

IN THE DISTRICT COURT OF THE CHEROKEE NATION**CHEROKEE NATION EDUCATION
CORPORATION, d/b/a CHEROKEE
NATION FOUNDATION,****Plaintiff,****v.****KIMBERLIE GILLILAND,****Defendant.****Case No. CV-16-397**

2016 AUG 17 PM 12:42

FILED

**BRIEF IN SUPPORT OF DEFENDANT'S MOTION TO DISMISS EMBEZZLEMENT
AND CONVERSION CLAIMS**

Defendant Kimberlie Gilliland ("Gilliland") submits this brief in support of her motion to dismiss Plaintiff Cherokee Nation Education Corporation's ("CNEC") embezzlement and conversion claims. In support thereof, Gilliland states:

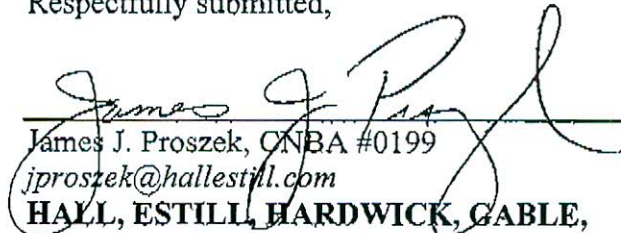
1. CNEC filed this action on July 27, 2016.
2. All of the acts CNEC alleges in the Petition occurred on or before July 13, 2013 more than two years prior to the date CNEC filed this action. *See* Petition, a copy of which is attached as Exhibit 1.
3. CNEC affirmatively alleges in the Petition that on April 24, 2014, an independent audit of CNEC was released. *Id.* at ¶ 13. CNEC further alleges that this audit report included a schedule of findings and questioned costs and that the report among other things: (1) noted that Gilliland exercised substantial control over all phases of CNEC and was able to circumvent board authority on a number of issues; (2) indicated that CNEC computers, data files and a printer had been removed from CNEC's corporate offices; and (3) questioned travel expenses paid for non-employees and checks issued to "*Cherokee Media*," a business Gilliland owned and operated.

4. These are precisely the allegations on which CNEC bases its embezzlement and conversion claims against Gilliland. The face of CNEC's petition thus shows that CNEC knew, or through the exercise of reasonable diligence should have known, of the facts on which it bases such claims, and that CNEC's embezzlement and conversion claims accrued, more than two years before CNEC filed this action.

5. 12 CNCA 12, the statute of limitations which was in effect when CNEC filed this action, required such claims filed within two years after those claims accrued.¹

6. Because CNEC filed this action more than two years after its embezzlement and conversion claims accrued, those claims are barred by the applicable statute of limitations and must be dismissed.

Respectfully submitted,



James J. Proszek, CNBA #0199

jproszek@hallestill.com

**HALL, ESTILL, HARDWICK, GABLE,
GOLDEN & NELSON, P.C.**

320 South Boston Avenue, Suite 200

Tulsa, OK 74103-3706

Telephone (918) 594-0400

Facsimile (918) 594-0505

**ATTORNEYS FOR DEFENDANT
KIMBERLIE GILLILAND**

¹ In legislation enacted July 12, 2016 and signed by the Principal Chief on July 13, 2016, the Tribal Council did amend statute of limitations for such claims from two years to five years. See Legislative Act 16-16, § 3. However, at that time, the statute of limitations on CNEC's embezzlement and conversion claims against Gilliland had already expired. Moreover, Act 16-16 specifically provides that it does not become effective until 30 days after its passage and approval. *Id.* at § 7. The effective date of the amendment was therefore not until August 12, 2016, two weeks after this action was filed. CNEC's embezzlement and conversion claims are therefore subject to the two-year statute of limitations in 12 CNCA § 12 as it previously existed.

CERTIFICATE OF SERVICE

I, the undersigned, do hereby certify that on this 17 day of August 2016, a true and correct copy of the above and foregoing instrument was sent by U.S. Mail, with proper postage thereon fully paid, to:

Ralph F. Keen II
KEEN LAW OFFICE, P.C.
205 W. Division
Stilwell, OK 74960

2801208.1-411365:01951

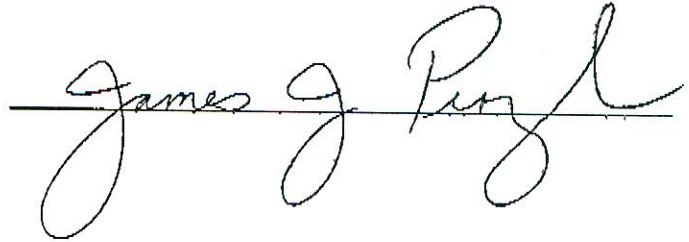
A handwritten signature in cursive script, reading "James J. Pugh", is written over a horizontal line.

Exhibit 1

IN THE DISTRICT COURT OF THE CHEROKEE NATION

FILED

2016 JUL 27 AM 9:15

CHEROKEE NATION EDUCATION
CORPORATION, d/b/a CHEROKEE
NATION FOUNDATION,
Plaintiff,

vs.

KIMBERLIE GILLILAND,
Defendant.

Case No.

Judge

CV-16-397
CHEROKEE NATION
DISTRICT COURT
WALKER COUNTY
CLERK

**PETITION FOR BREACH OF FIDUCIARY DUTY,
EMBEZZLEMENT AND CONVERSION**

COMES NOW the plaintiff, Cherokee Nation Education Corporation, who for its cause of action against the named defendant does allege and state as follows:

GENERAL ALLEGATIONS RELATING TO ALL COUNTS

1. Plaintiff, Cherokee Nation Education Corporation d/b/a Cherokee Nation Foundation (hereinafter "Foundation"), is a non-profit 501(c)(3) corporation, wholly owned by, and incorporated under the laws of the Cherokee Nation, with its principal place of business located in Tahlequah, Oklahoma.

2. The primary mission of the Foundation is to provide higher-education opportunities to qualifying Cherokee students as a means of reaching their full academic potential. Article I, Section 1.5 of the Foundation bylaws provides that the corporation is not organized for pecuniary profit, and no part of the net earnings of the corporation shall inure to the benefit of any private member or individual.

3. Defendant, Kimberlie Gilliland, is a citizen of the Cherokee Nation.

4. Pursuant to Article VIII, Section 6 of the Cherokee Nation Constitution, this

Court has general jurisdiction to hear and resolve disputes arising under the laws and constitution of the Cherokee Nation, both in law and equity, whether criminal or civil in nature.

5. On December 22, 2008, Principal Chief Chad Smith endorsed a Council resolution confirming the nomination and appointment of defendant to serve on the Foundation Board of Directors for a term of four years.

6. Defendant served on the Foundation Board of Directors, including a partial term as President, until her voluntary resignation on October 5, 2009, when she assumed the duties and responsibilities as Executive Director of the Foundation.

7. Under the Foundation bylaws, the Executive Director has the affirmative duty to cause to be deposited all monies, drafts and checks in the name of, and to the credit of the corporation in such banks and depositories as a majority of the whole Board of Directors shall designate.

8. Under the Foundation bylaws, the Executive Director has the affirmative duty to render to the President and the Directors, whenever required, an account of all transactions by, and/or the financial conditions of the corporation.

9. Under the Foundation bylaws, the Executive Director has the affirmative duty to be the administrator of the corporation and be charged with the responsibility of managing the business of the corporation in the role of the chief executive officer and shall perform such other duties as may be prescribed by the Board of Directors or the President.

10. Under the Foundation bylaws, the Executive Director is granted authority to sign checks, receipts, deposit funds, enter into contracts, modify or cancel contracts, on behalf of the Board of Directors, not to exceed the amount of \$5,000.00.

11. The above-described duties and responsibilities of the Executive Director created

an affirmative fiduciary relationship between plaintiff and defendant, relating to all of plaintiff's business matters and general operations.

12. This fiduciary relationship continuously existed from defendant's assumption of the duties and responsibilities as Executive Director up until her final departure from plaintiff's employment in July of 2013.

13. On April 24, 2014, an independent audit of the Foundation was released. The audit report included a schedule of findings and questioned costs. The findings noted the defendant "*exercised substantial control over all phases of the organization and was able to circumvent board authority on a number of issues.*" The report indicated that Foundation computers, data files and a printer had been removed from the corporate offices. The report further questioned travel expenses paid for non-employees and checks issued to "*Cherokee Media*," a business owned and operated by defendant.

COUNT 1
BREACH OF FIDUCIARY DUTY - EMBEZZLEMENT
(Unauthorized Pay Increases - \$64,676.35)

14. Plaintiff incorporates by reference paragraphs 1 through 13 above as if fully set forth herein.

15. In 2009, Foundation and defendant entered into a contract beginning on August 5, 2009, and ending on December 31, 2009, for defendant to assume the duties and responsibilities of executive director as an independent contractor. Said contract provided that Foundation would pay defendant \$3,000.00 per month, not to exceed \$36,000.00, and that defendant was not eligible for federal, state, social security, workers' compensation or unemployment benefits, and that defendant was responsible for all federal and state taxes as a result of payments from Foundation.

16. On or about January 11, 2010, Foundation and defendant executed a contract amendment extending the 2009 contract at a rate of \$3,000.00 per month until new performance criteria and compensation could be agreed upon.

17. In March of 2010, the Foundation Board approved a new contract with the defendant for 40 hours per week for a term of one calendar year, retroactive to January 11, 2010, in an amount not to exceed \$72,000.00, or \$6,000.00 per month. The new contract was memorialized on April 2, 2010, in a written agreement stating that defendant was to continue the duties and responsibilities as executive director as an independent contractor and that defendant was responsible for all taxes owed as a result of payments from Foundation.

(January - August 2011 Pay Increase)

18. From January 2011 through August 2011 payroll was processed in-house by defendant, during which time she paid herself approximately \$54,000.00, or \$6,750.00 per month, as "*Director*." No Board approval was granted for the pay rate increase or transitioning defendant from a contract employee to a payroll employee. For this time period defendant wrongfully paid herself \$6,000.00 in excess of her 2010 approved contract rate.

19. In the Fall of 2011, defendant contracted a private company, Paychex, for Foundation's payroll services. Defendant set up the account with her to have exclusive payroll reporting authority, and final approval of all paychecks. In September 2011, Paychex began withholding federal, state, and social security taxes for defendant and another contract employee, Heather Sourjohn, who had previously been responsible for her own taxes as a contract employee.

(September 2011 Pay Increases)

20. In September 2011, Paychex records establish that defendant's monthly earnings

increased to \$7,224.24 per month; said amount being \$1,224.24 over her approved monthly contract rate in 2010. As a direct result of defendant's unauthorized pay increase, from September 2011 through December 2011, defendant wrongfully paid herself \$4,896.96 in excess of her 2010 approved contract rate.

21. In September 2011, Paychex records further establish that Heather Sourjohn's monthly earnings increased to \$4,114.78 per month; said amount being \$714.78 over her 2010 monthly rate of \$3,400.00 previously approved by Foundation. As a result of defendant's unauthorized pay increase benefitting Heather Sourjohn, Ms. Sourjohn wrongfully received \$2,859.12 from September 2011 through December 2011, in excess of her 2010 approved rate.

(2012 Pay Increases)

22. Paychex records and Foundation's 2012 W-2 earnings statement for calendar year 2012 establish that defendant's yearly earnings increased to \$89,161.64, which was \$17,161.64 over her approved contract rate in 2010. As a direct result of defendant's unauthorized pay increase, she wrongfully received pay of \$17,161.64 in 2012 in excess of her 2010 approved contract rate.

23. Paychex records and Foundation's 2012 W-2 earnings statement for calendar year 2012 further establish that Heather Sourjohn's yearly earnings increased to \$50,784.69, which was \$9,948.69 over her approved 2010 rate of \$40,800.00 previously approved by Foundation. As a result of defendant's unauthorized pay increase benefitting Heather Sourjohn, Ms. Sourjohn wrongfully received \$9,948.69 in 2012 in excess of her approved 2010 contract rate.

24. On January 28, 2013, Foundation and defendant entered into a Severance Agreement which provided that defendant would receive \$74,500.00, less taxes and other withholdings. This amount was intended to reflect one-year's salary for defendant at that time.

The agreement further allowed defendant to remain on Foundation's payroll at her "base salary" until her final day of employment on July 12, 2013, at 5:00 p.m. Per the Severance Agreement, defendant received \$74,500.00 less social security, Medicare, federal, and state withholdings on January 31, 2013.

(January 2013 Pay Increases)

25. In January 2013, Paychex records establish that defendant received \$7,908.18; said amount being \$1,908.18 over her approved monthly contract rate in 2010. As a result of defendant's unauthorized pay increase, defendant wrongfully paid herself \$1,908.18 in excess of her 2010 approved contact rate.

26. In January 2013, Paychex records further establish that Heather Sourjohn received \$4,407.00; said amount being \$1,007.00 over her approved 2010 monthly rate. As a result of defendant's unauthorized pay increase benefitting Heather Sourjohn, Ms. Sourjohn wrongfully received \$1,007.00 in excess of her approved 2010 rate.

(February 2013 - June 2013 Pay Increases)

27. On January 31, 2013, Paychex records establish defendant wrongfully increased her monthly rate from \$7,908.18 to \$8,072.26; and increased Ms. Sourjohn's monthly rate from \$4,407.00 to \$4,612.24.

28. From February 2013 to June 2013 defendant received \$40,361.30; said amount being \$10,361.30 over her approved 2010 contract rate. As a result of defendant's unauthorized pay increase, she wrongfully paid herself \$10,361.30 in excess of her approved 2010 contact rate.

29. From February 2013 to July 12, 2013, Heather Sourjohn received \$23,061.20 which was \$6,061.20 over her approved 2010 rate. As a result of defendant's unauthorized pay

increase benefitting Heather Sourjohn, Ms. Sourjohn wrongfully received \$6,061.20 in excess of her approved 2010 rate.

(July 2013 Overpayment)

30. Defendant's last day per the Severance Agreement was Friday, July 12, 2013, at 5:00 p.m. Due to the pay cycle ending on July 10 defendant should have received two days additional pay on her last paycheck, which under the approved 2010 contract rate, should have been \$600.00. However, defendant wrongfully paid herself \$8,072.26, a full month's salary at her unauthorized rate for July; said amount being \$4,472.26 over her approved 2010 contract rate. As a result of defendant's unauthorized pay increase, she wrongfully paid herself \$4,472.26 in excess of her approved 2010 contract rate.

31. Foundation was the rightful owner and possessor of these funds and defendant's wrongful acts caused Foundation to be permanently dispossessed of the funds and converted to the personal use and benefit of her and others without Foundation's consent; said acts constitute embezzlement and/or conversion of funds.

32. Defendant's acts of embezzlement and/or conversion were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

33. As a direct and proximate result of defendant's breach of fiduciary duty through embezzlement and/or conversion, Foundation has suffered monetary damages relating to Count 1 in the amount of \$64,676.35.

COUNT 2
BREACH OF FIDUCIARY DUTY - EMBEZZLEMENT
(College Tuition - \$21,000.00)

34. Plaintiff incorporates by reference paragraphs 1 through 33 above as if fully set forth herein.

35. During the time frame of January 2011 through April 2013, by defendant's direct actions, in excess of \$21,000.00 of Foundation funds were used to pay North Park University, an Evangelical Covenant Church seminary and private university located in Chicago, Illinois, for tuition and expenses related to defendant's enrollment in the school's online master's program. Over the course of time the defendant allegedly earned (or has represented to third parties that she has earned), a Masters Degree in Nonprofit Management, and a graduate certificate on nonprofit fundraising.

36. On or about May 8, 2013, an additional \$4,240.00 of Foundation funds were paid to North Park University for tuition and expenses for the 2013 summer semester. This course work could only have been completed after defendant's predetermined last day of employment of July 12, 2013 as contained in her severance agreement executed on January 28, 2013.

37. Foundation was the rightful owner and possessor of these monies and defendant's wrongful acts caused Foundation to be permanently dispossessed of the monies and converted to the her personal use and benefit without Foundation's consent; said acts constitute embezzlement of funds.

38. Defendant's acts of embezzlement were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

39. As a direct and proximate result of defendant's breach of fiduciary duty through embezzlement, Foundation has suffered monetary damages relating to Count 2 in the amount of \$21,000.00.

COUNT 3
BREACH OF FIDUCIARY DUTY - EMBEZZLEMENT
(Cherokee Media - \$6,488.00)

40. Plaintiff incorporates by reference paragraphs 1 through 39 above as if fully set forth herein.

41. Defendant and her husband, Andrew Sikora, own and operate a private business, Cherokee Media, Ltd., a/k/a Cherokee Media Limited (hereinafter "*Cherokee Media*"). Defendant's résumé asserts that she has served as president of Cherokee Media since 2002.

42. In July of 2009 defendant was advised in writing by the office of the Cherokee Nation Attorney General that the Foundation Executive Director was deemed an officer under the Cherokee Nation Sunshine Ethics Act, and as such, Foundation was prohibited from entering into any contractual relationships with businesses to which she had a pecuniary interest in.

43. During the time frame of February 24, 2012, through August 8, 2012, a total of \$5,500.00 of Foundation funds were paid to defendant's husband, Andrew Sikora for "*supplies*" and "*equipment rental/film and supplies/deposit.*" The 2012 Foundation "*Program Report*" prepared by the defendant contained information about the Foundation's so-called "*partnership*" with Cherokee Media.

44. On or about June 12, 2013, \$988.00 of Foundation funds was paid directly to Cherokee Media. Foundation was the rightful owner and possessor of these monies and defendant's wrongful acts caused Foundation to be permanently dispossessed of the monies and converted to the her personal use and benefit without Foundation's consent; said acts constitute

embezzlement of funds.

45. Defendant's acts of embezzlement were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

46. As a direct and proximate result of defendant's breach of fiduciary duty through embezzlement, Foundation has suffered monetary damages relating to Count 3 in the amount of \$6,488.00.

COUNT 4
BREACH OF FIDUCIARY DUTY
CONVERSION OF FOUNDATION SCHOLARSHIP FUNDS
("Student A" - \$4,500.00)

47. Plaintiff incorporates by reference paragraphs 1 through 46 above as if fully set forth herein.

48. Defendant unilaterally awarded a total of \$4,500.00 in Foundation Gammon Scholarship funds to "Student A," for academic years 2011-2013, with the final \$1,500.00 payment being made on January 28, 2013, the same day defendant executed her severance agreement with the Foundation.

49. These funds were awarded in direct violation of Foundation policies and procedures; to wit: 1) "Student A" neither made an application, nor went through the competitive scholarship selection process to be awarded said funds; 2) the funds were paid for attendance at the University of Hawaii at Hilo, a direct violation of the Gammon Scholarship endowment criteria which is restricted to individuals attending college within the continental United States; and, 3) "Student A" was enrolled in a certificate program to acquire a Certificate in Indigenous

Language and Culture Revitalization, a direct violation of the Gammon Scholarship endowment criteria which is restricted to individuals pursuing a course of study that will result in a bachelor's or higher degree.

50. Plaintiff is informed and believes that the scholarship monies wrongfully paid by defendant to "Student A" was in fact an act of unethical political patronage to indirectly benefit former Principal Chief Chadwick Smith. Chief Smith's level of knowledge or complicity in these wrongful acts (if any) is, as of the time of the filing of this petition, unclear.

51. Foundation was the rightful owner and possessor of these monies and defendant's wrongful acts caused Foundation to be permanently dispossessed of the monies to the use and benefit of a third-party without Foundation's consent; said acts constitute a conversion.

52. Defendant's acts of conversion were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

53. As a direct and proximate result of defendant's breach of fiduciary duty through conversion, Foundation has suffered monetary damages relating to Count 4 in the amount of \$4,500.00.

COUNT 5
BREACH OF FIDUCIARY DUTY
CONVERSION OF FOUNDATION SCHOLARSHIP FUNDS
(*"Student B"* - \$10,000.00)

54. Plaintiff incorporates by reference paragraphs 1 through 53 above as if fully set forth herein.

55. Defendant unilaterally awarded a total of \$10,000.00 in Foundation Cherokee Nation Businesses scholarship funds to "Student B" for academic years 2011-2013.

56. These funds were awarded in direct violation of Foundation policies and procedures, to wit: 1) "Student B" neither made an application, nor went through the competitive scholarship selection process to be awarded any scholarship funds for the 2011-2012 academic year, yet was unilaterally awarded \$5,000.00 by defendant; and, 2) "Student B" did not satisfy the academic requirements for the Cherokee Nation Business scholarship for the 2012-2013 academic year, yet was unilaterally awarded \$5,000.00 by defendant. These funds were paid to "Student B" to the exclusion of four other 2012-2013 applicants who satisfied all scholarship criteria, but went completely unfunded.

57. Foundation was the rightful owner and possessor of these monies and defendant's wrongful acts caused Foundation to be permanently dispossessed of the monies to the use and benefit of a third-party without Foundation's consent; said acts constitute a conversion.

58. Defendant's acts of conversion were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

59. As a direct and proximate result of defendant's breach of fiduciary duty through conversion, Foundation has suffered monetary damages relating to Count 5 in the amount of \$10,000.00.

COUNT 6
BREACH OF FIDUCIARY DUTY
CONVERSION OF FOUNDATION SCHOLARSHIP FUNDS
(*"Student C"* - \$5,606.73)

60. Plaintiff incorporates by reference paragraphs 1 through 59 above as if fully set forth herein.

61. Defendant unilaterally awarded a total of \$5,606.73 in Foundation Gammon Scholarship funds to "Student C," for academic years 2011-2013.

62. These funds were awarded in direct violation of Foundation policies and procedures, to wit: 1) "Student C" did not submit a timely scholarship application, nor did she go through the competitive scholarship selection process to be awarded said funds; and, 2) the funds were further paid in direct violation of the Gammon Scholarship endowment criteria which is restricted to individuals possessing a minimum of one-fourth (1/4) Cherokee blood quantum.

63. Foundation was the rightful owner and possessor of these monies and defendant's wrongful acts caused Foundation to be permanently dispossessed of the monies to the use and benefit of a third-party without Foundation's consent; said acts constitute a conversion.

64. Defendant's acts of conversion were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

65. As a direct and proximate result of defendant's breach of fiduciary duty through conversion, Foundation has suffered monetary damages relating to Count 6 in the amount of \$5,606.73.

COUNT 7
BREACH OF FIDUCIARY DUTY
CONVERSION OF FOUNDATION SCHOLARSHIP FUNDS
(*"Student D"* - \$2,550.81)

66. Plaintiff incorporates by reference paragraphs 1 through 65 above as if fully set forth herein.

67. On or about January 3, 2011, defendant unilaterally awarded \$1,500.00 in Foundation Gammon Scholarship funds to "Student D," and further extended to her a zero-interest student loan in the amount of \$2,050.81.

68. These funds were awarded and loaned in direct violation of Foundation policies and procedures in that "Student D" neither made an application, nor went through the competitive scholarship selection process to be awarded or loaned said funds.

69. Foundation was the rightful owner and possessor of these monies and defendant's wrongful acts caused Foundation to be permanently dispossessed of the monies to the use and benefit of a third-party without Foundation's consent; said acts constitute a conversion.

70. Defendant's acts of conversion were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

71. As a direct and proximate result of defendant's breach of fiduciary duty through

conversion, Foundation has suffered monetary damages relating to Count 7 in the amount of \$3,550.81.

COUNT 8
BREACH OF FIDUCIARY DUTY - EMBEZZLEMENT
(Colorado Family Trip for Four - \$1,300.00)

72. Plaintiff incorporates by reference paragraphs 1 through 71 above as if fully set forth herein.

73. During a period from January 24, 2012, through January 29, 2012, defendant wrongfully expended Foundation funds for her own personal use and benefit, and for the use and benefit of her husband, Andrew Sikora, and for use and benefit of her two minor children, S.S. and S.S., by purchasing meals, hotel lodging, toll road usage, fuel, utilizing a Foundation vehicle and other travel expenses for an apparent all-expense-paid family trip to Golden, Colorado occurring on January 24 - 29, 2012.

74. Foundation was the rightful owner and possessor of these funds and defendant's wrongful acts caused Foundation to be permanently dispossessed of the funds and converted to her personal use and benefit without Foundation's consent; said acts constitute embezzlement of funds.

75. Defendant's acts of embezzlement were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

76. As a direct and proximate result of defendant's breach of fiduciary duty through embezzlement, Foundation has suffered monetary damages relating to Count 8 in the amount of

\$1,300.00.

COUNT 9
BREACH OF FIDUCIARY DUTY - EMBEZZLEMENT
(California Family Trip for Four - \$3,800.00)

77. Plaintiff incorporates by reference paragraphs 1 through 76 above as if fully set forth herein.

78. During a period from January 24, 2012, through February 14, 2012, defendant wrongfully expended Foundation funds for her own personal use and benefit, and for the use and benefit of her husband, Andrew Sikora, and for use and benefit of her two minor children, S.S. and S.S., by purchasing roundtrip airlines tickets, car rental, hotel lodging, meals, fuel, and other travel expenses for an apparent all-expense-paid family trip to Los Angeles, California occurring on February 9 - 13, 2012.

79. Foundation was the rightful owner and possessor of these funds and defendant's wrongful acts caused Foundation to be permanently dispossessed of the funds and converted to her personal use and benefit without Foundation's consent; said acts constitute embezzlement of funds.

80. Defendant's acts of embezzlement were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

81. As a direct and proximate result of defendant's breach of fiduciary duty through embezzlement, Foundation has suffered monetary damages relating to Count 9 in the amount of \$3,800.00.

COUNT 10
BREACH OF FIDUCIARY DUTY - EMBEZZLEMENT
(Texas Trip - American Girl Packages - \$300.00)

82. Plaintiff incorporates by reference paragraphs 1 through 81 above as if fully set forth herein.

83. During a period from May 17, 2012, through May 19, 2012, defendant wrongfully expended Foundation funds for her own personal use and benefit, and for the use and benefit of Foundation employee Heather Sourjohn, and their two minor daughters by purchasing two "American Girl" room packages (containing American Girl doll beds, pink balloons, pink bath linens, milk & cookies) during a trip to Texas.

84. Foundation was the rightful owner and possessor of these funds and defendant's wrongful acts caused Foundation to be permanently dispossessed of the funds and converted to her personal use and benefit without Foundation's consent; said acts constitute embezzlement of funds.

85. Defendant's acts of embezzlement were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

86. As a direct and proximate result of defendant's breach of fiduciary duty through embezzlement, Foundation has suffered monetary damages relating to Count 10 in the amount of \$300.00.

COUNT 11
BREACH OF FIDUCIARY DUTY - EMBEZZLEMENT
(*Queen Mary Paranormal Birthday Experience - \$2,500.00*)

87. Plaintiff incorporates by reference paragraphs 1 through 86 above as if fully set forth herein.

88. During a period from July 16, 2012, through August 13, 2012, defendant wrongfully expended Foundation funds for her own personal use and benefit, and for the use and benefit of her husband, Andrew Sikora, by purchasing airlines tickets, airport parking (including a \$125.00 car wash fee), car rental, hotel lodging (including two nights on the Queen Mary ship, room A185, purportedly known for its "*Paranormalistic*" activity), personal souvenirs, meals (including multiple purchases of alcoholic beverages), fuel and other travel related expenses, for an apparent all-expense-paid trip to Long Beach, California beginning on August 9, and continuing through defendant's birthday of August 13, 2012.

89. Foundation was the rightful owner and possessor of these funds and defendant's wrongful acts caused Foundation to be permanently dispossessed of the funds and converted to her personal use and benefit without Foundation's consent; said acts constitute embezzlement of funds.

90. Defendant's acts of embezzlement were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

91. As a direct and proximate result of defendant's breach of fiduciary duty through embezzlement, Foundation has suffered monetary damages relating to Count 11 in the amount of

\$2,500.00.

COUNT 12
BREACH OF FIDUCIARY DUTY - EMBEZZLEMENT
(Portland Trip - \$475.00)

92. Plaintiff incorporates by reference paragraphs 1 through 91 above as if fully set forth herein.

93. During a period from July 16, 2012, through August 18, 2012, defendant wrongfully expended Foundation funds for her own personal use and benefit, and for the use and benefit and of her husband, Andrew Sikora, by purchasing unauthorized airlines tickets and personal souvenirs during a trip to Portland, Oregon occurring on August 15 - 18, 2012.

94. Foundation was the rightful owner and possessor of these funds and defendant's wrongful acts caused Foundation to be permanently dispossessed of the funds and converted to her personal use and benefit without Foundation's consent; said acts constitute embezzlement of funds.

95. Defendant's acts of embezzlement were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

96. As a direct and proximate result of defendant's breach of fiduciary duty through embezzlement, Foundation has suffered monetary damages relating to Count 12 in the amount of \$475.00.

COUNT 13
BREACH OF FIDUCIARY DUTY - EMBEZZLEMENT
(*Cara Cowan Watts Dallas Trip - \$1,200.00*)

97. Plaintiff incorporates by reference paragraphs 1 through 96 above as if fully set forth herein.

98. During a period from April 26, 2013, through April 28, 2013, defendant wrongfully expended Foundation funds for her own personal use and benefit, and for the use and benefit of a non-Foundation employee, (former) District 5 Cherokee Nation Tribal Councilor Cara Cowan Watts, by purchasing hotel lodging (including \$100.00 in pet fee charges) and extravagant meals (including multiple purchases of alcoholic beverages and \$72.00 for two bottles of wine), during a purported Foundation business trip to Dallas, Texas occurring on April 26 - 28, 2013.

99. Foundation was the rightful owner and possessor of these funds and defendant's wrongful acts caused Foundation to be permanently dispossessed of the funds and converted to the personal use and benefit of her and others without Foundation's consent; said acts constitute embezzlement of funds.

100. Defendant's acts of embezzlement were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

101. As a direct and proximate result of defendant's breach of fiduciary duty through embezzlement, Foundation has suffered monetary damages relating to Count 13 in the amount of \$1,200.00.

COUNT 14
BREACH OF FIDUCIARY DUTY - EMBEZZLEMENT
(Cara Cowan Watts Phoenix Tickets - \$1,000.00)

102. Plaintiff incorporates by reference paragraphs 1 through 101 above as if fully set forth herein.

103. During a period from February 28, 2013, through June 3, 2013, defendant wrongfully expended Foundation funds for her own personal use and benefit, and for the use and benefit of a non-Foundation employee, (former) District 5 Cherokee Nation Tribal Councilor Cara Cowan Watts, by purchasing unauthorized airlines tickets to Phoenix, Arizona.

104. Said airline tickets were originally purchased for travel on June 8, 2013, but were changed at defendant's direction on May 31, 2013, for travel to occur on October 25, 2013, three months after defendant's final date of employment under the Severance Agreement, resulting in additional charges being assessed.

105. Foundation was the rightful owner and possessor of these funds and defendant's wrongful acts caused Foundation to be permanently dispossessed of the funds and converted to the personal use and benefit of her and others without Foundation's consent; said acts constitute embezzlement of funds.

106. Defendant's acts of embezzlement were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

107. As a direct and proximate result of defendant's breach of fiduciary duty through embezzlement, Foundation has suffered monetary damages relating to Count 14 in the amount of

\$1,000.00.

COUNT 15
BREACH OF FIDUCIARY DUTY
CONVERSION OF FOUNDATION ASSETS AND RESOURCES
(*Cara Cowan Watts Community Workshops - \$1,600.00*)

108. Plaintiff incorporates by reference paragraphs 1 through 107 above as if fully set forth herein.

109. During the time frame of January 2013 through April 2013, defendant unilaterally directed the wrongful use of computers, supplies and employee time and labor to be utilized to copy documents and prepare literature and materials for (former) District 5 Cherokee Nation Tribal Councilor and Principal Chief candidate Cara Cowan Watts' workshops held in Claremore, Oklahoma in January of 2013, and Dallas, Texas in April of 2013. The literature and materials included Cherokee Nation Tribal Registration and Cherokee Voter Registration forms, "*Straight Talk with Cara Cowan Watts*" handouts, and information about the Foundation's purported "*partnership*" with Cherokee Media, defendant's privately owned business.

110. In January 2013, defendant used Foundation funds to rent space in the Will Rogers Memorial Museum in Claremore for \$300.00 and to purchase breakfast and lunch in excess of \$750.00 for the aforementioned Cara Cowan Watts' Claremore workshop.

111. Article I, Section 1.5 of the Foundation bylaws provides that the corporation is not organized for pecuniary profit, and no part of the net earnings of the corporation shall inure to the benefit of any private member or individual and no part of its activities shall be used for carrying on propaganda or otherwise attempting to influence legislation.

112. No other elected Cherokee official was afforded the opportunity to utilize Foundation funds or resources for politically gratuitous promotional programs as was Cara

Cowan Watts. These acts constitute a direct violation of the Foundation bylaws and subjected the Foundation to negative public scrutiny by creating the appearance of an apolitical educational non-profit politically promoting and favoring a sitting elected official and future candidate for Principal Chief.

113. Foundation was the rightful owner and possessor of these resources and monies and defendant's wrongful acts caused Foundation to be permanently dispossessed of these resources and monies and converted to the personal use and benefit of a third-party without Foundation's consent; said acts constitute conversion of assets.

114. Defendant's acts of conversion were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

115. As a direct and proximate result of defendant's breach of fiduciary duty through conversion, Foundation has suffered monetary damages relating to Count 15 in the amount of \$1,600.00.

COUNT 16
BREACH OF FIDUCIARY DUTY
CONVERSION OF FOUNDATION ASSETS
(HP Designjet Printer - \$5,000.00)

116. Plaintiff incorporates by reference paragraphs 1 through 115 above as if fully set forth herein.

117. In June of 2013, defendant unilaterally removed a large Hewlett-Packard Designjet Z3200PS 44" Photo Printer and software disks from the Foundation corporate offices

to an unknown location. Said equipment was fully functional and valued in excess of \$5,000.00.

118. Foundation was the rightful owner and possessor of this office equipment and defendant's wrongful acts caused Foundation to be permanently dispossessed of the equipment and converted to her personal use and benefit, or the use and benefit of a third party, without Foundation's consent; said acts constitute conversion of assets.

119. Defendant's acts of conversion were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

120. As a direct and proximate result of defendant's breach of fiduciary duty through conversion, Foundation has suffered monetary damages relating to Count 16 in the amount of \$5,000.00.

COUNT 17
BREACH OF FIDUCIARY DUTY
CONVERSION OF FOUNDATION ASSETS
(Severance Package Paid to Lisa Reed Smith - \$9,597.60)

121. Plaintiff incorporates by reference paragraphs 1 through 120 above as if fully set forth herein.

122. On or about June 27, 2013, defendant unilaterally authorized a severance payment to Foundation employee Lisa Reed Smith (also defendant's personal housekeeper) in the amount of \$9,597.60. Said payment was made without any factual findings, authorization or approval by the Board and further exceeded her \$5,000.00 spending authority in violation of Foundation bylaws.

123. Foundation was the rightful owner and possessor of these monies and defendant's wrongful acts caused Foundation to be permanently dispossessed of the monies to the use and benefit of a third-party without Foundation's consent; said acts constitute a conversion.

124. Defendant's act of conversion was committed without actual or apparent authority and without approval of the Foundation Board of Directors, and was committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

125. As a direct and proximate result of defendant's breach of fiduciary duty through conversion, Foundation has suffered monetary damages relating to Count 17 in the amount of \$9,597.60.

COUNT 18
BREACH OF FIDUCIARY DUTY - EMBEZZLEMENT
(Computer Equipment - \$5,500.00)

126. Plaintiff incorporates by reference paragraphs 1 through 125 above as if fully set forth herein.

127. On or about June 7, 2013, defendant used Foundation funds to purchase \$8,931.10 of computer equipment from the Apple Store in Tulsa, Oklahoma. Said purchase exceeded her \$5,000.00 spending authority in violation of Foundation bylaws.

128. On June 10, 2013, defendant used Foundation funds to purchase an additional \$2,025.70 of computer equipment from the Apple Store in Tulsa, Oklahoma.

129. On or about July 1, 2013, defendant created a Foundation invoice to herself in the amount of \$1,496.00 reflecting a portion of the computer equipment recently purchased. This invoice was allegedly paid by defendant and recorded in Foundation records as a "*donation*" by Kimberlie Gilliland.

130. Based on Foundation records and employee accounts, a substantial portion of the computer equipment purchased with Foundation funds never appeared for use in Foundation's corporate offices, and the whereabouts of the equipment is unknown. Plaintiff is informed and believes the missing computer equipment was converted to defendant's personal use and benefit, or to the use and benefit of her privately owned business - Cherokee Media.

131. Foundation was the rightful owner and possessor of this computer equipment and defendant's wrongful acts caused Foundation to be permanently dispossessed of the equipment and converted to her personal use and benefit without Foundation's consent; said acts constitute embezzlement of assets.

132. Defendant's acts of embezzlement were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

133. As a direct and proximate result of defendant's breach of fiduciary duty through embezzlement, Foundation has suffered monetary damages relating to Count 18 in the amount of \$5,500.00.

COUNT 19
BREACH OF FIDUCIARY DUTY - EMBEZZLEMENT
(Personal/Family Insurance Coverage - \$3,288.20)

134. Plaintiff incorporates by reference paragraphs 1 through 133 above as if fully set forth herein.

135. During the time period of December 27, 2011 through March 24, 2012 defendant wrongfully paid a total of \$3,288.20 of Foundation funds directly to local providers for health

and vision medical services for herself, her family members, select Foundation employees, and their family members.

136. Foundation was the rightful owner and possessor of these funds and defendant's wrongful acts caused Foundation to be permanently dispossessed of the funds and converted to the personal use and benefit of her and others without Foundation's consent; said acts constitute embezzlement and/or conversion of funds.

137. Defendant's acts of embezzlement and/or conversion were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

138. As a direct and proximate result of defendant's breach of fiduciary duty through embezzlement and/or conversion, Foundation has suffered monetary damages relating to Count 19 in the amount of \$3,288.20.

COUNT 20
BREACH OF FIDUCIARY DUTY
(Miscellaneous Infractions - \$3,000.00)

139. Plaintiff incorporates by reference paragraphs 1 through 138 above as if fully set forth herein.

140. On or about December 12, 2009, defendant wrongfully received reimbursement from Foundation funds for two bottles of King Gris wine in the amount of \$76.00.

141. On or about February 24, 2010, defendant wrongfully used Foundation funds to purchase food, alcoholic beverages and children's meals at Toby Keith's Restaurant at the Hard Rock Casino in Tulsa, Oklahoma, in the amount of \$305.51, including a \$50.00 gratuity.

142. On or about February 25, 2010, defendant wrongfully used Foundation funds to purchase food and alcoholic beverages at McGill's 19 Restaurant at the Hard Rock Casino in Tulsa, Oklahoma, in the amount of \$484.35, including a \$71.00 gratuity.

143. From November, 2011, through July, 2012, defendant wrongfully used the Foundation's Pike Pass account for her own personal vehicle. The amounts expended to be determined.

144. On or about October 28, 2010, defendant wrongfully used Foundation funds to reimburse herself for a bottle of La Linda Viognier purchased at Cheever's Café in Oklahoma City, Oklahoma, on October 5, 2010, in the amount of \$27.00.

145. On or about November 18, 2010, defendant wrongfully received reimbursement from Foundation funds in the amount of \$470.00, allegedly paid to Lisa Smith Reed without supporting documentation.

146. On or about October 18, 2011, defendant wrongfully used Foundation funds to purchase a bottle of Meridian Pinot Grigio at 2 Rivers Grille in the Nashville International Airport in the amount of \$28.00.

147. On or about October 21, 2011, defendant wrongfully used Foundation funds to purchase two Chicago Bloody Marys at O'Charley's in the Nashville International Airport in the amount of \$20.90.

148. On or about February 6, 2012, defendant wrongfully used Foundation funds to purchase food and alcoholic beverages for three persons, including three bottles of G Sean Minor Pinot at \$14.00 a bottle, at the Branch in Tahlequah in the amount of \$140.64, including a \$30.00 gratuity.

149. On or about October 19, 2012, defendant wrongfully used Foundation funds to

purchase a bottle of Maker's Mark for \$22.50, and numerous other alcoholic beverages purchased at Russell's in the Oklahoma City Marriott (now The Tower Hotel) for a total amount of \$115.23.

150. On or about November 15, 2012, defendant wrongfully used Foundation funds to pay a parking citation issued to defendant on October 12, 2012, while operating her personal vehicle in Tulsa. The \$30.00 fine was paid late and assessed a \$10.00 late fee.

151. On or about February 19, 2013, defendant wrongfully used Foundation funds to pay a parking citation issued to defendant on November 20, 2012, while operating the Foundation vehicle in Boulder, Colorado.

152. On or about March 11, 2013, defendant wrongfully used Foundation funds to purchase food and alcohol beverages for four persons at The Branch in Tahlequah, Oklahoma, in the amount of \$175.96, including a \$30.00 gratuity.

153. Foundation was the rightful owner and possessor of these funds and benefits and defendant's wrongful acts caused Foundation to be permanently dispossessed of the funds and benefits and converted to the personal use and benefit of her and others without Foundation's consent; said acts constitute embezzlement and/or conversion of funds.

154. Defendant's acts of embezzlement and/or conversion were committed without actual or apparent authority and without approval of the Foundation Board of Directors, and were committed with a culpable state of mind involving knowledge of, or with gross recklessness with respect to, her fiduciary duty owed to the Foundation and constitute a breach and defalcation of that fiduciary duty.

155. As a direct and proximate result of defendant's breach of fiduciary duty through embezzlement and/or conversion, Foundation has suffered monetary damages relating to Count

20 in the amount of \$3,000.00.

COUNT 21
RESCISSION, CANCELATION AND BREACH OF CONTRACT
(\$74,500.00)

157. Plaintiff incorporates by reference paragraphs 1 through 156 above as if fully set forth herein.

158. On January 28, 2013, Foundation and defendant entered into a Severance Agreement, attached hereto as Exhibit "A," wherein Foundation agreed to pay defendant \$74,500.00 in exchange for her resignation as Executive Director, no later than July 12, 2013, at 5:00 p.m.

159. Foundation negotiated, entered into, and performed the Severance Agreement, paying the defendant the agreed severance amount, all in good faith and without knowledge of defendant's multiple breaches of fiduciary duty through embezzlement and conversion. But for defendant's complicit concealment of her multiple defalcations of fiduciary duty through embezzlement and conversion, Foundation would have never entered into the Severance Agreement.

160. Defendant negotiated and entered into the Severance Agreement in bad faith with full knowledge of, and in complicit concealment of, her multiple defalcations of fiduciary duty through embezzlement and conversion, allowing her to be further unjustly enriched in the amount of \$74,500.00.

161. Public policy dictates that defendant should not be allowed to be unjustly enriched by her multiple defalcations of fiduciary duty through embezzlement and conversion; that the Severance Agreement should be rescinded, canceled and set aside, and all funds paid to defendant under the agreement be ordered disgorged and returned to the Foundation, with

interest.

162. As an additional basis for recovery, paragraph 4 of the Severance Agreement provides: *"Employee agrees that she will not disclose to anyone outside CNF, any information about CNF's business activities, business plans, financial status, or any other confidential or proprietary information about CNF and she will not use any such information for her own benefit."*

163. In October 2009, on behalf of Foundation, defendant opened a five-year membership account with Metasoft Systems, Inc., for \$6,495.00. Metasoft Systems, Inc., provides an online searchable database for non-profit foundations to seek out potential donors, locate potential grant opportunities, and to assist in non-profit fundraising activities.

164. The membership included online user access to search for funding sources. All information acquired through the Metasoft Foundation Search database by means of Foundation's online account is strictly confidential and proprietary to Foundation.

165. After her departure from employment with Foundation, defendant acquired new employment with Bacone College in Muskogee, Oklahoma.

166. Records obtained from Metasoft Systems, Inc., reveal that from August 2013 through September 2014 Foundation's Metasoft account was accessed and searched on a continuing and regular basis through the username *"Kimberlie Gilliland"* and through IP addresses corresponding with those associated with Bacone College.

167. Defendant's unauthorized access to Foundation's Metasoft search account constitutes a material breach of the Severance Agreement by virtue of her willful conversion of Foundation resources and the disclosure of confidential or proprietary information for her own benefit and/or the benefit of her new employer.

168. As an additional basis for recovery, defendant's last day per the Severance Agreement was Friday, July 12, 2013, at 5:00 p.m. Due to the pay cycle ending on July 10, 2013, defendant, should have received two days pay over her contract rate. Per the approved 2010 contract rate, this should have been \$600.00. However, defendant wrongfully paid herself \$8,072.26 (a full month's salary at her unauthorized rate); said amount being \$4,472.26 in excess of the pay provided in the Severance Agreement. As a result of defendant's unauthorized overpayment, she willfully and wrongfully breached the agreement.

169. As a direct and proximate result of defendant's multiple breaches of the Severance Agreement, Foundation has suffered damages, both economic and non-economic, through potential lost donors, lost grant opportunities, redirected funding sources, and lost fundraising opportunities as well as suffering disclosure of confidential or proprietary information. In restitution for defendant's material breach of the Severance Agreement, Foundation seeks liquidated damages in the amount of the full severance pay - \$74,500.00.

COUNT 22
PUNITIVE DAMAGES
(\$928,000.00)

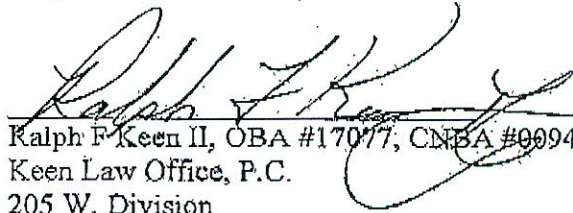
170. Plaintiff incorporates by reference paragraphs 1 through 169 above as if fully set forth herein.

171. Defendant's numerous acts breaching her fiduciary duties through embezzlement and conversion were willful and wanton, committed with a culpable state of mind involving knowledge of, or gross recklessness in respect to, the proper fiduciary behavior, in complete disregard of the consequences, and under such circumstances and conditions that a reasonable person would know, or have reason to know, that such conduct would, with a high degree of probability, result in harm.

172. To punish the defendant and to deter the defendant and others similarly situated from engaging in similar conduct in the future the Court should award punitive damages in an amount equal to four times the amount of Foundation's actual damages.

WHEREFORE, plaintiff prays it be awarded civil judgment against the defendant for actual damages in an aggregate amount in excess of \$232,000.00; punitive damages in an amount four-times its actual damages, or \$928,000.00; for its fees and costs of bringing this litigation, including a reasonable attorney's fee; and for such other relief the Court deems just and equitable.

Respectfully submitted,



Ralph F. Keen II, OBA #17077, CNBA #0094
Keen Law Office, P.C.
205 W. Division
Stillwell, OK 74960
Telephone (918) 696-3355
Facsimile (918) 696-3376
keenlaw@windstream.net
Attorney for Plaintiff

SEVERANCE AGREEMENT AND RELEASE

This Severance Agreement and Release ("Agreement") is made by and between the CHEROKEE NATION EDUCATION CORPORATION, DBA CHEROKEE NATION FOUNDATION ("CNF"), a nonprofit 501(c)(3) incorporated under the Cherokee Nation, and KIMBERLIE GILLILAND ("Employee"). This Agreement shall become effective and binding upon the signing of the Agreement by Employee (the "Effective Date").

Employee has informed CNF of her resignation as Executive Director of CNF effective no later than July 12, 2013 at 5:00 p.m. In exchange for the promises set forth herein and in recognition of Employee's past service as an employee, CNF will pay Employee a severance payment in the amount of ~~Seventy-Four~~ ^{Twenty-Five} Dollars (\$~~74,500~~ ^{25,000}) ("Severance Payment"). The Severance Payment will be made in a lump sum, less applicable withholding for taxes, FICA and other withholdings required by law. The lump sum payment will be made no later than the second regular payday for CNF employees next following the Effective Date, provided that the Employee has signed and returned this Agreement to CNF on or before fifteen (15) days after receiving it.

In consideration of the Severance Payment, Employee and CNF hereby agree and state as follows:

1. Employee, individually and on behalf of her heirs, personal representatives, successors, and assigns, releases, waives, and discharges CNF, its predecessors, successors, parent, subsidiaries, operating units, affiliates, divisions, and the agents, representatives, officers, directors, shareholders, partners, managers, employees and attorneys of each of the foregoing (hereinafter "Released Parties"), from all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs, expenses, damages, actions, and causes of action, whether in law or in equity, whether known or unknown, suspected or unsuspected, arising from Employee's employment and resignation from employment with CNF, including but not limited to, any and all claims pursuant to federal, tribal, state and local laws and regulations prohibiting employment discrimination, and any and all common law contract and tort claims. Employee is not waiving any rights or claims that may arise after this Agreement is signed by Employee nor is Employee waiving any rights to indemnification or to coverage under any Directors and Officers Liability Insurance that CNF may have for any claims arising from Employee's performance of duties as Executive Director. Employee is also not waiving any right to her base salary for services performed as Executive Director of CNF or for reimbursement of any expenses incurred as Executive Director of CNF and approved by CNF.
2. Employee hereby acknowledges and affirms as follows:
 - a. Employee acknowledges that the Severance Payment is consideration to which she is not otherwise entitled under any CNF plan, program, or prior agreement.



- b. Employee has carefully read the contents of this Agreement and understands its contents. Employee is executing this Agreement voluntarily, knowingly, and without any duress or coercion.
- c. It is Employee's intent to be legally bound according to the terms of this Agreement.
3. CNF and Employee each agree to keep in strictest confidence the existence of this Agreement, its terms, conditions and negotiations and agree that they will make no statements or representations relating thereto, except to their attorneys, tax advisors or as required by law.
4. Employee agrees that she will not disclose to anyone outside CNF, any information about CNF's business activities, business plans, financial status, or any other confidential or proprietary information about CNF and she will not use any such information for her own benefit.
5. This Agreement shall not be construed as an admission by any of the Released Parties of any liability whatsoever, or as an admission by any of the Released Parties of any violation of rights, of Employee's rights, or any person, or any violation of any order, law, statute, duty or contract.
6. In the event that any provision of this Agreement should be held void, voidable, or unenforceable, the remaining portions shall remain in full force and effect.
7. Employee hereby declares that this Agreement constitutes the entire and final settlement between Employee and CNF concerning Employee's resignation from employment with CNF, superseding all prior negotiations, understandings and/or agreements concerning her resignation from employment with CNF, and that CNF has not made any promise or offered any other agreement, except those expressed in this Agreement, to induce or persuade her to enter into this Agreement.

Date

1-28-13

KIMBERLEE GILLILAND

THE CHEROKEE NATION EDUCATION
CORPORATION, DBA CHEROKEE
NATION FOUNDATION

Date

28 Jan 13

By:

Robin Flint Ballenger
Robin Flint Ballenger, President