

CHEROKEE INC
Form 4
July 28, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Sass Lawrence Marc

(Last) (First) (Middle)
6835 VALJEAN AVENUE
(Street)

VAN NUYS, CA 91406

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
CHEROKEE INC [CHKE]

3. Date of Earliest Transaction (Month/Day/Year)
07/28/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
Senior Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
Common stock	07/28/2006	07/28/2006	M	1,600 A	\$ 23.12	1,600	D
Common stock	07/28/2006	07/28/2006	S	1,600 D	\$ 39.60	0	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
				Code	V	(A)	(D)	Title	
Common stock options	\$ 12.989							02/05/2005 02/05/2012	Common stock 4,800
Common stock options	\$ 23.12							04/07/2005 04/07/2011	Common stock 1,666
Common stock options	\$ 23.12							04/07/2006 04/07/2011	Common stock 1,667
Common stock options	\$ 23.12							04/07/2007 04/07/2011	Common stock 1,667
Common stock options	\$ 34.62							06/30/2006 06/30/2012	Common stock 3,333
Common stock options	\$ 34.62							06/30/2007 06/30/2012	Common Stock 3,333
Common stock options	\$ 34.62							06/30/2008 06/30/2012	Common Stock 3,334
Common stock options	\$ 39.26							04/07/2007 04/07/2013	Common Stock 833
Common stock options	\$ 39.26							04/07/2008 04/07/2013	Common Stock 833
Common stock options	\$ 39.26							04/07/2009 04/07/2013	Common Stock 834
	\$ 23.12	07/28/2006	07/28/2006	M	1,600			04/07/2005 04/07/2011	1,600

Common
stock
options

Common
Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Sass Lawrence Marc 6835 VALJEAN AVENUE VAN NUYS, CA 91406			Senior Vice President	

Signatures

Russell J. Riopelle under POA for Lawrence M. Sass	07/28/2006
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__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Remarks:

On July 28, 2006 Mr. Sass exercised 1,600 stock options at an exercise price of \$23.12 and sold these shares at an average price of \$23.12.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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