

Sass Lawrence Marc  
 Form 4  
 December 23, 2008

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**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

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

3. Date of Earliest Transaction (Month/Day/Year)  
 12/23/2008

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

(Street)  
 VAN NUYS, CA 91406

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

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

(City) (State) (Zip)

**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)
Common stock				(A) or (D) Price	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)

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

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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)	Date Exercisable	Expiration Date	Title	
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
Common stock options	\$ 43.42					03/29/2008	03/29/2014	Common Stock	5,000
Common stock options	\$ 43.42					03/29/2009	03/29/2014	Common Stock	5,000
Common stock options	\$ 43.42					03/29/2010	03/29/2014	Common Stock	5,000

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Common stock options	\$ 39.16					10/01/2008	10/01/2014	Common Stock	8,333
Common stock options	\$ 39.16					10/01/2009	10/01/2014	Common Stock	8,333
Common stock options	\$ 39.16					10/01/2010	10/01/2014	Common Stock	8,334
Common stock options	\$ 22.7					08/21/2009	08/21/2015	Common Stock	6,666
Common stock options	\$ 22.7					08/21/2010	08/21/2015	Common Stock	6,667
Common stock options	\$ 22.7					08/21/2011	08/21/2015	Common Stock	6,667
Common stock options	\$ 39.26	12/23/2008	12/23/2008	J	834	04/07/2009	04/07/2013	Common Stock	834
Common stock options	\$ 43.42	12/23/2008	12/23/2008	J	1,549	03/29/2009	03/29/2014	Common Stock	1,549
Common stock options	\$ 43.42	12/23/2008	12/23/2008	J	2,303	03/29/2010	03/29/2014	Common Stock	2,303

## 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  
12/23/2008

\_\_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 December 23, 2008, Mr. Sass voluntarily forfeited 834 previously granted ISO stock options with an exercise price of \$39.

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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