Money market funds do not have formal ratings, they are Governmental or Institutional type funds that are invested only in securities that have the highest short term rating from at least two NRSRO's.

A reconciliation of the investments for the Primary Government presented above to the investments as presented in the statement of net assets follows (dollars in thousands):

Investments as presented above:	\$ 38,806
Plus Certificates of Deposit reported as investments	270
Less investments reported as Restricted Investments	(19,914)
Less Money market funds recorded as Cash & Cash Equivalents	(3,361)
Total investments	\$ 15,801

Restricted Cash, Cash Equivalents and Investments — Restricted cash, cash equivalents and investments and reserved cash at September 30, 2006 included the following:

- \$972,000 in unspent loan proceeds in the Internal Leases fund.
- \$221,000 representing tenant security deposits held in trust, replacement reserves and mortgage escrow deposits for Tsa-La-Gi.
- \$1,829,000 relating to the capital replacement and closure and postclosure care costs of the Landfill Operations fund.
- \$27,000 reserved for natural resources replacement.
- \$15,615,000 reflecting the balance in Motor Fuel Tax Education Trust.
- \$3,300,000 relating to the Motor Fuel Tax Scholarship Reserve.
- \$562,000 relating to scholarship funds.

- \$1,578,000 relating to the Arkansas River Drybed Lands Settlement
- \$2,528,000 held in escrow relating to the Title VI loan with a bank (see Note 9).
- \$8,932,000 relating to HACN's lease-to-own homeownership program.
- \$1,500,000 relating to CNB's construction in progress
- \$460,000 relating to pari-mutuel horse racing activities

5. **RECEIVABLES**

Receivables at September 30, 2006 consisted of the following (in thousands):

	Primary Government				Notes Receivable
	Grants & Contracts Receivable	Accounts Receivable	Interest Receivable	Total	
Governmental Fund Receivables:					
General					
Motor fuel taxes	\$ -	\$ 1,813	\$ 183	\$ 1,996	\$ -
Other taxes	-	47	-	47	-
Other accounts receivable	-	1,165	-	1,165	-
Dividends receivable from component unit	-	2,468	-	2,468	-
Notes receivable, current	-	-	-	-	1,854
Long term notes receivable	-	-	-	-	26,194
Special Revenue Funds:	<u>2,702</u>	<u>311</u>	<u>196</u>	<u>3,209</u>	<u>149</u>
Receivables recorded in the Government- wide financial statements that are not recorded in the funds:					
Arkansas River Drybed Lands Settlement	5,169	-	-	5,169	-
Other - Internal Service Funds	<u>-</u>	<u>241</u>	<u>-</u>	<u>241</u>	<u>-</u>
Receivables of Governmental Activities	<u>\$ 7,871</u>	<u>\$ 6,045</u>	<u>\$ 379</u>	<u>\$ 14,295</u>	<u>\$ 28,197</u>
Business Type Activities:					
Landfill operations	\$ -	\$ 728	\$ -	\$ 728	\$ -
Notes receivable, current	-	-	-	-	238
Long term notes receivable	-	-	-	-	1,606
		<u>728</u>	<u>-</u>	<u>728</u>	<u>1,844</u>
Less: Allowance for uncollectible accounts		<u>(10)</u>	<u>-</u>	<u>(10)</u>	<u>-</u>
Receivables of Business Type Activities	<u>\$ -</u>	<u>\$ 718</u>	<u>\$ -</u>	<u>\$ 718</u>	<u>\$ 1,844</u>

	Component Units				Total
	HACN	CNI	CNB	CNHHS	
Receivables:					
Accounts	885	17,804	4,476	441	23,606
Interest	487	-	-	-	487
Notes	28,259	-	3,239	-	31,498
Due from primary government	1,265	-	-	-	1,265
	<u>30,896</u>	<u>17,804</u>	<u>7,715</u>	<u>441</u>	<u>56,856</u>
Less: Allowance for uncollectibles	(76)	(1,290)	-	(20)	(1,386)
Receivables, net	<u>\$ 30,820</u>	<u>\$ 16,514</u>	<u>\$ 7,715</u>	<u>\$ 421</u>	<u>\$ 55,470</u>

Arkansas River Drybed Lands Settlement — The Arkansas River Drybed Settlement receivable relates to an agreement reached with the Federal government in 2003, whereby the Nation was awarded a settlement of \$20,000,000 to be paid at the rate of \$5,000,000 per year commencing in 2004. The \$20,000,000 settlement was recorded in the government-wide financial statements in 2003. The Nation received \$5,699,000 in 2004, \$8,329,000 in 2005, and \$803,000 in 2006. The remaining receivable at September 30, 2006 of \$5,169,000 that is not reflected in the fund level financial statements is reflected in the Nation's Government-wide statement of net assets. The Nation has agreed to pay \$1,282,000 in legal fees in connection with this settlement of which \$1,082,000 has been paid. As part of the settlement agreement, the Nation could also be required to pay up to \$2,000,000 of any future settlements made by the federal government with other Native American Indian Tribes. This portion (10%) of the payments received to date of \$1,577,824 is being held in a separate account by the federal government and is not available to the Nation until this contingency is resolved. As a result this portion of the proceeds is reflected as restricted net assets in the accompanying financial statements. Pursuant to an act passed by the Cherokee Nation Tribal Council in 2004 the settlement proceeds, after payment of legal fees and other claims, if any, are reserved for the purchase of land in designated areas.

Notes receivable—CNB — At September 30, 2006, the notes receivable balance for CNB was \$3,238,542. In January 2006, CNE, a component unit of CNB, loaned the Nation \$1,300,000 to be used for expansion of a landfill. The note bears interest of 7% per annum and is paid in monthly installments of \$15,096 beginning January 30, 2006 through December 2007, with all remaining principal and interest due on December 30, 2007. The balance of this note receivable at September 30, 2006, was \$1,238,654. The remainder of \$2,000,000 was a note receivable from Cherokee Connex, LLC.

Mortgages receivable—Title VI — HACN has mortgages receivable at September 30, 2006 totaling \$28,112,790 from individuals who are participating in the Title VI loan program. Each of these loans is secured by a mortgage on the house sold by HACN. The loans have an interest rate of 4% and are payable over 30 years. No allowance has been recorded as of September 30, 2006 as the Housing Authority believes the amounts to be collectable or if the houses are required by HACN, the value of the home will equal or exceed the balance of the loan. At September 30, 2006, the current and non-current portions of these mortgages receivable were \$556,823 and \$27,555,967, respectively. The Nation has a reciprocal note receivable from HACN recorded in its Governmental Activities.

6. INTERFUND BALANCES AND TRANSFERS

Interfund balances at September 30, 2006 consisted of the following (in thousands):

Due to general fund from:	
Nonmajor enterprise funds	\$ 2,210
Internal service funds	2,643
Self Governance DOI - Roads	1,919
Self Governance DHHS	9,698
Sequoyah Education	1,377
Nonmajor governmental funds	<u>15,021</u>
Total due to general fund from other funds	<u>\$ 32,868</u>
Due from general fund to:	
Housing and Urban Development	\$ 1,055
Nonmajor governmental funds	2,458
Nonmajor enterprise funds	<u>72</u>
Total due from general fund to other funds	<u>\$ 3,585</u>

Interfund balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, the dates the transactions are recorded in the accounting system, and the date payments between funds are made.

Interfund transfers for the year ended September 30, 2006 consisted of the following (in thousands):

Transfer	Amount
To general fund from:	
Self governance DHHS	\$ 1,982
Self governance DOI Roads	1,352
Nonmajor governmental funds	2,761
Nonmajor enterprise funds	<u>134</u>
Total transfers to general fund	<u>\$ 6,229</u>
To Housing and Urban Development from:	
General fund	<u>\$ 67</u>
To Self governance DHHS from:	
General fund	<u>\$ 50</u>
To Sequoyah Education from:	
General fund	\$ 200
Nonmajor governmental funds	<u>226</u>
Total transfers to Sequoyah Education	<u>\$ 426</u>
To internal service fund from:	
General fund	<u>\$ 538</u>
To enterprise fund from:	
Housing and Urban Development	\$ 50
Nonmajor governmental funds	<u>41</u>
Total transfers to enterprise funds	<u>\$ 91</u>
To nonmajor governmental funds from:	
General fund	\$ 9,598
Self governance DHHS	1,002
Housing and Urban Development	<u>53</u>
Total transfers to nonmajor governmental funds	<u>\$ 10,653</u>

Transfers are generally used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) move unrestricted revenues collected in the General Fund, or other funds, to finance various programs accounted for in other funds in accordance with budgetary authorizations.

7. INVENTORIES

The Nation's inventories were comprised of the following at September 30, 2006 (in thousands):

	Internal Service Funds	Governmental Funds	Component Units	Total
Finished goods and raw materials	\$ -	\$ -	\$ 20,716	\$ 20,716
Food for distribution	-	652	-	652
Supplies	111	14	-	125
Less inventory reserves	-	-	(10,508)	(10,508)
Total inventories	<u>\$ 111</u>	<u>\$ 666</u>	<u>\$ 10,208</u>	<u>\$ 10,985</u>

The majority of the component unit inventory at September 30, 2006 relates to CNI, a component unit engaged in the production, assembly, and repair of electronic component parts for the telecommunications and other industries.

8. CAPITAL ASSETS

A summary of capital assets activity by major class, for the year ended September 30, 2006 follows (in thousands):

<u>Governmental Activities</u>	Balance, September 30, 2005	Additions and Net Transfers	Retirements	Balance, September 30, 2006
Activity by Major Class				
Capital assets, not being depreciated -				
Land	\$ 9,913	\$ 781	\$ -	\$ 10,694
Buildings and improvements	-	128	-	128
Construction in process	5,350	14,146	-	19,496
Total capital assets, not being depreciated	<u>15,263</u>	<u>15,055</u>	<u>-</u>	<u>30,318</u>
Capital assets being depreciated:				
Buildings and improvements	26,604	1,371	-	27,975
Equipment	19,713	2,471	(749)	21,435
Land improvements	22	-	-	22
Total capital assets being depreciated	<u>46,339</u>	<u>3,842</u>	<u>(749)</u>	<u>49,432</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,972)	(715)	-	(8,687)
Equipment	(12,832)	(2,527)	740	(14,619)
Land improvements	-	(1)	-	(1)
Total accumulated depreciation	<u>(20,804)</u>	<u>(3,243)</u>	<u>740</u>	<u>(23,307)</u>
Total capital assets being depreciated, net	<u>25,535</u>	<u>599</u>	<u>(9)</u>	<u>26,125</u>
Activity by major class capital assets, net	<u>\$ 40,798</u>	<u>\$ 15,654</u>	<u>\$ (9)</u>	<u>\$ 56,443</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

Tribal Government	\$ 1,116
Health Services	609
Education Services	191
Human Services	76
Community Services	220
Other Tribal Services	<u>1,031</u>

Total Governmental activities depreciation expense \$ 3,243

Business-type Activities

	Balance, September 30, 2005	Additions and Net Transfers	Retirements	Balance, September 30, 2006
Capital assets, not being depreciated -				
Land	\$ 81	\$	\$	\$ 81
Capital assets being depreciated:				
Buildings and improvements	8,177	879		9,056
Machinery and equipment	<u>2,723</u>	<u>-</u>	<u>(10)</u>	<u>2,713</u>
Total capital assets being depreciated	<u>10,900</u>	<u>879</u>	<u>(10)</u>	<u>11,769</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,127)	(703)	-	(2,830)
Machinery and equipment	<u>(2,003)</u>	<u>(266)</u>	<u>10</u>	<u>(2,259)</u>
Total accumulated depreciation	<u>(4,130)</u>	<u>(969)</u>	<u>10</u>	<u>(5,089)</u>
Total capital assets being depreciated, net	<u>6,770</u>	<u>(90)</u>		<u>6,680</u>
Business-type activities capital assets, net	<u>\$ 6,851</u>	<u>\$ (90)</u>	<u>\$</u>	<u>\$ 6,761</u>

<u>Component Unit Activities</u>	<u>Balance, September 30, 2005</u>	<u>Additions and transfers in</u>	<u>Retirements and transfers out</u>	<u>Balance, September 30, 2006</u>
CNB and HACN:				
Capital assets, not being depreciated:				
Land	\$ 23,396	\$ 11,037	\$ (617)	\$ 33,816
Construction in progress	7,862	30,952	(27,458)	11,356
Artwork	-	17	-	17
Total capital assets not being depreciated	<u>31,258</u>	<u>42,006</u>	<u>(28,075)</u>	<u>45,189</u>
Capital assets being depreciated:				
Buildings and improvements	214,847	25,019	(5,554)	234,312
Machinery and equipment	63,047	11,505	(6,870)	67,682
Total capital assets being depreciated	<u>277,894</u>	<u>36,524</u>	<u>(12,424)</u>	<u>301,994</u>
Less accumulated depreciation for:				
Buildings and improvements	(69,795)	(9,088)	3,669	(75,214)
Machinery and equipment	(30,648)	(12,186)	6,521	(36,313)
Total accumulated depreciation	<u>(100,443)</u>	<u>(21,274)</u>	<u>10,190</u>	<u>(111,527)</u>
Total capital assets being depreciated, net	<u>177,451</u>	<u>15,250</u>	<u>(2,234)</u>	<u>190,467</u>
CNB and HACN activities capital assets-net	<u>208,709</u>	<u>57,256</u>	<u>(30,309)</u>	<u>235,656</u>
Other Component Unit activities - CNHHS and CNI capital assets, net	<u>1,007</u>	<u>579</u>	<u>(177)</u>	<u>1,409</u>
Total of the Component Unit activities-capital assets, net	<u>\$ 209,716</u>	<u>\$ 57,835</u>	<u>\$ (30,486)</u>	<u>\$ 237,065</u>

9. LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2006 was as follows (in thousands):

<u>Governmental Activities</u>	Balance, October 1, 2005	Additions	Reductions	Balance, September 30, 2006	Current Portion	Long-Term Portion
Notes Payable						
3.7% Note payable to Bank of America. See (1) below.	\$ 3,993	\$ -	\$ (459)	\$ 3,534	\$ 476	\$ 3,058
Note payable to bank in fixed principal payments. See (2) below.	31,055		(2,853)	28,202	1,854	26,348
Note payable to bank bearing interest at Chase Prime (4% at September 30, 2005) in monthly installments of \$18 including interest, with final payment due in October 2006, collateralized by future operating transfers from CNE (limited to \$18 per month) to the Nation.	131		(131)	-	-	-
Note payable to bank collateralized by real estate bearing interest at 4% in monthly installments of approximately \$5 maturing in 2011.	170		(49)	121	54	67
Note payable to the Bureau of Indian Affairs in monthly installments of \$2, including interest of 7.625%, with final payment due in January 2010, collateralized by certain lease proceeds.	97		(20)	77	22	55
Note payable to bank collateralized by building bearing interest at 6.263% in monthly installments of approximately \$16, with final payment due in May 2013. See (3) below.		2,500	(64)	2,436	397	2,039
Note payable to bank collateralized by building bearing interest at 6.013% in monthly installments.		978		978	978	
Note payable to bank collateralized by building bearing interest at 6.013% in monthly installments.		910		910	910	
Capital Leases						
Capital leases payable to Caterpillar Financial Services with aggregate monthly installments of \$9.7 including interest, with interest rates ranging from 4.29% to 4.44% and final payment due in October 2009. Secured by related equipment.	439		(92)	347	95	
Capital leases payable to Key Government Finance with final annual installment of \$253 including interest of 3.26% due in June 2007. Secured by related equipment		758	(505)	253	253	
Total long-term debt	<u>35,885</u>	<u>5,146</u>	<u>(4,173)</u>	<u>36,858</u>	<u>5,039</u>	<u>31,819</u>
Compensated Absences (See (4) below)	<u>3,607</u>	<u>5,474</u>	<u>(5,197)</u>	<u>3,884</u>	<u>3,884</u>	
Total long-term debt and compensated absences	<u>\$ 39,492</u>	<u>\$ 10,620</u>	<u>\$ (9,370)</u>	<u>\$ 40,742</u>	<u>\$ 8,923</u>	<u>\$ 31,819</u>

- (1) In May 2003, the Nation entered into a \$5,000,000 financing agreement with a bank to fund capital improvement projects and to re-finance the 1992 Series Revenue Bonds. This note bears interest at 3.7% per annum, in monthly principal and interest installments of \$49,913 with final payment due in May 2013.
- (2) In July 2002, the Nation entered into a \$50,000,000 loan agreement, 95% guaranteed by United States Department of Housing and Urban Development Title VI program. The loan proceeds are divided into two separate "pools" which carry different interest rates over the life of the loan. Pool A, with a balance at September 30, 2006 of \$9,774,000 carries an interest rate of 6.7%. Pool B, with a balance at September 30, 2006 of \$18,428,000 carries a variable interest rate, reset monthly, derived from the 30 day LIBOR + 70 basis points, which at September 30, 2006 was 2.53%. Pool A is repayable in monthly principal payments of \$54,358 through May 1, 2022, plus interest. Pool B, effective April 1, 2005 requires monthly principal payments of \$100,150 through June 1, 2022, plus interest. The loan matures in December 2022. The loan proceeds were transferred to the HACN under a loan agreement between the Nation and the HACN to provide funding for construction or acquisition of single-family homes within the Nation's fourteen county jurisdictional area. The Housing Authority provided construction and acquisition of housing for eligible participants using Title VI loan proceeds "drawn down" through the Nation. As part of its participation in the Title VI loan, the Housing Authority was required to deposit securities in escrow with Bank One in an amount equal to five percent of the total loan balance, or approximately \$2,500,000. These securities are being pledged as collateral for the Title VI loan to cover the portion of the loan balance not guaranteed by HUD. The interest and dividends generated on these securities remains the property of the Housing Authority. As collateral for the Title VI loan, the Nation has pledged all current and future grants for which the borrower becomes eligible under NAHASDA as well as program income directly generated from the use of the loan proceeds, program income derived from the sale or lease of real property acquired, rehabilitated or constructed with loan proceeds, and the securities deposited to the Pledge Account. Any program income generated from the above is required to be deposited into a "Loan Repayment Account" to serve as an additional source of payment of principal and interest related to the Title VI loan. The Nation's note receivable from HACN at September 30, 2006 was \$28,048,000, of which, \$1,854,000 is included in notes receivable current and \$26,194,000 is reflected as long term notes receivable in the government-wide statement of net assets. (See Footnote 1 on page 61.)
- (3) In May 2006, the Nation entered into a \$2,500,000 credit agreement with a bank to fund the construction project at Sequoyah High School. This note bears interest at 6.263% per annum, in monthly principal and interest installments of \$16,026 with final payment due in May 2013.
- (4) Compensated absence liabilities are generally liquidated by the Fringe Pool Internal Service Fund, which allocates to and collects from other funds and/or departments within the Nation. Compensated absences are considered due within one year since the liability can be made payable at any time by the employee leaving the employment of the Nation.

The balance of long-term debt for business-type activities at September 30, 2006, was \$3,647,000. The balance of Long-Term Debt for Component Units at September 30, 2006, was \$37,919,000. Long-term debt in the business-type activities and component units at September 30, 2006 consisted of the following (in thousands):

<u>Business-Type Activities</u>	Balance, October 1, 2005	Additions	Reductions	Balance, September 30, 2006	Current Portion	Long-Term Portion
Tsa-La-Gi Apartments						
6.875% note payable to the U.S. Department of Housing & Urban Development (HUD) in monthly installments of \$10 including interest, with final payment due 2012, secured by certain land and buildings.	\$ 656	\$ -	\$ (81)	\$ 575	\$ 86	\$ 489
Landfill Operations						
4.0% note payable to Caterpillar Financial Services in monthly installments of \$4 including interest with final payment due April 2008. Secured by related equipment.	137		(137)			
4.865% note payable to Derricks Leasing and Financial Company in monthly installments of \$4.3 including interest with final payment due July 2008. Secured by related equipment.	138		(138)			
7.75% note payable to Bank of Cherokee County in monthly installments of \$8.2 including interest, with final payment due December 2005, secured by related equipment.	24		(24)			
4.75% note payable to Caterpillar Financial Services in monthly installments of \$8 including interest with final payment due December 2009. Secured by related equipment.	378		(83)	295	86	
7.0% note payable to CNE in monthly installments of \$15 including interest with final payment due January 2010. Secured by Landfill accounts receivable.	-	1,300	(61)	1,239	98	1,141
Economic Development Trust Authority						
Note payable to the Department of Agriculture in variable annual installments including interest of 1% annual, with final payment due October 16, 2030.	1,097	483	(42)	1,538	42	1,496
Total	<u>\$ 2,430</u>	<u>\$ 1,783</u>	<u>\$ (566)</u>	<u>\$ 3,647</u>	<u>\$ 312</u>	<u>\$ 3,335</u>

<u>Component Units</u>	Balance October 1, 2005	Additions	Reductions	Balance September 30, 2006	Current Portion	Long-Term Portion
Housing Authority of the Cherokee Nation ("HACN")						
Note payable to Cherokee Nation in fixed monthly principal payments of \$155, with interest calculated on the outstanding balance each month. As collateral for the loan, HACN has pledged all current and future grants, for which the borrower becomes eligible under NAHASDA, as well as income directly generated from the use of loan proceeds, program income derived from the sale or lease of real property acquired, rehabilitated or constructed with loan proceeds of the securities deposited to the pledge	30,901	-	(2,854)	28,047	1,854	26,193
Note payable to bank in fixed monthly payments of \$1.3 including principal and interest. Interest calculated at 6.75% annual with final payment due February 2021. See (2) below.	-	152	(5)	147	6	141
Cherokee Nation Businesses ("CNB")						
Capital lease agreement for CNE for certain pieces of gaming and computer equipment. Equipment paid at varying weekly and monthly principal payments, with interest rates between 7 - 12%. Fully paid in FY2006.	306	-	(306)	-	-	-
Revolving line of credit. See (3) below.	3,869	131	(4,000)	-	-	-
Cherokee Nation Industries, Inc. ("CNI")						
Revolving line of credit. See (4) below.	4,534	1,792	-	6,326	-	6,326
Note payable from a bank with monthly installments of \$5 including interest at the treasury rate plus 2.5% (6.213% at June 30, 2005). The note matures in September 2005 and is secured by equipment.	1	-	(1)	-	-	-
Promissory note payable to creditor for restructuring an existing trade payable initiated in fiscal 2002 for inventory purchases totaling \$7,957 to a long-term promissory note. Amended July 2003. On March 15, 2005, the lesser of 50% of the remaining applicable inventory or any principal in excess of \$1,280 will be forgiven at the option of CNI. The adjusted balance will be amortized over 72 monthly installments, with interest calculated at 4% (Note 15).	754	-	(142)	612	119	493
Note payable from a bank due October 2011 secured by substantially all the Company's assets. Principal and interest at 8.25% payable monthly; 80% guaranteed by BIA.	-	2,500	(251)	2,249	359	1,890
Cherokee Nation Home Health Service ("CNHHS")						
7.5% Note payable to bank on a \$372 promissory note, which expires on June 7, 2007. The promissory note is collateralized by the property. See (5) below.	5	366	(3)	368	9	359
Lines of credit with a bank expiring April 2007; interest accrues at 8.5% payable monthly. Limited to 65% of eligible accounts receivable and collateralized by accounts receivable. Outstanding principle and interest due upon maturity. See (6) below.	-	170	-	170	170	-
Capital lease payable	8	-	(8)	-	-	-
Total	<u>\$ 40,378</u>	<u>\$ 5,111</u>	<u>\$ (7,570)</u>	<u>\$ 37,919</u>	<u>\$ 2,517</u>	<u>\$ 35,402</u>

- (1) HACN, during fiscal year 2006, did not receive any loan advances for the Title VI program. This resulted in a cumulative amount of funds drawn on the available loan funds of \$33,231,000. The loan is divided into two separate "pools" which carry different interest rates over the life of the loan. Pool A, whose balance at September 30, 2006 was \$9,719,324 carries an interest rate of 6.7%. Pool B, whose balance at September 30, 2006 was \$18,328,155 carries a variable interest rate reset monthly, derived from the 30 day LIBOR + 70 basis points, which at September 30, 2006 was 6.02%. Pool A is repayable in monthly principal payments of \$54,358 through May 1, 2002, plus interest. Pool B principal payments of \$100,150 began March of 2005 and are scheduled through June 1, 2022, plus interest. During fiscal year 2006, HACN made total principal payments on Pool A of \$1,152,297 and on Pool B of \$1,701,797.
- (2) During fiscal year 2006, HACN borrowed \$151,500 for its costs related to the Claremore QuadPlex project. The loan is repaid in monthly payments, beginning February 1, 2006, of \$1,341 including principal and interest. The loan carries an interest rate of 6.75%. The final payment will be made on February 1, 2021. At September 30, 2006 the loan balance was \$147,004.
- (3) In 2006, CNE, a blended component unit of CNB, determined that it would not require CNB to pay the \$4,000,000 loan it had entered into with CNB in prior years.
- (4) CNI has an \$11,500,000 revolving line of credit expiring October 2007. At June 30, 2006, there was approximately \$6,326,000 borrowed against this line of credit. This line of credit is collateralized by substantially all of the assets of CNI. Interest on borrowings against the line of credit is based on the bank's prime rate (8.25% at June 30, 2006) and is payable monthly. The line of credit is 80% guaranteed by the Bureau of Indian Affairs (BIA). The amount of funds advanced on this line of credit is not to exceed 50% of eligible inventory plus 80% of eligible accounts receivable of \$14,000,000 whichever is less. CNI also has a term note due October, 2011, with principal and interest at 8.25% payable monthly secured by substantially all of the company's assets and 80% guaranteed by the BIA.

Effective April 4, 2002, CNI and a creditor restructured an existing trade payable initiated in fiscal year 2001 for inventory purchases totaling \$7,957,000 to a long-term promissory note in 2005. The note is payable monthly with interest at 4% and is due in 2011.
- (5) CNHHS renewed a promissory note and security agreement with a bank in June 2006 totaling \$371,261, which expires on June 7, 2009. Payments of \$2,901, including interest at 7.0% are due monthly with the remaining balance payable upon maturity. The purpose of the note was to finance the construction of a new office building, completed in March 2006. The note payable is collateralized by the property financed. Amount outstanding at September 30, 2005 was \$367,937.
- (6) At September 30, 2006, CNHHS had three revolving line of credit agreements with a bank totaling \$256,000 which expire in April 2007. Interest accrues at 8.5% and is payable monthly. The lines of credit are limited to 65% of eligible accounts receivable and are collateralized by accounts receivable. The outstanding principle balance and unpaid interest is due upon maturity. At September 30, 2006, the outstanding balances under the lines of credit totaled \$169,680.

Maturities of long-term debt for the Governmental and Business-type Activities are as follows (in thousands):

	Principal	Interest	Total
Governmental Activities:			
2007	5,039	1,869	6,908
2008	2,899	1,687	4,586
2009	2,925	1,547	4,472
2010	2,763	1,410	4,173
2011	2,776	1,275	4,051
2012 through 2016	10,797	4,543	15,340
2017 through 2021	9,260	1,838	11,098
2022 through 2026	399	11	410
Total	<u>\$ 36,858</u>	<u>\$ 14,180</u>	<u>\$ 51,038</u>
Business-Type Activities:			
2007	312	148	460
2008	1,378	80	1,458
2009	249	42	291
2010	186	31	217
2011	170	23	193
2012 through 2016	359	62	421
2017 through 2021	299	45	344
2022 through 2026	315	30	345
2027 through 2031	303	14	317
2032 through 2036	76	1	77
Total	<u>\$ 3,647</u>	<u>\$ 476</u>	<u>\$ 4,123</u>

10. CNE LINE OF CREDIT

CNE, a blended component unit of CNB, entered into a \$40 million, two part, revolving line (the Line) of credit with a bank on October 14, 2003. The Line provides for a \$25 million reducing line (Line A) available through November 1, 2008, and a separate \$15 million nonreducing line (Line B) available through March 31, 2007. Line A may be renewed for one additional year with the payment of a fee. Interest on the Line is payable at the bank's prime rate or the London InterBank Offered Rate plus 1%. At September 30, 2006 and 2005, the interest rate in effect was 8.25% and 6.75%, respectively. No amounts were drawn on the Line at September 30, 2006 or 2005. Unused borrowings under the Line are subject to a commitment fee of 0.2%. The Line is secured by a pledge of revenues, inventory, accounts receivable and equipment. The credit agreement subjects CNE to a number of covenants, including certain financial covenants.

11. TRUST LIABILITY

The Housing Authority has several lease-to-own homebuyer programs wherein the tenant/homebuyer may eventually purchase the house in accordance with contractual agreements. These transactions are similar to a financing lease, however are not accounted for as such as the amount and ability to collect the minimum lease payments is not predictable.

Until the time of transfer, these homes remain the property of the HACN. The costs of those units are depreciated over the expected term of payoff at the time of the original agreement, generally 25 years. When the home is paid off in accordance with the agreements and title is transferred to the homebuyer, a gain or loss is recognized by HACN.

The HACN Trust Liabilities reflected in the accompanying financial statements primarily includes a liability for funds that have been received from the tenants or homebuyers in the various lease-to-own programs that HACN operates. These funds are held in a trust type account to be applied to various uses, depending on the agreement with the tenant/homebuyer. The largest of the amounts included in this category are for accounts attributable to the New Mutual Help Housing Program wherein the tenant/homebuyers are credited with a portion of the funds that they have contributed as well as others amounts credited to them in accordance with DHUD requirements and program policies. Under the provisions of mutual-help occupancy agreements, tenant/homebuyers are required to make payments based on the family or household income. After deducting an administrative fee as set forth by DHUD, the remaining balance is credited to the participant's equity payment account (MEPA). The balance of the MEPA accounts, which are being held by HACN on behalf of the New Mutual Help homebuyers, was \$8,932,169 as of September 30, 2006. This along with other credits to these tenant/homebuyers totaled \$10,312,495 at September 30, 2006. Although these funds will generally be retained by HACN upon the transfer of home ownership to the tenant/homeowner, they are presented as a liability until then because the funds are effectively owned by the tenant/homeowner. Upon transfer of the home to the tenant/homeowner the funds will be considered revenue and applied to the carrying value of the related home and a gain or loss will be recorded by HACN.

Additionally, at September 30, 2006, other amounts included in this category include escrow deposits held by the Housing Authority associated with the Title VI program mortgages totaling \$313,379, Lease/Purchase Program equities of \$88,102 on other lease-to-own programs and low income housing tenant's security deposits of \$110,855.

12. FUND BALANCE DESIGNATIONS AND RESERVATIONS

At September 30, 2006, the Nation had a total General Fund fund balance of \$72,858,000. This balance includes \$36,282,000 that has been reserved by the Legislative Act or restricted by external sources and an unreserved fund balance of \$36,576,000. A brief description of the reserved elements of the Nation's General Fund fund balance follows:

Motor Fuel Tax — The Nation began receiving Motor Fuel Tax dollars in 1997 and based on existing agreements with the State of Oklahoma, will continue receiving such funds until 2016. These funds are subject to general restriction under the agreement with the State of Oklahoma. Cherokee Nation Legislative Act 10-97 further restricted the use of these funds to those matters specifically appropriated by Act 10-97 and future legislative acts. A summary of activity in this reserved fund balance during the year ended September 30, 2006 follows (in thousands):

Balance at beginning of year	\$ 21,512
FY2006 Motor Fuel Tax revenues	7,406
Interest earnings on unexpended funds	612
Actual expenditures	<u>(4,856)</u>
Balance at end of year	<u>\$ 24,674</u>

Tobacco surtax and tobacco retailers loan fund — The Nation passed legislation in 2006 adding a surtax to be levied on tobacco transactions occurring between retailers within the Nation's boundaries. The surtax is reserved for initiatives to prevent and treat diabetes and cancer. The amount collected in 2006 totaled \$2,203,000. In addition, the legislation established a \$1,000,000 loan fund to be made available to tobacco retailers that are adversely affected by Oklahoma Tax Commission emergency rules. No loans have been made as of September 30, 2006.

Motor Vehicle Tax — In 2002, the Nation negotiated with the State of Oklahoma a licensing compact in which the Nation could license motor vehicles and other vehicles owned by the Nation's enrolled citizens living within the jurisdictional area of the Cherokee Nation. The Cherokee Nation Motor Vehicle Code provided for annual payments by the Nation of 38% of such of revenues to Oklahoma public schools, Sequoyah High School, and Cherokee Nation Head Start Centers, an amount equal to 20% of such revenues for counties, municipalities, and federally- and/or state-funded highway construction or maintenance projects located within the jurisdictional area, and up to 20% of the remaining revenues net of costs incurred in administering the tag office for funding local law enforcement within the jurisdictional area. The term of the compact shall remain for a period of ten years. Amounts restricted for schools, highways, and law enforcement at September 30, 2006 totaled approximately \$5,255,000. A summary of activity in this reserved fund balance during the year ended September 30, 2006 follows (in thousands):

Balance at beginning of year	\$ 4,761
FY2006 Motor Vehicle Tax revenues	7,188
Interest earnings on unexpended funds	125
Actual expenditures	<u>(6,819)</u>
Balance at end of year	<u>\$ 5,255</u>

Cash Reserve — In 2002, Legislative Act 5-02, authorized the establishment of a permanent Cash Reserve Fund to be maintained at 1.75% of total authorized appropriations in the annual comprehensive budget for each and every subsequent year thereafter. The total of this reserve at September 30, 2006 was \$1,256,000.

Arkansas River Drybed Lands Settlement — In FY 2004, Legislative Act 5-04 established the policies and procedures for governing the use and expenditure of trust funds awarded to the Cherokee Nation under the Cherokee, Choctaw, and Chickasaw Nations Claims Settlement Act ("Settlement Act"). The Settlement Act specifically set aside trust funds to be appropriated by Congress for Trust Land Acquisitions. The settlement proceeds, after payment of legal fees are reserved for the purchase of land in designated areas. The reserved fund balance and interest accumulated on the Arkansas River Drybed Lands Settlement at September 30, 2006 follows (in thousands):

Balance at beginning of year	\$ 1,867
Transfer from Judgement Funds	2,198
Legal fees	(450)
Actual expenditures	<u>(1,721)</u>
Balance at end of year	<u>\$ 1,894</u>

Unreserved General Fund — A summary of activity in the unreserved General Fund balance for the year ended September 30, 2006 follows (in thousands):

Unreserved fund balance at beginning of year	\$ 24,175
FY2006 General Fund revenues and other financing sources	63,289
Less:	
Actual expenditures and other financing uses	(49,398)
Additional funds restricted by Tribal Council in 2006	<u>(1,490)</u>
Unreserved fund balance at end of year	<u>\$ 36,576</u>

The Indirect Cost Settlement reserved fund balance was transferred to the Nowata, Muskogee and Sallisaw clinics to assist in construction of the facilities as required by the 2006 approved budget and was expended prior to September 30, 2006.

The Sequoyah High School reserved fund balance was expended in fiscal year 2006. The facility built with these funds, entitled, "The Place Where They Play" is a multi-purpose building encompassing a gymnasium, theater, classroom and auditorium for the Sequoyah High School and the Cherokee Nation.

The remaining fund balance reserved by legislative acts resides in other governmental funds.

13. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Nation operates a solid waste landfill in eastern Oklahoma. The Nation accounts for this landfill operation in accordance with the provisions of GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs" ("Statement No. 18"), in the Landfill Operations Enterprise Fund.

Federal regulations will require the Nation to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will only be paid near or after the date the landfill stops accepting waste, Statement No. 18 requires proprietary funds, such as Landfill Operations, to report a portion of these costs as an operating expense in each period based on landfill capacity and utilization. The \$1,909,000 reported as Landfill Closure and Postclosure Care Liability at September 30, 2006 (included in "Other Noncurrent Liabilities"), represents the cumulative costs recognized to date based on the existing use of 30% of the total estimated capacity of the landfill. Landfill Operations will recognize the remaining estimated cost of closure and postclosure care of approximately \$4,333,000 as the remaining estimated capacity is filled. These estimated closure amounts are based on what it would cost to perform all closure and postclosure care in 2006. The Nation expects the landfill to have a remaining life of approximately 16 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The Nation makes annual contributions to a restricted bank account to finance closure and postclosure care. At September 30, 2006, restricted cash and cash equivalents of approximately \$1,829,000 were held for these purposes. The Nation expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are necessary (due to changes in technology or applicable laws or regulations, for example), such costs may need to be funded by charges to future landfill users or other revenue sources.

Effective July 1, 2005, the Cherokee Nation entered into an operating agreement with Indian County Investments, LLC, ("ICI") to have the exclusive right to manage and operate Cherokee Nation Sanitary Landfill ("CNSL"). This agreement has a term of the life of the facility, which is an estimated 16 years. Within this agreement ICI has agreed to pay the Nation \$3 million dollars, for certain equipment and the operating rights for the facility, of which, \$300,000 was paid to the Nation by ICI upon execution of this agreement which is reported as deferred revenue at September 30, 2006. The remaining \$2.7 million is due to the Nation upon completion by ICI of the facility master plan and approval by the Cherokee Nation Environmental Protection Commission ("CNEPC").

Under the agreement, certain Nation employees are leased to ICI. The cost of salaries and benefits for the leased employees is paid to the Nation by ICI. In 2006, the aggregate amount of these salaries and benefits was \$584,000 and is included in the charges for services and goods on the statement of revenues, expenses and changes in fund net assets.

Under the agreement the Nation is to receive a quarterly host fee that is based upon actual tonnage generated at the CNSL. In 2006, the host fees were \$415,000. Until CNSL has received approval of the facility master plan from the CNEPC, ICI will pay to the Nation a host fee of \$2.00 per ton of waste collected at the CNSL quarterly. Upon completion of this permit, ICI has committed to pay the Nation an annual guaranteed host fee of \$500,000 per year for the subsequent two (2) years, \$750,000 for year 3 and \$900,000 for year 4 and all subsequent years. Under the agreement, the Nation is to receive \$1.00 per ton of waste collected at the CNSL for closure and postclosure costs. The amount per ton is to be adjusted annually based on engineering reports.

14. RISK MANAGEMENT AND SELF-INSURED HEALTH PLANS

The Nation manages its risk exposures through risk retention and the purchase of insurance. In the area of health benefits, the Nation utilizes a modified self-insured program with a third party administrator. Claims for benefits are paid by the Nation to a level of \$150,000 per year per employee. Amounts over \$150,000 are subject to reimbursement by the insurance company.

The Nation is self-insured against employee health and short-term disability claims incurred under its employee group health disability plan. The maximum liability risk to the Nation is \$150,000 per employee per year. Any claims in excess of this limit are covered by insurance. Significant insurable exposures other than health claims are covered by commercial insurance. For insured exposures, there were no significant reductions in insurance coverage during the year ended September 30, 2006. Additionally, settlement amounts have not been in excess of insurance coverage in each of the past three years.

Workers' Compensation benefits are provided within the All Lines Aggregate program described below. There is \$100,000 retention with a maximum benefit of \$1,000,000 each accident or disease/employee applies.

The first \$100,000 of risk is retained with the All Lines Aggregate program responding to losses occurring between \$100,001 - \$5,000,000. A stop loss equivalent to 1.8% of payroll is in place to limit the Nation's exposure. Coverage provided by the All Lines Aggregate program includes the following exposures: Commercial Auto, General Liability, Crime, Employee Dishonesty, Directors' & Officers' Liability, Errors and Omissions Liability, Law Enforcement Officials Liability, Employee Benefit Liability, Employment Related Practices Liability, Medical Malpractice and Workers' Compensation. Effective 10/01/2005, the \$10,000,000 was discontinued and the liability limit for the All Lines Aggregate program was increased to \$5,000,000.00 per occurrence.

The Nation's reported employee health claims liability of \$2,013,000 at September 30, 2006, has been recorded in accordance with GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The claims liability has been estimated based upon historical claims experience. The Nation believes that this method of estimating the liability is sufficient to determine the amount of open claims and to provide for claims that have been incurred but not reported ("IBNR"). Changes in the reported liability have been as follows (in thousands):

Fiscal Year	Balance at Beginning of Year	Claims and Changes in		Balance at End of Year
		Estimates	Claim Payments	
2005	\$ 2,202	\$ 13,295	\$ (12,194)	\$ 3,303
2006	\$ 3,303	\$ 12,885	\$ (14,175)	\$ 2,013

The claims above are expected to be paid from currently available financial resources and are included in accounts payable and accrued liabilities in the accompanying Proprietary Funds statement of net assets.

15. EMPLOYEE RETIREMENT PLAN

The following brief descriptions of the Nation's retirement plans are provided for general information purposes only. Participants should refer to the applicable plan documents for more complete information. The Nation sponsors a defined contribution 401(k) plan, which utilizes Reliance Trust Company, as trustee. A defined contribution plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined. Under a defined contribution plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. All regular full-time and regular part-time employees who have attained at least 18 years of age are eligible to participate in the plan upon employment. The plan year is January 1 through December 31. Participants become fully vested after four years of participation in the plan. Employees may contribute from 1% to 25% of their gross salary, and after 6 months of service the Nation will match 100% for the first 5% and 50% of the next 4%. The plan is administered by the Group Leader of Human Resources, with input from the Nation's Pension Committee. The Pension Committee consists of the plan administrator and employees of the Nation. The plan administrator is responsible for amending the plans' provisions, including contribution requirements.

The Nation's primary government's total gross payroll for fiscal 2006 was approximately \$74,523,000, which included approximately \$73,266,000 for employees covered by the plans.

Contributions to the 401(k) plan for 2005 were approximately \$5,500,000. Contributions expressed in dollars and percent of covered payroll were: Nation \$2,400,000, 3.3% and participants \$3,100,000, 4.2%.

**Trend Information
(In thousands)**

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contribution</u>
2004	\$ 2,073	100%
2005	\$ 2,269	100%
2006	\$ 2,414	100%

In 2004 the Nation sponsored a deferred compensation 457(B) plan, which utilizes Nationwide Trust Company, FSB as trustee. A deferred compensation plan provides retirement benefits and provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined. Under a deferred compensation plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions. The 457(b) plan mirrors the 401(k) eligibility requirements and also allows participation of elected officials. The plan year is January 1 through December 31. Participants become fully vested after four years of participation in the plan. Employees may contribute up to 100% of their gross salary, and after 6 months of service the Nation will match 100% for the first 5% and 50% of the next 4%, not to exceed a total combined match of 7% in all retirement plans. The plan is administered by the Group Leader of Human Resources, with input from the Nation's Pension Committee. The Pension Committee consists of the plan administrator and employees of the Nation. The plan administrator is responsible for amending the plans' provisions, including contribution requirements. Contributions to the 457(b) plan for 2006 were \$253,736 of which \$72,163 was required and made by the Nation and \$181,573 was made by participants.

The discretely presented component units maintain separate employee retirement plans. Details of these plans are available in the reports of the respective component units.

16. RELATED PARTY TRANSACTIONS

The Nation requires monthly dividend payments from component units, organized under the Nation's laws, based on a percentage of net income (30% as of September 30, 2006). Dividend payments to the Nation by component units totaled \$25,443,521 (which includes an accrual of \$2,468,264 for distribution in October 2006) during 2006. The accrual is included in accounts payable balance for CNB. Of this amount, \$20,346,283 was transferred directly to the Nation from CNE and \$5,097,238 was transferred to the Nation from CNB after the transfer of ownership of CNE to CNB.

The Nation levies certain taxes and fees which apply to some of the Nation's component units. During 2006, the Nation collected a tribal tax on food and beverage, tobacco, merchandise and other retail sales from CNE totally \$938,931. The Nation's Gaming Commission, which has regulatory oversight responsibility for gaming, collected fees of \$1,800,000 from CNE. The Nation also provides certain security services to CNE through the Nation's Marshal Service. In 2006, the Nation collected \$511,803 from CNE for services provided by the Marshals.

The Nation received capital grants from CNE in the amount of \$411,836. The grants were for the donation of a modular building with a value of \$322,978 and expenses of \$88,858 incurred by CNE related to the refurbishment of the Sequoyah High School softball complex.

The Nation has entered into certain lease agreements with CNE. CNE leases land for a driving range at the Cherokee Trails Golf Course in Tahlequah, Oklahoma, expiring on August 31, 2009. CNE also leases the restaurant and gift shop facilities in Tahlequah expiring on September 30, 2007. Each lease requires a nominal annual fee.

The Nation provided an operating grant of \$832,000 to Cherokee Nation Comprehensive Care Agency (CNCCA) during 2006 for the start-up operations of CNCCA's program of all inclusive care for the elderly (PACE) program (\$500,000) and movement of equity in a joint venture (\$332,000).

Cherokee Nation Businesses — In 2006, CNB provided internal audit, legal and other services to CNI, at a cost to CNI of \$300,000. This amount is included in CNB's accounts receivable as of September 30, 2006. CNB also provided internal audit, legal and other services to CNE, a blended component unit of CNB.

In 2006, CNB entered into a construction agreement with Cherokee Nation Home Health Services, Inc., another component unit of the Cherokee Nation for the construction of a building to be used by the Nation's Program of All-Inclusive Care for the Elderly ("PACE"). The construction contract is for actual time and material costs not to exceed \$960,000. Upon completion of the building, CNB expects to lease the building to the Nation's PACE program under a long term lease arrangement.

Cherokee Nation Industries — The Nation leases certain properties to CNI under a month-to-month agreement. Lease revenues to the Nation for the properties were approximately \$67,000 for 2006.

The Nation entered into a Memorandum of Understanding (MOU) with CNI to manage certain construction contracts of the Nation and CNE facilities. These contracts were previously managed by the Nation and CNE. The Nation and CNE agreed to pay CNI a management fee of 10% of the cost of the projects. CNI had construction revenue of approximately \$9,510,000 and construction costs of approximately \$8,420,000 resulting from the arrangement. At June 30, 2006, The Nation and CNE owed approximately \$3,132,000 for reimbursement of construction costs and management fees to CNI.

Cherokee Nation Home Health Services — In February 2006, CNHHS entered into an agreement with Cherokee Nation Comprehensive Care Agency (CNCCA) PACE program, to provide an all-inclusive care program for the elderly. CNHHS recognized service revenue and related expenses and at year end held \$12,311 of accounts receivable, net from this transaction. CNHHS received \$160,951 from the Nation for services, of which \$138,471 was earned and recognized as other service revenue in the CNHHS statements with related expenses of \$123,947 for the year ended September 30, 2006.

Cherokee National Historical Society — In November 2005, the Nation, CNE, and the Cherokee National Historical Society (CNHS) entered into a Memorandum of Agreement to further the parties shared mission to preserve the culture and history of the Cherokees by assigning duties to the party that can best perform those duties. CNHS remained responsible for all charitable fundraising, maintaining memberships, operating the museum and teach the Cherokee Humanities Course. In 2006, CNE provided marketing services, including group sales, and operation of the museum store at a net cost to CNE of \$15,000. The Nation performed all remaining operational and educational functions such as accounting, purchasing, contracts, human resources, information technology, and facilities maintenance. The Memorandum of Agreement is renewable annually upon agreement of the entities involved. For fiscal year 2006, the Nation's general fund included an operational budget of \$1,200,000 for the Cherokee Heritage Center.

17. COMMITMENTS AND CONTINGENCIES

Delaware Litigation — In 1998, Cherokee Nation challenged the Secretary of the Interior's decision to recognize the Delaware Tribe of Indians as a federally recognized Indian tribe existing independently of the Cherokee Nation. The 10th Circuit Court in 1994 reversed the District Court, holding that the Delaware were "incorporated" into the Cherokee Nation by an 1867 treaty and thus not a federally recognized Indian tribe. The United States Supreme Court denied certiorari on October 3, 2005. Final judgment was filed on October 26, 2005. Negotiations are ongoing to resolve issues concerning the relationship of the parties.

Citizenship Litigation — The Nation held a special election on March 3, 2007 regarding criteria for citizenship in the Cherokee Nation. The results of that election were that citizenship is now limited to those individuals who had an Indian ancestor on the Dawes Rolls. There is a case filed in the District Court of the District of Columbia, pending on the same issue. Those persons excluded by the special election have alleged that they cannot be disenrolled under the Nation's 1866 Treaty with the United States, along with various federal laws. The net impact of this case is not certain but is not expected to have a material adverse economic impact on the Nation.

Federal Grants — In the normal course of operations, the Nation and its component units receive grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent with the granting of funds. Management does not believe any liability for reimbursement which may arise as the result of these audits will be material.

Tobacco Compact with the State of Oklahoma — The Nation has requested arbitration to resolve differences arising from its' tobacco compact with the state of Oklahoma. The differences arose when the state repealed sales tax on cigarettes, which the Nation contends is forbidden in the terms of the compact. The arbitration process is not expected to have any significant impact on the financials statements of the Nation.

United Keetoowah Band/Arkansas River Drybed Settlement Claim — The United Keetoowah Band of Cherokee Indians of Oklahoma filed a claim in the United States Court of Claims, alleging that it was entitled to a portion of the funds from the Arkansas Riverbed Settlement Act passed by Congress. That claim was denied and is now on appeal to the United States Federal Circuit Court of Appeals. The legal proceedings, in the opinion of management, based on available information, are not likely to have a material adverse impact on the affected funds of the Nation.

Constitution — The Nation's citizens approved a new Constitution in 2003 which, among other changes, removed the requirement that the United States government approve changes to the Constitution. The Constitution has been implemented. The implementation of the new constitution is not expected to have a material impact on the financial statements of the Nation.

Other Legal Contingencies — The Nation and its component units are party to various legal proceedings, which normally occur, in governmental operations. The legal proceedings, in the opinion of management, based on available information, are not likely to have a material adverse impact on the affected funds of the Nation.

Housing and Urban Development (HUD) Audit — The U.S. Department of Housing and Urban Development (HUD) issued a monitoring report, dated August 2, 2006, of the Nation's NAHASDA program for the years 2002 through 2005, which contained several findings. Although most of the findings pertained to internal procedures, the report does contain questioned costs of \$62,067, which were reclassified to non-federal funds upon further internal review by the Nation. The most significant questioned cost related to the Nation's

Marshal Service expenditures totaling \$3,765,000. The Nation disagreed with the finding and is continuing to work with HUD to provide the information needed to resolve these questions. The Nation does not expect any additional significant financial impact as a result of the monitoring report.

HACN Matters — The HACN has provided a “Tax Credit Recapture Guarantee” to the Limited Partners of Jay Senior Housing, Stilwell Senior Housing, and the Wisdom Keepers Limited Partnerships (third party syndicators of the tax credits) should the Internal Revenue Service disallow the use of any of the tax credits being marketed to third party investors by the Limited Partners. The HACN has also provided “Operating Deficit Guarantees” to the Limited Partners of Jay and Stilwell Senior Housing Limited Partnerships and Wisdom Keepers Limited Partnerships which would require the Housing Authority to provide capital for operations should the need arise.

CNE Matters — New games continue to be introduced at the gaming sites, which management of CNE believes are permitted under the Class II gaming restrictions or the Compact; however, the permissibility of these games can and may be challenged by licensing and governing authorities that exercise jurisdiction over these activities.

CNE has various construction projects underway at September 30, 2006, some of which are under contractual commitments, while others do not include contractual commitments, but once construction is started there is generally a business imperative to complete such construction projects. At September 30, 2006, the remaining contractual commitments were approximately \$5,200,000, and the estimated costs to complete other construction projects underway, but not under contractual commitments, were approximately \$13,000,000. Subsequent to September 30, 2006, CNE entered into new construction contracts for expansion projects in Siloam and Roland, Oklahoma. These contracts do not include commitments but once the projects are started there is a business imperative to complete such projects. Total estimated completion costs for these subsequent contracts is approximately \$70,000,000.

In 2004, CNE acquired the property and facilities formerly known as Will Rogers Downs from an unrelated party. As part of the purchase price, CNE agreed to pay an additional \$1,250,000 when, and if, the property is placed into trust status with the Bureau of Indian Affairs, and could be required to make additional payments based on the cash flows generated by the operation of the facility. These additional payments will be capitalized when, and if, made and depreciated, as applicable, over the remaining economic life of the property. No additional payments as described above were required to be made in 2006.

18. CNI INVESTMENT IN EQUITY INVESTEES

CNI recognized losses from its equity investments in Global Energy Group, Inc. (GEG) and Cherokee Idling Solutions (CISS) during 2006 of approximately \$4,772,000. The losses primarily resulted from a write-off of the carrying value of the investments, based on uncertain future value of the investments.

19. SUBSEQUENT EVENTS

Subsequent to September 30, 2006, the Cherokee Nation passed an Act increasing the minimum wage requirements for all Cherokee Nation employees and employees of entities such as CNB, CNE, and CNI which are effectively owned by the Cherokee Nation. The Act increased the minimum wage from \$5.15 per hour to \$7.50 per hour effective in January 2007, with additional increases to \$8.25 and \$9.00 effective October 31, 2007 and 2008, respectively.

The Nation issued their \$30,000,000 Series 2006 Health Care System Bonds on December 21, 2006. The bonds were issued to fund construction of new clinics in Muskogee and Nowata and an administrative annex for the Redbird Smith clinic in Sallisaw. The bonds carry a coupon rate of 4.1- 4.6% and mature in three

phases beginning in 2011. The bonds are secured by a pledge of the health clinics 3rd party revenue and a general obligation of the Nation. A monthly debt service reserve of approximately \$230,000 will be transferred to the bond trustee, Bank of Oklahoma Trust Services. The bonds are insured through ACA Capital and carry a Standard & Poor's "A" rating. The underwriter for the bond issuance was BOSCO, Inc., a subsidiary of BOK Financial Corporation. The proceeds of the bonds will be used to pay off debt incurred to date on these projects and to complete the construction projects.

The Muskogee Clinic, the largest of the three projects, will be constructed and operated in accordance with a Joint Venture Construction Program Agreement ("JVCP") between the Nation and the Indian Health Service, Department of Health and Human Services dated December 28, 2005. The Nation will plan, design, construct, equip, lease and operate the Muskogee Clinic according to IHS specifications. The IHS will provide funds to staff and equip the facility in accordance with the joint venture agreement and the self-governance compact.

The JVCP agreement provides that the Nation is responsible for constructing the Muskogee Clinic. Upon completion of the Muskogee Clinic, the IHS will enter into a "no-cost lease" with the Nation. The no-cost lease is not intended to convey any real property interest in the Muskogee Clinic or the land it is located on but rather, the IHS is merely providing the funding for staffing and equipping the Muskogee Clinic. Pursuant to the terms of the JVCP Agreement, the Self Governance Compact and the no-cost lease, the Nation will be the sole operator of the Muskogee Clinic and all employees of the Muskogee Clinic will be employees of the Nation. The IHS will not directly provide services at the Muskogee Clinic. IHS funding for the operation of the Muskogee Clinic will be provided to the Nation through the Funding Agreements.

CNB Matters — On December 5, 2006, CNB acquired 51% of certain assets, including intangible assets, of CRC and Associates, Inc., a company owned by the minority member of Cherokee CRC, LLC. After acquisition, the assets were contributed by CNB to Cherokee CRC, LLC. The remaining 49% of the assets of CRC & Associates were transferred to Cherokee CRC, LLC by the minority member of Cherokee CRC, LLC. The total purchase price paid for the assets by CNB was \$1,125,000. The purchase agreement includes a contingent tax payment up to \$225,000 in the event the transaction results in a tax deficiency assessment to the minority member. In addition, the purchase agreement provides for employment agreements for the minority member and for the former President of CRC & Associates. The agreement also includes an additional consideration clause, payable in annual installments up to an aggregate maximum of \$500,000 based upon the future financial performance of Cherokee CRC, LLC.

On June 18, 2004, CNB, CT and Connex entered into a Revolving Credit and Term Loan Agreement (the "Loan Agreement"). The minority partners of Connex guaranteed 49% of Connex's debt under the Loan Agreement (the "Connex Debt") and provided collateral to secure their guaranty obligations. The Connex Debt was accelerated on November 30, 2006. The outstanding balance of the Connex Debt was \$3,947,341.43 plus accrued interest as of December 31, 2006. On February 9, 2007, the parties restructured the relationship such that (i) the minority partners paid \$50,000 at closing, (ii) the amount of the Connex Debt was reduced to \$1,950,000, (iii) the minority partners provided additional collateral and agreed to pay \$400,000 on March 7, 2007, and the balance of \$1,550,000 no later than July 31, 2007, and (iv) one of the minority partners and CT's interests in Connex were redeemed, and (v) the term "Cherokee" was removed from Connex's legal name. On March 7th, CT received the \$400,000 payment.

In August, 2005, CNB accepted five grants for Community-Oriented Connectivity Broadband Grant Program administered by the U. S. Department of Agriculture Rural Utilities Service aggregating \$3,444,370. The funds provided, together with a required match of 15%, aggregating \$607,830, are designated to be used to provide wireless broadband services to five rural communities located in eastern Oklahoma. As of the date of this report, the grant projects have not been initiated and no funds have been drawn on the grant awards. The Nation, through the Information Services group, has agreed to administer the grants and approval has been

received from the U.S. Department of Agriculture Rural Utilities Service to allow the Nation to administer the grants. The Nation will administer the grants and draw down funds as the projects are implemented.

Pursuant to Tribal Council Resolution 13-07, dated February 2007, CNB's board of directors approved a request for a special distribution to CNB from CNE, LLC for \$15,000,000. The funds will be utilized by CNB to facilitate the pay off of existing debt of CNI, and provide working capital to CNI. The initial transaction is expected to be in the form of a loan from CNB to CNI with a conversion to net assets in the future.

20. ADJUSTMENT OF CNB NET ASSETS TO REFLECT CHANGES IN REPORTING ENTITY

In July 2006, ownership in CNE was transferred from the Nation to CNB. CNE is now accounted for as a blended component unit of CNB. As a result of this transaction, CNB's beginning net assets at September 30, 2005 were adjusted to reflect the beginning net assets as though CNE had always been included in CNB. In addition, the beginning net assets have been adjusted to remove an allowance for loss on the notes receivable between CNE and CNB as of September 30, 2005, because if CNE was presented as a blended component unit of CNB at that date, there would be no need to reflect an allowance. A summary of these adjustments at September 30, 2005 are as follows:

CNB, net deficit at beginning of year as previously reported	(\$1,041)
Adjustment to add net assets of CNE as previously reported by CNE at September 30, 2005	150,799
Adjustment to remove allowance on note receivable between CNE and CNB at September 30, 2005	<u>1,100</u>
Net assets of CNB at beginning of year, as adjusted	<u>\$150,858</u>

OTHER
SUPPLEMENTARY
INFORMATION

CHEROKEE NATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT

**NONMAJOR
GOVERNMENTAL FUNDS**

**CHEROKEE NATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Governmental Fund Types – Governmental funds are those through which most governmental functions of the Nation are financed. The acquisition, use and balances of the Nation's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. Governmental fund types use the current financial resources measurement focus. This measurement focus is upon the receipt and disbursement of current available financial resources rather than upon net income.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted by law or administrative action to finance particular functions or activities of the Nation. These funds include:

- **Self Governance DOI - Other** – Established to account for funds received under the Nation's self governance compact with the United States government. These funds are used to administer a number of programs under the Department of Interior relating to education, health and welfare, and tribal government within the Nation's geographic boundaries.
- **Talking Leaves Job Corps** – Established to account for funds received from the Department of Labor for counseling, training and job placement of disadvantaged youth.
- **Diabetes** – Established to account for Department of Health and Human Services Diabetes Grant funds used to purchase diabetic medicines and supplies, promote awareness and provide assistance to diabetic patients.
- **Food Distribution** – Established to account for Department of Agriculture food products provided to the Nation and grant funds used to pay administrative and program costs of a program which provides food to eligible Indian families.
- **Women, Infants and Children** – Established to account for grant funds received from the Department of Agriculture to supply supplemental food and nutrition education to women and children at nutritional risk.
- **Head Start** – Established to account for grant funds from the Department of Health and Human Services to provide comprehensive health, educational, nutritional, social, and other services primarily to economically disadvantaged preschool Indian children.
- **PL102-477** – Established to account for funds received through the Department of the Interior from the Department of Labor for counseling, training and job placement of disadvantaged youth, as well as from the Department of Health and Human Services to provide child care services for low-income families with a parent that is working or attending a training or educational program.
- **Title VI** – Established to account for borrowing and lending activities related to the United States Department of Housing and Urban Development Title VI loan agreement, the proceeds of which are obtained from federal government guaranteed bank financing and subsequently loaned to the Cherokee Nation Housing Authority, a component unit of the Nation.
- **Other Grants** – Established to account for various sources of grant funds used to fund specific program activities.
- **Tribal Judgment Funds** – Established to account for monies received by the Nation from the settlement of disputes with the United States government. The judgment monies are expended in accordance with plans for use and distribution adopted by the Nation and approved as applicable, by the Secretary of the Interior. The judgment fund is controlled and administered by the Bureau of Indian Affairs.
- **Tribal Trusts** – Established to account for income received from external users of tribal lands, such as oil and gas royalties. The Bureau of Indian Affairs administers these funds which may be expended upon request and approval by the Secretary.

Capital Projects Fund – Established in 2006 to account for financial resources to be used for major construction projects.

Debt Service Fund – Established in 2006 to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest related to health construction projects.

Permanent Funds – Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes supporting the Nation's programs.

- **Sequoyah Endowment** – Established to account for funds endowed from the Louise K. Green-Matthews Grant in Environmental Science. The income from the grant is to be used to encourage Cherokee students of at least one-quarter blood quantum to engage in furthering their education in the Environmental Science field.
- **Gammon Educational Trust** – Established to account for funds endowed by Glenn L. and Faye V. Gammon Trust. The income from this educational trust may be used to provide tuition and related educational assistance while they attend any accredited college or university located in the continental United States. The Cherokee students must be at least one-quarter blood quantum.

CHEROI E NATION
 COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2006
 (Dollars in Thousands)

	PL 101 Revenue Funds										Capital Projects			Debt Service			Permanent Funds			Total Nonmajor Governmental Funds						
	Tribal Lease		Women, Infants, & Children		Food Distribution		Diplomats		Head Start		PL 101-477		Tribal Judgment Funds		Other Grants		Tribal Trusts		Total		Capital Projects Fund	Debt Service Fund	Common Education Fund		Total	
	Self-Governance DOI-Other	Corps	Job	Carps	Food	Distribution	Diplomats	Head Start	PL 101-477	Tribal VI	Other Grants	Tribal Judgment Funds	Tribal Trusts	Total	Capital Projects Fund	Debt Service Fund	Common Education Fund	Total								
Cash and cash equivalents	\$ 3,714	\$ 44	\$ 4,851	\$ -	\$ 1,025	\$ -	\$ 7,912	\$ 110	\$ 945	\$ 10,6	\$ 1,122	\$ 30,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,591	
Receivables, net	268	593	-	31	23	203	-	-	269	8,1	-	8,281	-	-	-	-	-	-	-	-	-	-	-	-	8,344	
Due from other funds	-	-	-	-	-	-	118	-	1,541	1	8	2,793	-	-	-	-	-	-	-	-	-	-	-	-	2,753	
Investments	-	-	-	-	-	652	-	-	-	-	-	652	-	-	-	-	-	-	-	-	-	-	-	-	652	
Notes receivable	-	-	-	-	-	-	-	-	149	-	-	149	-	-	-	-	-	-	-	-	-	-	-	-	149	
Other current assets	-	-	-	-	-	-	-	-	448	-	-	448	-	-	-	-	-	-	-	-	-	-	-	-	448	
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	1,578	-	1,578	-	-	-	-	-	-	-	-	-	-	-	-	1,578	
Total assets	\$ 3,982	\$ 587	\$ 4,851	\$ 483	\$ 1,048	\$ 203	\$ 8,638	\$ 310	\$ 8,804	\$ 10,650	\$ 1,177	\$ 44,473	\$ 2,241	\$ 99	\$ 228	\$ 314	\$ 342	\$ 362	\$ 362	\$ 362	\$ 362	\$ 362	\$ 362	\$ 362	\$ 47,575	
Liabilities:																										
Accounts payable and accrued liabilities	\$ 1,419	\$ 593	\$ 317	\$ 31	\$ 280	\$ 203	\$ -	\$ 152	\$ 98	\$ 1,775	\$ 64	\$ 2,483	\$ 2,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 989	
Due to other funds	-	-	-	-	-	-	-	-	27	-	-	27	-	-	-	-	-	-	-	-	-	-	-	-	27	
Due to component unit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other liabilities	2,159	-	4,134	-	174	-	7,360	-	297	-	-	14,703	-	-	-	-	-	-	-	-	-	-	-	-	14,703	
Deferred grant revenue	35	-	-	-	-	-	-	-	-	-	-	677	-	-	-	-	-	-	-	-	-	-	-	-	677	
Total liabilities	\$ 3,613	\$ 587	\$ 4,451	\$ 63	\$ 454	\$ 203	\$ 7,360	\$ 152	\$ 2,169	\$ 1,798	\$ 64	\$ 18,865	\$ 2,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,943	
Fund balance, reserved	-	-	-	-	-	-	620	158	715	12,853	1,117	15,508	-	-	-	-	-	-	-	-	-	-	-	-	16,134	
Fund balance, unreserved	-	-	-	-	-	-	679	158	715	12,832	1,117	15,508	(285)	-	-	-	-	-	-	-	-	-	-	-	(285)	
Total fund balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,309	\$ 316	\$ 1,430	\$ 12,985	\$ 2,234	\$ 31,016	\$ (285)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,850	
Total liabilities and fund balance	\$ 3,613	\$ 587	\$ 4,451	\$ 63	\$ 454	\$ 203	\$ 8,638	\$ 310	\$ 8,804	\$ 10,650	\$ 1,177	\$ 44,473	\$ 2,241	\$ 99	\$ 228	\$ 314	\$ 342	\$ 362	\$ 362	\$ 362	\$ 362	\$ 362	\$ 362	\$ 362	\$ 47,575	

LIABILITIES AND FUND BALANCE

NONMAJOR ENTERPRISE
FUNDS

Enterprise Funds – Enterprise funds are used to account for the Nation's ongoing organizations and activities which are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The measurement focus of the Enterprise Funds, the flow of economic resources, is upon determination of net income, financial position and capital maintenance. The enterprise funds of the Nation, all of which are nonmajor, include:

- **Tsa-La-Gi Apartments** – Utilized to account for the operations of the Nation's federally subsidized low-income housing apartment complex, whose operating focus is to provide housing for qualified tribal members and to recover costs of operations.
- **Landfill Operations** – Utilized to account for the solid waste landfill operations of the Nation located in Stilwell, Oklahoma.
- **EDTA** - Established by Tribal Council Legislative Act 36-89 as a mechanism to promote economic development. Its mission is to provide opportunities for income generation through economic development, to provide loans for business creation/expansion, and to provide loans to qualified individuals whom have traditionally been denied through conventional lending sources.
- **Other Enterprises** – Utilized to account for various other small proprietary programs operated by the Nation such as Enterprise Management, 202 HUD Housing Management, Indian Health Services Personnel Service Agreement, Home Maintenance, Cherokee Navigation, and Child Care. The beginning balance of Childhood Development Center fund was combined with Other Enterprises and in 2006 the activities of Childhood Development Center were transferred and are reported in the nonmajor governmental funds.

CHEROKEE NATION

COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS

SEPTEMBER 30, 2006

(Dollars in Thousands)

	<u>Tsa-La-Gi Apartments</u>	<u>Landfill Operations</u>	<u>EDTA</u>	<u>Other Enterprises</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 73	\$ 216	\$ 1,551	\$ -	\$ 1,840
Accounts receivable, net	-	718	-	-	718
Due from other funds	-	-	-	72	72
Notes receivable, current	-	-	238	-	238
Other current assets	2	-	-	-	2
Total current assets	75	934	1,789	72	2,870
Noncurrent assets:					
Restricted cash and cash equivalents	221	1,829	-	-	2,050
Long-term notes receivable	-	-	1,606	-	1,606
Capital assets, net	700	6,061	-	-	6,761
Total noncurrent assets	921	7,890	1,606	-	10,417
Total assets	996	8,824	3,395	72	13,287
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	36	13	-	-	49
Current portion of long-term debt	86	184	42	-	312
Due to other funds	50	2,110	50	-	2,210
Other current liabilities	18	-	-	-	18
Total current liabilities	190	2,307	92	-	2,589
Noncurrent liabilities:					
Long-term unearned revenue	-	300	-	-	300
Long-term debt	488	1,350	1,497	-	3,335
Other liabilities	-	1,909	-	-	1,909
Total noncurrent liabilities	488	3,559	1,497	-	5,544
Total liabilities	678	5,866	1,589	-	8,133
NET ASSETS					
Invested in capital assets, net of related debt	126	4,527	-	-	4,653
Unrestricted net assets/(deficit)	192	(1,569)	1,806	72	501
Total net assets	\$ 318	\$ 2,958	\$ 1,806	\$ 72	\$ 5,154

CHEROKEE NATION

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(Dollars in Thousands)**

	Business-type Activities- Enterprise Funds				
	Tsa-La-Gi Apartments	Landfill Operations	EDTA	Other Enterprises	Total
Operating revenues:					
Property rentals	\$ 486	\$ -	\$ -	\$ -	\$ 486
Charges for services and goods	-	1,216	-	6	1,222
Other	6	-	23	-	29
Total operating revenues	492	1,216	23	6	1,737
Operating expenses:					
Salaries and wages	37	584	-	5	626
Other services and charges	245	161	170	1	577
Materials and supplies	15	3	-	-	18
Depreciation and amortization	51	918	-	-	969
Total operating expenses	348	1,666	170	6	2,190
Operating income (loss)	144	(450)	(147)	-	(453)
Nonoperating revenues (expenses):					
Grant revenues	-	-	119	-	119
Interest income	8	166	160	-	334
Interest expense	(42)	(81)	(12)	-	(135)
Other sources	-	69	-	-	69
Gain/(loss) on sale of fixed assets	-	-	-	72	72
Net nonoperating revenues (expenses)	(34)	154	267	72	459
Income (loss) before transfers	110	(296)	120	72	6
Transfers in	-	-	91	-	91
Transfers out	-	(42)	(1)	(91)	(134)
Change in net assets	110	(338)	210	(19)	(37)
Total net assets - beginning	208	3,296	1,596	91	5,191
Total net assets - ending	\$ 318	\$ 2,958	\$ 1,806	\$ 72	\$ 5,154

CHEROKEE NATION

**COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

(Dollars in Thousands)

	Business-type Activities- Enterprise Funds				
	Tsa-La-Gi Apartments	Landfill Operations	EDTA	Other Enterprises	Total
Cash flows from operating activities:					
Receipts from customers	\$ 486	\$ 1,216	\$ -	\$ 6	\$ 1,708
Payments to suppliers	(255)	(222)	(170)	(1)	(648)
Payments to employees	(37)	(584)	-	(5)	(626)
Internal activity, net - payments (to)/from other funds	-	(605)	50	(114)	(669)
Program loans	-	-	(442)	-	(442)
Other receipts	6	-	23	1	30
Net cash provided/(used) by operating activities	<u>200</u>	<u>(195)</u>	<u>(539)</u>	<u>(113)</u>	<u>(647)</u>
Cash flows from noncapital financing activities					
Operating subsidies and transfers (to)/from other funds		(42)	90	(91)	(43)
Grant revenues		-	119	-	119
Receipts from other sources		69	-	-	69
Net cash provided by noncapital financing activities		<u>27</u>	<u>209</u>	<u>(91)</u>	<u>145</u>
Cash flows from capital and related financing activities					
Purchases of capital assets	-	(879)	-	-	(879)
Proceeds from capital debt	-	1,300	483	-	1,783
Principal paid on capital debt	(82)	(442)	(42)	-	(566)
Interest paid on capital debt	(42)	(81)	(12)	-	(135)
Proceeds from sales of capital assets	-	-	-	72	72
Net cash (used) by capital and related financing activities	<u>(124)</u>	<u>(102)</u>	<u>429</u>	<u>72</u>	<u>275</u>
Cash flows from investing activities					
Proceeds from sale of investments	11	-	-	-	11
Interest and dividends received	8	166	160	-	334
Net cash provided by investing activities	<u>19</u>	<u>166</u>	<u>160</u>	<u>-</u>	<u>345</u>
Net increase (decrease) in cash and cash equivalents	95	(104)	259	(132)	118
Cash and cash equivalents, October 1, 2005	<u>199</u>	<u>2,149</u>	<u>1,292</u>	<u>132</u>	<u>3,772</u>
Cash and cash equivalents, September 30, 2006	<u>\$ 294</u>	<u>\$ 2,045</u>	<u>\$ 1,551</u>	<u>\$ -</u>	<u>\$ 3,890</u>
Cash and cash equivalents consist of:					
Unrestricted cash and cash equivalents	\$ 73	\$ 216	\$ 1,551	\$ -	\$ 1,840
Restricted cash and cash equivalents	221	1,829	-	-	2,050
	<u>\$ 294</u>	<u>\$ 2,045</u>	<u>\$ 1,551</u>	<u>\$ -</u>	<u>\$ 3,890</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 144	\$ (450)	\$ (147)	\$ -	\$ (453)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	51	918	-	-	969
Change in assets and liabilities:					
Receivables and due from (to) other funds	-	(363)	(442)	(57)	(862)
Liabilities and other payables	5	(300)	50	(56)	(301)
Net cash provided by operating activities	<u>\$ 200</u>	<u>\$ (195)</u>	<u>\$ (539)</u>	<u>\$ (113)</u>	<u>\$ (647)</u>

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INTERNAL SERVICE FUNDS

CHEROKEE NATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Internal Service funds are used to account for the financing of goods and services provided by one fund to other funds within the Nation on a cost reimbursement basis.

- **Internal Leases** is used to account for the cost to maintain certain buildings for use by other funds of the Nation.
- **Force Accounts** is used to acquire and maintain equipment and supplies used by other funds of the Nation.
- **Fringe Pool** is used to account for the cost of fringe benefits, including the Nation's self-insured health care benefits and workers' compensation benefits, used by other funds of the Nation.
- **Indirect Cost Pool** is used to account for the cost of providing certain services, such as accounting, human resources and acquisition management, to other funds of the Nation.
- **Construction** is used to account for the cost to manage construction of buildings for use by other funds of the Nation. The management of this fund transferred to CNI in 2006.

CHEROKEE NATION

COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2006
(Dollars in Thousands)

	Internal Leases	Force Accounts	Fringe Pool	Indirect Cost Pool	Construction	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ 1	\$ 1,152	\$ 8	\$ -	\$ 1,161
Accounts receivable, net	-	-	17	224	-	241
Inventories	-	-	-	111	-	111
Other current assets	-	8	-	155	-	163
Total current assets	-	9	1,169	498	-	1,676
Noncurrent assets:						
Restricted cash & cash equivalents	972	27	-	-	-	999
Capital assets, net	9,671	300	-	1,675	-	11,646
Total noncurrent assets	10,643	327	-	1,675	-	12,645
Total assets	10,643	336	1,169	2,173	-	14,321
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	-	-	3,544	101	-	3,645
Current portion of long-term debt	476	-	-	-	-	476
Current portion of capital leases	11	84	-	253	-	348
Due to other funds	771	125	1,027	720	-	2,643
Compensated absences	-	-	3,884	-	-	3,884
Other current liabilities	-	-	2,013	-	-	2,013
Total current liabilities	1,258	209	10,468	1,074	-	13,009
Noncurrent liabilities:						
Long-term debt	3,058	-	-	-	-	3,058
Capital leases payable	23	229	-	-	-	252
Total noncurrent liabilities	3,081	229	-	-	-	3,310
Total liabilities	4,339	438	10,468	1,074	-	16,319
NET ASSETS						
Invested in capital assets, net of related debt	6,103	(13)	-	1,422	-	7,512
Restricted	972	-	-	-	-	972
Unrestricted net assets/(deficit)	(771)	(89)	(9,299)	(323)	-	(10,482)
Total net assets/(deficit)	\$ 6,304	\$ (102)	\$ (9,299)	\$ 1,099	\$ -	\$ (1,998)

CHEROKEE NATION

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(Dollars in Thousands)**

	<u>Internal Leases</u>	<u>Force Accounts</u>	<u>Fringe Pool</u>	<u>Indirect Cost Pool</u>	<u>Construction</u>	<u>Total</u>
Operating revenues:						
Property rentals	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ 3
Charges for services and goods	2,500	-	34,374	22,497	-	59,371
Other	111	28	-	82	-	221
Total operating revenues	<u>2,614</u>	<u>28</u>	<u>34,374</u>	<u>22,579</u>	<u>-</u>	<u>59,595</u>
Operating expenses:						
Cost of sales	-	-	-	(4)	-	(4)
Salaries and wages	1,246	2	37,280	11,806	41	50,375
Other services and charges	858	59	-	9,483	52	10,452
Materials and supplies	112	21	-	1,522	-	1,655
Depreciation and amortization	376	142	-	829	-	1,347
Total operating expenses	<u>2,592</u>	<u>224</u>	<u>37,280</u>	<u>23,656</u>	<u>93</u>	<u>63,825</u>
Operating income (loss)	<u>22</u>	<u>(196)</u>	<u>(2,906)</u>	<u>(1,057)</u>	<u>(93)</u>	<u>(4,230)</u>
Nonoperating revenues (expenses):						
Interest income	24	1	-	-	-	25
Interest expense	(142)	(14)	-	-	-	(156)
Gain/(loss) on sale of capital assets	-	138	-	-	-	138
Net nonoperating revenues (expenses)	<u>(118)</u>	<u>125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>
Income (loss) before transfers	<u>(96)</u>	<u>(71)</u>	<u>(2,906)</u>	<u>(1,057)</u>	<u>(93)</u>	<u>(4,223)</u>
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>538</u>	<u>538</u>
Change in net assets	<u>(96)</u>	<u>(71)</u>	<u>(2,906)</u>	<u>(1,057)</u>	<u>445</u>	<u>(3,685)</u>
Total net assets/(deficit) - beginning	<u>6,400</u>	<u>(31)</u>	<u>(6,393)</u>	<u>2,156</u>	<u>(445)</u>	<u>1,687</u>
Total net assets/(deficit) - ending	<u>\$ 6,304</u>	<u>\$ (102)</u>	<u>\$ (9,299)</u>	<u>\$ 1,099</u>	<u>\$ -</u>	<u>\$ (1,998)</u>

CHEROKEE NATION

CHEROKEE NATION

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(Dollars in Thousands)

	Internal Leases	Force Accounts	Fringe Pool	Indirect Cost Pool	Construction	Total
Cash flows from operating activities:						
Receipts from customers	\$ 2,503	\$ -	\$ 34,374	\$ 22,497	\$ -	\$ 59,374
Payments to suppliers	(809)	(60)	-	(11,432)	-	(12,301)
Payments to employees	(1,246)	(2)	(37,280)	(11,806)	(41)	(50,375)
Internal activity, net - payments (to)/from other funds	(51)	20	2,221	1,356	(476)	3,070
Other receipts	-	-	1,469	-	(21)	1,448
Net cash provided/(used) by operating activities	<u>397</u>	<u>(42)</u>	<u>784</u>	<u>615</u>	<u>(538)</u>	<u>1,216</u>
Cash flows from noncapital financing activities						
Operating subsidies and transfers (to)/from other funds	-	-	-	-	538	538
Cash flows from capital and related financing activities						
Purchases of capital assets	-	-	-	(868)	-	(868)
Proceeds from capital debt	-	-	-	758	-	758
Principal paid on capital debt	(469)	(82)	-	(505)	-	(1,056)
Interest paid on capital debt	(142)	(14)	-	-	-	(156)
Proceeds from sales of capital assets	162	138	-	-	-	300
Net cash provided/(used) by capital and related financing activities	<u>(449)</u>	<u>42</u>	<u>-</u>	<u>(615)</u>	<u>-</u>	<u>(1,022)</u>
Cash flows from investing activities						
Interest and dividends	24	1	-	-	-	25
Net increase (decrease) in cash and cash equivalents	<u>(28)</u>	<u>1</u>	<u>784</u>	<u>-</u>	<u>-</u>	<u>757</u>
Cash and cash equivalents, October 1, 2005	<u>1,000</u>	<u>27</u>	<u>368</u>	<u>8</u>	<u>-</u>	<u>1,403</u>
Cash and cash equivalents, September 30, 2006	<u>\$ 972</u>	<u>\$ 28</u>	<u>\$ 1,152</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 2,160</u>
Cash and cash equivalents consist of:						
Unrestricted cash and cash equivalents	\$ -	\$ 1	\$ 1,152	\$ 8	\$ -	\$ 1,161
Restricted cash and cash equivalents	972	27	-	-	-	999
	<u>\$ 972</u>	<u>\$ 28</u>	<u>\$ 1,152</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 2,160</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 22	\$ (196)	\$ (2,906)	\$ (1,057)	\$ (93)	\$ (4,230)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	376	142	-	829	-	1,347
Change in assets and liabilities:						
Receivables and due from (to) other funds	-	-	1,180	627	73	1,880
Inventories	-	-	-	7	-	7
Other current assets	50	(8)	-	(33)	-	9
Accounts and other payables	(51)	20	2,510	242	(518)	2,203
Net cash provided by operating activities	<u>\$ 397</u>	<u>\$ (42)</u>	<u>\$ 784</u>	<u>\$ 615</u>	<u>\$ (538)</u>	<u>\$ 1,216</u>

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COMPONENT UNIT

CHEROKEE NATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CHEROKEE NATION

COMBINING SCHEDULE OF NET ASSETS - CHEROKEE NATION BUSINESSES, LLC

SEPTEMBER 30, 2006

(Dollars in Thousands)

	Cherokee Nation Businesses LLC (CNB)	Cherokee Technologies LLC (CT)	Cherokee Nation Enterprises LLC (CNE)	Combination/ Elimination	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 225	\$ -	\$ 65,489	\$ -	\$ 65,714
Restricted cash		-	1,960	-	1,960
Investments		-	14,998	-	14,998
Receivables, net	300	-	4,176	-	4,476
Inventories		-	1,845	-	1,845
Notes receivable	2,955	2,000	98	(2,955)	2,098
Other current assets	117	-	2,393	-	2,510
Total current assets	3,597	2,000	90,959	(2,955)	93,601
Notes receivable		-	1,141	-	1,141
Investment in partnerships/joint ventures	187	1	-	-	188
Capital assets, net	198	-	151,629	-	151,827
Total assets	3,982	2,001	243,729	(2,955)	246,757
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	718	1	35,700	-	36,419
Current portion of notes payable	-	2,955	-	(2,955)	-
Total current liabilities	718	2,956	35,700	(2,955)	36,419
Total liabilities	718	2,956	35,700	(2,955)	36,419
NET ASSETS					
Invested in capital assets, net of related debt	136	-	146,966	-	147,102
Restricted for:					
Construction	-	-	1,500	-	1,500
Unrestricted net assets/(deficit)	3,128	(955)	59,563	-	61,736
Total net assets (deficit)	\$ 3,264	\$ (955)	\$ 208,029	\$ -	\$ 210,338

CHEROKEE NATION

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICIT) -
CHEROKEE NATION BUSINESSES, LLC
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(Dollars in Thousands)**

	Cherokee Nation Businesses LLC (CNB)	Cherokee Technologies LLC (CT)	Cherokee Nation Enterprises LLC (CNE)	Combination/ Elimination	Total
Operating revenues:					
Charges for services and goods	\$ 2,800	\$ -	\$ 353,117	\$ (2,500)	\$ 353,417
Gain (loss) on investments in joint ventures	196	(984)			(788)
Total operating revenues	<u>2,996</u>	<u>(984)</u>	<u>353,117</u>	<u>(2,500)</u>	<u>352,629</u>
Operating expenses:					
Cost of sales/operations		-	84,320	-	84,320
Salaries and wages	3,027	-	101,015	-	104,042
Other services and charges	817	-	66,209	(2,500)	64,526
Depreciation and amortization	10	-	16,205	-	16,215
Total operating expenses	<u>3,854</u>	<u>-</u>	<u>267,749</u>	<u>(2,500)</u>	<u>269,103</u>
Operating income (loss)	<u>(858)</u>	<u>(984)</u>	<u>85,368</u>	<u>-</u>	<u>83,526</u>
Nonoperating revenues (expenses)					
Interest/investment income	260	298	2,332	(532)	2,358
Interest expense	(272)	(260)	(80)	532	(80)
Gain/(loss) on disposal of assets	-		(462)	-	(462)
Other, net	(7)			-	(7)
Net nonoperating revenues (expenses)	<u>(19)</u>	<u>38</u>	<u>1,790</u>	<u>-</u>	<u>1,809</u>
Net Income (loss)	<u>(877)</u>	<u>(946)</u>	<u>87,158</u>	<u>-</u>	<u>85,335</u>
Dividends to primary government			(25,444)	-	(25,444)
Transfers to CNB	5,174		(5,174)		
Capital grants to primary government	-		(411)		(411)
Change in net assets	<u>4,297</u>	<u>(946)</u>	<u>56,129</u>		<u>59,480</u>
Net assets, beginning of year	<u>(1,033)</u>	<u>(9)</u>	<u>151,900</u>	<u>-</u>	<u>150,858</u>
Net assets (deficit), end of year	<u>\$ 3,264</u>	<u>\$ (955)</u>	<u>\$ 208,029</u>	<u>\$ -</u>	<u>\$ 210,338</u>

BUDGETARY INFORMATION

CHEROKEE NATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CHEROKEE NATION

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
BUDGET AND ACTUAL (GAAP BASIS) - ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(Dollars in Thousands)**

	Budgeted Amounts			Variance with Final Budget over/(under)
	Original	Final	Actual	
Operating revenues:				
Property rentals	\$ -	\$ -	\$ 486	\$ 486
Charges for services and goods	2,561	2,415	1,222	(1,193)
Other	-	7	29	22
Total operating revenues	<u>2,561</u>	<u>2,422</u>	<u>1,737</u>	<u>(685)</u>
Operating expenses:				
Salaries and wages	1,959	957	626	(331)
Other services and charges	1,083	364	577	213
Materials and supplies	103	-	18	18
Depreciation and amortization	1,035	1,035	969	(66)
Total operating expenses	<u>4,180</u>	<u>2,356</u>	<u>2,190</u>	<u>(166)</u>
Operating income (loss)	<u>(1,619)</u>	<u>66</u>	<u>(453)</u>	<u>(519)</u>
Nonoperating revenues(expenses):				
Grant revenues	-	-	119	119
Interest income	-	94	334	240
Interest expense	-	(110)	(135)	(25)
Other sources	-	-	69	69
Gain/(loss) on sale of fixed assets	-	-	72	72
Net nonoperating revenue (expenses)	<u>-</u>	<u>(16)</u>	<u>459</u>	<u>475</u>
Income (loss) before transfers	<u>(1,619)</u>	<u>50</u>	<u>6</u>	<u>(44)</u>
Transfers in	1,370	11	91	80
Transfers out	-	(144)	(134)	(10)
Changes in net assets	<u>(249)</u>	<u>(83)</u>	<u>(37)</u>	<u>46</u>
Total net assets - beginning	<u>5,191</u>	<u>5,191</u>	<u>5,191</u>	<u>-</u>
Total net assets - ending	<u>\$ 4,942</u>	<u>\$ 5,108</u>	<u>5,154</u>	<u>\$ 46</u>
Adjustment to reflect the consolidation of Internal Service Funds activities related to Enterprise Funds			(81)	
Net assets of Enterprise Funds			<u>\$ 5,073</u>	

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STATISTICAL SECTION

CHEROKEE NATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT

The **Statistical Section** provides financial statement users with additional detailed information as a context for understanding the information in the financial statements, notes to financial statements, and required supplementary information as it relates to the government's overall financial health.

- **Financial Trends** – Schedules which contain trend information to assist users in understanding how the government's financial position has changed over time.
- **Revenue Capacity** – Schedules which contain information relating to the government's most significant tax revenue sources.
- **Demographic and Economic Information** – Demographic and economic indicators to enable users to understand the environment in which the government operates.
- **Operating Information** – Schedules which contain service and program data to help users understand how the information contained in the government's financial report relates to the governmental activities performed.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Nation implemented GASB 34 in 2002; schedules presenting government-wide information include information beginning in that year.

CHEROKEE NATION

SCHEDULE OF NET ASSETS BY COMPONENT LAST FIVE FISCAL YEARS (Dollars in Thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities					
Invested in capital assets, net of related debt	\$ 26,714	\$ 25,655	\$ 29,403	\$ 35,969	\$ 47,627
Restricted	41,483	20,421	20,691	16,822	23,250
Unrestricted	<u>1,133</u>	<u>53,444</u>	<u>65,566</u>	<u>66,627</u>	<u>69,039</u>
Total governmental activities net assets	<u>69,330</u>	<u>99,520</u>	<u>115,660</u>	<u>119,418</u>	<u>139,916</u>
Business-type activities					
Invested in capital assets, net of related debt	3,460	4,839	4,388	5,519	4,653
Restricted	414	-	-	-	-
Unrestricted	<u>361</u>	<u>(372)</u>	<u>(685)</u>	<u>(361)</u>	<u>420</u>
Total business-type activities net assets	<u>4,235</u>	<u>4,467</u>	<u>3,703</u>	<u>5,158</u>	<u>5,073</u>
Primary government					
Invested in capital assets, net of related debt	30,174	30,494	33,791	41,488	52,280
Restricted	41,897	20,421	20,691	16,822	23,250
Unrestricted	<u>1,494</u>	<u>53,072</u>	<u>64,881</u>	<u>66,266</u>	<u>69,459</u>
Total primary government net assets	<u>\$ 73,565</u>	<u>\$ 103,987</u>	<u>\$ 119,363</u>	<u>\$ 124,576</u>	<u>\$ 144,989</u>

CHEROKEE NATION

CHEROKEE NATION

CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS (Dollars in Thousands)
(accrual basis of accounting)

CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS

	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
Tribal Government	\$ 9,373	\$ 12,075	\$ 13,627	\$ 17,023	\$ 16,433
Health Services	62,235	67,356	74,995	79,344	87,061
Education Services	29,120	32,423	32,901	33,429	36,588
Human Services	25,203	24,671	24,160	24,824	27,307
Community Services	45,478	51,252	35,163	35,060	42,867
Other Tribal Services	5,431	8,750	11,193	10,623	12,712
Interest on long-term debt	235	689	970	1,651	1,975
Total governmental activities expenses	177,075	197,216	193,009	201,954	224,943
Business-type activities:					
Tsa-La-Gi Apartments	418	359	356	352	390
Cherokee Trails Golf Club	170	192	39	-	-
Landfill Operations	1,459	1,982	1,917	2,252	1,794
EDTA	-	-	-	127	182
Ranch Operations	169	52	6	-	-
Child Development	1,091	1,358	1,235	1,048	-
Other Enterprises	3	1	-	15	7
Total business-type activities expenses	3,310	3,944	3,553	3,794	2,373
Total primary government expenses	\$ 180,385	\$ 201,160	\$ 196,562	\$ 205,748	\$ 227,316
Program Revenues					
Governmental activities:					
Charges for services:					
Tribal Government	\$ -	\$ -	\$ -	\$ -	\$ 4
Other Tribal Services	451	405	1,237	2,001	2,572
Operating grants and contributions	103,642	113,394	100,209	104,278	108,177
Capital grants and contributions	-	-	-	-	411
Total governmental activities program revenues	104,093	113,799	101,446	106,279	111,164
Business-type activities:					
Charges for services:					
Tsa-La-Gi Apartments	392	384	437	475	492
Cherokee Trails Golf Club	84	70	6	-	-
Landfill Operations	2,327	2,109	1,355	1,937	1,216
EDTA	-	-	-	14	23
Ranch Operations	165	32	-	-	-
Child Development Centers	1,118	1,354	1,237	766	-
Other Enterprises	11	12	10	-	6
Operating grants and contributions	-	-	-	104	119
Total business-type activities program revenues	4,097	3,961	3,045	3,296	1,856
Total primary government program revenues	\$ 108,190	\$ 117,760	\$ 104,491	\$ 109,575	\$ 113,020
Net (Expense)/Revenue					
Governmental activities	\$ (72,982)	\$ (83,417)	\$ (91,563)	\$ (95,675)	\$ (113,779)
Business-type activities	787	17	(508)	(498)	(517)
Total primary government net expense	\$ (72,195)	\$ (83,400)	\$ (92,071)	\$ (96,173)	\$ (114,296)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Motor fuel tax	7,294	7,468	7,576	8,094	7,406
Motor vehicle tax	3,342	4,961	5,929	6,382	7,188
Tobacco tax	1,890	2,052	2,142	3,133	7,063
Gaming tax and licenses	480	611	262	-	-
Sales tax	75	310	249	686	1,144
Grants and contributions not restricted to specific programs	58,236	66,249	65,223	62,015	78,849
Unrestricted investment earnings	1,793	1,563	1,588	3,011	5,941
Indirect cost settlement	254	646	11,634	-	-
Dividends from component units	4,050	8,725	11,717	17,919	25,444
Arkansas River Drybed Lands Settlement	-	20,000	-	-	-
Miscellaneous revenue	634	1,144	1,232	898	1,199
Equity interest in joint venture	-	-	-	184	-
Gain/(loss) on disposals	-	-	1	-	-
Transfers	(1,589)	(122)	150	(2,889)	43
Total governmental activities	76,459	113,607	107,703	99,433	134,277
Business-type activities:					
Unrestricted investment earnings	6	61	19	52	334
Miscellaneous revenue	-	-	-	-	69
Gain/(loss) on disposals	-	32	(125)	-	72
Transfers	1,589	122	(150)	1,901	(43)
Total business-type activities	1,595	215	(256)	1,953	432
Total primary government	\$ 78,054	\$ 113,822	\$ 107,447	\$ 101,386	\$ 134,709
Change in Net Assets					
Governmental activities	\$ 3,477	\$ 30,190	\$ 16,140	\$ 3,758	\$ 20,498
Business-type activities	2,382	232	(764)	1,455	(85)
Total primary government	\$ 5,859	\$ 30,422	\$ 15,376	\$ 5,213	\$ 20,413

CHEROKEE NATION

GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE

LAST FIVE FISCAL YEARS

(Dollars in Thousands)

<u>Year</u>	<u>Motor Fuel Tax</u>	<u>Motor Vehicle Tax</u>	<u>Tobacco Tax</u>	<u>Sales Tax</u>	<u>Total</u>
2006	\$ 7,406	\$ 7,188	\$ 7,063	\$ 1,144	\$ 22,801
2005	8,094	6,382	3,133	686	18,295
2004	7,576	5,929	2,142	249	15,896
2003	7,468	4,961	2,052	310	14,791
2002	7,294	3,342	1,890	75	12,601

CHEROKEE NATION

**FUND BALANCES, GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS (Dollars in Thousands)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund					
Reserved	\$ 25,781	\$ 30,535	\$ 33,287	\$ 34,792	\$ 36,282
Unreserved	1,501	4,638	10,726	24,175	36,576
Total general fund	<u>\$ 27,282</u>	<u>\$ 35,173</u>	<u>\$ 44,013</u>	<u>\$ 58,967</u>	<u>\$ 72,858</u>
All Other Governmental Funds					
Reserved	\$ 15,702	\$ 16,696	\$ 21,372	\$ 21,696	\$ 24,572
Unreserved, reported in:					
Special revenue funds	-	-	583	583	-
Capital projects fund	-	-	-	-	(524)
Total all other governmental funds	<u>\$ 15,702</u>	<u>\$ 16,696</u>	<u>\$ 21,955</u>	<u>\$ 22,279</u>	<u>\$ 24,048</u>

CHEROKEE NATION

CHEROKEE NATION

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST FIVE FISCAL YEARS (Dollars in Thousands)
 (modified accrual basis of accounting)

	2002	2003	2004	2005	2006
Revenues					
Intergovernmental	\$ 151,117	\$ 167,594	\$ 150,516	\$ 147,048	\$ 166,252
Property rentals	451	394	585	461	513
Motor fuel tax revenues	7,294	7,468	7,576	8,676	7,406
Tax and license revenues	5,788	7,934	9,234	11,741	17,458
Interest	2,145	2,320	3,480	5,238	9,651
Trust fund income	29	24	90	79	104
Indirect cost settlement	254	-	646	8,314	2,201
Dividends from component units	4,050	8,725	11,717	17,919	25,444
Other	11,011	11,773	19,916	27,185	22,202
Total revenues	182,139	206,232	203,760	226,661	251,231
Expenditures					
Tribal Government	9,964	10,484	13,645	15,956	15,029
Health Services	62,822	66,732	73,248	77,829	84,528
Education Services	29,463	31,936	32,158	32,567	35,788
Human Services	25,269	24,363	23,748	24,516	26,839
Community Services	41,631	61,537	44,486	46,643	42,420
Other tribal services	5,309	8,472	9,658	10,834	11,789
Capital outlay	5,289	3,017	1,934	9,659	18,162
Debt service					
Principal	313	332	1,272	1,685	3,117
Interest	71	454	797	1,472	1,819
Total expenditures	180,131	207,327	200,946	221,161	239,491
Excess of revenues over (under) expenditures	2,008	(1,095)	2,814	5,500	11,740
Other Financing Sources (Uses)					
Issuance of long-term debt	-	10,245	10,189	13,231	4,260
Fees associated with debt issuance	-	-	-	-	128
Insurance recoveries	-	-	-	-	27
Other proceeds	-	-	976	-	-
Transfers in	3,703	1,867	2,163	5,900	17,425
Transfers out	(8,994)	(2,132)	(2,043)	(9,353)	(17,920)
Total other financing sources (uses)	(5,291)	9,980	11,285	9,778	3,920
Net change in fund balances	\$ (3,283)	\$ 8,885	\$ 14,099	\$ 15,278	\$ 15,660
Debt service as a percentage of noncapital expenditures	0.22%	0.39%	1.05%	1.52%	2.28%

CHEROKEE NATION

**GOVERNMENTAL ACTIVITIES - MOTOR VEHICLE TAX RECEIPTS
LAST FIVE FISCAL YEARS**

<u>Year</u>	<u>Motor Vehicle Registrations</u>	<u>Boat/ Motor Registrations</u>	<u>Total All Registrations</u>
2006	19,436	570	20,006
2005	17,803	587	18,390
2004	18,396	718	19,114
2003	18,099	671	18,770
2002	18,094	324	18,418

CHEROKEE NATION

GENERAL GOVERNMENTAL REVENUES BY SOURCE (GAAP BASIS)
LAST TEN FISCAL YEARS (Dollars in Thousands)

Fiscal Year	Charges for Services	Operating		Capital		Motor Fuels Tax	Motor Vehicle Tax	Other Tax Revenues	Unrestricted		Investment Earnings	Dividends from Components		Indirect Cost Settlement		Miscellaneous	Equity Interest in Joint Venture	Gain/(loss) on disposals	Total
		Grants & Contributions	Grants & Contributions	Grants & Contributions	Grants & Contributions				Grants & Contributions	Grants & Contributions		Grants & Contributions	Grants & Contributions						
2006	\$ 4,313	\$ 108,296	\$ 411	\$ 7,406	\$ 7,188	\$ 8,207	\$ 78,849	\$ 6,275	\$ 25,444	\$ -	\$ 1,268	\$ -	\$ 72	\$ 247,729					
2005	5,193	104,382	-	8,094	6,382	3,819	62,015	3,063	17,919	-	898	184	-	211,949					
2004	4,282	100,209	-	7,576	5,929	2,653	65,223	1,607	11,717	11,634	1,108	-	-	211,938					
2003	4,366	113,394	-	7,468	4,961	2,973	66,249	1,624	8,725	646	1,144	-	-	211,550					
2002	4,548	103,642	-	7,294	3,342	2,445	58,236	1,799	4,050	254	634	-	-	186,244					
2001	4,289	120,105	-	6,895	-	2,062	-	3,282	4,300	4,377	5,081	-	-	150,391					
2000	4,125	91,174	-	7,118	-	1,940	-	2,611	4,100	-	4,929	-	-	115,997					
1999	4,681	86,360	-	6,932	-	1,772	-	1,818	2,410	-	4,468	-	-	108,441					
1998	4,928	84,722	-	6,230	-	1,598	-	1,202	1,865	-	7,306	-	-	107,851					
1997	4,683	82,597	-	5,084	-	1,662	-	1,049	2,800	-	3,544	-	-	101,419					

The Nation does not assess property taxes or receive property taxes assessed on its behalf by any other governmental unit. Consequently, many of the statistical schedules usually found in a comprehensive annual financial report are not applicable to the Nation.

2002 through 2006 revenues are not comparable to 2001 and prior years due to the adoption of GASB 34.

CHEROKEE NATION

**GENERAL GOVERNMENTAL EXPENSES BY FUNCTION (GAAP BASIS)
LAST TEN FISCAL YEARS (Dollars in Thousands)**

Years	Tribal Government	Health Services	Education Services	Human Services	Community Services	Other Tribal Services	Interest on Long Term Debt	Tsa-La-Gi Apartments	Cherokee Trails Golf Club	Landfill Operations	Ranch Operations	EDTA	Childhood Development Center	Other Enterprises	Total
2006	\$ 16,433	\$ 87,061	\$ 36,588	\$ 27,307	\$ 42,867	\$ 12,712	\$ 1,975	\$ 390	\$ -	\$ 1,794	\$ -	\$ 182	\$ -	\$ 7	\$ 227,316
2005	17,023	79,344	33,429	24,824	35,060	10,623	1,651	352	-	2,252	-	1,115	1,048	15	206,736
2004	13,627	74,995	32,901	24,160	35,163	11,193	970	356	39	1,917	6	-	1,235	-	196,562
2003	12,075	67,356	32,423	24,671	51,252	8,750	689	359	192	1,982	52	-	1,358	1	201,160
2002	9,373	62,235	29,120	25,203	45,478	5,431	235	418	170	1,459	169	-	1,091	3	180,385
2001	15,960	45,889	8,131	25,001	-	53,134	299	407	153	795	199	-	884	2	150,854
2000	10,334	41,492	7,668	18,600	-	35,290	299	347	187	887	161	-	-	198	115,463
1999	9,147	38,207	8,367	17,154	-	35,433	339	358	204	1,029	157	-	-	262	110,657
1998	6,691	37,837	7,496	21,591	-	30,934	384	358	210	916	167	-	-	346	106,930
1997	8,603	31,263	7,798	18,524	-	30,615	401	358	107	910	180	-	-	315	99,074

2002 through 2006 expenses are not comparable to 2001 and prior years due to the adoption of GASB 34.

CHEROKEE NATION

POPULATION BY COUNTY

	Indian Population	Total Population	Percent of Total
Counties in Cherokee Nation:			
Adair	8,938	21,038	42%
Cherokee	13,787	42,521	32%
Craig	2,439	14,950	16%
Delaware	8,273	37,077	22%
Mayes	7,330	38,369	19%
Nowata	1,750	10,569	17%
Rogers	8,533	70,641	12%
Sequoyah	7,654	38,972	20%
Washington	4,214	48,996	9%
Counties Partially in Cherokee Nation:			
McIntosh	3,152	19,456	16%
Muskogee	10,331	69,451	15%
Ottawa	5,488	33,194	17%
Tulsa	29,316	563,299	5%
Wagoner	5,393	57,491	9%
Totals	<u>116,598</u>	<u>1,066,024</u>	<u>11%</u>

Source: U.S. Census Bureau: 2000

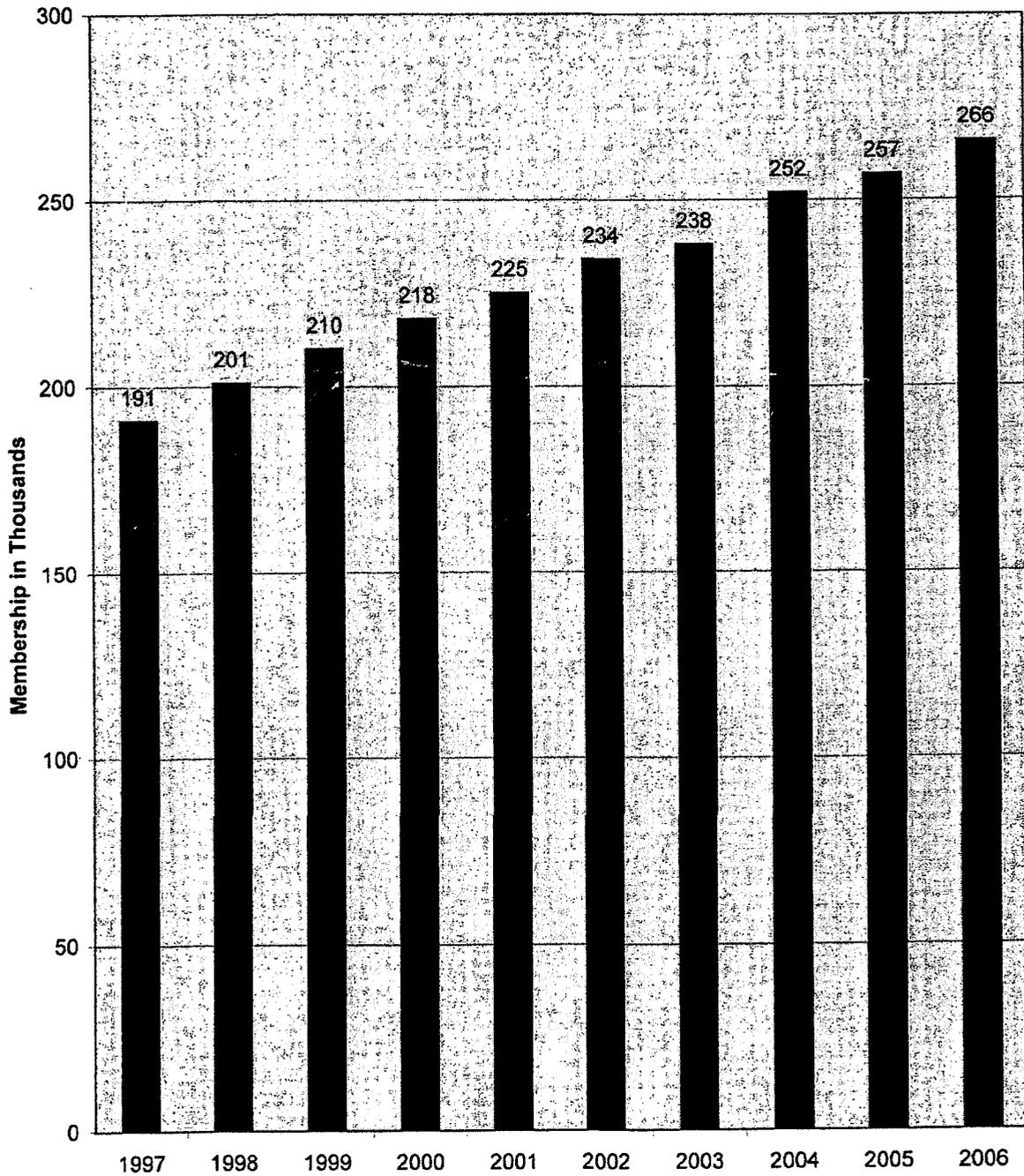
CHEROKEE NATION

TRIBAL LAND BASE (ACRES) BY COUNTY AS OF SEPTEMBER 30, 2006

County	Tribal Land	Government Land	Restricted Individual	Total Acres
<u>Cherokee Nation:</u>				
Oklahoma:				
Adair	13,070	19	10,411	23,500
Cherokee	1,202	324	9,439	10,965
Craig	273	-	1,843	2,116
Delaware	24,784	10	6,503	31,297
McIntosh	-	-	596	596
Mayes	357	10	5,364	5,731
Muskogee	95	-	2,342	2,437
Nowata	10	-	610	620
Ottawa	-	-	79	79
Rogers	16	-	801	817
Sequoyah	1,632	44	5,623	7,299
Tulsa	-	-	204	204
Wagoner	-	-	225	225
Washington	-	-	1,719	1,719
Arkansas Riverbed	14,715	-	-	14,715
<u>Counties Outside Territorial Boundaries:</u>				
Oklahoma:				
Kay	4,230	-	-	4,230
Atoka	10	-	-	10
Choctaw	40	-	-	40
Pittsburg	10	-	-	10
Stephens	80	-	-	80
Texas:				
Red River	629	-	-	629
Dallas	5	-	-	5
Total	61,158	407	45,759	107,324

Source: Cherokee Nation Land Department

CHEROKEE NATION
Tribal Membership Growth



Source: Tribal Registration Department

CHEROKEE NATION

TRIBAL MEMBERSHIP BY DISTRICT

District	<u>2006</u>
Cherokee	16,116
Craig	6,868
Delaware	12,879
Keeler	13,158
Mayes	10,605
Sequoyah	12,591
Three Rivers	15,021
Trail of Tears	11,376
Will Rogers	10,666
Other	157,481
Total Membership	<u><u>266,761</u></u>

Source: Tribal Registration Department

CHEROKEE NATION

GOVERNMENT EMPLOYEES BY FUNCTION

Regular full-time employees only

	<u>2006</u>
Function:	
Tribal Government	232
Health Services	602
Education Services	397
Human Services	235
Community Services	137
Other Tribal Services	236
Total	<u><u>1,839</u></u>

Source: Financial Resources

CHEROKEE NATION

**OPERATING INDICATORS BY FUNCTION
LAST FOUR FISCAL YEARS
(Dollars in Thousands)**

Function/Program	2003	2004	2005	2006
Health Services				
Primary provider visits*	122,570	109,379	117,270	121,650
Dental patient visits	24,519	25,482	22,199	21,436
Behavioral health patient visits	8,424	10,148	9,895	9,969
Optometry patient visits	12,802	13,700	13,472	14,259
Pharmacy patient visits	54,585	61,225	69,151	70,937
Other visits**	56,451	72,775	77,307	80,133
Pharmacy prescription filled	386,420	410,909	461,409	474,299
Number of new charts	8,139	8,407	7,166	7,074
Total number of charts	130,049	139,066	149,861	159,128
*Primary provider visits include physician, physician's assistant, nurse practitioner				
** Other visits include: PFTN, WIC, education, dietary, laboratory services				
Education Services				
Higher Education applications received	2,140	2,376	2,708	2,569
Higher Education applications funded	1,900	2,085	2,236	2,164
Head Start students	270	260	284	317
Immersion Class students	-	-	-	25
Sequoyah High School students	360	372	382	400
Human Services				
Child Care children served through subsidy	3,869	3,742	3,606	3,708
Child Care contracted providers	1,019	1,075	994	915
Child Care technical assistance calls and visits	5,803	3,083	1,397	1,358
Child Care monitoring visits to caregivers	1,145	1,092	1,122	1,236
Food Distribution - individuals served	140,150	139,588	131,970	111,139
Food Distribution - households served	51,327	52,768	50,892	44,863
Tribal Work Experience program participants	219	308	313	192
Elder Service Advocacy individuals served	1,170	1,236	1,192	1,353
Community Services				
Roads/bridges project miles completed	64.20	97.24	96.01	101.72
Families served through rental assistance	n/a	n/a	2,121	3,695
Families subsidized in Title VI units	n/a	n/a	317	345
Rehabilitation of privately owned homes	n/a	n/a	89	119
Acquired or constructed individual homes for low-income families	n/a	n/a	34	31
Other Tribal Services				
Businesses funded through Commerce programs	n/a	n/a	4	6
Participants enrollments in IDA/YIDA	n/a	n/a	30	28

Source: Departments/programs as listed

CHEROKEE NATION

CAPITAL ASSET UTILIZATION BY FUNCTION

PRIMARY GOVERNMENT

LAST FOUR FISCAL YEARS

(Net of Depreciation, Dollars in Thousands)

	2003	2004	2005	2006
Governmental activities:				
Tribal Government	\$ 2,232	\$ 3,068	\$ 2,520	\$ 2,969
Health Services	1,911	1,847	2,197	12,883 *
Education Services	619	578	1,098	8,246 *
Human Services	534	436	328	242
Community Services	834	842	1,035	1,384
Other Tribal Services	25,564	27,984	33,620	30,719
Governmental activities, net	<u>\$31,694</u>	<u>\$ 34,755</u>	<u>\$ 40,798</u>	<u>\$ 56,443</u>
Business -type activities:				
Enterprise Funds	\$ 6,314	\$ 5,605	\$ 6,851	\$ 6,761
Business-type activities, net	<u>\$ 6,314</u>	<u>\$ 5,605</u>	<u>\$ 6,851</u>	<u>\$ 6,761</u>

*In FY 2006, Health Services and Education Services increased due to construction projects

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Exhibit 8

FINANCIAL REPORT

2006 REPORT TO THE CHEROKEE PEOPLE

Cherokee Nation Finances

Where The Money Comes From—2006 Budget

Cherokee Nation's 2005 comprehensive financial report and independent audit show increased levels for revenues and service expenditures. The report shows a healthy balance in the General Fund and in the major service fund accounts for programs that support education, health services, human services and road and bridge repair.

"I am pleased to report that 2005 was a good year for the Cherokee Nation," said Principal Chief Chad Smith. "Our long-term goal is to create a better quality of life and economic security for Cherokee citizens. We continue to work on this goal through many cultural, community and business initiatives; and as our business audits indicate, our initiatives are continuing to grow."

Just a few years ago, more than 89 percent of Cherokee Nation's total budget came from federal funding sources. In 2006, that amount has dropped to approximately 75 percent. In essence, the Cherokee Nation's budget has consistently increased while our dependence on federal funds continues to decrease. This means continued improvement in economic self-sufficiency.

"Another goal of this administration is to reduce the percentage of funding we receive from the federal government," said Principal Chief Smith. "Our eventual goal is to become a completely self-sufficient and independent government, with our own self-generating means of funding our government and protecting our people."

The Nation's assets exceeded its liabilities at the end of fiscal year 2005 by \$125 million. Of this amount, \$66 million are unrestricted net assets that may be used to meet ongoing obligations. The Nation's overall liabilities increased this year by approximately \$17 million to \$148 million. The net assets increased by \$5 million, which is largely attributable to an increase in dividends from component units and increases in revenues from motor fuels taxes. Revenue increases for the General Fund are primarily the result of increased dividends of \$6.2 million from Cherokee Nation Enterprises, increases in tax and license revenues of \$2.5 million and IHS Indirect Cost Settlement for fiscal years 1994 through 1997 of \$8.3 million.

The assets of the Nation's governmental activities exceeded liabilities at fiscal year ended September 30, 2005, by \$119 million, which is stated in net assets.

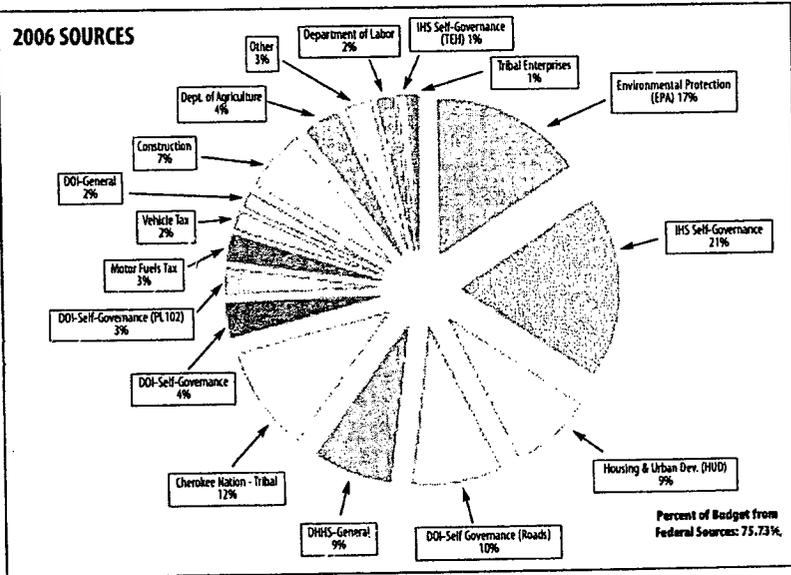
The Nation's business-type activities have total assets of \$9.6 million at fiscal year ending September 30, 2005. Of that amount, \$7 million is related to investment in capital assets such as land, buildings and equipment. These assets exceeded liabilities by \$5.2 million.

The Nation's net assets increased by \$5 million, which represents a 4 percent increase. Approximately 32 percent of the total expenses was for health care for tribal citizens. Health expenses increased by \$4 million, which were mainly attributable to contract health services.

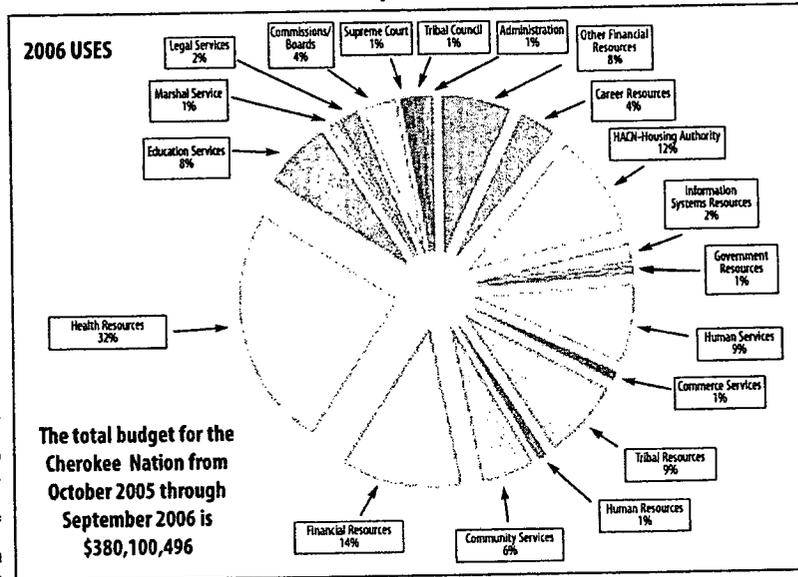
The independent audit firm of Deloitte & Touche LLP issued an audit opinion, stating that the financial statements fairly represent the financial position of the Cherokee Nation. The audit covers fiscal year 2005 from October 1, 2004, through September 30, 2005.

The Cherokee Nation has regularly been recognized with the Certificate of Achievement for Excellence in Financial Reporting from the Governmental Financial Officers' Association. Last year, Cherokee Nation was one of only three tribal governments to receive this award.

Copies of the Cherokee Nation's Comprehensive Annual Financial Report are available for review at the Cherokee FIRST Welcome Center at the Cherokee Nation Tribal Complex, located on Highway 62 south of Tablequah.



Where The Money Goes—2006 Budget



Note: Percentages shown have been rounded up to the next whole number; totals may exceed 100 percent.

Exhibit 9

Clinics and Hospitals

<u>Bartlesville Health Clinic</u>	Outpatient acute and chronic medical, excluding diabetes; pharmacy; behavioral health, and, coordinated contract care services through the Nowata clinic.
<u>Claremore Indian Hospital</u>	A 50-bed general medical and surgical facility, the hospital also offers optometry, dental, audiology, mental health, social services, nutrition and community health nursing services.
<u>Sam Hider Community Clinic</u>	Outpatient medical. Public Health Nursing, Laboratory, Pharmacy, Dental, WIC, Radiology, Mammography, Community nutrition and Contract care.
<u>Muskogee Health Center</u>	Outpatient medical; WIC, Laboratory, Pharmacy, Behavioral Health
<u>Nowata Primary Health Care Clinic</u>	Outpatient medical; Public Health Nursing; Laboratory; Pharmacy; WIC; Community Health Representatives; and, Contract Care
<u>Salina: AMO Salina Community Health Center</u>	Outpatient medical, Public Health Nursing, Laboratory, Pharmacy, Community Nutrition, Radiology, WIC, Optometry, Behavioral Health, Mammography and Contract Health.
<u>Sallisaw: Redbird Smith Health Center</u>	Outpatient medical, Dental, Optometry, Radiology, Behavioral health, Public Health Nursing, Pharmacy, Laboratory, Community Nutrition and Contract Care.
<u>Stilwell: Wilma P. Mankiller Health Center</u>	Outpatient medical (including pediatrics and internal medicine), Dental, Optometry, Physical Therapy, Pharmacy, Laboratory, Radiology, Nutritional Services, Mammography, Public Health Nursing, WIC, Contract Care, Behavioral Health and translation services in Cherokee. The clinic offers specialty clinics for diabetic and prenatal patients.
<u>Tahlequah: Hastings Indian Health Center</u>	The hospital provides clinic service in general medicine, nursing, optometry, dental, audiology, behavioral health, nutrition and community health. Specialty clinics are also offered in OB-GYN, pediatrics, internal medicine and emergency medicine.
<u>Vinita Health Clinic</u>	Outpatient acute and chronic medical, excluding diabetes; pharmacy; and, coordinated contract care services through the Nowata clinic.

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- [Community Services](#)
- [Commerce](#)
- [Education Services](#)
- [Health Services](#)
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- [Registration](#)
- [Tag Office](#)

Contract

Hospit

Exhibit 10

Cherokee Nation
Community Youth Grant
Program

The Community Youth Grant Program is designed to assist Cherokee Nation Tribal Youth in accomplishing their goals. Cherokee Nation Tribal Youth raise funds throughout the year for several different types of activities. This program is to assist in their fund raising efforts. The program is administered through Cherokee FIRST. The monies will be allocated to correspond to the Cherokee Nation Districts. The grant awards will be made based on the following set of established criteria consistent with Cherokee Nation mission and guiding principles.

Engineering and Sanitation
Facilities Construction

The Cherokee Nation provides sanitation facilities for new, like new or existing homes. Services are available through the Sanitation Facilities program of the Cherokee Nation's Community Development Division

Roads Program

The objectives of the projects are to supply direct routes to highways and towns. Also, to upgrade and provide safer roads and bridges for the total population of the project area.

Office of Environmental
Health

The Office of Environmental Health helps to ensure that tribal facilities are operated in a safe and sanitary manner and provides tribal members with services and information to lead environmentally healthy life-styles.

Compassion Capital Grant
Fund

The primary purpose of the Cherokee Nation Compassion Capital Project is to help faith based and community based organizations increase their effectiveness, enhance the ability to provide social services to serve those most in need, enhance the organizational capacity of each organization, diversify funding sources, and create collaborations to better serve those in Cherokee Communities

Contents

- Career Services
- Community Services
- Commerce
- Education Services
- Health Services
- Human Services
- Registration
- Tag Office

Exhibit 11

[Back](#)

Roads Program

commdev@cherokee.org**Application
Unavailable**

Roads Program is a diversified program encompassing the needs of the communities and sensitive to the needs of the individual. The operational capacity for the Department of Roads includes the ability to conduct budgeting, contracting, transportation planning, surveying, design environmental clearances, and inspections, for which all meet Federal Specifications. Evaluations of the roads to be constructed are based on the percentage of Native American population and the changing needs of the entire community. The objectives of the projects are to supply direct routes to highways and towns. Also, to upgrade and provide safer roads and bridges for the total population of the project area. The road projects are federally funded by the Federal Highways Administration. Federal Indian Reservation Road (IRR) Funding is channeled through the Bureau of Indian Affairs (BIA) for planning, engineering, and construction of Roads. Motor Fuel Tax Monies are set aside by the Cherokee Nation Council for road improvement projects, that do not qualify for IRR funding.

The Roads Program incorporates the foremost level of technical operations prior and during road construction. Right of way, environmental regulations and design characteristics are implemented in advance to any construction decisions. The CN (Cherokee Nation) Right of Way Specialist assesses the needs and provisions for each individual landowner and the community as a whole. An environmental assessment and categorical exclusion is performed for each project, including a complete survey on archaeological and cultural resources. Environmental concerns are addressed during the entire construction phase by the CN Environmental Specialist. Construction of roads plans are produced by the CN Chief Designer, Civil Engineering Technicians and Cad Operator. Plans designed for the projects are constructed to fit the composition of the particular area in question. Including all natural resources, hydrologic conditions, not to exclude economic and ecological factors. All plans are designed according to Federal Highways Standards and are approved by a Professional Engineer, Director of Roads, Cherokee Nation Principle Chief, and forward to the BIA and Federal Highway Administration (FHWA) for the Plans, Specifications and Estimate (PS&E) approval.

Under the direction of the Director of Roads the Roads projects are planned and budgeted for the tribe by a Consulting Planner, the Planner works closely with the CN Budget Analyst to provide a stable payment plan for the consumption of funds on each individual project. Administrative procedures are provided by the CN Roads Director, Administrative Secretary and Clerk Typist.

Subsequent functions during the design phase of the road project involve surveying of the project area performed by the CN Roads Surveying Crew. The crew consists of a Surveyor I, Surveyor II and the Chief of Parties. CN Surveying Crew implements the highest quality of surveying standards into each road project. Prior to the construction, the CN Contract Specialist provides a contract for construction. The Contract Specialist in some instances awards the project out for bid to private businesses.

During the Construction Phase, CN Inspectors are in control of the projects. The Inspectors provide the tribe with exact measures of the performance of the construction crew.

In the future the Roads Department will continue to utilize the Force Account crew for road construction projects as well as Tero certified contractors when needed.

Current Roads projects include:

Stand Watie Road, Delaware County, Oklahoma
 Teresita/Rocky Ford Road, Cherokee County, Oklahoma
 Bryant Road Project, Cherokee County, Oklahoma
 Marble City/Henderson Road, Sequoyah County, Oklahoma
 Duck Lane Road, Adair County, Oklahoma
 Nicut/Rock Fence Road, Adair County, Oklahoma

1. Proc

Exhibit 12

<u>UNLV Education Program</u>	<p>University of Nevada Las Vegas Education Program. Cherokee Nation Enterprises (CNE) and Cherokee Nation, through a partnership with the University of Nevada at Las Vegas, are offering tribal citizens an opportunity in higher education Absolutely Free!!!</p>	<u>Contents</u>
<u>Cherokee Nation Education Corporation</u>	<p>The Cherokee Nation Education Corporation (CNEC) is a non-profit corporation, chartered under tribal code of the Cherokee Nation. Its mission is to provide educational assistance to Cherokee tribal members and to revitalize the language, history and culture of Cherokee people. The US Internal Revenue Service recognizes CNEC as a 501c3 corporation making contributions tax-deductible for the year in which they are made.</p> <p>The Corporation primarily supports the revitalization of its culture through the Cherokee language which is the highest priority of the tribe. Following are examples of CNEC's work in Cherokee Nation.</p>	<u>Career Services</u>
<u>Emergency Assistance Program</u>	<p>The purpose and intent of the Cherokee Nation Education Services Emergency Assistance Program is to provide a uniform and consistent process for the distribution of funds to Cherokee citizens in time of imminent educational need or emergency situations</p>	<u>Community Services</u>
<u>Early Childhood Unit</u>	<p>Head Start serves children ages 3-5</p>	<u>Commerce</u>
<u>Early Childhood Unit - History and Eligibility</u>	<p>Head start was originally launched in the summer of 1965 as an eight-week pilot program.</p>	<u>Education Services</u>
<u>2007-2008 Cherokee Nation Graduate Scholarship Regulations</u>	<p>The purpose of the Cherokee Nation Higher Education Program includes accomplishing three desired outcomes: 1) strengthen the sovereignty of the Cherokee Nation; 2) increase the capacity of its citizens; and 3) promote the language and culture of the Cherokee Nation. The scholarship selection process is designed to achieve these outcomes. Future scholarship applications may provide a preference for students who have demonstrated accomplishments relating to the desired outcomes.</p>	<u>Health Services</u>
<u>Higher Education</u>	<p>Information for those that want information about undergraduate and graduate scholarships.</p>	<u>Human Services</u>
<u>Co-Partner Programs, Johnson-O'Malley Program (JOM)</u>	<p>Administers programs for Indian students from age three (3) through grade 12 who are ¼ or more degree Indian or a member of a federally recognized tribe.</p>	<u>Registration</u>
<u>History/Program - Co-Partner Programs, Johnson-O'Malley Program</u>	<p>The Johnson - O'Malley Act was introduced in the senate as U.S. Senate Bill 2571 by Senator Hiram W. Johnson of California on February 2, 1934.</p>	<u>Tag Office</u>
<u>Learn and Serve</u>	<p>Service learning is the integration of service activities in the community with classroom learning and youth programming.</p>	
<u>History and Overview of the Learn and Serve Program</u>	<p>In 1990 Congress passed the National and Community Service Act which created the</p>	

- [Commission on National and Community Service.](#)
- [Tag Revenue To Help Fund Public Schools](#) Estimates of Tag revenues and how it could help funding in our public schools.
- [Tribal Youth Council - Youth Activities](#) The Cherokee Nation Tribal Council passed Resolution #80-89 on Oct. 14, 1989, recognizing the youth council as a functional part of the Cherokee Nation.
- [Tribal Youth Council - Youth Activities - History](#) The Youth Activities Unit was extracted from the Co-Partner (Johnson-O'Malley) Programs for two reasons:
- [Sequoyah High School](#) Sequoyah High School's approximate 300 enrollment represents 42 tribes and 14 different states. Students are eligible to attend if they are members of federally recognized Indian tribes OR one-fourth blood descendants of such members.
- [2007-2008 Cherokee Nation Undergraduate Scholarship Programs Guidelines](#) The Cherokee Nation's Higher Education Office awards scholarships to selected Cherokee Nation Tribal Members pursuing degrees at a college or university accredited with Carnegie units.
- [Cherokee Nation Higher Education Scholarship Programs](#) Information for those that want information on the Cherokee Nation Scholarship Programs.
- [Cultural Day Camp](#) The Cultural Day Camp is for students coming out of Kindergarten through 4th grades. Learn about Cherokee Language History, Art, Music, Traditional games, crafts.
- [Emergency Application And Information](#) It shall be the policy of the Cherokee Nation to provide emergency assistance to eligible Cherokee citizens.

Exhibit 13

Cherokee Nation Cultural site

Information provided in the following Culture pages are provided mainly in part by the Cultural Resources Center of the Cherokee Nation. For further info on subject matter please contact cultural@cherokee.org. please note that Cultural information may vary from clan to clan, location to location, family to family, and from differing opinions and experiences. Information provided here are not 'etched in stone'.

Cherokee Culture- Here you will find all sorts of information from recipes to ceremonies to arts and general information. This is where curiosity begins so check it out.

- **Cookbook**
- **Cherokee Arts**
- **General Cultural Information**

Cherokee History- This is where you will find information on the history of the Cherokee Nation and of the Cherokee People. Here we have historical facts, biographies, information on chiefs, historical event and sites as well as historical information during the Trail of Tears era. This is where you can look when doing more extensive research.

- **Historical Facts**
- **Biographies**
- **Chiefs**
- **Historical Events**
- **Historical Sites**
- **Trail Of Tears Era**

Cherokee Language- Want to learn the Cherokee Language? This is a great place to start and get your feet wet. There are many lessons and examples to learn from as well as sound recording.

Dikaneisdi (Word List)- We have over 7,000 words to search from in this translation reference. Type in an English word and get the Cherokee translation. Listed to the word while you read it in the Cherokee syllabary. This is a great reference for learning the Cherokee Language.

Downloads- Check out some of our downloads. This is where you can find the Cherokee Font, music MP3's in the Cherokee Language and even a screen saver or two.

Kids Corner - This area will help you to answer many of those general questions that you may have. A great resource for school reports or general knowledge.

- **Frequently Asked Questions**
- **Games**
- **Traditional Stories**

Literature - Every culture has stories and myths of the past. Here you can read a few from the Cherokee perspective in our collection of traditional stories. You will also find a bibliography of published works on the Cherokee people.

- **Bibliographies**
- **Cherokee Messenger**
- **Traditional Stories**

Radio Show - Cherokee Nation radio show includes music in the Cherokee language, interviews with Cherokee elders and information on programs that the Cherokee Nation has to offer, as well as the latest Cherokee Nation community news.

This area is an ongoing project. We will add information on a continual basis so please check back regularly for updates.

Exhibit 14

Cherokee

From Wikipedia, the free encyclopedia

The **Cherokee** (ᏍᏏᏉᏍᏔᏅ *ah-ni-yv-wi-ya* {Unicode: □□□□□} in the Cherokee language) are a people from North America, who at the time of European contact in the 1600s, inhabited what is now the Eastern and Southeastern United States. Most were forcibly moved westward to the Ozark Plateau. They were one of the tribes referred to as the Five Civilized Tribes. According to the 2000 U.S. Census, they are the most numerous of the 563 federally recognized Native American tribes in the United States.^[1]

Because of technical limitations, some web browsers may not display some special characters in this article.

Contents

- 1 Bands and naming
- 2 Language and writing system
 - 2.1 Language Drift
 - 2.2 Prehistoric and Protohistoric periods
 - 2.3 18th century
 - 2.4 Pre 19th century society
 - 2.5 19th century
 - 2.5.1 Trail of Tears
 - 2.5.2 Ridge opposition
 - 2.5.3 Separation
 - 2.6 20th century
- 3 Cherokee Recognition
- 4 Modern Cherokee Nation
 - 4.1 Environment
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 - 4.3 Relationship with the Eastern Band
 - 4.4 Marriage Law controversy
- 5 Famous Cherokees
- 6 See also
- 7 Notes
- 8 References
- 9 External links
 - 9.1 Organizations

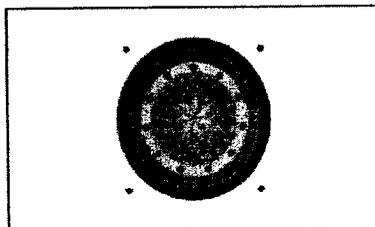
Bands and naming

Several Cherokee Nations and Bands recognized by the U.S. government and representing

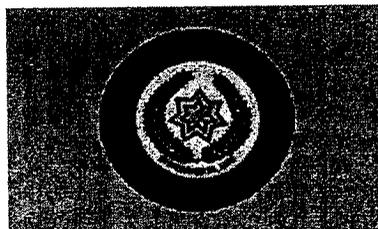
Cherokee



Flag of the Cherokee Nation



Flag of the United Keetoowah Band.



Flag of the Eastern Band Cherokee

Total population

320,000+

Language(s)

Regions with significant populations

English, Cherokee

Federally Enrolled members:

Religion(s)

Christianity (Southern Baptist, Methodist), Traditional (see <http://www.cherokee.org>)

270,000+

Related ethnic groups

United Keetoowah Band of Cherokee Indians, American Indians, Five Civilized Tribes, Tuscarora, Oklahoma (D), other Appalachians.

the Trail of Tears, examples are Tsaragi or Tse-La-gee). The ancient Ani-kutani (ᏍᏏᏏᏏᏍ) dialect and Oklahoma dialects do not contain any 'r'-based sounds.

Due to the polysynthetic nature of the Cherokee Language, new and descriptive words in Cherokee are easily constructed to reflect or express modern concepts. Some good examples are *di-ti-yo-hi-hi* (Cherokee:ᏃᏃᏃᏃᏃ) which means "he argues repeatedly and on purpose with a purpose". This is the Cherokee word for *attorney*. Another example is *di-da-ni-yi-s-gi* (Cherokee:ᏃᏃᏃᏃᏃᏃ) which means *the final catcher* or "he catches them finally and conclusively". This is the Cherokee word for *policeman*.

Many words, however, have been borrowed from the English Language, such as *gasoline* which in Cherokee is *ga-so-li-ne* (Cherokee:ᏃᏃᏃᏃ). Many other words were borrowed from the languages of tribes who settled in Oklahoma in the early 1900s. One of the more humorous examples relates to a town on Oklahoma named "Nowata". The word "nowata" is a Delaware Indian word for "welcome" (more precisely the Delaware word is "nu-wi-ta" which can mean "welcome" or "friend" in the Delaware Language). The white settlers of the area used the name "nowata" for the township, and local Cherokee's, being unaware the word had its origins in the Delaware Language, called the town *a-ma-di-ka-ni-gv-na-gv-na* (Cherokee:ᏃᏃᏃᏃᏃᏃᏃᏃ) which means "the water is all gone gone from here" -- i.e. "no water".

Other examples of borrowed words are *ka-wi* (Cherokee:ᏃᏃ) for *coffee* and *wa-tsi* (Cherokee:ᏃᏃ) for *watch* (which led to *u-ta-na wa-tsi* (Cherokee:ᏃᏃᏃ ᏃᏃ) or "big watch" for *clock*).

Language Drift

There are two main dialects in Cherokee spoken by modern speakers. The Giduwa dialect (Eastern Band) and the Oтали Dialect (also called the Overhill dialect) spoken in Oklahoma. The Oтали dialect has drifted significantly from Sequoyah's Syllabary in the past 150 years, and many contracted and borrowed words have been adopted into the language. These noun and verb roots in Cherokee, however, can still be mapped to Sequoyah's Syllabary. In modern times, there are more than 85 syllables in use by modern Cherokee speakers. Modern Cherokee speakers who speak Oтали employ 122 distinct syllables in Oklahoma.

Prehistoric and Protohistoric periods

In describing the history of Indians living in the interior of the American southeast, scholars use the term prehistory for the time before the mid-1500s, when several Spanish expeditions journeyed through the southeast. After these expeditions the European historic record is silent until about 1700. The term protohistory is used for this period. The time after about 1700 is called the historic era.

Since historic documentation is generally lacking, Cherokee prehistory and protohistory has been studied via oral tradition, linguistic analysis, and archeology.

Unlike most other Indians in the American southeast at the start of the historic era, the Cherokee spoke an Iroquoian language. Since the Great Lakes region was the core of Iroquoian languages, it is theorized that the Cherokee migrated south from the Great Lakes region. Linguistic analysis shows a relatively large difference between Cherokee and the northern Iroquoian languages, suggesting a split in the distant past.^[2] Glottochronology studies suggest the split occurred between about 1,500 and 1,800 B.C.

[3]

The ancient settlement of Keetoowah or *giduwa* (Cherokee:ꯏꯛꯔꯛ), on the Tuckasegee River near present-day Bryson City, North Carolina, is frequently cited as the original Cherokee City.^[2]

During the early historic era, Europeans wrote of several Cherokee town groups, usually using the terms Lower, Middle, and Overhill towns. The Lower towns were situated on the headwater streams of the Savannah River, mainly in present-day western South Carolina and northeastern Georgia. Keowee was one of the chief towns. The Middle towns were located in present western North Carolina, on the headwater streams of the Tennessee River, such as the Little Tennessee River, Hiwassee River, and French Broad River. Among several chief towns was Nikwasi. The Overhill towns were located across the higher mountains in present eastern Tennessee and northwestern Georgia. Principal towns included Chota and Great Tellico. It should be noted that these terms were created and used by Europeans to describe their changing geopolitical relationship with the Cherokee.^[2]

One of the earliest European-American accounts of the Cherokee comes from the expedition of James Needham and Gabriel Arthur, sent in 1673 by fur-trader Abraham Wood of Virginia to the Overhill Cherokee country. Wood hoped to forge a direct trading connection with the Cherokee in order to bypass the Occaneechi Indians who were serving as middlemen on the Trading Path. The two Virginians did make contact with the Cherokee, although Needham was killed on the return journey and Arthur was almost killed. By the late 1600s traders from both Virginia and South Carolina were making regular journeys to Cherokee lands, but few wrote about their experiences. Much of the early trading contact period has only been pieced together by colonial laws and lawsuits involving traders. The trade was mainly deerskins, raw material for the booming European leather industry, in exchange for European technology "trade goods" such as iron and steel tools (kettles, knives, etc), firearms, gunpowder, and ammunition. Although selling alcohol to Indians was made illegal by colonial governments at an early date, rum and, later, whiskey, were a common item of trade.^[4]

18th century

Of the southeastern Indian confederacies of the late 1600s and early 1700s (Creek, Chickasaw, Choctaw, etc), the Cherokee were one of the most populous and powerful, and were relatively isolated due to their hilly and mountainous homeland. A relatively small-scale trading system was established with Virginia in the late 1600s. A much stronger and important trade relationship with the colony of South Carolina, based in Charles Town, began in the 1690s and overshadowed the Virginia relationship by the early 1700s.^[5]

Although there was some trading contact, the Cherokee remained relatively unaffected by the presence of European colonies in America until the Tuscarora War and its aftermath. In 1711 the Tuscarora began attacking colonists in North Carolina after diplomatic attempts to address various grievances failed. The governor of North Carolina asked South Carolina for military aid. Before the war was over, several years later, South Carolina had mustered and sent two armies against the Tuscarora. The ranks of both armies were made up mostly of Indians, with Yamasee troops especially. The first army, under the command of John Barnwell, campaigned in North Carolina in 1712. By the end of the year a fragile peace had been established and the army dispersed. No Cherokee were involved in the first army. Hostilities between the Tuscarora and North Carolina broke out soon after, and in late 1712 to early 1713 a second army from South Carolina fought the Tuscarora. This army consisted of about 100 British and over 700 Indian soldiers. As with the first army, the second depended heavily on the Yamasee and

Catawba. This time, however, hundreds of Cherokee joined the army. The army's campaign ended after a major Tuscarora defeat at Hancock's Fort. All told, over 1,000 Tuscarora and allied Indians were killed or captured. Those captured were mainly sold into the Indian slave trade. Although the second army from South Carolina disbanded soon after the battle, the Tuscarora War continued for several years. Some previous neutral Tuscarora turned hostile, and the Iroquois confederacy entered the dispute. In the end a large number of Tuscarora moved north to live among the Iroquois.

The Tuscarora War altered the geopolitical context of colonial America in several ways, including a general Iroquois interest in the south. For the many southeastern Indians involved, it was the first time so many had collaborated in a military campaign and seen how different the various English colonies were. As a result the war helped to bind the Indians of the entire region together, enhancing Indian networks of communication and trade. The Cherokee became much more closely integrated with the region's various Indians and Europeans. The Tuscarora War marked the beginning of an English-Cherokee relationship that, despite breaking down on occasion, remained strong for much of the 18th century. The Tuscarora War also marks the rise of Cherokee military power, demonstrated in the 1714 attack and destruction of the Yuchi town of Chestowee (in today's southeastern Tennessee). The English traders Alexander Long and Eleazer Wiggan instigated the attack through various deceptions and promises, although there was a pre-existing conflict between the Cherokee and Yuchi. The traders' plot was based in the Cherokee town of Euphase (Great Hiwassee), and mainly involved Cherokee from that town. In May of 1714 the Cherokee destroyed the Yuchi town of Chestowee. Inhabitants not killed or captured fled to the Creek or the Savannah River Yuchi. Long and Wiggan had told the Cherokee that the South Carolina government wished for and approved this attack, which was not true. The governor of South Carolina, having heard of the plot, sent a messenger to tell the Cherokee not to attack Chestowee. The messenger arrived too late to save Chestowee, but played a role in the Cherokee decision not to continue and attack the Savannah River Yuchi. The Cherokee attack on the Yuchi ended with Chestowee, but it was enough to catch the attention of every Indian tribe and European colony in the region. Thus around 1715, after the Tuscarora War and the attack on Chestowee, the Cherokee emerged as a major power.^[5]

In 1715, just as the Tuscarora War was winding down, the Yamasee War broke out. Numerous Indian tribes launched attacks on South Carolina. The Cherokee participated in some of the attacks, but were divided on what course to take. After South Carolina's militia succeeded in driving off the Yamasee and Catawba the Cherokee's position became strategically pivotal. Both South Carolina and the Lower Creek tried to gain Cherokee support. Some Cherokee favored an alliance with South Carolina and war on the Creek, while others favored the opposite. The impasse was resolved in January of 1716, when a delegation of Creek leaders was murdered at the Cherokee town of Tugaloo. Subsequently, the Cherokee launched attacks against the Creek, but in 1717 peace treaties between South Carolina and the Creek were finalized, undermining the Cherokee's commitment to war. Hostility and sporadic raids between the Cherokee and Creek continued for decades.^[6]

The Cherokee nation was unified from a society of interrelated city-states in the early 18th century under the "Emperor" Moytoy, with the aid of an unofficial English envoy, Sir Alexander Cuming. In 1730, at Nikwasi, Chief Moytoy II of Tellico was chosen as "Emperor" by the Elector Chiefs of the principal Cherokee towns. Moytoy agreed to recognize the British king, George II, as the Cherokee protector. Seven prominent Cherokee, including Attacullaculla, traveled with Sir Alexander Cuming back to England. The Cherokee delegation stayed in London for four months. The visit culminated in a formal treaty of alliance between the British and Cherokee, the 1730 Treaty of Whitehall. While the journey to London and the treaty were important factors in future British-Cherokee relations, the title of Cherokee

Emperor did not carry much clout among the Cherokee, and eventually passed out of Moytoy's direct avuncular lineage. The unification of the Cherokee nation was essentially ceremonial, with political authority remaining town-based for decades afterward. In addition, Sir Alexander Cuming's aspirations to play an important role in Cherokee affairs failed.^[7]

Beginning at about the time of the American Revolutionary War in the late 18th century, divisions over continued accommodation of encroachments by white settlers, despite repeated violations of previous treaties, caused some Cherokee to begin to leave the Cherokee Nation. Many of these dissidents became known as the Chickamauga. Led by Chief Dragging Canoe, the Chickamauga made alliances with the Shawnee and engaged in raids against colonial settlements (see Chickamauga Wars). Some of these early dissidents eventually moved across the Mississippi River to areas that would later become the states of Arkansas and Missouri. Their settlements were established on the St. Francis and the White Rivers by 1800.

Pre 19th century society

Much of what we know about pre 19th century Cherokee history, culture, and society comes from the papers of American writer John Howard Payne. The Payne papers describe the memory Cherokee elder's had of a traditional societal structure based in a "white" organization of elders representing the seven clans, an organization which was hereditary and described as priestly. This group was responsible for religious activities such as healing, purification, and prayer. A second group of younger men were the "red" organization, which was responsible for warfare. However, warfare was considered a polluting activity which required the purification of the priestly class before participants could reintegrate in normal village life. However, this hierarchy had faded by the Cherokee removal in 1838. The reasons have been widely discussed and may include a revolt by the Cherokee against the abuses of the priestly class, the massive smallpox epidemic of the late 1730s, and the inception of Christian ideas which transformed Cherokee religion by the end of the eighteenth century (Irwin 1992).

Ethnographer James Mooney studied the Cherokee in the late 1880s and traced the decline of the former hierarchy to the revolt (Mooney 1900, 392). By that time the hierarchy of Cherokee religious practitioners was more informal and based more on individual knowledge and ability than the previous hereditary system. Further complicating this was that the Eastern Cherokee which had not participated in the removal and remained in the mountains of western North Carolina faced constant pressure from the U.S. government, who wished for their removal (Irwin 1992).

Another major source of early cultural history comes from the materials written in Cherokee by the didanvwisgi (Cherokee:ꞑꞑꞑꞑꞑꞑ), or Cherokee medicine men, after the creation of the Cherokee syllabary by Sequoya in the 1820s. These were initially only used by the didanvwisgi (Cherokee:ꞑꞑꞑꞑꞑꞑ), and were considered extremely powerful (Irwin 1992). Later, these were widely adopted by the Cherokee people.

19th century

Eventually, there were such large numbers of Cherokees in these areas, the U.S. Government in 1815 right after the War of 1812 in which Cherokees

fought on both the British and American armies, established a Cherokee Reservation in Arkansas, with boundaries from north of the Arkansas River up to the southern bank of the White River. Cherokee leaders who lived in Arkansas were The Bowl, Sequoyah, Spring Frog and The Dutch. Another band of Cherokee lived in southeast Missouri, western Kentucky and Tennessee in frontier settlements and in European majority communities around the Mississippi River.

An early 20th Century photo of a traditional Cherokee stickball player.



Chief John Ross, c.
1840

John Ross was an important figure in the history of the Cherokee tribe. His father emigrated from Scotland prior to the Revolutionary War. His mother was a quarter-blood Cherokee woman whose father was also from Scotland. He began his public career in 1809. The Cherokee Nation was founded in 1820, with elected public officials. John Ross became the chief of the tribe in 1828, and remained the chief until his death in 1866.

Trail of Tears

Cherokees were displaced from their ancestral lands in North Georgia and the Carolinas in a period of rapidly expanding white population, a situation as well as a gold rush around Dahlonega, Georgia in the 1830s. Various official reasons for the removal were given. One was that the Cherokee were not efficiently using their land, and the land should be given to white farmers. Others disputed this, although some contest to this day that President Jackson's intentions toward the Cherokee in this policy was humanitarian. Jackson himself said that the policy was an effort to prevent the Cherokee from facing the fate of "the Mohegan, the Narragansett, and the Delaware" (Wishart 1995, 120). However there is ample evidence that the Cherokee were adapting modern farming techniques, and a modern analysis shows that the area was in general in a state of economic surplus (Wishart 1995).

Despite a Supreme Court ruling in their favor, many in the Cherokee Nation were forcibly relocated West, a migration known as the Trail of Tears or in Cherokee *Nunna Daul Tsunny* (Cherokee: The Trail Where They Cried). This took place after the Indian Removal Act of 1830, although as of 1883, the Cherokee were the last large southern Indian tribe to be removed. Even so, the harsh treatment the Cherokee received at the hands of white settlers caused some to enroll to emigrate west (Perdue 2000, 565).

Samuel Carter, author of *Cherokee Sunset*, writes: "Then... there came the reign of terror. From the jagged-walled stockades the troops fanned out across the Nation, invading every hamlet, every cabin, rooting out the inhabitants at bayonet point. The Cherokees hardly had time to realize what was happening as they were prodded like so many sheep toward the concentration camps, threatened with knives and pistols, beaten with rifle butts if they resisted."^[8]

Ridge opposition

Among the Cherokee, John Ross led the battle to halt their removal. Ross's position was in opposition to that of a group known as the "Ridge Party" or the "Treaty Party". This was in reference to the Treaty of New Echota, which exchanged Cherokee land for land in the west and its principle signers John Ridge and his father Major Ridge.

On June 22, 1839, the prominent signers of the Treaty of New Echota were executed, including Major Ridge, John Ridge and Elias Boudinot by Cherokee extremists.

In the early 1860s, John Ridge's son, novelist John Rollin Ridge, led a group of delegates to Washington D.C. as early as the 1860s in a failed attempt to gain federal recognition for a Cherokee faction that was opposed to the leadership of Chief John Ross (Christensen 1992).

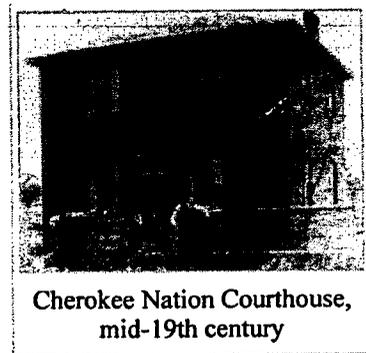
Separation

In 1848, a group of Cherokee set out on an expedition to California, looking for new settlement lands. The expedition followed the Arkansas River upstream to Rocky Mountains in present-day Colorado, then followed the base of mountains northward into present-day Wyoming, before turning westward. The route became known as the *Cherokee Trail* or the *Rocky Mountain Trail*, starting from Fort Smith, Arkansas that also extended northward to Montana all the way to the Canadian border near Cut Bank, Montana.

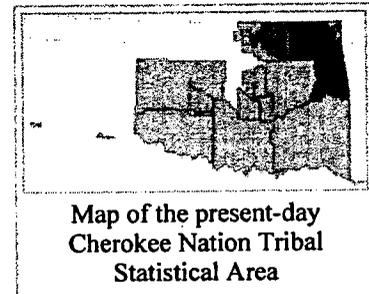
The group, which undertook gold prospecting in California, returned along the same route the following year, noticing placer gold deposits in tributaries of the South Platte. The discovery went unnoticed for a decade, but eventually became one of the primary sources of the Pike's Peak Gold Rush of 1859 and other gold rushes across the western U.S. in the 1860s.

Not all of the eastern Cherokees were removed on the Trail of Tears. William Holland Thomas, a white store owner and state legislator from Jackson County, North Carolina, helped over 600 Cherokee from Qualla Town (the site of modern-day Cherokee, North Carolina) obtain North Carolina citizenship. As citizens, they were exempt from forced removal to the west. In addition, over 400 other Cherokee hid from Federal troops in the remote Snowbird Mountains of neighboring Graham County, North Carolina, under the leadership of Tsali (□□)^[9] (the subject of the outdoor drama *Unto These Hills* held in Cherokee, North Carolina). Together, these groups were the basis for what is now known as the Eastern Band of Cherokees. Out of gratitude to Thomas, these Western North Carolina Cherokees served in the American Civil War as part of Thomas's Legion. Thomas's Legion consisted of infantry, cavalry, and artillery. The legion mustered approximately 2,000 men of both Cherokee and white origin, fighting primarily in Virginia, where their battle record was outstanding.^[10] Thomas's Legion was the last Confederate unit in the eastern theater of the war to surrender after capturing Waynesville, North Carolina on May 9, 1865. They agreed to cease hostilities on the condition of being allowed to retain their arms for hunting. This, together with Stand Watie's surrender of western forces on July 23, 1865, gave the Cherokees the distinction of being the very last Confederates to capitulate in both theaters of the Civil War. In Oklahoma, the Dawes Act of 1887 broke up the tribal land base. Under the Curtis Act of 1898, Cherokee courts and governmental systems were abolished by the U.S. Federal Government.

20th century



Cherokee Nation Courthouse, mid-19th century



Map of the present-day Cherokee Nation Tribal Statistical Area

These and other acts were designed to end tribal sovereignty to pave the way for Oklahoma Statehood in 1907. The Federal government appointed chiefs to the Cherokee Nation, often just long enough to sign a treaty. However, the Cherokee Nation recognized that it needed leadership and a general convention was convened in 1938 to elect a Chief. They choose J. B. Milam as principal chief, and as a goodwill gesture President Franklin Delano Roosevelt confirmed the election in 1941.

W. W. Keeler was appointed chief in 1949, but as the federal government adopted the self-determination policy, the Cherokee Nation was able to rebuild its government and W. W. Keeler was elected chief by the people, via a Congressional Act signed by President Richard Nixon. Keeler, who was also the President of Phillips Petroleum was succeeded by Ross Swimmer, Wilma Mankiller, Joe Byrd, and Chad Smith, who is currently the chief of the Nation (2007).

The United Keetoowah Band took a different track than the Cherokee Nation, and received federal recognition after the Indian Reorganization Act of 1934. They are descended from the Old Settlers or Cherokees that moved west before Removal, and the tribe requires a quarter blood quantum for enrollment. The UKB members must descend from an ancestor on the Final Dawes Roll of the Cherokee.

Cherokee Recognition

Historically, race was not a factor in the acceptance of individuals into Cherokee Society, since historically, the Cherokee People viewed their self-identity as a political rather than racial distinction. [1] Going far back into antiquity based upon existing social and historical evidence as well as oral traditions among the Cherokee themselves, the Cherokee Society was best described as an Indian Republic.

Inheritance was largely matrilineal, and kinship and clan membership was of primary importance until around 1810, when the seven Cherokee clans began the abolition of blood vengeance by giving the sacred duty to the new Cherokee National government. Clans formally relinquished judicial responsibilities by the 1820s when the Cherokee Supreme Court was established. When in 1825, the National Council extended citizenship to biracial children of Cherokee men, the matrilineal definition of clans was broken and clan membership no longer defined Cherokee citizenship. These ideas were largely incorporated into the 1827 Cherokee constitution (Perdue 2000, 564). The constitution did state that "No person who is of negro or mulatto [sic] parentage, either by the father or mother side, shall be eligible to hold any office of profit, honor or trust under this Government," with an exception for, "negroes and descendants of white and Indian men by negro women who may have been set free" (Perdue 2000, 564-565). Although by this time, some Cherokee considered clans to be anachronistic, this feeling may have been more widely held among the elite than the general population (Perdue 2000, 566). Thus even in the initial constitution, the Cherokee reserved the right to define who was and was not Cherokee as a political rather than racial distinction.

This principle of self-government and tribal sovereignty has not prevented controversy on the matter. According to the Boston College Sociologist and Cherokee Citizen, Eva Marie Garroutte, there are upwards of 32 separate definitions of "Indian" used in federal legislation as of a 1978 congressional survey (Garroutte 2003, 16). The 1994 Federal Legislation AIRFA (American Indian Religious Freedom Act) defines an Indian as one who belongs to an Indian Tribe, which is a group that "is recognized as eligible for the special programs and services provided by the United States to Indians because of their

status as Indians."

The Congress of the United States, The Federal Courts, and State Courts have repeatedly upheld this sovereignty of Native Tribes and define their relationship in political rather than racial terms, and have stated such as a compelling interest of the United States.^[12]

Many groups have sought recognition by the federal government as Cherokee tribes, but today there are only three groups recognized by the government. Cherokee Nation spokesman Mike Miller has discussed that some groups, which he calls Cherokee Heritage Groups, are encouraged (Glenn 2006). Others, however, are controversial for their attempts to gain economically through their claims to be Cherokee, a claim which is disputed by the three federally recognized groups, who assert themselves as the only groups having the legal right to present themselves as Cherokee Indian Tribes (Official Statement Cherokee Nation 2000, Pierpoint 2000).

Garrouette categorizes four facets of Indian identity: law, biology, culture, and self-identification. By law, membership in the Cherokee Nation is based in being direct blood descendant of a Dawes Act enrollee.^[13]

Modern Cherokee Nation

The modern Cherokee Nation in recent times has excelled and has experienced an unprecedented expansion in economic growth, equality, and prosperity for its citizens under the leadership of Principal Chief Chad Smith, with significant business, corporate, real estate, and agricultural interests, including numerous highly profitable casino operations. The Cherokee Nation controls Cherokee Nation Enterprises, Cherokee Nation Industries, and Cherokee Nation Businesses. CNI is a very large Defense contractor that creates thousands of jobs in Eastern Oklahoma for Cherokee Citizens.



Cherokee Nation Historic Courthouse in Tahlequah, Oklahoma.

The Nation has constructed health clinics throughout Oklahoma, contributed to community development programs, built roads and bridges, constructed learning facilities and universities for its citizens, instilled the practice of Gadugi and self-reliance in its citizens, revitalized language immersion programs for its children and youth, and is a powerful and positive economic and political force in Eastern Oklahoma.

The Cherokee Nation hosts the Cherokee National Holiday on Labor Day weekend each year and 80,000 to 90,000 Cherokee Citizens travel to Tahlequah, Oklahoma for the festivities. The Cherokee Nation also publishes the Cherokee Phoenix, a tribal newspaper which has operated continuously since 1828, publishing editions in both English and the Sequoyah Syllabary. The Cherokee Nation council appropriates money for historic foundations concerned with the preservation of Cherokee Culture, including the Cherokee Heritage Center which hosts a reproduction of an ancient Cherokee Village, Adams Rural Village (a turn-of-the-century village), Nofire Farms and the Cherokee Family Research Center (genealogy), which is open to the public.^[14] The Cherokee Heritage Center is home to the Cherokee National Museum, which has numerous exhibitions also open to the public. The CHC is the repository for the Cherokee Nation as its National Archives. The CHC operates under the Cherokee National Historical Society, Inc., and is governed by a Board of Trustees with an executive committee. Current President of the board is Mary Ellen Meredith. Director Carey Tilley sees over the daily

operations.

The Cherokee Nation also supports the Cherokee Nation Film Festivals in Tahlequah, Oklahoma and participates in the Sundance Film Festival in Park City, Utah. Many famous American Indian actors are members of the Cherokee Nation, such as Wes Studi.

Environment

Today the Cherokee Nation is one of America's biggest proponents of ecological protection. Since 1992, the Nation has served as the lead for the Inter-Tribal Environmental Council.^[15] The mission of ITEC is to protect the health of American Indians, their natural resources and their environment as it relates to air, land and water. To accomplish this mission, ITEC provides technical support, training and environmental services in a variety of environmental disciplines. Currently, there are forty-one (41) ITEC member tribes in Oklahoma, New Mexico, and Texas.

Cherokee Freedmen



The seal of the Cherokee Nation.

The Cherokee Freedmen, descendants of African American slaves owned by citizens of the Cherokee Nation during the Antebellum Period, were first guaranteed Cherokee citizenship via treaty in 1866, in the wake of the American Civil War. Their citizenship was revoked in the 1980s. On March 7, 2006, the Cherokee Nation Judicial Appeal Tribunal announced that the Cherokee Freedmen were eligible once more for Cherokee citizenship. This ruling proved controversial; while the Cherokee Freedman had historically been recorded as "citizens" of the Cherokee Nation at least since 1866 and the later Dawes Commission Land Rolls, the ruling "did not limit membership to people possessing Cherokee blood".^[16] This ruling was consistent with the 1975 Constitution of the Cherokee Nation, in its acceptance of the Cherokee Freedmen on the basis of historical citizenship, rather than evidenced blood relation.

The Principal Chief of the Cherokee Nation, Chad Smith, later announced that because of issues raised by the Cherokee people, the issue of Freedmen citizenship was being considered for a vote proposing amendments to the Cherokee Nation Constitution. These amendments were intended to restrict tribal membership exclusively to Cherokees by blood descent, thus excluding the Freedmen from tribal membership.^[17] The Constitution had always restricted governmental positions to persons of Cherokee blood.

In March 2007, the tribe voted on the constitutional amendment.^[18] 76.6% of voters affirmed the proposed amendment, revoking the tribal citizenship of the descendants of black slaves who had formerly been considered Cherokee citizens.^[19] The vote to oust the Freedmen provoked a firestorm of controversy, particularly from various political circles, including the Congressional Black Caucus. There were calls for the revocation of all federal funding for the Cherokee Nation.^[20]

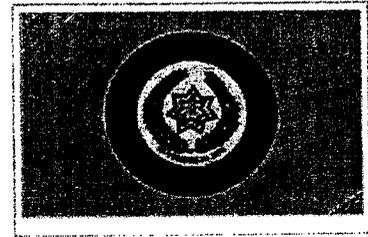
The Cherokee Freedmen were reinstated as citizens of the Cherokee Nation by the Cherokee Nation Tribal Courts on May 15, 2007, while appeals are pending in the Cherokee Nation Courts and Federal Court.^[21]

On May 22, 2007, the Cherokee Nation received notice from the United States Bureau of Indian Affairs that the BIA and Federal Government had denied the amendments to the 1975 Cherokee Nation Constitution because it required BIA approval, which had not been obtained. The BIA also noted that the Cherokee Nation had excluded the Cherokee Freedmen from the amendment vote. The Cherokee Nation Supreme Court ruled that the Cherokee Nation could take away the approval authority it had granted the federal government. Principal Chief Smith has also argued against the requirement of BIA approval for constitutional amendments.^{[22][23]} Congresswoman Diane Watson responded by introducing a bill which would sever ties between the United States and the Cherokee Nation until the Freedmen issue is resolved.^{[24][25]}

As of August 9 2007, the BIA has given the Cherokee Nation consent to modify their Constitution without approval from the Department of the Interior.^[26]

Relationship with the Eastern Band

The Cherokee Nation participates in numerous joint programs with the Eastern Band of Cherokee Indians. It also participates in cultural exchange programs and joint Tribal Council meetings involving councillors from both Cherokee Tribes which address issues affecting all of the Cherokee People. Unlike the adversarial relationship between the administrations of the United Keetoowah Band of Cherokee Indians and the Cherokee Nation, the Eastern Band of Cherokee Indians interactions with the Cherokee Nation presents a unified spirit of Gadugi with the leaders and citizens of the Eastern Band. It should be noted that the United Keetoowah Band tribal council unanimously passed a resolution to approach the Cherokee Nation for a joint council meeting between the two Nations, as a means of "offering the olive branch", in the words of the UKB Council. While a date was set (first Saturday in June 2007) for the meeting between members of the Cherokee Nation council and UKB representation Chief Smith vetoed the meeting.



Marriage Law controversy

On June 14, 2004, the Cherokee Nation Tribal Council voted to officially define marriage as a union between man and woman, thereby outlawing same-sex marriage. This decision came in response to an application by a lesbian couple submitted on May 13. The decision kept Cherokee law in line with Oklahoma state law, which outlawed gay marriage as the result of a popular referendum on a constitutional amendment in 2004.

Famous Cherokees

There were several famous Cherokees in American history, including Sequoyah, who invented the Cherokee writing system. It was thought for many years that he was the only person to single-handedly invent a writing system, however it has been recently speculated that there was an ancient clan of Cherokee priests who had an older, mostly secret rudimentary written language from which Sequoyah may have gotten inspiration. Many historians speculate that Sequoyah never learned to speak, read or write the English language for various reasons.

Elias Boudinot, statesman, orator, and editor, wrote *Poor Sarah*, the first Native-American novel. Stand Watie, Buck's younger brother, was a famous frontiersman and the last commander of Confederate forces to surrender in the American Civil War.

Ned Christie was a Cherokee patriot who became the subject of many books and magazine articles, including a fictional novel by Pulitzer Prize-winning author Larry McMurtry (*Zeke and Ned*) and *Ned Christie's War*, a Western novel by author Robert J. Conley.

Will Rogers, the entertainer, was also of Cherokee heritage.^[27] Businessman and owner of the Tennessee Titans football team Bud Adams is an enrolled member of the tribe.

Jimi Hendrix, lead singer, guitarist and frontman of Jimi Hendrix Experience, was of Cherokee heritage through his maternal grandmother, Nora Rose Moore.^[28] Musician Tori Amos also shares Cherokee ancestry.^[29]

Other famous people of Cherokee ancestry include the actors Johnny Depp, Burt Reynolds, James Garner, Wes Studi and Chuck Norris; the musicians Eartha Kitt and Jonas Brothers; the painter Robert Rauschenberg; John Leak Springston, and the writer Mitch Cullin.

See also

- Anglo-Cherokee War
- Ani-kutani
- Cherokee black drink
- Cherokee Clans
- Cherokee Heritage Groups
- Cherokee language
- Cherokee Moons Ceremonies
- Cherokee mythology
- Cherokee Nation Warriors Society
- Cherokee National Holiday
- Cherokee Scout Reservation
- Cherokee society
- Chickamauga Wars
- Dragging Canoe
- Elizabethton, Tennessee
- Gadugi
- Keetoowah
- Keetoowah Nighthawk Society
- Original Keetoowah Society
- Stomp Dance
- Sycamore Shoals
- Trail of Tears
- Unto These Hills

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External links

Organizations

- The Cherokee Nation (<http://www.cherokee.org/>) (official site)
- Eastern Band of Cherokee Indians (<http://www.nc-cherokee.com/>) (official site)
- United Keetoowah Band (<http://www.unitedkeetoowahband.org/>) (official site)

Historical documents

- Annual report of the Bureau of Ethnology to the Secretary of the Smithsonian Institution (1885/86) (<http://fax.libs.uga.edu/J84xSIx2x1xv07/>), Contains The "Midê'wiwin, or Grand Medicine Society of the Ojibwa, by W. J. Hoffman and: The Sacred formulas of the Cherokee, by

James Mooney

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- Cherokee Phoenix (http://neptune3.galib.uga.edu/ssp/cgi-bin/ftaccess.cgi?_id=7f000001&db=ZLGN), part of the Georgia Historic Newspapers database at the Digital Library of Georgia (<http://dlg.galileo.usg.edu/>)
- Southeastern Native American Documents, 1763-1842 (http://neptune3.galib.uga.edu/ssp/cgi-bin/ftaccess.cgi?_id=7f000001&db=ZLNA), approximately 2,000 documents and images relating to the Native American population of the Southeastern United States from the collections of the University of Georgia Libraries, the University of Tennessee at Knoxville Library, the Frank H. McClung Museum, the Tennessee State Library and Archives, the Tennessee State Museum, the Museum of the Cherokee Indian, and the LaFayette-Walker County Library.

Other

- New Georgia Encyclopedia (<http://www.georgiaencyclopedia.org/nge/Article.jsp?id=h-2722>)
- LostWorlds.org Cherokee Traditional Dancing Videos (http://www.lostworlds.org/ocmulgee_videos.html)

	Native American Tribes officially recognized by the United States
	Cherokee is one of the 561 Indian Tribal Entities within the contiguous 48 States recognized and eligible to receive services from the United States Bureau of Indian Affairs included in the latest list issued by the Bureau of Indian Affairs, Department of Interior of the United States on March 22, 2007.

Retrieved from "<http://en.wikipedia.org/wiki/Cherokee>"

Categories: "Related ethnic groups" needing confirmation | All articles with unsourced statements | Articles with unsourced statements since May 2007 | Wikipedia articles with nonstandard pronunciation | Tribes officially recognized by the United States | Federally Recognized Tribes | Cherokee tribe | Native American tribes in North Carolina | Indigenous peoples in the United States | Native American tribes in Alabama

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Exhibit 15



Categories

- Baskets
- Prints (9)
- Apparel (9)
- Beadwork (8)
- Books, Videos, and Music (43)
- Dreamcatchers (4)
- Featured (2)
- Nation Seal Items (20)**
- Pottery (4)

Shopping

- Home
- Shopping Cart

What's New?



Wild Deer Running Away
\$30.00

Quick Find

Use keywords to find the product you are looking for.

Advanced Search

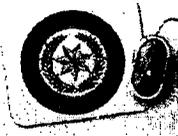
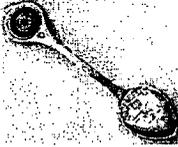
Information

- Shipping & Returns
- Privacy Notice
- Contact Us

Links

- Cherokee Nation
- Cherokee Casino and Resort

Nation Seal Items

Product Name+	Price	Buy Now
 C.N. Mouse pad	\$11.98	Buy Now!
 C.N. Seal Keychain	\$1.50	Buy Now!
 C.N. Seal Lapel Pin	\$5.98	Buy Now!
 C.N. Seal Pendleton Blanket	\$194.00	Buy Now!
 C.N. Seal Spoon	\$2.98	Buy Now!
 Cherokee Nation Seal Tile	\$17.98	Buy Now!
 CN Desk Flag	\$7.98	Buy Now!
 CN Seal Black Cap	\$12.98	Buy Now!
 CN Seal Blue Cap	\$12.98	Buy Now!

Visit our Store!



Located in Tahlequah, Oklahoma, the Cherokee Nation Gift Shop boasts an inventory of over a 1000 items and caring customer service that can't be beat.



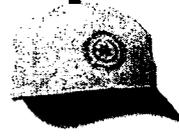
Cherokee Gift Shop
Route 2, 3.5 Miles South of Hi-way 62
Tahlequah, OK 74464

Cherokee Language

It has been said "When a people lose their language they lose their identity". This aspect of the Cherokee culture has been celebrated within this site by listing the products with the associated Cherokee words.

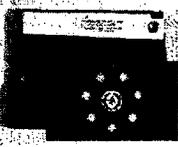
Cherokee is unique in that one of their own harnessed the tones and identified them by symbols. This was the work Sequoyah did.

Please enjoy the presentation of products

			
	CN Seal Blue Denim Cap	\$12.98	Buy Now!
	CN Seal Gray Denim Cap	\$12.98	Buy Now!
	CN Seal Green Cap	\$12.98	Buy Now!
	CN Seal Patch	\$3.50	Buy Now!
	CN Seal Red Cap	\$12.98	Buy Now!
	CN Seal Shot glass	\$4.98	Buy Now!
	CN Seal Tan Cap	\$12.98	Buy Now!
	Coffee Mugs	\$7.98	Buy Now!
	Coffee Mugs	\$7.98	Buy Now!

and their associated Cherokee words.

Wa-do

	Ladies Jeweled Pin	\$23.98	Buy Now!
	Large Flag	\$69.98	Buy Now!

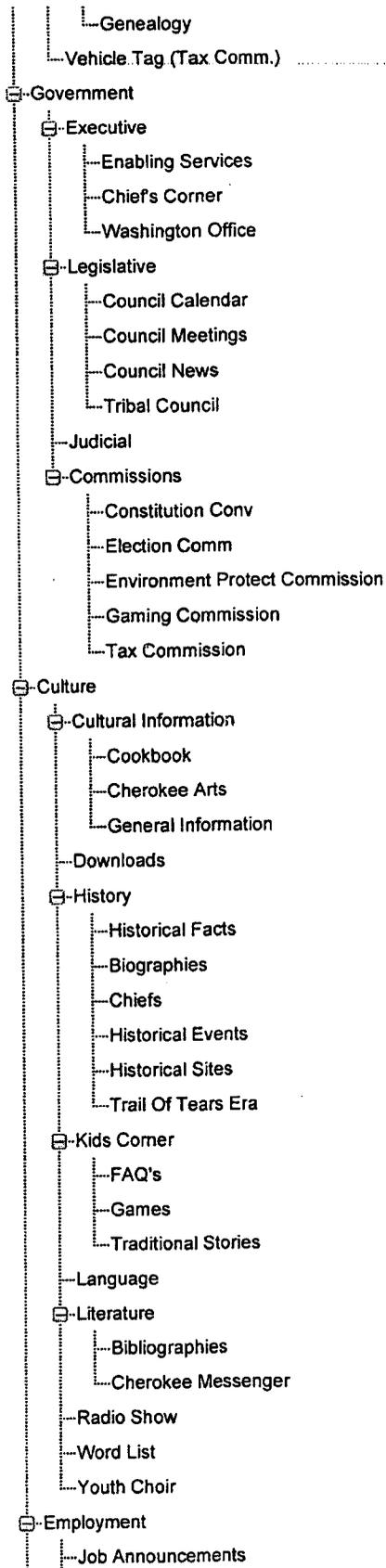
Displaying 1 to 20 (of 20 products)

Result Pages: 1



Exhibit 16

- [-] Cherokee Nation
 - [-] Contact List
 - [-] Website Registration
 - [-] Cherokee Link Newsletter
 - [-] Online Language Class
 - [-] E-Cards
 - [-] Tribal Registration
 - [-] Genealogy
 - [-] Visiting
 - [-] Cherokee First
 - [-] Visitor Info
 - [-] Visitor Maps
 - [-] Community Calendar
 - [-] Cherokee National Holiday
 - [-] Tourism
 - [-] Cherokee Heritage Center
 - [-] Disclaimer
 - [-] Links
 - [-] SiteMap
 - [-] Press Room
 - [-] News Archives
 - [-] Live Streaming Events
 - [-] Status Reports
 - [-] PressKits
 - [-] Public Annoucements
 - [-] Services
 - [-] Career Services
 - [-] Community Services
 - [-] Compassion Capital Grants
 - [-] Commerce
 - [-] Education
 - [-] Sequoyah High School
 - [-] Health Services
 - [-] Health Facilities
 - [-] Health Services Info
 - [-] Health Services Available
 - [-] Housing Authority
 - [-] Human Services
 - [-] Family Assistance
 - [-] Child Care
 - [-] Child Care Resource
 - [-] Children, Youth & Family
 - [-] Adoption
 - [-] Veterans Affairs
 - [-] Tribal Registration



- CNE Job Announcements
- HACN Job Announcements
- CNI Job Announcements
- Heritage Center Job Announcements
- Cherokee Elder Program (PACE) Job Announcements
- Supporting Documents
- [-] Cherokee Businesses
 - Cherokee Nation Businesses
 - Cherokee CRC
 - [-] Cherokee Nation Enterprises
 - Casino
 - Gift Shop
 - Cherokee Nation Industries
- [-] Association
 - Talking Leaves Job Corps
 - CN Housing Authority
 - Cherokee Casino
 - Gift Shop
 - CN Industries
 - Cherokee CRC
 - Cherokee Home Health
 - Cherokee Nation Tourism
 - Cherokee Phoenix
 - Cherokee Nation Businesses, L.L.C.

Exhibit 17



A league of nations?

By Eddie Glenn, Press Staff Writer

— Living in Tahlequah, we probably tend to take the word “Cherokee” for granted. It’s hard to look anywhere in this town and not see the word right in front of you.

This is, after all, Cherokee County. There’s a Cherokee Avenue; numerous businesses call themselves Cherokee, or Cherokee County something-or-other. And of course, Tahlequah’s home to two Cherokee tribes: The Cherokee Nation, Oklahoma, and the United Keetoowah Band of Cherokee Indians in Oklahoma.

Those two tribes, along with the Eastern Band of Cherokee Indians in North Carolina, are the only ones officially recognized by the federal government.

But there are other groups that identify themselves as Cherokees – in fact, a couple of hundred of them – and quite a few have pretty interesting Web sites.

For example, there’s the Cherokee Nation of Mexico, whose chief, Charles “Jahtlohi” Rogers, claims to be carrying on the work of Sequoyah, inventor of the Cherokee syllabary.

“Like migratory birds, my family and I found the tomb of Sequoyah and learned of his prophecy - that ‘a child would come and find the tomb’ (as did my son Charles Ah-doh-lay-hoh-sgee Rogers),” Rogers states on his site, www.cherokeemexico.com. “When this occurred, the story told us, Sequoyah’s spirit would come back to his people to help unite all Cherokees. Shortly after this discovery, the Cherokee Nation of Mexico received re-affirmation of its historic recognition.”

Evidently, although the Cherokee Nation of Mexico isn’t recognized by the U.S. government, the group was recognized by the governor of Coahuila in 1839, and the president of Mexico in 1822. So in a sense, it does have federal – or “federale,” as the case may be – recognition.

“There are more than 200 groups that we’ve been able to recognize that call themselves a Cherokee nation, tribe, or band,” said Mike Miller, spokesman for the Cherokee Nation (the one based here in Tahlequah, at the W.W. Keeler Tribal Complex).

“Only three are federally recognized, but the other groups run the gamut of intent. Some are basically heritage groups – people who have family with Cherokee heritage who are interested in the language and culture, and we certainly encourage that,” said Miller. “But the problem is when you have groups that call themselves ‘nation,’ or ‘band,’ or ‘tribe,’ because that implies governance.”

Several groups that identify themselves as Cherokees, however, are currently trying to obtain federal recognition.

According to Cliff Bishop, headman of the Lost Cherokee Nation of Arkansas and Missouri, his tribe’s request for federal recognition is currently under review by the federal government. The Lost Cherokee Nation, headquartered in Dover, Ark., traces its history back to the Cherokees who moved to Arkansas before the Trail of Tears brought the majority of the tribe to Northeastern Oklahoma.

Bishop said his tribe had treaties with the U.S. government as early as 1817. The Lost Cherokees are organized as a 501-C3 non-profit organization, and currently raise money through auctions and charity events, but they hope to eventually receive federal funding.

“We’re not in for gambling; we’re in for education and helping our people out of poverty,” said Bishop. “We’re not trying to take anything from other Cherokees; we’re just trying to help our people.”

Lost Cherokee Headman Dub Maxwell added that before the Trail of Tears, some of the most prominent Cherokee leaders were members of what is now the Lost Cherokee Nation.

“The syllabary was first taught in Arkansas,” said Maxwell. “It makes sense that if Sequoyah had

something that important, he would take it to the most important chiefs first.”

Another group based in Arkansas is the Western Cherokee Nation of Arkansas and Missouri, headquartered in Paragould, Ark.

According to Chief Lola Smith, her tribe is the “original” Arkansas Cherokee tribe; all the others, like the Lost Cherokee Nation, splintered off of the Western Cherokee Nation.

“We were a recognized tribe, and we’re trying to get that re-established,” said Smith. “The Western Cherokee Nation was around long before Tahlequah ever existed.”

Smith, who claims to be a distant cousin to Cherokee Nation Principal Chief Chad Smith, said her Cherokee ancestors left South Carolina and went to Connecticut in the early 18th century. Finding Connecticut a bit too cold for their tastes, they eventually moved westward and southward, ending up in Arkansas in 1721.

“We were here 100 years before we had any dealings with the [U.S.] government,” she said.

Another of the groups that would like to gain federal recognition (and that, according to Lola Smith, splintered off from her tribe) is the Northern Cherokee Nation of Missouri and Arkansas.

Like the Western Cherokees and the Lost Cherokees, the Northern Cherokee Nation traces its roots to those Cherokees who left the southeastern U.S. before the Trail of Tears.

According to tribal Secretary Gail Buzzard, many of the Northern Cherokee Nation members trace their lineage to Dragging Canoe, an 18th century Cherokee war chief who opposed the selling of Cherokee lands to British settlers.

“We came to Missouri in the 1700s,” said Buzzard. “Our first documentation is [a treaty] from 1750 with Spain.”

According to Buzzard, the Northern Cherokees have a difficult time proving their heritage because it was illegal in Missouri to be Indian until the 1920s.

“We have a few records, but mostly it’s oral history,” she said. “We’ve been working on [federal recognition] for many years, but our biggest problem is oral history instead of written history. There are a lot of gaps in our history because we weren’t allowed to keep records.”

Oklahoma has a few non-recognized Cherokee groups, too, including the Southern Cherokees, based in Webber Falls. In 2002, that group attempted to establish riverboat gambling on the Arkansas River, a move that was opposed by the Cherokee Nation.

Another group, however – the Southern Cherokee Nation, based in Kentucky – disavows any connection to the Oklahoma group calling itself the Southern Cherokees, and says so plainly on its Web site at www.southerncherokeemnation.net. According to a letter written to the Muskogee Phoenix last June by the Kentucky Cherokee chief, Michael Buley, the Webber Falls group (which also has a Web site, www.southern-cherokee.com) is giving his tribe “a bad name” by selling illegal car tags and tribal memberships.

“This reflects back on us because we are the real Southern Cherokee people,” wrote Buley. “We consider the Cherokee Nation our mother nation, and would do whatever we could for the nation.”

Why is it, one might ask, that so many people want to be recognized as Cherokees?

According to UKB Assistant Chief Charles Locust, it’s because of the Tahlequah-based Cherokee Nation’s lack of a blood quantum. His own tribe requires members to be at least one-quarter Cherokee.

“The Cherokee Nation of Oklahoma has perpetuated this idea and trend with people claiming to be Cherokee,” he said. “Their tribe allows a person with 1/4,000-and-something [Cherokee blood] to be a carded Cherokee.”

But according to Miller, the fact that so many people identify themselves as Cherokee is a good sign. “According to the 2000 census, more than 750,000 people identify themselves as Cherokee, and that’s far more than the membership of the Cherokee Nation, the United Keetoowah Band, and the Eastern Band combined,” he said. “What that tells you is people like the idea of being Cherokee, for whatever reason. People usually don’t identify with something they don’t like, so we take it as a good thing: People like Cherokees.”

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Exhibit 18

Unrecognized Cherokee claims cause problems for nation

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Posted: August 16, 2000

by: [Mary Pierpoint](#) / Indian Country Today

TAHLEQUAH, Okla. - Groups claiming to be 'real' Cherokees are causing problems for the Cherokee Nation. From smoke shops to casinos, the groups are attempting to solicit money by using the Cherokee name as a veil for respectability, a tribal spokesman said.

The Cherokee Nation isn't the only tribe with problems, but with more than 200,000 members scattered around the United States it appears bogus groups are finding it easy to prey on the Cherokee name.

The Cherokee Tribe estimates there are more than 200 such groups around the nation which claim to have Cherokee ties.

One, called the Southern Cherokee Nation, claimed gaming rights in Oklahoma and South Carolina and nearly managed to get a casino built by invoking Cherokee in its name. Land was being set aside and the leader of the group was actually getting ready to break ground, Mike Miller, communications director for the Cherokee Nation, said during a recent interview. The group has a chief and an impressive Web site, but Cherokee officials caution the group is not a part of the official Cherokee Nation and is not federally recognized.

Yet another group to use the Cherokee name calls itself the Cherokee Nation. On its Web site, the federally recognized Cherokee Nation is warning tribal members to be very careful in dealing with groups which have no affiliation with the tribe.

It reports that Robin Mayes and a small group of followers claim to be the "real" Cherokee Nation. The recognized nation alleges Mayes and the group opened a post office box and solicited donations of money under the name Cherokee Nation and sent letters to the Oklahoma Tax Commission and Bruce Babbitt, secretary of the Interior, claiming to be the legitimate Cherokee Nation.

The group has issued coins it claims are the official currency of the Cherokees and set up a Web site. It is also alleged that the group is issuing tribal membership cards using the seal of the recognized Cherokee Nation.

"They are making misleading claims and have plans to operate as a government by authorizing and opening smoke shops," said Julian Fite, Cherokee Nation General Counsel. "They can't do that anymore than the Rotary Club can."

Fite added that, "Mayes' group is preying on unsuspecting people and trying to convince them that he represents a real government when that is far from true."

The Cherokee County Sheriff's office is warning tribal members not to buy car tags (license plates) from the splinter group. The sheriff said people found driving cars with the invalid tags could be towed and ordered not to drive without proper state license plates.

Although the recognized Cherokee Nation plans to make tribal tags available in the future, as yet there is no compact with the state of Oklahoma. Fifteen tribes in Oklahoma issue their own tribal plates.

Tribal enrollment for the recognized Cherokee Nation comes only from the Dawes Commission Final Rolls.

Tribal officials say that as genealogy becomes more and more popular, those with Cherokee blood, who didn't have ancestors on the Dawes Rolls, are seeking a way to explore their 'Indian roots.'

The Cherokee Nation has a comprehensive history available that non-members can read. And, it advises that individuals who seek authentic information about tribal culture, history, traditions, genealogy and government, look carefully into claims made by groups that are not recognized by the federal government, especially those that claim to represent an Indian tribe or the Cherokee Nation.

For further information call the Cherokee Nation at (918) 456-0671 or contact the BIA for a list of legitimate nations, tribes and bands.

The official Cherokee Nation Web site is <http://www.Cherokee.org>. Other Web sites are not recognized as part of the official tribal Web site.



problems 1

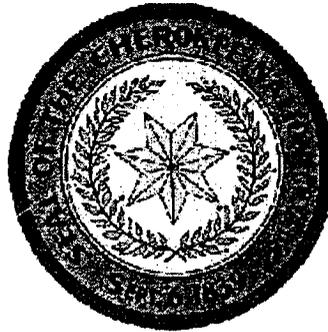
problems 2

Exhibit 19

"You are a guest but once!"

Copyright © 2000 NLThomas
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Buyer Beware, Only Three Cherokee Groups Recognized



Official Statement Cherokee Nation,
Oklahoma, Monday, November 13, 2000

"When it comes to groups that claim to be Cherokee tribes or nations, let the buyer beware. Across the United States, more than 200 groups claim to be some sort of Cherokee nation, but the federal government recognizes just three groups: the Cherokee Nation, the Eastern Band of Cherokee Indians, and the United Keetoowah Band of Cherokees.

Of the remaining groups, many are cultural societies or history clubs whose members may or may not belong to any of the federally recognized tribes, but enjoy learning about the history, language and traditions of the Cherokee.

However, some groups are not as harmless. In the past, government agencies have exposed fraudulent organizations purporting to be Cherokee. One group conned investors with a scheme to create it's own nation on an island in the Rio Grande. Other scammers have claimed to be a Cherokee tribe and solicited donations, which were used for personal gain.

Recently, a group claiming to be a Cherokee Nation made false claims to land that belongs to private citizens in Oklahoma. It had also announced plans to open casinos in Oklahoma and South Carolina, even though the group had no legal authority to do so.

Another group sold 'membership' cards, which they claimed would entitle their members to services. The unknowing victims tried to use these cards only to find out that they have been swindled. Other groups have taken similar action. This has caused confusion, frustration and bad will among Indians and non-Indians.

There are currently 30 Cherokee groups seeking recognition as Cherokee nations or tribes from the Bureau of Indian Affairs. The last group to gain recognition as a Cherokee tribe was the United Keetoowah Band of Cherokees, located in Tahlequah OK, more than 50 years ago. No group outside of North Carolina and Oklahoma has ever been recognized as a legitimate Cherokee sovereign.

Again, most non-recognized "tribes" or nations are not troublemakers, but it is impossible to sort the good from the bad, the criminal from the well meaning. With so much misinformation regarding the Cherokee tribes and Native Americans in general, it is hard for the unknowing bystander to separate the truth from fiction.

When seeking authentic information about tribal culture, history, traditions, genealogy and government, the public should carefully look into claims made by groups that are not recognized by the federal government, especially those that claim to represent a tribe or the Cherokee Nation. For further information with regard to dispelling myths and exposing frauds, call the Cherokee Nation or the Bureau of Indian Affairs for a list of legitimate nations, tribes and bands.

Some descendants of Cherokee Indians cannot qualify for tribal membership in the Cherokee Nation because their ancestors were not enrolled during the final enrollment. The Cherokee Nation encourages people who fall into this category that want to embrace their Cherokee heritage to do so through a Cherokee cultural or historical society with like minded individuals rather than joining a group which claims to be a Cherokee nation, band or tribe."

Official Statement Cherokee Nation, Oklahoma ~ November 13, 2000

Related contact information:

Cherokee Nation, Oklahoma
Attn: (Department Name)
P.O. Box 948, Tahlequah, OK 74465
Telephone: 918-456-0671
(Toll Free OK) 1-800-256-0671

Mike Miller, Cherokee Nation
Director of Communications
Phone: 918-456-0671 (ext. 2210)
Fax: 918-458-5580
E-mail: Communications@cherokee.org

| [Cherokee Legal Documents Path!](#) |
| [Cherokee News Path!](#) |
| ["People's Paths Site Index!"](#) |

04/24

Mike Mill

Exhibit 20

generally *University of Notre Dame du Lac v. J.C. Gourmet Food Imports Co.*, 703 F.2d 1372, 217 USPQ 505 (Fed. Cir. 1983); *University of Alabama v. BAMA-Werke Curt Baumann*, 231 USPQ 408 (TTAB 1986); *In re Cotter & Co.*, 228 USPQ 202 (TTAB 1985); *Buffett v. Chi-Chi's, Inc.*, 226 USPQ 428 (TTAB 1985).

The applicant's goods are books about the Cherokee Indians. Use of the mark CHEROKEE PROUD on the applicant's goods may indicate to consumers that the goods are made by the Cherokee Indians. Therefore, a false association exists and registration is refused. If the goods are *not* provided by the Cherokees, the applicant's mark falsely suggests an association with the Cherokee Indians and again, registration is refused.

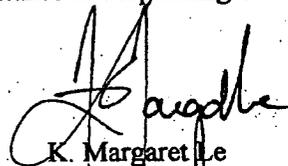
II. Sections 1 and 45--Unlawful Use

Under the Indian Arts & Crafts Act, 18 U.S.C. Section 1159(a), "[i]t is unlawful to offer or display for sale or sell any goods, with or without a Government trademark, in a manner that falsely suggests it is Indian produced, an Indian product, or the product of a particular Indian or Indian tribe or Indian arts and crafts organization, resident within the United States." The applicant intends to sell the books under the mark CHEROKEE PROUD. The mark may indicate to consumers that the applicant's goods are produced by Cherokee Indians. If the goods are *not* produced by the Cherokees, use of this mark would be a per se violation of the Indian Arts & Crafts Act, and registration would be refused.

Although the examining attorney has refused registration, the applicant may respond to the refusal to register by submitting evidence and arguments in support of registration. If the applicant chooses to respond to the refusal to register, the applicant must also respond to the following informalities.

- (A) The applicant must indicate whether it has any affiliation with Cherokee Indians.
- (B) The applicant must disclaim the descriptive wording "CHEROKEE" apart from the mark as shown. Trademark Act Section 6, 15 U.S.C. Section 1056; TMEP sections 1213 and 1213.02(a). The wording is merely descriptive because it is the subject matter of the books. Please be advised that the disclaimer will not obviate the refusals stated above.

If the applicant has any questions or needs assistance in responding to this Office action, please telephone the assigned examining attorney.



K. Margaret Le
Trademark Attorney
Law Office 103
(703) 308-9103 ext. 205

[Typed Drawing]

Mark

CHEROKEE

Goods and Services

IC 003. US 001 004 006 050 051 052. G & S: cosmetics, namely, beauty cream, cold cream, vanishing cream, rouges, eyebrow pencils, mascara, blushes and nail polish, suntan lotion; skincare products, namely, non-medicated skin and haircare preparations

IC 016. US 002 005 022 023 029 037 038 050. G & S: paper and paper articles, cardboard and cardboard articles, printed matter, newspaper and periodicals, books, photographs, stationery

IC 028. US 022 023 038 050. G & S: toys, namely, dolls, doll clothing, doll related items, namely, doll cases, doll house furnishings and doll playsets, stuffed animals, animal figures, balloons, sports balls, playground balls and rubber action balls, play baking ovens, bath toys, play beads, bubble blowers, namely, bubble making wand and solution sets, baby care sets, children's multiple activity toys and outdoor activity games in the nature of toys for sandbox play, ball and bat games, water squirting toys, flying discs, play-ground equipment, namely, climbing units, snad boxes and swing sets, butterfly nets, toy building blocks, blocks with cases sold as units per play, Christmas stocking, Christmas tree mats; Christmas tree decorations, toy carpet sweepers, play cash registers, toy cameras, play darts, toy pegboards, children's play costume jewelry, toy drums, twirling batons. games, namely, board games, toy ironing boards, toy irons, ice skates, roller skates, jigsaw puzzles, jewelry boxes for play, costume jewelry, jumpropes, pop-up toys, playsets for a play circus, kites, marbles, marble bags, toy clocks, toy watches, toy hoops, toy figurines, toy radios, music box toys in different shapes, puppets for play, squeeze toys, toy musical instruments, toy guns, poseable toy figures for play, toy badges, plastic eggs for play, toy flashlights, manipulative puzzles, play money, play money, play coin banks, miniature play figures, play lap desk, magnetic manipulative puzzles and clocks, punching toys, pogo sticks for play, toy playhouses for children to play in and playhouse accessories, namely, toy furniture for play, toy stick horses, toy pinwheels, pool toys, play putty, play tents, play slingshots, push toys, toy purses, play coinpurses, yoyos for play, play vanities with mirrors, toy spinning tops, toy talking telephones, wind-up toys, play sewing machines and accessories, namely, play sewing containers for holding, sewing machines for play, train sets, baby and preschool multiple activity toys, toys in the nature of blocks and puzzles to take apart and put back together, printing toys, toy whistles, toy vehicles, play sets featuring shrinkable toy figures, play ride-on toys, play mats, toy cars, namely, toys that move by producing friction, such as small toy cars, electric action toys, inflatable bath toys, inflatable ride-on toys, inflatable swimming pool toys and floats, inflatable ride-on toys, toy canteens, toy lunchpail sets, mechanical action toys, gumball machine toys, toy playcases and holders. play masks, play targets, play hats, insect holders for play, clip-on figures and toys, toy chalkboards, toy playsets, namely alphabet sets, baking sets, dish sets, tea and beverage sets, play bead craft sets, housecleaning sets, dress-up sets, dishwashing sets, make-up sets, personal care playsets, trays and color playsets, play manicure sets, mirror sets, play laundry sets, barber sets, hairdressing sets, doctor and nurses sets, sewing cart sets, playsets that create a design, play craft sets, toy playsets in the nature of rubber stamp sets, play kitchen unit sers, cooking and utensil sets, construction toys and sets, play animal sets,

stain glass sets for children, camping sets, tool sets, farm sets, pail and shovel sets, gargen growing sets for play, garden tools for play, insect and bug growing sets for play, ball and jack sets, slate sets, paddle sets, play store and building sets, play food sets, crayon-holder set, ring toss toys

Mark Drawing Code
(1) TYPED DRAWING

Serial Number
75201296

Filing Date
19961118

Filed ITU
FILED AS ITU

Owner Name and Address
(APPLICANT) Cherokee Inc. CORPORATION DELAWARE 6835 Valjean Avenue Van Nuys CALIFORNIA 91406

Assignment Recorded
ASSIGNMENT RECORDED

Prior Registration(s)
1270846;1582609;1644461

Type of Mark
TRADEMARK

Register
PRINCIPAL

Live Dead Indicator
LIVE

101255
Number: 75201

Exhibit 21

To: James A. Frost DBA Frost Cutlery (trademarks@blankrome.com)
Subject: TRADEMARK APPLICATION NO. 77122071 - CHEROKEE STONEWORKS - 115042.00225
Sent: 6/4/2007 1:06:16 PM
Sent As: ECOM105@USPTO.GOV
Attachments: Attachment - 1
Attachment - 2
Attachment - 3
Attachment - 4
Attachment - 5
Attachment - 6
Attachment - 7
Attachment - 8

UNITED STATES PATENT AND TRADEMARK OFFICE

SERIAL NO: 77/122071

APPLICANT: James A. Frost DBA Frost Cutlery

77122071

CORRESPONDENT ADDRESS:
SUSAN B. FLOHR
BLANK ROME LLP
600 NEW HAMPSHIRE AVE NW
WASHINGTON, DC 20037-2403

RETURN ADDRESS:
Commissioner for Trademarks
P.O. Box 1451
Alexandria, VA 22313-1451

MARK: CHEROKEE STONEWORKS

CORRESPONDENT'S REFERENCE/DOCKET NO: 115042.00225

Please provide in all correspondence:

CORRESPONDENT EMAIL ADDRESS:
trademarks@blankrome.com

1. Filing date, serial number, mark and applicant's name.
2. Date of this Office Action.
3. Examining Attorney's name and Law Office number.
4. Your telephone number and e-mail address.

OFFICE ACTION

RESPONSE TIME LIMIT: TO AVOID ABANDONMENT, THE OFFICE MUST RECEIVE A PROPER RESPONSE TO THIS OFFICE ACTION WITHIN 6 MONTHS OF THE MAILING OR E-MAILING DATE.

MAILING/E-MAILING DATE INFORMATION: If the mailing or e-mailing date of this Office action does not appear above, this information can be obtained by visiting the USPTO website at <http://tarr.uspto.gov/>, inserting the application serial number, and viewing the prosecution history for the mailing date of the most recently issued Office communication.

Serial Number 77/122071

The assigned trademark examining attorney has reviewed the referenced application and has determined the following:

Section 2(d) - Likelihood of Confusion Refusal

Registration of the proposed mark is refused because of a likelihood of confusion with the mark in U.S. Registration No. 1663757. Trademark Act Section 2(d), 15 U.S.C. §1052(d); TMEP §§1207.01 *et seq.* See the enclosed registration.

Taking into account the relevant *Du Pont* factors, a likelihood of confusion determination in this case involves a two-part analysis. First, the marks are compared for similarities in appearance, sound, connotation and commercial impression. *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (C.C.P.A. 1973). Second, the goods or services are compared to determine whether they are similar or related or whether the activities surrounding their marketing are such that confusion as to origin is likely. *In re National Novice Hockey League, Inc.*, 222 USPQ 638 (TTAB 1984); *In re August Storck KG*, 218 USPQ 823 (TTAB 1983); *In re Int'l Tel. and Tel. Corp.*, 197 USPQ 910 (TTAB 1978); *Guardian Prods. Co., v. Scott Paper Co.*, 200 USPQ 738 (TTAB 1978); TMEP §§1207.01 *et seq.*

First, when applicant's mark is compared to a registered mark, "the points of similarity are of greater importance than the points of difference." *Esso Standard Oil Co. v. Sun Oil Co.*, 229 F.2d 37, 40, 108 USPQ 161 (D.C. Cir. 1956) (internal citation omitted). Marks may be confusingly similar in appearance where there are similar terms or phrases or similar parts of terms or phrases appearing in both applicant's and registrant's mark. *See e.g., Crocker Nat'l Bank v. Canadian Imperial Bank of Commerce*, 228 USPQ 689 (TTAB 1986), *aff'd* 1 USPQ2d 1813 (Fed. Cir. 1987) (COMMASH and COMMUNICASH); *In re Phillips-Van Heusen Corp.*, 228 USPQ 949 (TTAB 1986) (21 CLUB and "21" CLUB (stylized)); *In re Corning Glass Works*, 229 USPQ 65 (TTAB 1985) (CONFIRM and CONFIRMCELLS); *In re Collegian Sportswear Inc.*, 224 USPQ 174 (TTAB 1984) (COLLEGIAN OF CALIFORNIA and COLLEGIENNE); *In re Pellerin Milnor Corp.*, 221 USPQ 558 (TTAB 1983) (MILTRON and MILLTRONICS); *In re BASF A.G.*, 189 USPQ 424 (TTAB 1975) (LUTEXAL and LUTEX); TMEP §§1207.01(b)(ii) and (b)(iii).

Applicant's mark CHEROKEE STONEWORKS is nearly identical to the registered mark CHEROKEE (+ design). The marks share the same dominant feature, namely the word CHEROKEE. As a general rule, consumers are more inclined to focus on the first word, prefix or syllable in any trademark or service mark. *See Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772*, 396 F. 3d 1369, 1372, 73 USPQ2d 1689, 1692 (Fed. Cir. 2005); *see also Presto Prods., Inc. v. Nice-Pak Prods., Inc.*, 9 USPQ2d 1895, 1897 (TTAB 1988) ("it is often the first part of a mark which is most likely to be impressed upon the mind of a purchaser and remembered" when making purchasing decisions).

Applicant's addition of the descriptive word STONEWORKS does not significantly change the overall commercial impression of the mark. The mere addition of a term to a registered mark does not obviate the similarity between the marks nor does it overcome a likelihood of confusion under Section 2(d). *In re Chatam International Inc.*, 380 F.3d 1340, 71 USPQ2d 1944 (Fed. Cir. 2004) ("GASPAR'S ALE and "JOSE GASPAR GOLD"); *Coca-Cola Bottling Co. v. Joseph E. Seagram & Sons, Inc.*, 526 F.2d 556, 188 USPQ 105 (C.C.P.A. 1975) ("BENGAL" and "BENGAL LANCER"); *Lilly Pulitzer, Inc. v. Lilli Ann Corp.*, 376 F.2d 324, 153 USPQ 406 (C.C.P.A. 1967) ("THE LILLY" and "LILLI ANN"); *In re El Torito Rests. Inc.*, 9 USPQ2d 2002 (TTAB 1988) ("MACHO" and "MACHO COMBOS"); *In re United States Shoe*

Corp., 229 USPQ 707 (TTAB 1985) ("CAREER IMAGE" and "CREST CAREER IMAGES"); *In re Corning Glass Works*, 229 USPQ 65 (TTAB 1985) ("CONFIRM" and "CONFIRMCELLS"); *In re Riddle*, 225 USPQ 630 (TTAB 1985) ("ACCUTUNE" and "RICHARD PETTY'S ACCU TUNE"); *In re Cosvetic Laboratories, Inc.*, 202 USPQ 842 (TTAB 1979) ("HEAD START" and "HEAD START COSVETIC"); TMEP §1207.01(b)(iii).

Second, if the goods or services of the respective parties are closely related, the degree of similarity between marks required to support a finding of likelihood of confusion is not as great as would apply with diverse goods or services. *Century 21 Real Estate Corp. v. Century Life of America*, 970 F.2d 874, 877, 23 USPQ2d 1698, 1701 (Fed. Cir. 1992), *cert. denied* 506 U.S. 1034 (1992); *In re J.M. Originals Inc.*, 6 USPQ2d 1393 (TTAB 1987); *ECI Division of E-Systems, Inc. v. Environmental Communications Inc.*, 207 USPQ 443 (TTAB 1980); TMEP §1207.01(b).

Applicant's goods are "cutlery, namely collector's knives." The registrant's goods are "cutlery; namely, pocket, boot and hunting knives." The goods are highly related because they both include knives.

Applicant's use of a mark with the same overall commercial impression as the registered mark on closely related to identical goods is likely to cause confusion as to the source of the goods. Accordingly, registration of the proposed mark is refused due to a likelihood of confusion with the registered mark cited above.

Although the trademark examining attorney has refused registration, applicant may respond to the refusal to register by submitting evidence and arguments in support of registration.

Applicant should note the following additional ground for refusal.

False Association Refusal

Registration is refused because the proposed mark consists of or comprises matter which may falsely suggest a connection with the Eastern Band of the Cherokee. Although not connected with the goods or services applicant provides under the proposed mark, the Cherokee are so famous that consumers would presume a connection. Trademark Act Section 2(a), 15 U.S.C. §1052(a); TMEP §§1203.03, 1203.03(e) and 1203.03(f); *See generally University of Notre Dame du Lac v. J.C. Gourmet Food Imports Co.*, 703 F.2d 1372, 217 USPQ 505 (Fed. Cir. 1983); *In re Nuclear Research Corp.*, 16 USPQ2d 1316 (TTAB 1990); *University of Alabama v. BAMA-Werke Curt Baumann*, 231 USPQ 408 (TTAB 1986); *In re Cotter & Co.*, 228 USPQ 202 (TTAB 1985); *Buffett v. Chi-Chi's, Inc.*, 226 USPQ 428 (TTAB 1985).

The following is required for a showing of false connection under Section 2(a):

- # the mark sought to be registered is the same as or a close approximation of the name or identity of a person or institution;
- # the mark would be recognized as such;
- # the person or institution identified in the mark is not connected with the goods sold or services performed by applicant under the mark; and
- # the fame or reputation of the named person or institution is of such a nature that a connection with such person or institution would be presumed when applicant's mark is used on its goods or services.

In re Nuclear Research Corp., 16 USPQ2d 1316 (TTAB 1990); *In re Cotter & Co.*, 228 USPQ 202, 204 (TTAB 1985); *Buffett v. Chi#Chi's, Inc.*, 226 USPQ 428, 429 (TTAB 1985).

Applicant's mark CHEROKEE STONEWORKS has the name of the American Indian tribe, Cherokee, as the dominant feature of the mark. The word Cherokee is commonly recognized to refer to the American Indian tribe. See that attached Internet evidence.

If applicant's goods or services are of a type that the named person or institution sells or uses, and the named party is sufficiently famous, then it may be inferred that purchasers of the goods or services would be misled into making a false connection of sponsorship, approval, support or the like with the named party. *In re Cotter & Co.*, 228 USPQ 202 (TTAB 1985); *In re National Intelligence Academy*, 190 USPQ 570 (TTAB 1976).

The attached evidence shows that the Eastern Band of the Cherokee sells weapons, including tomahawks and flint-tipped spears. Applicant's knives fall into the category of weapons and it is likely that purchasers would infer that applicant's products are made by members of the Cherokee tribe.

Accordingly, registration of the proposed mark is refused because the mark suggests a false connection with a federally recognized Indian tribe.

Disclaimers

The Office can require an applicant to disclaim exclusive rights to an unregistrable part of a mark, rather than refuse registration of the entire mark. Trademark Act Section 6(a), 15 U.S.C. §1056(a). Under Trademark Act Section 2(e), 15 U.S.C. §1052(e), the Office can refuse registration of the entire mark where it is determined that the entire mark is merely descriptive, deceptively misdescriptive, or primarily geographically descriptive of the goods. Thus, the Office may require the disclaimer of a portion of a mark which, when used in connection with the goods or services, is merely descriptive, deceptively misdescriptive, primarily geographically descriptive, or otherwise unregistrable (e.g., generic). TMEP §1213.03(a). If an applicant does not comply with a disclaimer requirement, the Office may refuse registration of the entire mark. TMEP §1213.01(b).

A "disclaimer" is thus a written statement that an applicant adds to the application record that states that applicant does not have exclusive rights, separate and apart from the entire mark, to particular wording and/or to a design aspect. The appearance of the applied-for mark does not change.

Applicant must disclaim the descriptive wording "STONEWORKS" apart from the mark as shown because it merely describes the material composition of applicant's goods. Trademark Act Section 6, 15 U.S.C. §1056; TMEP §§1213 and 1213.03(a). The attached dictionary definitions shows that the wording STONEWORKS means that the goods are made of stone. This wording is descriptive of either the knife handles, or the knives themselves, and must be disclaimed.

The computerized printing format for the Office's *Trademark Official Gazette* requires a standardized format for a disclaimer. TMEP §1213.08(a)(i). The following is the standard format used by the Office:

No claim is made to the exclusive right to use "STONEWORKS" apart from the mark as shown.

See In re Owatonna Tool Co., 231 USPQ 493 (Comm'r Pats. 1983).

If applicant has questions about its application or needs assistance in responding to this Office action, please telephone the assigned trademark examining attorney directly at the number below.

/Pamela N Hirschman/

Trademark Examining Attorney

Law Office 105

571-272-8272 (phone)

571-273-8272 (fax)

pamela.hirschman@uspto.gov

NOTICE OF NEW PROCEDURE FOR E-MAILED OFFICE ACTIONS: In late spring 2007, for any applicant who authorizes e-mail communication with the USPTO, the USPTO will no longer directly e-mail the actual Office action to the applicant. Instead, upon issuance of an Office action, the USPTO will e-mail the applicant a notice with a link/web address to access the Office action using Trademark Document Retrieval (TDR), which is located on the USPTO website at <http://portal.uspto.gov/external/portal/tow>. The Office action will not be attached to the e-mail notice. Upon receipt of the notice, the applicant can then view and print the actual Office action and any evidentiary attachments using the provided link/web address. TDR is available 24 hours a day, seven days a week, including holidays and weekends. This new process is intended to eliminate problems associated with e-mailed Office actions that contain numerous attachments.

HOW TO RESPOND TO THIS OFFICE ACTION:

- **ONLINE RESPONSE:** You may respond using the Office's Trademark Electronic Application System (TEAS) Response to Office action form available on our website at <http://www.uspto.gov/teas/index.html>. If the Office action issued via e-mail, you must wait 72 hours after receipt of the Office action to respond via TEAS. **NOTE: Do not respond by e-mail. THE USPTO WILL NOT ACCEPT AN E-MAILED**

RESPONSE.

- **REGULAR MAIL RESPONSE:** To respond by regular mail, your response should be sent to the mailing return address above, and include the serial number, law office number, and examining attorney's name.
NOTE: The filing date of the response will be the *date of receipt in the Office*, not the postmarked date. To ensure your response is timely, use a certificate of mailing. 37 C.F.R. §2.197.

STATUS OF APPLICATION: To check the status of your application, visit the Office's Trademark Applications and Registrations Retrieval (TARR) system at <http://tarr.uspto.gov>.

VIEW APPLICATION DOCUMENTS ONLINE: Documents in the electronic file for pending applications can be viewed and downloaded online at <http://portal.uspto.gov/external/portal/tow>.

GENERAL TRADEMARK INFORMATION: For general information about trademarks, please visit the Office's website at <http://www.uspto.gov/main/trademarks.htm>

FOR INQUIRIES OR QUESTIONS ABOUT THIS OFFICE ACTION, PLEASE CONTACT THE ASSIGNED EXAMINING ATTORNEY SPECIFIED ABOVE.

DESIGN MARK

Serial Number

74028580

Status

REGISTERED AND RENEWED

Word Mark

CHEROKEE

Standard Character Mark

No

Registration Number

1663757

Date Registered

1991/11/05

Type of Mark

TRADEMARK

Register

PRINCIPAL

Mark Drawing Code

(3) DESIGN PLUS WORDS, LETTERS AND/OR NUMBERS

Owner

TAYLOR BRANDS LLC LTD LIAB CO TENNESSEE 1043 FORDTOWN ROAD KINGSPO
TENNESSEE 37663

Goods/Services

Class Status -- ACTIVE. IC 008. US 023. G & S: cutlery; namely,
pocket, boot and hunting knives. First Use: 1990/02/20. First Use In
Commerce: 1990/07/02.

Filing Date

1990/02/13

Examining Attorney

SHARPER, SAMUEL E.

Attorney of Record

Robert O. Fox

CHEROKEE



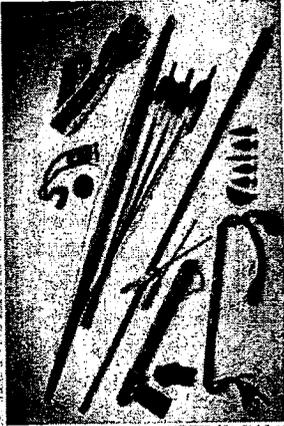


CHEROKEE

HISTORY & CULTURE : UNTO THESE HILLS : OCONALUFTEE VILLAGE : MUSEUM : QUALLA ARTS : EVENTS

- TICKETS
- YOUR VISIT
- THE PEOPLE
- BOTTLED WATER
- LINKS
- ABOUT US
- E-NEWSLETTER

Qualla Arts AND CRAFTS MUTUAL, INC.



for protecting themselves from surrounding tribes and, later, from the white man. Thus, they became expert weapon-makers. Arrows crafted from heads of flint, and eagle feathers were secured to cane shafts and shot by bows made of sycamore and hickory. These bows were carefully shaped with bear oil and seasoned by fire. Buffalo hide breast plates, shields, helmets and quivers adorned the Cherokee warriors while they wielded their stone tomahawks and flint-tipped spears. For small game hunting, the Cherokee have earned a reputation for making superior blowguns, characterized by their outstanding workmanship and accuracy. Through these rivercane tubes, the hunters would blow darts made of locust and feathered with thistle down to kill small game and birds, even at great distances.

- Stags
- Earthenware
- Baskets
- Weapons
- Pipes
- Sculpture
- Beadwork
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The American Heritage® Dictionary of the English Language: Fourth Edition. 2000.

Cherokee

SYLLABICATION: Cher-o-kee

PRONUNCIATION: chĕr'ō-kĕ', chĕr'ō-kĕ'

NOUN: Inflected forms: pl. Cherokee or Chero-kees

1a. A Native American people formerly inhabiting the southern Appalachian Mountains from the western Carolinas and eastern Tennessee to northern

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INDIANS FROM THE WESTERN CAROLINAS AND EASTERN TENNESSEE TO NORTHERN Georgia, with present-day populations in northeast Oklahoma and western North Carolina. The Cherokee were removed to Indian Territory in the 1830s after conflict with American settlers over rights to traditional lands. b. A member of this people. 2. The Iroquoian language of the Cherokee.

ETYMOLOGY: From Cherokee *tsalaki*.
OTHER FORMS: *Cher'o-kee* —ADJECTIVE

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stone·work   (stŏn'wŭrk') [Pronunciation Key](#)

- n.
1. The technique or process of working in stone.
 2. Work made of stone; stonemasonry.

stone'work'er n.

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WordNet - Cite This Source

stonework

noun
masonry done with stone

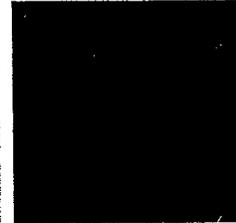
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Kernerman English Multilingual Dictionary (Beta Version) - Cite This Source

'stonework noun

construction done in stone, especially the stone parts of a building

<i>Arabic:</i> منسج خجري	<i>Japanese:</i> 石造物
<i>Chinese (Simplified):</i> 石造工程	<i>Korean:</i> 석조물, 돌 세공
<i>Chinese (Traditional):</i> 石造工程	<i>Latvian:</i> akmens būvniecība; mūris; (ceļnes) akmens daļas
<i>Czech:</i> kamenné zdivo	<i>Lithuanian:</i> akmens darbai
<i>Danish:</i> murerarbejde	<i>Norwegian:</i> murverk, steinkonstruksjon
<i>Dutch:</i> steenwerk	<i>Polish:</i> kamieniarka
<i>Estonian:</i> kivimüüritis	<i>Portuguese (Brazil):</i> obra de cantaria
<i>Finnish:</i> kivityö	<i>Portuguese (Portugal):</i> cantaria
<i>French:</i> maçonnerie	<i>Romanian:</i> zidărie
<i>German:</i> die Steinarbeit	<i>Russian:</i> каменная кладка
<i>Greek:</i> λιθοδομῆ	<i>Slovak:</i> kamenné murivo
<i>Hungarian:</i> kőfaragás	<i>Slovenian:</i> zidarsko delo
<i>Icelandic:</i> vinna við steinsmíði	
<i>Indonesian:</i> pertukangan batu	
<i>Italian:</i> (muratura in pietra)	



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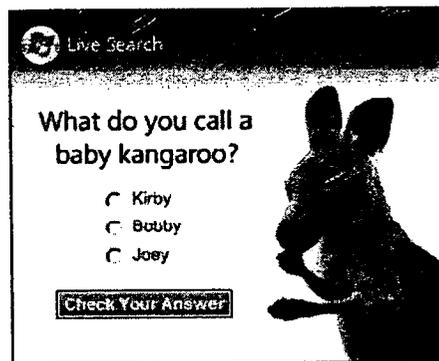
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Slovenian: zidarsko delo
Spanish: cantería
Swedish: murverk,
stenhuggeriarbete
Turkish: taş işleme

See also: [a stone's throw](#), [stoneware](#), [stony](#), [stone-cold](#), [stone-dead](#), [stone-deaf](#), [leave no stone unturned](#), [stone](#)

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Exhibit 22

ESTTA Tracking number: **ESTTA139619**

Filing date: **05/09/2007**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Notice of Opposition

Notice is hereby given that the following party opposes registration of the indicated application.

Opposer Information

Name	Cherokee Nation Enterprises, L.L.C.
Granted to Date of previous extension	05/09/2007
Address	777 West Cherokee Street Catoosa, OK 74015 UNITED STATES

Correspondence information:	Anthony J. Jorgenson Hall, Estill, Hardwick, Gable, Golden & Nelson, P.C. 320 South Boston Avenue Suite 400 Tulsa, OK 74103 UNITED STATES ajorgenson@hallestill.com Phone:918.594.0631
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Applicant Information

Application No	78831782	Publication date	01/09/2007
Opposition Filing Date	05/09/2007	Opposition Period Ends	05/09/2007
Applicant	The North-Eastern Band of Cherokee Indians 388-90 Grand Concourse #1 The Bronx, NY 10451 UNITED STATES		

Goods/Services Affected by Opposition

Class 200. All goods and services in the class are opposed, namely: Indicating membership in an Indian Tribe consisting of descendants of Cherokee Indians now living in the North-Eastern United States

Grounds for Opposition

Immoral or scandalous matter	Trademark Act section 2(a)
Deceptiveness	Trademark Act section 2(a)
False suggestion of a connection	Trademark Act section 2(a)
Priority and likelihood of confusion	Trademark Act section 2(d)
Other	The mark has not acquired sufficient distinctiveness under Trademark Act section 2(f).

Marks Cited by Opposer as Basis for Opposition

U.S. Registration No.	2961563	Application Date	04/21/2004
-----------------------	---------	------------------	------------

Registration Date	06/07/2005	Foreign Priority Date	NONE
Word Mark	CHEROKEE CASINO RESORT		
Design Mark			
Description of Mark	NONE		
Goods/Services	Class 041. First use: First Use: 2004/09/08 First Use In Commerce: 2004/09/08 Entertainment services, namely, providing golf course and gaming facilities Class 043. First use: First Use: 2004/09/08 First Use In Commerce: 2004/09/08 Resort lodging, hotel, restaurant and bar services		

U.S. Registration No.	2961562	Application Date	04/21/2004
Registration Date	06/07/2005	Foreign Priority Date	NONE
Word Mark	CHEROKEE HILLS GOLF CLUB		
Design Mark			
Description of Mark	NONE		
Goods/Services	Class 041. First use: First Use: 2004/09/08 First Use in Commerce: 2004/09/08 Entertainment services; namely, providing golf course facilities		

U.S. Application/Registration No.	NONE	Application Date	NONE
Registration Date	NONE		
Word Mark	CHEROKEE NATION ENTERPRISES		
Goods/Services	goods, entertainment services, advertising and business services		

Attachments	78405573#TMSN.jpeg (1 page)(bytes) 78405555#TMSN.jpeg (1 page)(bytes) doc060.PDF (5 pages)(261027 bytes)
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Signature	/Anthony J. Jorgenson/
Name	Anthony J. Jorgenson
Date	05/09/2007

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the matter of trademark application Serial No.: 78831782
For the mark: THE NORTH-EASTERN BAND OF CHEROKEE INDIANS
Published in the Official Gazette on: January 9, 2007

**CHEROKEE NATION ENTERPRISES,
L.L.C.**

v.

Opposition No. _____

**THE NORTH-EASTERN BAND OF
CHEROKEE INDIANS**

NOTICE OF OPPOSITION

Cherokee Nation Enterprises, L.L.C.
777 West Cherokee Street
Catoosa, OK 74015

The above-identified opposer believes that it will be damaged by registration of the mark shown in the above-identified application, and hereby opposes the same.

The grounds for opposition are as follows:

1. Opposer is a limited liability company organized under the laws of the Cherokee Nation, a federally recognized Indian Tribe.
2. Opposer is wholly owned by Cherokee Nation Businesses, L.L.C., a limited liability company organized under the laws of the Cherokee Nation, which is in turn wholly owned by the Cherokee Nation. Opposer's principal purpose is to help in the management of business affairs and/or commercial functions of the Cherokee Nation.

3. Opposer operates six casinos, two golf courses, a 236-acre horse racetrack, two convenience stores, seven retail tobacco shops, and two gift shops. Opposer employs over 2,800 persons. Twenty-five percent of Opposer's net profits are paid to the Cherokee Nation to fund governmental and other services to citizens of the Cherokee Nation.

4. The Cherokee Nation is a federally recognized Indian Tribe that provides governmental services to tribal citizens. There are approximately 109,724 citizens who live within the Cherokee Nation's Tribal Jurisdictional Service Area and approximately 268,761 citizens dispersed throughout the world.

5. Opposer has used the mark **CHEROKEE NATION ENTERPRISES** in conjunction with its goods, entertainment services and/or advertising and business services since April 4, 1996. Opposer's use of the mark **CHEROKEE NATION ENTERPRISES** in conjunction with its goods, entertainment services and/or advertising and business services directly benefits the Cherokee Nation and its citizens.

6. Opposer is also the owner of the following U.S. Trademark Registrations: Registration No. 2961563 for the mark **CHEROKEE CASINO RESORT**, issued June 7, 2005; and Registration No. 2961562 for the mark **CHEROKEE HILLS GOLF CLUB**, issued June 7, 2005 (the "Related Registrations"). The "Related Registrations" operate as prima facie and/or conclusive evidence of Opposer's ownership of the marks set forth therein in exclusive right to use same in connection with the goods and/or services listed in those registrations. 15 U.S.C. §§ 1065 and 1115(b).

7. Since its initial use of its **CHEROKEE NATION ENTERPRISES** mark and the Related Registrations, Opposer has continuously used, advertised, promoted, and offered its goods, entertainment services and/or advertising and business services under the **CHEROKEE**

NATION ENTERPRISES mark and the Related Registrations, with the result that individuals have come to know and recognize Opposer's **CHEROKEE NATION ENTERPRISES** mark and the Related Registrations and to associate the same with Opposer and/or Opposer's goods and services.

8. On information and belief, on March 8, 2006, Applicant filed an Application for Registration of the collective membership mark **NORTH-EASTERN BAND OF CHEROKEE INDIANS**. The application was assigned Serial No. 78831782, and was published for opposition in the Official Gazette of January 9, 2007, identifying the collective membership mark as "[i]ndicating membership in an Indian Tribe consisting of descendents of Cherokee Indians now living in the North-Eastern United States," in International Class 200.

9. On information and belief, Applicant's organization purports to be the same and/or similar to Opposer's services and is and/or will be advertised, promoted, and offered through the same and/or similar channels of trade and to the same general class of individuals as Opposer's services are offered under Opposer's **CHEROKEE NATION ENTERPRISES** mark and the Related Registrations. In addition, on information and belief, the purported membership of Applicant's organization constitute "Cherokee Indians," which will be the same and/or similar to the citizens (members) of the Cherokee Nation.

10. Applicant's **NORTH-EASTERN BAND OF CHEROKEE INDIANS** mark so closely resembles Opposer's **CHEROKEE NATION ENTERPRISES** mark and the Related Registrations that the registration and use of **NORTH-EASTERN BAND OF CHEROKEE INDIANS** by Applicant is likely to cause confusion, mistake and deception within the meaning of Section 2(d) of the Trademark Act of 1946 (15 U.S.C. § 1052(d)) and will result in irreparable damage and injury to Opposer.

11. Applicant's **NORTH-EASTERN BAND OF CHEROKEE INDIANS** mark so closely resembles Opposer's **CHEROKEE NATION ENTERPRISES** mark and the Related Registrations that the registration and use of **NORTH-EASTERN BAND OF CHEROKEE INDIANS** by Applicant will falsely suggest a connection with Opposer and the citizens of the Cherokee Nation in violation of Section 2(a) of the Trademark Act of 1946 (15 U.S.C. § 1052(a)) and will result in irreparable damage and injury to Opposer.

12. Applicant's **NORTH-EASTERN BAND OF CHEROKEE INDIANS** mark is misrepresentative of citizenship (membership) in the Cherokee Nation and deceptive in violation of Section 2(a) of the Trademark Act of 1946 (15 U.S.C. § 1052(a)).

13. Applicant's **NORTH-EASTERN BAND OF CHEROKEE INDIANS** mark is being used in such a manner that the registration and use of **NORTH-EASTERN BAND OF CHEROKEE INDIANS** by Applicant will bring the Opposer and Opposer's **CHEROKEE NATION ENTERPRISES** mark and the Related Registrations into disrepute in violation of Section 2(a) of the Trademark Act of 1946 (15 U.S.C. § 1052(a)) and will result in irreparable damage and injury to Opposer.

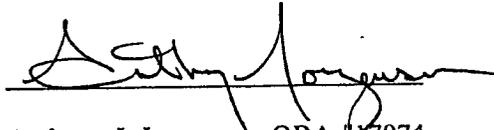
14. Applicant's **NORTH-EASTERN BAND OF CHEROKEE INDIANS** mark is not entitled to registration because Applicant's use of the **NORTH-EASTERN BAND OF CHEROKEE INDIANS** has been insufficient and therefore the mark has not acquired sufficient distinctiveness under Section 2(f) of the Trademark Act of 1946 (15 U.S.C. § 1052(f)).

15. Opposer believes that it will be damaged by the registration by Applicant of the **NORTH-EASTERN BAND OF CHEROKEE INDIANS** trademark, as set forth in Applicant's Application Serial No. 78831782, and that if registration on the opposed application is granted, and the presumptions accorded to such registration are conferred under the Trademark

Act of 1946, as amended, Applicant will receive benefits to which it is not entitled, to the damage and detriment of Opposer, and its **CHEROKEE NATION ENTERPRISES** mark and the Related Registrations.

WHEREFORE, and in view of Opposer's use of the mark **CHEROKEE NATION ENTERPRISES** and the Related Registrations to which Applicant's mark is confusingly similar thereto, Opposer prays that this opposition be sustained and that registration of the mark **NORTH-EASTERN BAND OF CHEROKEE INDIANS**, based on Applicant's Application Serial No. 78831782, filed March 8, 2006, a collective membership mark, namely, purporting to indicate membership in an "Indian Tribe" consisting of descendants of "Cherokee Indians" now living in the North-Eastern United States, in International Class 200, be refused and denied.

Respectfully submitted this 9th day of May, 2007.



Anthony J. Jorgenson, OBA #17074
**HALL, ESTILL, HARDWICK, GABLE,
GOLDEN & NELSON, P.C.**
320 South Boston, Suite 400
Tulsa, OK 74103
Telephone (918) 594-0400
Facsimile (918) 594-0505

**ATTORNEYS FOR OPPOSER,
CHEROKEE NATION ENTERPRISES,
L.L.C.**

Exhibit 23



Home About CNB Contact CNB Careers

Our Advantages

- Cherokee Nation Enterprises
- Cherokee Nation Industries
- CN Telecommunications
- Cherokee Nation Distributors
- Cherokee Personnel Services
- Cherokee CRC
- Cherokee Services Group

Cherokee Nation Enterprises

Cherokee Nation Enterprises is the gaming and hospitality a Nation. CNE owns and operates Cherokee Casino Resort, six Cherokee Casino Will Rogers Downs, three hotels, two golf other retail operations in northeast Oklahoma. CNE's casino have made northeast Oklahoma the entertainment hot spot facility offers top-notch restaurants, gaming and entertainm Vegas.



The Driving Force

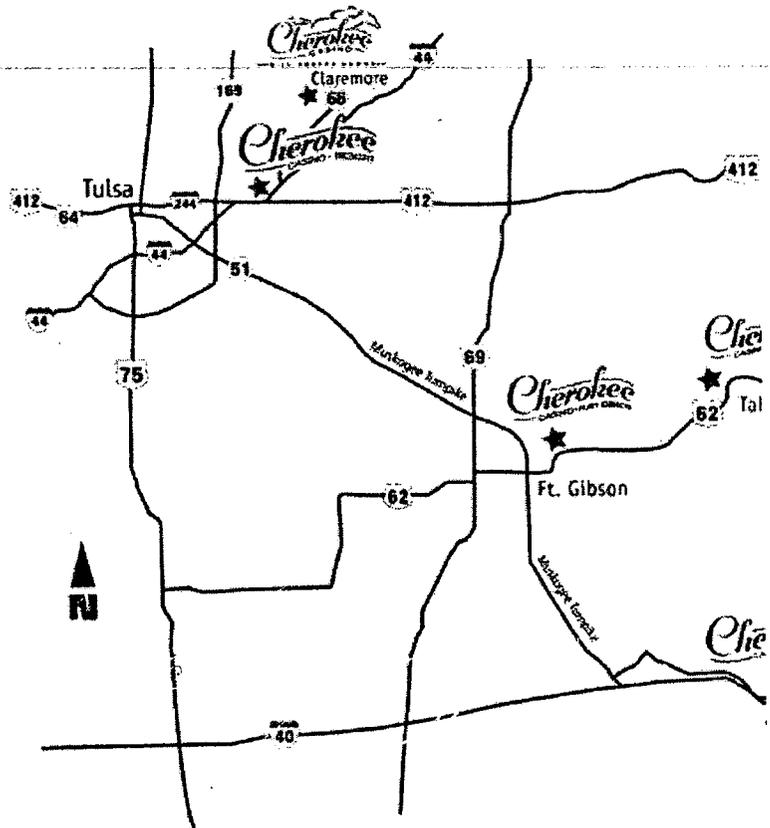
CNE is a driving force of the Cherokee Nation economy. CN than 3,200 stable jobs with competitive benefits to northea also helped the Cherokee Nation increase funding to vital se care, housing, education and many other programs.



Cherokee Nation Enterprises
777 W. Cherokee St.
Catoosa, OK 74015
(800) 760-6700

www.cherokeecasino.com

Cherokee Casino Locations



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surprises

Exhibit 24



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Promotions

Entertainment

Golf

Meetings

Motor Coach

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Local (918



Tulsa



Roland



Tahlequah



Siloam Springs



Fort Gibson



Will Rogers Downs

Exhibit 25





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North-Eastern Band of Cherokee Indians

Word Mark	NORTH-EASTERN BAND OF CHEROKEE INDIANS
Goods and Services	IC 200. US 200. G & S: Indicating membership in an Indian Tribe consisting of descendents of Cherokee Indians now living in the North-Eastern United States
Standard Characters Claimed	
Mark Drawing Code	(4) STANDARD CHARACTER MARK
Serial Number	78831782
Filing Date	March 8, 2006
Current Filing Basis	1B
Original Filing Basis	1B
Published for Opposition	January 9, 2007
Owner	(APPLICANT) The North-Eastern Band of Cherokee Indians NOT FOR PROFIT CORPORATION NEW YORK NEBCI Urban Reservation HDFC 400 East 161 Street #3C The Bronx NEW YORK 10451
Type of Mark	COLLECTIVE MEMBERSHIP MARK
Register	PRINCIPAL-2(F)
Live/Dead Indicator	LIVE

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Exhibit 26

North-Eastern Band of Cherokee Indians

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North-Eastern Band
of Cherokee Indians®



P.O. Box 101
The Bronx, New York 10456

WELCOME FROM THE *ANIYVWIYA*



A BRIEF HISTORY OF OUR ANCIENT NATIVE PEOPLE

We, the **North-Eastern Band of Cherokee Indians**, have a long history of struggle to keep our language and traditions. Although we are now far from the place and time of our ancient origin, we continue to celebrate our heritage and teach our future generations the worthy ways of our *Aniyvwiya* ancestors. Most importantly, we promote among our North-Eastern Band of Cherokee Indians the resurrection and perpetuation of our ancient culture and our beautiful Cherokee language of colorful, soft and flowing sounds

with its eighty-five characters--a set of symbols called syllabary invented by Sequoyah, a Cherokee Indian. We have limited funds to do this and are reaching out to all Americans for support and financial help in retaining this significant part of Americana.

We, the North-Eastern Band of Cherokee Indians, have been living in the New York, New Jersey, Connecticut tri-state area since our return migration after a long absence, from the southern and western Reservations in the 1930s. At that time farming was in decline and industrial job opportunities in urban areas were significantly increasing luring the Cherokee off the Reservation.

Most indigenous tribes are not called by their origin names. Many of the tribal names today were originally monikers given by neighboring tribes, usually referring to some peculiarity. Consequently a tribe had a different name in each neighboring tribal language. These names would continue to change as the early-arriving Spanish, French, Dutch and English tried to emulate the sounds of the names they heard from the various tribes.

Cherokee is a foreign word to our tribe. Our ancient tribal name is *Aniyvwiya* and it translates as "Principal People." The word Cherokee possibly came from the Choctaw language. They described the *Aniyvwiya* as "*Chilukikbi*" (people coming out of the hole, pit, or cavity, or the cave people). Corrupted delivery over time of the original Choctaw pronunciation rendered at least fifty pronunciations of the word *chilukikbi*. This word also was pronounced differently by the Principal People in their different dialects: *Tsalagi* in the *Otali* dialect (Overhill, Western Cherokee), *Jalagi* in the *Kituwah* dialect (Middle Cherokee) and *Tsaragi* in the *Elati* dialect (Lower Cherokee), which is now extinct. Today, the most recognized form of the word is Cherokee.

The Cherokee place of origin, which they occupied long before Europeans arrived, was the southern Appalachian Mountains that encompassed parts of what are now eight states: Kentucky, Tennessee, Alabama, Georgia, South Carolina, North Carolina, Virginia, and West Virginia. The total land area was estimated to be about 135,000 square miles.

Our struggle began with the arrival in May 1540 of the Spanish explorer, Hernando de Soto--the first White man ever seen by the Cherokee. He was passing through our land searching for *gold*, which began the slow decimation over several centuries of the Cherokee Indians caused by infectious disease, forced imprisonment in concentration camps, a death march from the East to the West across the Mississippi River, forced miscegenation and assimilation and many broken treaties. Twenty-seven years later, a written description of the tribe by the Spanish explorers, Sergeant Hernando Moyano de Morales and Captain Juan Pardo, made note of the wide range of racial features in the Cherokee tribe from "Negro, to light skinned and fair."



Three of seven young Cherokees, who were escorted by Sir Alexander Cuming to England in 1730 to meet King George II. The Cherokees signed articles of friendship and commerce with representatives of the British Crown. One of the Cherokees was *Oukanaekah*, later named *Attakullaculla* or the Little Carpenter.

At the time of first European contact, the Cherokee Indians were a settled agricultural people living in approximately 200 villages consisting of 30 to 60 houses and a large tribal council house. The Cherokee tribe became known among the European settlers as

"civilized" and was referred to as one of the "Five Civilized Tribes" that included the Muskogee-speaking Chickasaw, Choctaw, Creek and Seminole. All five tribes inhabited the southeastern part of America.

The Cherokee ethics are noble and ancient. Very basic to the Cherokee belief system is the premise that good is rewarded, while evil is punished. Living in harmony is a strong Cherokee ethos. Cherokee mothers parented in a way that the harmony, or natural development of their children's lives, was promoted through passive forbearance. The mothers did not parent in a way that controlled their children's development, but rather parented in a way that enhanced their children's natural development through unobtrusive, respectful behaviors like listening, observing, and being an example, or passive forbearance. Another Cherokee ethos is group support and collaboration instead of competition. Cherokee were matriarchal, matrilineal, and matrilineal *before* the European invasion.

Within 150 years of first contact, Native people lost 95% of their population from European diseases.

"Then... there came the reign of terror. From the jagged-walled stockades the troops fanned out across the Nation, invading every

hamlet, every cabin, rooting out the inhabitants at bayonet point.

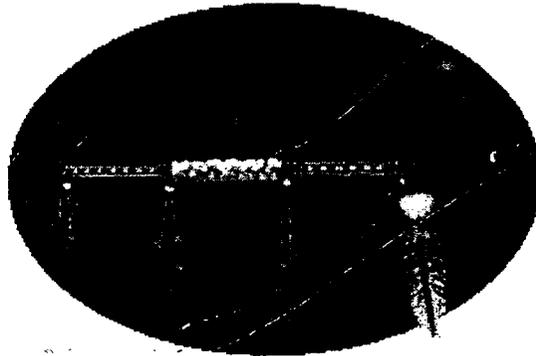
The Cherokee hardly had time to realize what was happening as

they were prodded like so many sheep toward the concentration

camps, threatened with knives and pistols, beaten with rifle butts

if they resisted."

Samuel Carter III, Author
Cherokee Sunset: A Nation Betrayed



The Rape of The Aniyvwiyah

When white men discovered gold on *our land* in 1828, they demanded from their Federal Government our removal. With Government approval, lawless men raided our land, plundering, raping and killing the *Aniyvwiya* without mercy. The United States Government passed the Indian Removal Act in 1830 during President Andrew Jackson's administration. What followed was the continual forced removal of the Cherokee from our Eastern ancestral lands that culminated in the "Trail of Tears," the five month death march West through Tennessee, Kentucky, Illinois, Missouri, and Arkansas into rugged Indian territory-- present day Oklahoma. Approximately 13,000 *Aniyvwiya* began the death march in October of 1838. Divided into 13 detachments they were led by Lt. Edward Deas, Lt. R. H. K. Whiteley, Lt. L. B. Webster, Major General Winfield Scott, which resulted in more

than 4,000 dead from hunger, disease and exhaustion.

"I saw the helpless Cherokee arrested and dragged from their homes, and driven by bayonet into the stockades. And in the chill of the drizzling rain I saw them loaded like cattle or sheep into wagons and started toward the west. Chief Ross led in prayer and when the bugle sounded and the wagons started rolling many of the children... waved their little hands goodbye to their mountain homes."

A U. S. Army Private

"We are now about to take our leave and kind farewell to our native land, the country that the Creator of Breath gave our Fathers. We are on the eve of leaving that country that gave us birth...it is with great sorrow we are forced by the white man to quit the scenes of our childhood...we bid farewell to it and all we hold dear."

*Charles Renatus Hicks (1767-1827), Tsalagi (Cherokee)
Vice Chief on the impending removal of his tribe from the
East.*

"I issued a sufficient quantity of Cotton Domestic to the Indians for Tents to protect them from the weather. I have done so in consideration of their destitute condition, as they were for the most part separated from their homes... without having the means or time to prepare...."

Lt. Edward Deas

"Spare their lives, expose them not to the killing effects of that strange climate, under the disadvantages of the present inauspicious season, without a house or shelter to cover them from the above, or any kind of furniture to raise them from the bare ground...they are naked, barefoot, and suffering from fatigue...."

Chief Going Snake

Assistant Chief George Lowry

Lewis Ross

Hair Conrad

Thomas Foreman

*(Petition to Superintendent Nathaniel Smith
to stop the march to the West)*

"They refuse shoes, clothing, and tents.... they have diarrhea and dysentery.... They are well provided with transportation and subsistence, I determined they should go on and so informed them."

Superintendent Nathaniel Smith

*(The Federal Agent petitioned by a committee
of Cherokee to stop the march to the West)*

"Thousands of Cherokee died during the Trail of Tears, nearly a quarter of the Nation. They suffered beyond imagination...and when they finally arrived in Indian Territory, they arrived almost without any children and with very few elders, in a way they arrived with no past

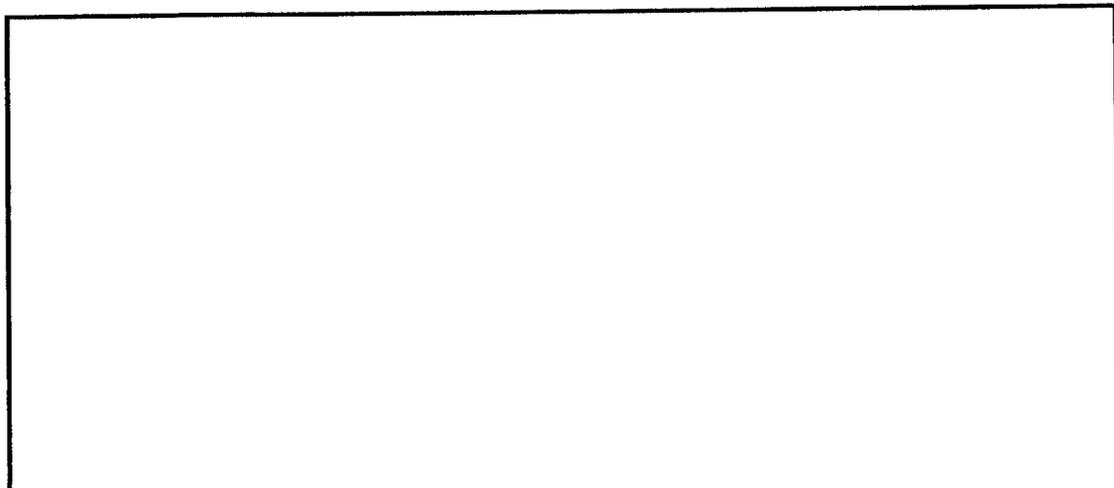
and
no future."

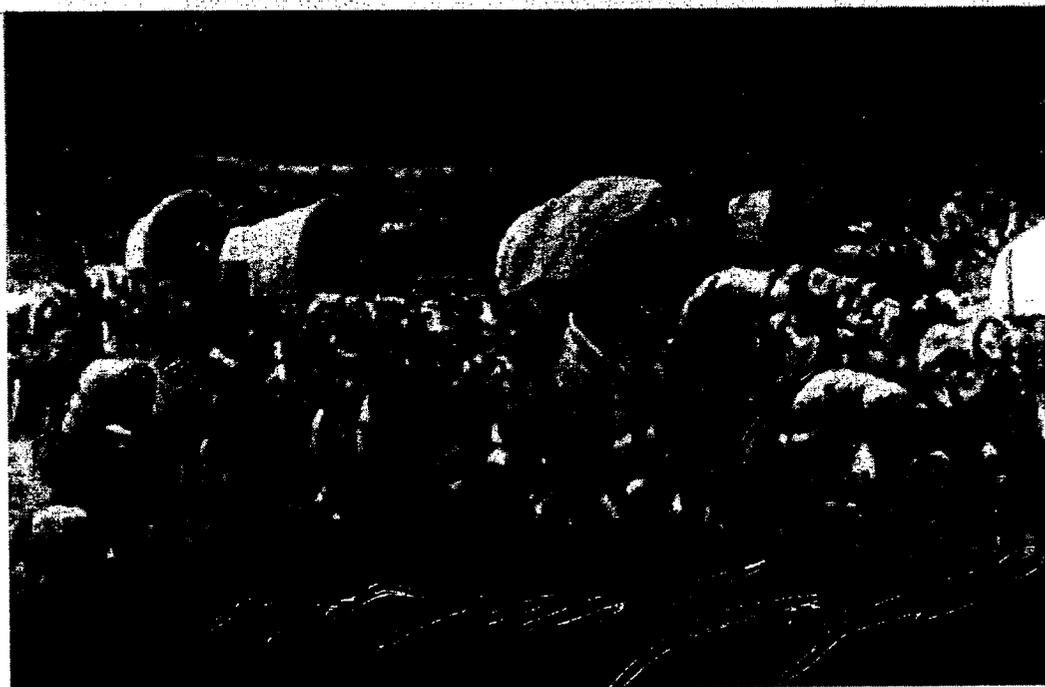
Rich-Heape Films, Inc
"Trail Of Tears: Cherokee Legacy"

After this horrific experience, those of us who survived thought there was nothing more that could be done to us. We were so naive. By 1850 there was more devastation when the families of our people were cruelly disrupted and forced to relocate to Reserves (*kanohiyvhi*). Soon many of the children were forcibly taken by the Government from their families and relocated far away to residential schools to learn the white man's "civilized" ways and assimilate.

"Many proposals have been made to us to adopt your laws, religion, your manners and your customs. We would be better pleased with your beholding the good effects of these doctrines in your own practices, than with hearing you talk about them."

*Old Tassell (Kaiyahtah Koateehee, 1728-1788),
Chief of the Tsalagi (Cherokee)*





The Trail of Tears

Painting by Robert Lindneux, Woolaroc Museum

"As long as the sun shines and the grass grows, there shall be friendship between us, and the feet of the Cherokee shall be toward the East."

Andrew Jackson

(Excerpt from a speech after his life is saved by

JUNALUSKA,

a Cherokee Warrior, at the battle of Horseshoe Bend in 1812.)

"If I had known that Jackson would drive us from our homes, I would have killed him that day at the Horseshoe."

Junaluska

(He lives to regret saving Andrew Jackson's life during the "Trail Where We Cried".)

The Assimilation of The Indian Policy

Captain Henry Pratt (1840-1924) founded and supervised the Indian boarding school system and opened the Carlisle Indian Industrial School on 6 October 1879 in Cumberland County, Pennsylvania. At this school, and others that followed, the Office of Indian Affairs had a "compulsive attendance" policy to expedite assimilation. The mission of all the boarding schools was, "Kill the Indian, and save the man." The children were stripped of their Indian identity by cutting their long hair. They were forbidden to practice *any* Native customs or to "speak Indian." Any violation of these rules was met with rapid and severe punishment.

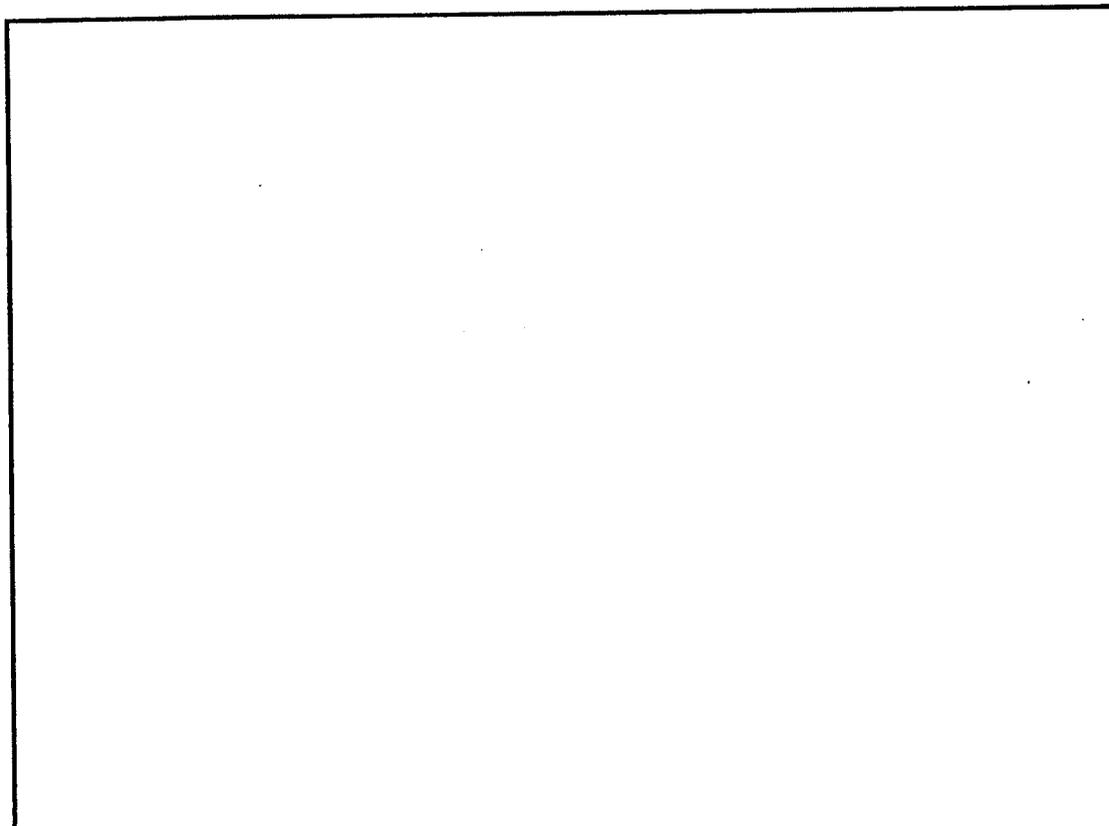
Children could not go home to visit their families, it was feared they would have to be *retrained* when they returned. During the summertime when school was not in session, the majority of these children were sent to live with white families to perform house chores and continue to learn the white man's "civilized" ways. At least half of these children did not survive the experience and those who did were left permanently scarred.

The resulting alcoholism, suicide, and the transmission of trauma to the victims' own children, led to social disintegration that can only be described as *genocidal*.

The Office of Indian Affairs used extraordinary effort to force White religion onto, and Native religious practices out of, the children. The Government viewed our religious practices as savage and, as such, these practices did not have a place in a

civilized society. Between 1880 and 1934, the Federal Government converted to Christianity as many Native people as possible. The Government allowed different Christian denominations to establish churches on the Reservations. The churches were unwanted by the Native people. The dogma of the different denominations--Catholic, Lutheran, Unitarian, Episcopal, Methodist, the Dutch Reformed and others--only confused the Native people, as each church made the same claim to be *the word!* To clear up the confusion, the Commissioner of Indian Affairs stepped in and demanded that each Indian *must* choose one!

Several generations of Native people were subjected to this experience and as a result of this *kidnapping of our culture* many Cherokee today do not know our spiritual and religious practices and cannot speak the Cherokee language.





*Student body assembled on the Carlisle Indian School Grounds.
Photo courtesy of Carlisle-www.army.mil*

All the Native adults on the Reservations lived below the poverty level, with no belief in the Federal Government's rhetorical promises of change. Some Cherokee did not want the confinement or poor living conditions of the Reservation and migrated to the northeastern urban areas in search of a better life.

Urban Indians

"City Indians," and later, "Urban Indians," the cognomens given us in the turbulent 1960s, brought us more hardship, trauma, and bias. The majority of us found ourselves in *other* ethnic communities; yet we clung to our Cherokee culture and worked hard to keep our traditions alive among our families. Leaving the Reservation and seeking a more prosperous way of life in northeastern urban areas severed our umbilical cord to our Tribe and caused the gradual loss of our traditions with the passing of each generation. Today, we have lost most of our culture, but we have *never* forgotten that we are *Aniyvwiya*hi!

In the early 1970s, after residing in the northeast for some time, *Ukuwiyuhi Okena Tsali Littlehawk of the Long Hair Clan* located and united our northeastern fragmented Cherokee family and established the **North-Eastern Band of Cherokee Indians**, with the goal "...to promote and facilitate the preservation of the [Cherokee] religion, culture, and language...." thereby creating a traditional foundation for those of Cherokee descent in the northeastern United States.

To accomplish this ongoing, difficult goal, the Tribal Council has invested thousands of dollars on the necessary operating expenses. These expenses have been paid by the Tribal Council and its member's donations, but more financial aid is needed to supplement our expenditures.

As you navigate our website, please remember our worthy goal and donate whatever amount you can. Individual donations, or a tax-deductible grant, or project funding would be truly appreciated. If you have any questions about the tribal programs we offer, please contact us at the address below or send us an email at: urbanrezhdfc7@verizon.net

PLEASE HELP US INSURE THE FUTURE OF THE ANCIENT

***CHEROKEE CUSTOMS AND LANGUAGE WITH YOUR
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HOW TO DONATE

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The Bronx, New York 10456***

North-Eastern Band of Cherokee Indians is not-for-profit and tax-exempted:

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Federal [section 501(c)(3)]
D-U-N-S #03-643-5667
New York State Registration #40-16-76

The Tribal Council

Ukuwiyuhi Okena Tsali Littlehawk, Long Hair Clan

The Long Hair Clan is also known as the Twister Clan, or Wind Clan. Those belonging to this clan wear their hair in elaborate hairdos and walk in a proud, vain manner, twisting their shoulders. The UKU (Son of the Great Sun, Principle Leader of the North-Eastern Confederated Bands) usually comes from this clan and wears a white feathered robe. Many UGV (chief's or headmen) have also been known to come from this clan, as well as

the other six. The members of the Long Hair Clan are the traditional teachers and keepers of the traditions. The clan color is white.

GreyWolf Richards, Wolf Clan

The Wolf Clan is the largest and most prominent of the Seven Cherokee Clans providing the majority of the war chiefs. Wolves are known as the protectors of the Cherokee people. The Wolf Clan is the keeper and tracker of the wolf and the only clan whose members were allowed to kill a wolf after performing sacred ceremonies. This clan is also known as a Red War Clan. The clan color is red.

Cholena Littlehawk, Bird Clan

The Bird Clan is responsible for keeping the sacred birds and feathers, as well as the bird medicines. The belief is that the birds are the messengers between the people and the Creator of Breath who gave this clan the responsibility of caring for the birds. The members of the clan were often messengers. Eagle members of this clan were the only ones who could hunt the eagle and distribute the eagle feathers. This clan color is sky blue.

Vera Christyne Stuckey, Blue Clan

The Blue or Panther Clan makes the blue medicine from a special blue plant to keep their children well. They are also known as the Wildcat Clan. The clan color is dark blue.

Elsie E. Crawford, Deer Clan

The Deer Clan is the keeper and hunter of the deer. The members are the deer hunters, trackers, tanners and seamers (seamstress). Members of the clan are known as fast runners and foot messengers, as well as hunters, and are responsible for the care of the animals that live among the tribe. This clan is also

known as the White Peace Clan. The clan color is lavender.

Philip R. Booker, Paint Clan

The Paint Clan or War Paint Clan is the clan of the shamen, sorcerers, medicine men, and priests. This is the smallest and most secretive clan. They are the "Keepers of the Sacred Flame," the Soul of the Cherokee. Those who belong to this clan make the red paint. The members were traditionally the medicine people. Medicine was often "painted" on a patient after harvesting, mixing and performing the healing ceremony. The red paint was also used for warfare and painted on the warriors and their weapons. This clan was also known as the Red War Clan. The clan color is black.

Trudy L. Cooper, Wild Potato Clan

The Wild Potato Clan is also known as the Bear Clan, Raccoon Clan or Blind Savannah Clan. They are known to gather the wild potato plants in swamps along streams to make flour or bread for food. The clan color is yellow.

We offer our sincere appreciation for allowing us to acquaint you
with us, the
North-Eastern Band of Cherokee Indians

do na da go hv yv

Edited by Charlene Smith

Tuesday 20 November 2007 13:11

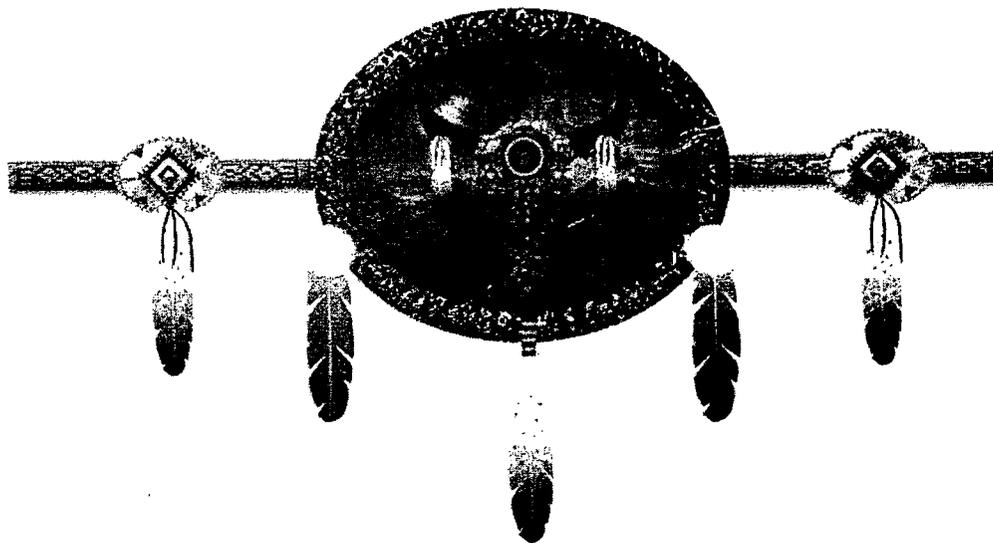


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North-Eastern Band of Cherokee Indians

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*The goals of the
North-Eastern Band of Cherokee Indian
are honest and sincere, but require
a great deal of faith, cohesion,
ambition, and sacrifice.*

*In a time of scarcity, and faithlessness,
your donations matter to the
North-Eastern Band of Cherokee Indian
and we are certainly grateful to have someone*

believes in our ambition in sustaining
Our Cherokee Way Of Life.

Seher Atamturktur

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The Pearl Family

Magayeti

Uriel Charles

Brent Gill, Esq

Mr. & Mrs. Evans

Craig Cheeseboro

Mary Bighorse Wiseman

The Office of The Bronx Borough President

Fernando Ferrer

Ann Burhardt

Timothy Head

Robert & Angela Riddle

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We have an ongoing business relationship with the following;

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E-MAIL YOUR REQUEST TO- Ukuwiyuhi@yahoo.com

Cherokee Publications
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Various Indian Peoples Publishing
www.nativelanguages.com

Native Threads
www.nativethreads.com

National Museum of the American Indian
The National Mall, Washington DC
www.AmericanIndian.si.edu

*(We, North-Eastern Band of Cherokee

Indians, have a *permanent* inscription
on the HONOR WALL. (Don't forget to look for it!)

Online Shopping Mall
**(when shopping at this site,
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Tribal Sovereign Tees
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Santa Fe NM 87505

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Franklin Mint
www.franklinmint.com

Alabama Tennessee Trail Of Tears
Motorcycle Ride (c)
www.al-tn-trailoftears.org

The Visionmaker-
Native American Public Television
www.nativetelecom.org
www.airos.org
www.visionmaker.org

National Campaign For Tolerance
Montgomery AL
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Indians, have a *permanent* inscription
on the WALL OF TOLERANCE.
DON'T FORGET TO LOOK FOR IT!)

Iron Thread
www.ironthread.com

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North-Eastern Band of Cherokee Indians

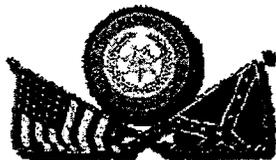
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Dates in Cherokee History



**New Orleans Reunion of Confederate Soldiers
1903**

**Last photograph of the remaining
Thomas Legion of Cherokee
Confederate Soldiers**



This page will be continually updated

2007:

***The North-Eastern Band of Cherokee Indians**

enter into building management, and buy a newly renovated building from NYC HPD/TIL that is registered as a low-income cooperative. It has been named; Urban Reservation HDFC [29 June 2007]

*The Cherokee Nation--an unregistered mark--opposes registration of our **North-Eastern Band of Cherokee Indians** mark--that has been in use since 1971.

Among the concerns they list are that we "will falsely suggest a connection with Opposer and its citizens."

They said that we are "immoral, scandalous," and our mark is "confusingly similar" to their marks:

Cherokee Nation
Cherokee Casino Resort
Cherokee Hills Golf Club
Cherokee Nation Enterprises, L.L.C.

To view the entire Cherokee Nation opposition letter go to the "Continuing The Struggle..." page and click on the "uspto" link, scroll down and click on #1, "FILED AND FEE"

You can also read our 6 page answer on the same page on this website

We will keep you updated
[9 May 2007]

*Indian People are making some money with various business ventures, and are becoming businessmen and businesswomen with the same responsibilities any business owner would have.

Indian Tribes are protecting their financial interests--as any business would--by incorporating, Trademarking and Registering their names, logos, and various enterprise with the United States Patent & Trademark Office (www.uspto.gov)

**North-Eastern Band of Cherokee Indians Logo
receives U.S.P.T.O. Registration #3,216,851
[13 March 2007]**

*In order to comply with New York State Law the
North-Eastern Band of Cherokee Indians submit
an application for, "Registration Statement for
Charitable Organizations" with the New York State
Department of Law (Office of the Attorney General)
Charities Bureau - Registration Section
[1 March 2007]

**North-Eastern Band of Cherokee Indians
receive New York State Registration
Number 40-16-76
[April 2007]**

*Several **North-Eastern Band of Cherokee Indians**
Tribal Enrollee attend the American Indian
Community House Thunderbirds Pow-Wow
at the Museum of the American Indian in
Manhattan, NYC [27 January, 21 April]

The Inwood Park Pow-Wow [29 April]

Chief Black Hawk San Carlos
Pow-Wow on The Hudson [26 May]

Queens Farm Pow-Wow [28 July]



2006:

Several North-Eastern Band of Cherokee Indians Tribal Enrollee attend the following:

Thunderbirds Pow-Wow @ the Museum of the American Indian- Manhattan NY [21 October]

Cherokee New Year Pow-Wow, Hosted by Chief Longbows Cherokee Nation of New Jersey- Camden NJ [October 7/8]

60th Annual Shinnecock Pow-Wow @ their South Hampton NY Reservation [3 September]

28th Annual Thunderbird American Indian Pow-Wow @ Queens County Farm Museum Queens NY [29 July]

Thunderbird American Indian Pow-Wow @ the Winston Prep School- Manhattan NY [28 January]

"U.S. Senate passes **H.R. 4766 the Esther Martinez Languages Preservation Act**, legislation that would support and strengthen Native American language immersion programs, including language nests, language survival schools, and language restoration programs. The legislation must now be signed by the President before becoming law."
[7 December]

"Trail Of Tears Study Act" signed by President Bush on 1 December 2006, it was both a national act of atonement and an indication of how far the country still has to go to face up to one of the most shameful episodes in U.S. history." Introduced by U.S. Rep. Zach Wamp, R-Tenn.

North-Eastern Band of Cherokee Indians Tribal Enrollee, Big Medicine Shelton [Panther Clan] passes IN State Boards and receives a LPN
[27 October]

North-Eastern Band of Cherokee Indians Tribal Enrollee, Elsie Dalonige Ahwi [Deer Clan] is hired to work in the Gift Shop @ the Museum of

The American Indian- Manhattan NY [28 July]

North-Eastern Band of Cherokee Indians
Tribal Enrollee, Big Medicine Shelton [Panther Clan]
graduates with a "Technical Certificate in Practical
Nursing" Fort Wayne IN [21 July]

North-Eastern Band of Cherokee Indians
donates 3 Cell Phones to Verizon Wireless for
"Victims of Abuse and The Elderly", to use in
emergency situations- Manhattan NY [19 April]

2005:

In order for an Indian Tribe/Nation/Band/et al/ to be considered for a grant, "All applicants must have a DUN & BRADSTREET NUMBER. On 27 June 2003 the Office of Management and Budget published in the **Federal Register** a new Federal policy applicable to all Federal grant applicants."

It seems that the Federal government is forcing all Indians to become a **business**.

[Our] D-U-N-S Number 36435667

2004:

National Museum of the American Indian
opens on the mall in Washinton DC
[21 September]

Supreme Court rules that trying a defendant
in tribal court and federal court for the same
crime is permitted

2001:

GreyWolf [Wolf Clan], begins a
Cherokee Language Course at the Martin
Luther King Jr. Center For Nonviolence
The Bronx NY [13 October]

North-Eastern Band of Cherokee Indians
Federal Tax Exemption 501(c)(3) [23 April]

Cholena Littlehawk, [Bird Clan], is honored during Womens History Month, by the Office of The Bronx Borough President on [23 March]

1999:

New York City: Native (American) Day Parade
34 Street & Broadway to Veterans Memorial Eternal Light Circle @ 23 Street & Park Avenue
Manhattan NY [9 October]

The Office of The Bronx Borough President, Fernando Ferrer, includes the **North-Eastern Band of Cherokee Indians** on a float in "The Bronx Borough Parade" [23 May]

Volunteer Recognition Award to: the **North-Eastern Band of Cherokee Indians**, by Office of The Bronx Borough President on [23 May]

1998:

Mario Rodriguez, Community Affairs Liason, of The Office of The Bronx Borough President, Fernando Ferrer, meets with the Tribal Council of the **North-Eastern Band of Cherokee Indians** [19 October]

Ukuwiyuhi Okena Tsali Littlehawk [Long Hair Clan], and **GreyWolf** [Wolf Clan],
"*... perform a celebratory 'Blessing of The Harvest' at Greenmarket Farmers Market...*"
(Union Square, NYC) at the invitation of:
*Henry Stern, Parks Commissioner,

*David Gmach, Executive Director of
The 14 Street LDC,

*Joel Patreker, Greenmarket Farmers Market
[14 September]

Responding to an article in the New York Times, "The Part Cherokee President", we laud President Clinton. We receive a letter, thanking us for our

letter, from:

Daniel W. Burkhardt
Special Assistant to the President
Director of Correspondence and
Presidential Messages

("The President is glad to have your support and hopes that you will share his best wishes with all the members of the North-Eastern Band of Cherokee Indians.") [10 November]

GreyWolf [Wolf Clan], meets with Deputy Director of The Office of The Bronx Borough President, Hermes M. Caraballo [30 June]

North-Eastern Band of Cherokee Indians receive, New York State Tax-Exemption [12 February]

1997:

The **Black Star** Newspaper debuts with an article on the **North-Eastern Band of Cherokee Indians** "The Cherokee Nation Here To Stay" [1 November]

Letter from, Senator David Rosado- District 32, responding to a letter of ours, voicing our concerns on a land base for us, and future generations of **North-Eastern Band of Cherokee Indians** [2 December]

1996:

North-Eastern Band of Cherokee Indians send a letter of encouragement to Governor Pataki for the "Native American Day" "holiday", and let him know that we will do all we can to assist him in planning a city-wide parade for this day. We also cc: Mayor Ruolph Giuliani
Manhattan Borough President Ruth Messinger
President Bill Clinton
[1 October]

New York Governor George Pataki signs into law

"Native American Day" to be celebrated on the fourth Saturday of September in New York State [8 August]

National Museum of The American Indian
accepts our newsletter, "The Sacred Fire"
Manhattan NY [11 May]

(a couple of years later, a couple of reference area workers, who themselves are Indian, decide that WE are not Indian enough to have a reference to us in their "reference area")

North-Eastern Band of Cherokee Indians
form **GALUYESTI** ("... to educate interested parties of our Rich Tribal Culture...). Some of the performances by Galuyesti include;

*St. Martins De Porres League
"Fling into Spring Country Western Style"

*The Bronx Postal Facility
"Diversity Celebration"

*Hofstra University
"The Fire and The Rose"

*Bergan Community College
"Native American Day Celebration"
performances by;
Galyesti

*B. Lynne Harlan, Executive Director of
Cultural Resources- Eastern Band of
Cherokee Indians, NC*

*Garland Eagle, Deputy Director
Cherokee Nation, OK*

*Tommy, Tammy Wildcat
Cherokee Dancers of the Fire
Cherokee, NC*

*Lehman College
"Dancing Across Cultures"

*Martin Luther King Jr. Center For Non-Violence

"5th Annual Native American Celebration"

Galuyesti

Onieda Nation, Utica NY

**River Bank State Park, NY
(many, many, many, times)*

1995:

North-Eastern Band of Cherokee Indians
Incorporated [Not-For-Profit] NYS [27 May]
*"... to promote and preserve the [Cherokee] culture,
language, and way of life..."*

1994:

President William Clinton, Issues a historic
executive memorandum;

*"Executive Memorandum: Government to
Government Relations with Native American
Tribal Governments" (excerpt: "... The United
States has a unique legal relationship with Native
American Tribal govern as set forth in the
Constitution of the United States, treaties, statutes,
and court descisions..." [29 April]*

1992:

"Native Language Act" Passed by Congress[!?!]
HR-1017

1991:

US Supreme Court ruled states to not have
jurisdiction on Reservation Highways [13 May]

1990:

Supreme Court rules that individual tribes don't have
criminal authority over members of other tribes

1978:

Supreme Court rules that Indian tribes don't have authority over non-Indians who commit crimes on tribal lands

1975:

"Indian Self Determination Act" Marks the beginning of the Federal Governments acknowledgement of **Tribal Sovereign Rights**. Education Assistance Act also passed [4 January]

1971:

Ukuwiyuhi Okena Tsali Littlehawk (Long Hair Clan) starts to coalesce the fragments of our migrated Cherokee Indian fractions here in the north-east

1970:

President Richard M. Nixon delivers a speech on Indian Affairs titled: "**Special Message on Indian Affairs**" Instituted new policies to "... Strengthen the Indian sense of autonomy without threatening his sense of community" (President Richard M. Nixon was the most supportive president of Tribal Self Government)

1968:

(American) Indian Civil Rights Act passed[!?] provides individual rights protections for tribal members, many of which mirror those in the Bill of Rights [11 April]

1961:

Cherokee awarded \$15,000,000.00 for Cherokee Outlet (and it ONLY took 68 years)

1957:

First Cherokee National Holiday

1953:

Passage of HCR 108: Termination Policy Of Indian Tribes ["... to make assimilation of Indian Tribes, and a release from Federal Jurisdiction as rapid as possible. 12 Termination Acts were passed from 1954-1962..."]

1946:

Indian Claims Commission Act created that allowed Indian Tribes to file claims against the United States [13 August]

1934:

Indian Reorganization Act passed by Congress, (aka: The Wheeler-Howard Act) permitted Tribes to form a Tribal Government, enact their own laws, create their own justice systems, and...

Incorporate as a Business Corporation

1932:

Dorothy Jaqueline Keeley is born in Norfolk VA, sang with Louis Prima starting in 1949, sang "That Old Black Magic" and won a Grammy Award. First Cherokee to win a Grammy Award, she performed at John F. Kennedy's Presidential Inauguration, was awarded the Cherokee Medal of Honor in 2002

1929:

Charles D. Curtis becomes the first person of American Indian heritage to be elected Vice President of the United States [4 March]

1924:

Indian People *granted* (unwanted) United States Citizenship

1916:

[May] The First American Indian Day was declared the fourth Friday in September

1915:

Sherman Coolidge [Arapahoe] 28 September,
Red Fox James [Blackfoot] 14 December,

on both these days, both Indian Men asked White House to have a day Honoring Indians

1907:

OK Statehood combines Indian and OK Territories and dissolves Tribal Government

1905:

Land Allotment begins after "Official" Dawes Commission Roll taken of Cherokee

1896:

Supreme Court rules that individual rights protections limiting federal and state governments in the U.S. don't apply to tribal governments

1893:

Cherokee Outlet opened for white settlement as the Dawes Commission arrives

1890:

OK Territory organized out of western half of Indian Territory

1889:

Unassigned lands in Indian Territory opened by white settlers known as "The Boomers"

1887:

General Allotment Act passed that required individual ownership of lands once held in common by Indian Tribes (Senator Henry Dawes, introduced a bill which provided for the allotment of land in severalty to Indians living on various Reservations and for the extension of legal protection by the Federal Government to the Indians. 160 acres was granted to each Indian family head and 80 acres to each single person over 18--this increased to 640 acres for each homesteaders in 1904) [8 February]

1885:

Congress passes Major Crimes Act, which expands

..... federal jurisdiction into tribal lands for seven crimes

1883:

U.S. Supreme Court rules a non-Indian court has no jurisdiction in a case in which one tribe member killed another on tribal land

1882:

"Indian Territory" in Oklahoma established
[21 July]

1879:

The Carlisle Indian Industrial School opened in Carlisle PA, with the mission to "Kill The Indian, and Save The Man" [6 October]

1865:

Stand Watie Surrenders! Stand Watie was the last Confederate General to lay down arms. Degataga, who was later known as Stand Watie, became a Confederate Army Colonel in 1861, he was charged with a Cherokee Regiment that he named, Cherokee Regiment of Mounted Rifles. He was promoted to Brigadier General on 6 May 1864, and given command of the first Indian Brigade

1862:

Homestead Act passed [20 May]

1861:

Treaty signed at Park Hill between Nation and Confederate Government

1860:

Civil War begins, Cherokee chooses Confederacy

1851:

Cherokee male, and female seminaries open

1849:

John Rollin Ridge killed a person he believed

killed his father, who was a signer of the Treaty of New Echota. The treaty resulted in the removal of the Cherokee from their homelands

1844:

Cherokee Supreme Court opens. Cherokee Advocate, first Indian newspaper in Indian Territory

1839:

The Treaty Party Leaders: Major Ridge, John Ridge, and Elias Boudinot, are assassinated by Cherokee

1838:

1838-1839: Trail Of Tears. The United States Government forces removal of over 17,000 Cherokee, in defiance of Supreme Court Decision. 4,000 Cherokee die as a result

1835:

Treaty Party signs New Echota Treaty

1832:

US Supreme Court establishes Tribal Sovereignty, protects Cherokee from GA Laws. President Andrew Jackson won't enforce the decision ("They made it, now let them enforce it!"), GA holds lottery for Cherokee Lands

1828:

Cherokee Phoenix, the first Indian newspaper published in english and Cherokee by Elias Boudinot (named Galagina at birth in 1804). Galagina attended school in Connecticut, met Elias Boudinot in what is now GA, changed his name from Galagina to the name of the man he considered a hero, Elias Boudinot. The first issue of the Cherokee Phoenix was published on 8 February 1828, and is still in publication

1827:

Cherokee Constitution established, John Ross elected Principal Chief

- 1825:**
New Echota, GA authorized as Cherokee Capitol
- 1824:**
From this year forward intermarriage with Negroes is against Cherokee law.
- 1822:**
United States Supreme Court established
- 1821:**
"Sequoyah Cherokee Syllabary" completed
- 1817:**
Treaty for land in Arkansas, in 1828 Cherokee forced to move into Indian Territory (Oklahoma)
- 1802:**
Thomas Jefferson GA Compact supporting Indian Removal



(1730-1775)

CUMNACATOGUE
(also called Standing Turkey)
Cherokee Chief

One of three Cherokee Chiefs
who traveled to London (1762)
to see King George III

1791:

Treaty of Holston, United States and the Cherokee

1785:

Treaty of Hopewell, the first treaty between the United States and the Cherokee

1784:

First Federal Indian Reservation established
[7 August]

1775:

Control over Indian Tribes declared by Continental Congress [12 July]

1750:

"Degree of Blood" law established in Virginia. Colony after colony and state after state adopted this into law--to determine who could have the privileges accorded to white persons (if you had enough "white blood" you were not a "restricted" ward of the government).

1721:

Charleston Treaty, Governor of the Carolina's and Cherokee. The first concession of land

1540:

Spanish Explorer, Hernando De Soto is discovered by the ANIYVWIYA (Later to be known as Cherokee.)



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Exhibit 31



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- [Continuing The Struggle...](#)



The amounts for the below *Support Items*, or *Donations* can be sent to us by clicking on the **PayPal Icon**.

North-Eastern Band of Cherokee Indians Tribal Enrollee can order

Non-Tribal Enrollee can order the following items:

"Continuing The Struggle"
(also, stickers @ \$4.00)

"North-Eastern Band of Cherokee Indians"
(stickers or patches)

"The Trail of Tears"
(also, stickers @ \$8.00)

Memorial Patch
(any color combo. Bumper Stickers-
only on white background @ \$7.00)

5.75" Diameter Band Seal
(red on white background)

**for each item there is a \$2.00
shipping and handling charge.**

We will contact you by e-mail
of the expected ship-date of your purchase.

Do not forget to visit the
Online Shopping Mall @
SHOP.COM

and enter CareCode: ***necherokees51609***

NEBCI® Support Items For Sa

These articles are being sold as part of a fund-raising effort to support (that is in jeopardy of being discontinued), the materials needed for Lan (which can be held more often with adequate funds), Genealogy Res

Unfortunately for us, your one-time enrollment fee was used for



4 color 4" diameter Band Seal (patch) \$2
4 color 10" diameter Band Seal (patch) \$

Wreath [Green], Cherokee Syllabary [Clan color], center of patch [Red], background
All patches below are in your Clan Color ONLY, so don't forget to include your Clan

DhG@ JhB@

* 1" X 4¼" Clan Patch in Clan color :

**4,000 DhB@ on
Ph@&L D@ET
The Trail of Tears
1/7/1838-7/12/1839**

* 2¼ X 3¾ "Trail of Tears" Pa
color \$24.00

**North-Eastern Band
of Cherokee Indians®**

* 1¼" X 4¼" Band Patch \$
* bumper stickers \$4.00

**AGIJI HESOL
2/5/1933-12/4/2003**

* 1" X 4" Memorial Patch \$
(worn to keep your loved
can also be worn as part of

**AGITLOGI EGI QUTI
2/20/1904-2/20/1979**

Pow Wows, or as every day
in Clan color (or Clan color

Continuing The Struggle...®

Let the wc
our Strug.

(the above *Continuing The Struggle...®* available in Ch



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**North-Eastern Band
of Cherokee Indians®**



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The Bronx, New York 10456**

North-Eastern Band of Cherokee Indians

**P.O. Box 101
The Bronx, NY 10456**

-or-

ukuwiyuhi@yahoo.com

-or-

urbanrezhdfc7@verizon.net

Use the above P.O. Box or e-mail addresses
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Cherokee History

Genealogical Research

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The Sacred Fire



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North-Eastern Band of Cherokee Indians

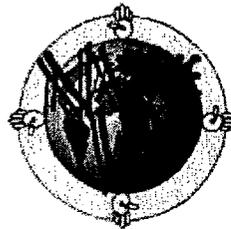
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- Crossing-Over
- The Cry
- Red Man's Words
- White Man's Words
- Indian Calendar
- Support Items
- Donor List
- Corporate Donors
- Business Relationships
- Other NDN Websites
- 7 Clans, Syllabary
- Pow Wow Pictures
- Upcoming
- NEBCI Pictures
- Preamble
- Thank You!
- Continuing The Struggle...



Continuing The Struggle...

NEBCI.ORG



Listed below are other

NDN

web-sites that you will also enjoy visiting:

***Litefoot**

www.litefoot.com

***United Keetoowah Band**

www.ukb-nsn.gov

***Cherokees of South Carolina**

<http://www.cherokeesouthcarolina.com/>

***Georgia Tribe of Eastern Cherokee**

<http://www.georgiatribeofeasterncherokee.com/>

***Western Cherokee Nation**

www.westerncherokeemnation.org

***Cherokee Indians, Inc**

www.cherokeeindians.com

***Southern Cherokee Nation of Kentucky**

www.southerncherokeemnation.net

***Eastern Band of The Cherokee Nation**

www.nc-cherokee.com

***The Cherokee Nation**

www.cherokee.org

Below are various Indian Tribal
information websites:

***Shinnecock Nation**

www.shinnecocknation.com

www.nativeweb.org

<http://redwebz.org>

www.wikipedia.com
(type in Cherokee)

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