

3/19/81

Jacksonville Gold Mine Employees Evicted, Shakeup in Firm Follows

MEDFORD (AP) — A Medford motel says two former employees of a company planning to mine gold in southern Oregon were evicted late last year because of failure to pay their bill.

Bob Knapp, vice president of Continental Minerals Inc., of Las Vegas, Nev., said his company recently discovered that a bill of more than \$7,600 from the Red Lion Motor Inn has not been paid.

A spokeswoman for the motel said the two Continental employees were evicted from the motel in December by Medford police.

Knapp said he first learned of the unpaid bill a few weeks ago. He said the employees have been fired.

The company will hire new local officials to handle the project and Knapp will probably fly out to the area soon to inspect the site, he said.

Knapp said he is talking with Red Lion officials to settle the bill. He declined comment on whether any other bills were outstanding.

"The whole thing has been handled very poorly," said Knapp.

Knapp said the company still plans to undertake the massive mining effort near Jacksonville, where Continental officials said a mine could produce up to \$12 million worth of gold per year.

The company will meet a

July production schedule, he said.

"There's no hocus-pocus," he said. "We're not a flim-flam, running high, fly-by-night operation."

He said the company has about \$100 million worth of assets of its own and commitments from other companies with assets of up to \$2 billion.

Estimates of the worth of gold deposits in the Sugar Loaf Mountain area have ranged from \$280 million to up to \$5 billion.

Knapp said the local project manager, Roger Smid, and another employee have been fired.

Smid could not be reached

for comment. No telephone number was listed for the company in either Jacksonville or Medford.

14, 1980

'Richest' gold mine projected near Medford

By MARK KIRCHMEIER
Correspondent, The Oregonian

MEDFORD — What potentially may be one of the biggest and richest gold mines in North America could begin operations eight miles southwest of here by June 1981, officials of Continental Mineral Inc., Las Vegas, said Friday.

"This is probably the wealthiest gold mine in the history of the United States," said Sean Downey, Continental vice president and assistant to the chairman of the board.

Downey said Continental, which owns Grantam Mine, Death Valley, Calif., the largest talc mine in the U.S., has "proven out \$900 million of in-place ore, and three to five billion dollars of probable ore" at the 20-acre Sugar Loaf Mountain site.

"Even if the per-ounce price of gold dropped 50 percent — or 75 percent," Downey said, "Continental still would be interested in this project."

He said the company became committed to mining in Southern Oregon when preliminary studies revealed an estimated 1.5 million ounces of ore at the site.

Continental, which registered with the state Corporations Division in Oregon in 1978, owns gold, platinum and silver mines in Arizona, California, Idaho and Nevada.

The firm recently received a conditional-use permit from the Jackson County Hearings Council to dig a 20-acre quarry. The company also has an agreement to buy an adjoining 450 acres to the site from Rupert F. and Rupert B. Maddox of Jacksonville.

The hearing council, a quasi-judicial body that shares planning decisions with the Jackson County Planning Commission, voted unanimously in favor of the permit. A majority of persons testifying at the council meeting Wednesday supported the mining.

No organized opposition to the project has surfaced, although Margery Muncie of Jacksonville, president of Citizens for a Livable Future, a pro-land-use planning group, indicated members of her group will be studying the issue. They, or any other group or individual, can appeal the hearing council's decision to the Jackson County Commission.

Downey said the mining will create no environmental problems. "Our purpose is to leave an area environmentally pure," he said. Downey said Continental will use a "back and fill" process, where material coming out of the mill is refilled into areas that were stripped.

"You'd never even recognize it as being mined," he said.

Downey predicted Continental will successfully complete applications, and receive permits from six other governmental agencies "within 20 days" to go ahead with the project.

Continental will need approval from the state Department of Environmental Quality, state Department of Geology and Mineral Industries, state Land Division, state Watermaster, county Public Works Department and federal Mining, Safety and Health Agency.

The firm initially budgeted \$2.7 million to establish the mine, which Downey said will employ 125 men in two work shifts. That figure, if realized, would make Continental the biggest employer in western Jackson County.

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The firm initially budgeted \$2.7 million to establish the mine, which Downey said will employ 125 men in two work shifts. That figure, if realized, would make Continental the biggest employer in western Jackson County.

Continental will utilize a process drilling approximately 100,000 tons of rock an hour. Ore will be packed into 30-pound crates and flown to a company refinery in Las Vegas.

Downey said the company may seek to build a refinery at the Jacksonville site "within two years" to eliminate the transportation expense.

Roger Smid, Continental's project manager, said the company is looking at the Sugar Loaf Mine, at minimum, as a 20-year operation. The firm initially will begin work on a five-acre site, and then expand onto the remainder of the property, said Curt Weaver, local agent for Continental.

Weaver said Continental will continue to explore other portions of Southern Oregon for gold mine sites.

Gold Mine Fraud Eyed

By PAUL FATTIG
Of the Courier Staff

JACKSONVILLE — The sweet dreams of Continental Minerals Inc. to mine gold ore from Sugar Loaf Mountain has turned sour.

The Las Vegas firm is defunct: the phones have been disconnected and the principals of the company have vanished.

It isn't that they aren't wanted.

The Federal Bureau of Investigations would like to chat with them as would the Internal Revenue Service. Moreover, there are several former unpaid employees and a few local business who were left holding the bag.

"Everybody is trying to get ahold of them," says Mrs. Rupert B. Maddox of Jacksonville. The Maddoxes, along with Rupert F. Maddox, leased the 280-acre site near Poorman and Sterling Creek roads to the firm last year.

Although the mine was never developed, the firm heralded it as one of the biggest mines ever found near this historic mining town.

Estimates by former project manager Roger Smid said the mine would produce about \$280 million in a 20-year period. Speculations soared to as high \$1 billion.

But things never panned out.

In Las Vegas, IRS spokesman Marty Bibb announced this week that a federal income tax lien seeking about \$130,000 has been filed against Continental Minerals.

The government already has seized some of the firm's property, citing non-payment of 1980 payroll and unemployment taxes, Bibb said.

Bill Jansen, FBI spokesman for the Las Vegas office, said this morning that agents are also hoping to strike paydirt by finding a few corporate members of the firm.

"We're involved in an investigation of alleged fraud by wire and by mails which have been received by us through complaints of individuals who had ordered coins from the firm," he said. "They sent the money and never received the coins."

The firm sold contracts for gold coins which were to be produced from the mine. The coins sold for \$200 and more, Jansen said.

"It could run into the millions — we really don't know how many were sold," Jansen said. "We've received several hundred complaints."

Reports on the coins sold but never received have been

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Mine Fraud

coming in from throughout the west and in some parts of the East Coast, he said, adding that several FBI offices are investigating the scam.

John Jensen, credit manager for Thunderbird-Red Lion Motor Inns of Vancouver, Wash., said the firm owes the motel chain about \$8,000 for lodging two members of the firm at the Red Lion Motor Inn in Medford.

Last December, two employees, including Smid, were evicted from the inn after not paying the firm's bill.

Among the former unpaid employees, is Curt Weaver of Medford who labored to get permits for the firm. Like most of the other local workers — there were at least seven who went unpaid, according to one worker — Weaver had talked to the firm's officers by telephone but had never met them.

The last time he had heard from the office then vice-president Robert Knapp told him not to worry about having been paid only once. That check came last fall when Weaver first began working for the company.

"He (Knapp) told me he would be here by the first of April and that my check was being mailed," Weaver recalled.

But April came and went and there was no check and no Knapp. The company owes Weaver about \$1,000.

That was the last Weaver ever heard from the firm.

"They were always very nice to talk to over the phone," he said, adding "I don't ever hope to get paid. I don't think its worth the effort to try.

"I was suspicious from the first month I got into it,"

Weaver said. "I kept bugging them to produce maps and engineers — the more I pressed them the more promises I got. When Knapp didn't show up in April I figured it was a lost cause."

One former worker, Bill Altes, of Grants Pass, told the Courier in late March that seven local workers were fired and not paid. The workers were never given a reason for the dismissal, Altes said.

When the Courier contacted Knapp, he said the bills were being paid. "We're taking care of all the encumbrances," Knapp responded. "We just got the payroll — their pay period will be in this one. They're about to be paid."

Knapp said he would visit Southern Oregon in April and meet with a Courier reporter to discuss the mine. He did not show.

Norm Peterson, geologist with the Oregon State Department of Geology and Mineral Industries Department, said his office was a bit dubious of the plans at the outset.

"We were a little skeptical of its success from the very beginning," he said. "We never could get any concrete information on the size of the company."

The office investigated the site but was unable to determine the mountain's contents since the site was undeveloped.

He feels the firm used the news coverage of the mine increased the alleged scam.

"I'm sure the publicity was to try to finance it further," he said. "We got calls from New York, Spokane — once the story hit the wire it got all over."

Some Doubt Jacksonville Mine Really Po

By JOHN KENNEDY
Associated Press Writer
JACKSONVILLE (AP) —
Rupert "Bud" Maddox Jr.
knew he was sitting on top of a
gold mine. But he never
dreamed it might be the
largest in North America, as
some have claimed.

It is no surprise that gold
still sits untouched in the hills
around this southwestern
Oregon town. During the mid
1800s, miners swarmed to
area, many making their
fortune several times over.

But gold fever fizzled in the
latter part of the century and
Jacksonville's 2,000 residents
have embraced a new in-
dustry — tourism — that feeds
on the town's rich past.

Now Maddox, 54, who owns
more than 1,000 acres a few
miles south of town, has
leased about 400 acres of his
land, including a most
promising portion called
Sugar Loaf Mountain, to a
Continental Minerals Inc., of
Las Vegas, Nev.

And the company has let
everyone within hearing
range in on their golden
secret.

"THIS IS probably the
wealthiest gold mine in the
history of the United States,"
the firm's vice president, Sean
Downey, told one reporter.

Downey said the mine could
hold up to \$5 billion worth of
gold. Maddox and the local
project manager for Con-
tinental Minerals are not so
sure.

"If you said there's a couple
of million there, I'd agree with
you," says Maddox, a contract

says Roger Smid, project
manager for Continental
Minerals. "That blew my low
profile."

Smid says the mine will
yield at least about \$14 million
a year, or about \$280 million
over a 20-year period, well
below Downey's boasts.

"But I'm a cautious man,"
he adds.

Maddox and his father,
Rupert Sr., bought the
property in 1946 after the
younger Maddox got out of the
Navy.

THEY KNEW it had gold in
it, and mining became Bud's
hobby at about age 12 when his
father got sick of his other
hobby, raising ducks.

The birds' mess got too
much for the senior Maddox,
and he decided to kill some to
eat. While cleaning the fowl,
Maddox's mother found a gold
nugget about the size of a
fingernail from the gizzard of
each of the birds.

Maddox began searching for
the source of the nuggets. He
found it.

"I never could figure out
why no one has ever done
anything here before," says
Maddox.

The only interested visitor
was a Los Angeles chemist,
who in the 1960s made a few
trips and took a few pounds of
ore back to California before
he died, says Maddox.

Last September, Con-
tinental Minerals surveyed
the property and got wild-eyed
about the area.

SMID SAID THE firm has
spent about \$50,000 on the



ROGER SMID, a project manager for Con-
tinental Minerals Inc., of Las Vegas, Nev.,
looks over property near Jacksonville that his

company has leased for a gold mining opera-
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so sure. In the background is the
mine that may be excavated.

Doubt Jacksonville Mine Really Pot of Gold

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ROGER SMID, a project manager for Continental Minerals Inc., of Las Vegas, Nev., looks over property near Jacksonville that his

company has leased for a gold mining operation. One company official says it may be the biggest find in North America. Others are not

so sure. In the background is the mountain to be excavated.

—AP Laserphoto

United States," says Smid.

BASICALLY, THE ore will be torn out of the mountain, and run through at least two different rock crushers. The crushed rock will be funneled through a table with riffles, and washed with water to get a fine gold ore with the consistency of sand.

That will be packed in 30-pound bags and shipped to the firm's refinery in Las Vegas, says Smid. He says the firm intends to mint coins with the gold.

When the mine begins production, Maddox, his father, and a son will move from their homes to another part of the property.

But already, the sightseers are gathering and posing for pictures in front of the property. And rumors about the mine get wilder each week, confides Maddox's wife, Patricia.

HOWEVER, one neighbor says he has been given new hope with the gold discovery, Mrs. Maddox says.

"I think it's neat having a gold mine nearby," she quotes the elderly fellow. "I'm starting to dig in my backyard right now."

Smid says he has been deluged by other prospectors in the county who say they may have the next big find.

He says the gold mine has been seen by many as the employment panacea for an area that has been hit hard by a slump in the timber industry.

But the project will employ about 75 people at first and more in later years if the

Courier 3-27-81

Firm Stalls Gold Mine Opening

JACKSONVILLE (AP) — A Las Vegas-based minerals company has postponed until May the construction of a 20-acre gold mine three miles south of this southern Oregon community, a company official said Thursday.

Officials of Continental Minerals Inc. said that, once opened, the mine could be one of the largest gold mines in the country.

But Robert Knapp of the company's development division said more ore testing is

needed before construction can start.

Continental officials said the 20-acre mine could yield \$14 million a year, or \$280 million during its 20-year expected operation.

That figure was revised downward from \$900 million estimated by one official last December.

Knapp said the project also had been slowed by last month's departure of project manager Roger Smid and by final permit approvals still

needed from government agencies.

Knapp did not name the agencies.

Continental Minerals is a private company that lists assets of \$93 million. The company owns silver, gold and talc interests in several Western states.

Officials said the mine will employ 125 people, almost all of them to be hired locally. Construction is expected to take 2½ months.

Earlier this month, officials

discovered that the company owed a bill of more than \$7,600 at a Medford motel. Smid and another employee were fired after the incident.

Knapp would not say whether any other bills were outstanding.

After the incident, Knapp said "We're not a flim-flam, running high, fly-by-night operation."

He said he is optimistic the construction will begin in May.

K FALLS H+N 7-9-81

IRS Seizes All Assets Of Gold Mining Firm

JACKSONVILLE (UPI) — Federal authorities have seized the assets of a Las Vegas, Nev., firm that once planned to mine what one company official said was \$900 million worth of gold out Oregon's Sugar Loaf Mountain.

Internal Revenue Service agents seized the holdings of

Continental Minerals Inc. for non-payment of \$130,423 in 1980 payroll and unemployment taxes, a Las Vegas IRS spokesman said.

However, that is only part of the financial problems facing Continental, which announced its mining plans last year.

Three Californians filed suit against the firm June 23 in

U.S. District Court in Las Vegas, claiming they never received \$2 million in "Indian Head" gold coins bought from the company.

Probes of the company may result in charges of mail fraud, Las Vegas FBI spokesman Bill Jansen said.

Continental officials could not be reached for comment.

Jansen said the bureau began an investigation of a "multi million dollar scam" involving the sale of Indian Head gold coins in June after receiveing complaints from people in California, Nevada and Arizona. He said several hundred investors may end up losing money on their purchases.

The case is expected to go before a federal grand jury, he added.

News of the firm's financial woes shocked some Oregon residents.

"For gosh sakes," said the Medford, Ore., attorney for landowners who sold Continental an option on 280 acres of land.

Medford attorney A. E. Piazza said his clients, the Rupert B. and Rupert F. Maddox families, will not be affected by the company's problems because they were paid in advance for the option.

Medford Mail 12-11-80

Hearings council approves permit for gold mine

By MICHELE LaBOUNTY
Mail Tribune Staff Writer

If other permits are obtained as easily as the one Wednesday night, Continental Minerals Inc. will start strip mining gold from Sugar Loaf Mountain outside Jacksonville in six to nine months.

Roger Smid, Continental's project manager for the proposed mine, made that prediction Wednesday after the Jackson County Hearings Council unanimously approved the firm's conditional use permit to set up a 20-acre quarry on the east ridge of Sugar Loaf Mountain.

The council will sign the official order Dec. 18.

The Las Vegas, Nev., corporation is buying the site as part of a 450-acre block for an undisclosed price from Rupert F. and Rupert B. Maddox. The land is about three miles southwest of Jacksonville off Poorman Creek

Road.

Continental has budgeted an initial \$2.7 million to establish the mine — its first Oregon operation, Smid said.

The gold, described by Continental project superintendent Art Ross as "low grade," will be packed in 30-pound cans, trucked to the Medford-Jackson County Airport, and flown to a Continental refinery near Las Vegas.

The Hearings Council approved the conditional use permit on recommendation of the county Planning Department staff. Under the county comprehensive plan and zoning ordinance, mining is a permitted conditional use for the property, which is zoned woodland resource.

The council attached conditions — all agreeable to Continental — that must be met before heavy equipment can begin terracing the ridge.

Among the conditions are a "phased" reclamation plan so that reclamation work won't

be postponed until after mining ends, and an annual review of the operation by the county Aggregate Site Review Committee.

The firm must obtain proof of approved mining operation permits from a host of county, state and federal agencies.

Asked if his corporation will meet environmental concerns associated with stripping the land for ore, Smid said, "I don't foresee any environmental problems."

He said the corporation isn't going to "tear the mountain down."

The corporation is looking at the mine as a 20-year operation, at least. Former county planner Curt Weaver, the corporation's local agent, told the Hearings Council that Continental will mine only five acres the first few years. After that, mining will expand about one acre per year, he said.

But Weaver said Continental will continue to "explore the rest of the property" for veins of gold.

After the meeting, Smid said Continental might be interested in purchasing other nearby land for mining sites.

In a show of hands, most of the 40 or so people who attended the public hearing on Continental's request indicated they favored it.

Four people said they oppose the plan.

Dale Bell, 1600 Sterling Creek Road, said the mine will lower property values. Although the permit is for a 20-acre quarry and related settling ponds and land fill, Continental surely will ask to expand, he said.

Bell said he learned of the mine in a Mail Tribune article. He wondered how many people didn't know about the mine because they did not read the newspaper.

Newt Likely, 1200 Sterling Creek Road, chairman of the Applegate-Ruch Citizens Advisory Committee, said he and the CAC approve of the proposal.

Continental "is interested in being a good neighbor," he said.

In office 6/81

Regional

Ex-Worker Charges Mining Firm Didn't Po

By PAUL FATTIG
Of the Courier Staff

ALTONVILLE — A former employee of the Continental Minerals Inc. of Las Vegas says the mining firm has not paid seven former employees who were involved in preliminary work to develop a gold mine here.

Altes, 36, of 1333 Marcy Street in Grants Pass, says the employees are "hurt-

ed" because they were not paid. "We were not paid for a week and one paycheck a week. When we asked them for our pay was, we were given none of our busi-

ness," chief of the survey and the other workers were fired in December to prepare for the opening of the mine. It has been tagged the "Loaf Mountain gold mine" heralded as one of the best mines ever found near Grants Pass mining town. Estimated by former project man-

ager Roger Smid has the mine producing about \$280 million in a 20-year period.

BUT THE former employees are not concerned about what the mountain is worth. Rather, they want their back pay now to pay bills. Each of the employees was being paid \$8.50 an hour.

They were fired, Altes said, without reason or provocation on March 9. In retrospect, he believes the company is having deep financial problems.

But Bob Knapp, the firm's vice president, while acknowledging there was a "brief moratorium," told the Courier during a telephone interview today everything was back on schedule.

"We're anxious to get back in as soon as we get three more permits so to continue more exploration and testing," he said. "We're still as excited as we ever were — we hope to be a good employer."

And he said all former em-

ployees were being paid in full. "We're taking care of all encumbrances," he said. "We just got the payroll — their pay period will be in this one. They're about to be paid."

ALL PAST debts will be paid in full, he said, adding that planning consultant Curtis Weaver of Medford would act as the local coordinator for the firm.

Knapp, who will be in Southern Oregon on April 10, says anyone concerned about not being paid should contact him by the phone or during his visit.

In December, two employees were evicted from Medford's Red Lion Motor Inn after a \$7,600 bill had not been paid. Consequently, Smid and

another employee were fired. However, those two were not among the seven who were fired March 9.

Meanwhile Weaver, who has been working on obtaining the necessary zoning permits for the firm, is also concerned.

"You can sum it up in one word: financial," Weaver said. "I really don't know if I'm working for the firm — my bills weren't being paid."

Weaver said Smid told him before he (Smid) was fired that "things were in a state of limbo."

WHEN KNAPP, the firm's vice-president, asked him to act as "coordinator" for the firm until a new manager could be found, Weaver said

he would assume the position only after he had seen "some up-front money."

"I haven't seen it," Weaver said. "He said it would be here in 10 or 15 days. It's getting close — he only has about five days left."

Weaver said the company can't begin work on the site until the permits are received, and that he (Weaver) will not continue work on obtaining those permits until his bills are paid.

"We started noticing things were not right when they began doing things without permits," Altes said. "I told the project manager (Smid). He told me everything would be taken care of and not to worry."

Altes says there were other

indications of financial problems, including the fact that the survey equipment he was using was not paid for and contractors who did work for the firm a year ago have not been paid.

"NO BILLS that I know of have been paid — it doesn't appear that they are (solid)," he said. "I think there should be an investigation of Continental Minerals. They've run up debts they haven't paid."

Because of the sudden firing, Altes traveled to the firm's headquarters in Las Vegas to inquire as to the reason. They offered him a higher position to "keep him quiet," he said.

They paid him \$200 but he says it appeared that they had

"problems" coming up the money, he said.

A call to the firm last also caused him to be conscious.

"They gave me the song and dance," he said, adding that instead of being paid for his back wages they asked him to take a sample from the mine in Grant, Wash., for testing.

"THOSE instructions from Knapp," he said they won't pay me for I've done already I'm about to do anything more Altes added.

He has requested Re Weaver and Gov. Vic to launch investigation against the firm but we formed neither office jurisdiction in the matter

Firm Didn't Pay Him

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"problems" coming up with the money, he said.

A call to the firm last week also caused him to be suspicious.

"They gave me this big song and dance," he said, adding that instead of offering to pay his back wages of \$399, they asked him to take an ore sample from the mine to Everett, Wash., for testing.

"THOSE instructions came from Knapp," he said. "If they won't pay me for what I've done already I'm not about to do anything more," Altes added.

He has requested Rep. Jim Weaver and Gov. Vic Atiyeh to launch investigations against the firm but was informed neither office has jurisdiction in the matter. The

matter must go to the state Department of Labor, he was told.

Meanwhile, Altes and his wife — the couple have three children — are facing their monthly bills with no income. Their phone has been disconnected and they face a rent payment April 10.

"We've got disconnected services," he said. "We won't be able to pay our rent."

Regional

Jacksonville Mine Firm Under New Ownership

By PAUL FATTIG
Of the Courier Staff

JACKSONVILLE — An investment banker has purchased the bankrupt Continental Minerals Inc., the firm whose dreams of opening a multi-million dollar gold mine here soured last summer.

A voluntary petition to reorganize was filed in U.S. Bankruptcy Court in Las Vegas, Nev. on Monday by lawyers representing A. J. Darwin of Fort Worth, Texas. Involuntary bankruptcy papers were filed for the Las Vegas-based firm on July 23.

Darwin, who describes himself as an international investment banker with a sister office in Grand Cayman, British West Indies, told the Courier in a telephone interview this morning he is not associated with the firm's former managers.

"NO WAY, shape or form — I want

no linkage what-so-ever," he said, adding his wholly-owned corporation — TransAmerica Mineral Resources Limited — will absorb the bankrupt firm.

But Darwin says he is interested in mining ventures Continental Minerals had in Oregon.

"I do want to pick up those assets in Oregon, but I don't know definitively what those assets are, or if they are salvageable," Darwin said. "I would be interested in talking to all the principals in the Oregon area."

Late in 1980, the firm announced plans to mine gold ore from a leased 280-acre site on Sugar Loaf Mountain. Then, project manager Roger Smid said the mine would produce about \$280 million in a 20-year period. Speculations soared to as high as \$1 billion.

While no gold ever surfaced, bills did.

FIRST, THERE was an \$8,000 bill

owed to the Thunderbird-Red Lion Motor Inns of Vancouver, Wash., the result of unpaid lodging for firm representatives staying at the Red Lion Motor Inn in Medford. And seven former employees claimed they weren't paid for preliminary work done at the site.

Finally, the Internal Revenue Service in Nevada placed a federal income tax lien seeking some \$130,000 against the company. The IRS also seized some of the firm's Las Vegas property, citing non-payment of 1980 payroll and unemployment taxes.

And in July, the FBI began investigating alleged fraud in which the firm sold contracts for gold coins which were to be produced from the mine. The coins, selling for \$200 and more, were never delivered, the FBI said.

At that time, FBI spokesman Bill Jansen told the Courier complaints were coming in from throughout the

west and in some parts of the East Coast, adding that "it could run into the millions. . .we've received several hundred complaints."

MEANWHILE, the investigations continue and the debts remain unpaid.

William McGinsey, the firm's court-appointed trustee for the involuntary bankruptcy, says he has been taken off the case because of the reorganization.

Says McGinsey, "A lot of things have happened, but no debts have been paid off."

Dan Kelsay, special agent in the FBI's Las Vegas office, says the bureau continues to investigate the case.

"We do have a pending investigation — the file is not closed," he said. However, Kelsay said he could not discuss the details of the case.

An investigation launched by the corporation and securities division of the Oregon Department of Commerce is in

limbo, says investigator Bob McGehey of the Salem office.

"WE HAVE an inquiry file. However, we have received no complaints concerning securities violations," Gaughey said. "The file is inactive."

Security violations are required for that office can step into the case, he explained.

Barbara Barnhart, McGaugh's counterpart in the Federal Securities and Exchange Commission office in Seattle, would not say whether that office is involved in the investigation.

Although Darwin would not disclose how much he paid for Continental Minerals, he acknowledged the firm owes debts of between \$9 million and \$12 million. He also acknowledged that government agencies, including the SEC, are eyeing the firm's former managers for possible securities violations.

DARWIN SAYS he purchased all

Under New Ownership

west and in some parts of the East Coast, adding that "it could run into the millions. . . we've received several hundred complaints."

MEANWHILE, the investigations continue and the debts remain unpaid.

William McGinsey, the firm's court-appointed trustee for the involuntary bankruptcy, says he has been taken off the case because of the reorganization.

Says McGinsey, "A lot of things have happened, but no debts have been paid off."

Dan Kelsay, special agent in the FBI's Las Vegas office, says the bureau continues to investigate the case.

"We do have a pending investigation — the file is not closed," he said. However, Kelsay said he could not discuss the details of the case.

An investigation launched by the corporation and securities division of the Oregon Department of Commerce is in

limbo, says investigator Bob McGaughey of the Salem office.

"**WE HAVE** an inquiry file. However, we have received no complaints concerning securities violations," McGaughey said. "The file is inactive."

Security violations are required before that office can step into the case, he explained.

Barbara Barnhart, McGaughey's counterpart in the Federal Securities and Exchange Commission office in Seattle, would not say whether that office is involved in the investigation.

Although Darwin would not divulge how much he paid for Continental Minerals, he acknowledged the firm owes debts of between \$9 million and \$12 million. He also acknowledged that government agencies, including the SEC, are eyeing the firm's former managers for possible securities violations.

DARWIN SAYS he purchased all the

firm's stock, including Desert Mineral Corp. and Desert Minerals Products Corp., also based in Las Vegas. The firm also has mineral holdings in California, he said. "I own 100 percent of the (Continental) corporation," he said.

But he is unsure of the firm's assets, observing that company files were sequestered by the IRS for non-payment of back taxes and by former landlords wanting delinquent rent payment. He figures nearly \$500,000 is owed to the IRS for back taxes.

Under the reorganization plan, Darwin says he has six months to work out an agreement with the creditors. Otherwise, the involuntary bankruptcy proceeding will again take effect, in which case Darwin plans to ask for liquidation.

Said Darwin, "I prefer to go under the plan of reorganization and try to settle with the creditors."

COURIER 12-16-80

Rich Mine Timetable Set

JACKSONVILLE—What could be the nation's largest gold mine is expected to open southwest of here this summer.

Continental Mineral Inc. of Las Vegas has budgeted \$2.7 million for initial work on the gold mine between Ruch and Jacksonville on Poor Man Creek and Sterling Creek Road.

Project engineer Roger Smid backed off earlier estimates that the firm could reap at least \$900 million and possibly \$5 billion from the 20-acre site.

"I have no comment on the amount we expect to recover. Everything depends on the final results of the assays and the completion of exploration. Let me put it this way — we definitely plan on having a mine."

The company has done quite a bit of exploration, Smid said.

"This is not a case of walking in there and getting a few nuggets. We have spent quite a bit of money on exploration."

Smid said the firm plans on hiring 25 to 50 miners at the beginning of the operation, working up to 125 workers when the mine is in full-swing. Only three employees will be brought in from elsewhere; the rest will be local people.

The business received a conditional use permit from Jackson County for the 20-acre site, and an adjoining 16 acres for equipment. There is some paperwork before the conditional use permit is signed by the county. In addition, the

outfit must get permits from at least nine state and federal agencies. Smid estimated the operation would start in six to nine months.

The mine is located on private property. Continental plans to exercise its option to buy.

"In the past, it was mined as far as placer mining, but this is the first lode operation," Smid said.

The mine will be an open pit. Smid said at the start, 1,500 tons a day will be moved through a crusher and recovery system. Later, the operation will be expanded tenfold. Continental does not plan to market any byproducts, such as road gravel.

Gold Mine Could Be Nation's Richest

wow!
12-15-80
Courier

MEDFORD, Ore. (AP) — A Las Vegas mineral firm says it will dig what could be the country's richest gold mine eight miles southwest of this southern Oregon city by June 1981.

Sean Downey, vice president of Continental Mineral Inc., said the firm could reap at least \$900 million, and possibly \$5 billion, from its 20-acre site at

Sugar Loaf Mountain between Ruch and Jacksonville near the head of Poor Man Creek.

"This is probably the wealthiest gold mine in the history of the United States," he said.

Continental, which operates mines in Arizona, California, Idaho and Nevada, became interested in southern Oregon when studies showed an estimated 1.5 million ounces of

gold ore at Sugar Loaf.

Recently, the firm received permission from Jackson County to dig a 20-acre quarry. The company also has an agreement to buy an adjoining 450 acres.

He said the firm will spend \$2.7 million to start the mine and will employ 125 workers to work two shifts, making it one of the biggest employers in southern Oregon.

Gold Strike Eyed South Of Medford

7 FALLS H + N 12-15-80

MEDFORD (UPI) — A vice president of Continental Mineral Inc., Las Vegas, Nev., said Friday his company expected to obtain permits "within 20 days" to go ahead with working on a gold-rich area eight miles southwest of Medford by next July.

"This is probably the wealthiest gold mine in the history of the United States," said Sean Downey, who also is assistant to the chairman of the board.

Downey said his company, which owns gold, platinum, silver and talc mines in Arizona, California, Idaho and Nevada, became committed to mining in Southern Oregon when preliminary studies revealed an estimated 1.5 million ounces of ore at a 20-acre Sugar Loaf Mountain site. He said the site has "proven out \$900 million of in-place ore and three to five

billion dollars of probable ore."

"Even if the per-ounce price of gold dropped 50 percent — or 75 percent," he said, "Continental still would be interested in this project."

Downey said the firm will initially pack ore into 30-pound crates to be flown to its refinery in Las Vegas but will seek to build a refinery at the Jacksonville site "within two years." He said they will utilize a process drilling approximately 100,000 tons of rock an hour in working 125 men in two shifts after spending \$2.7 million to establish the mine operation.

The company received a conditional-user permit from the Jackson County Hearings Council to dig a quarry on the 20 acres and has an agreement to buy an adjoining 450 acres from Rupert F. and Rupert B. Maddox of Jacksonville.

Courier 11/80

Gold Mine Planned Near Ruch?

APPLEGATE — Continental Minerals, Inc. wants to operate a surface gold mine northeast of Ruch.

The Applegate-Ruch Land Use Planning Citizens Advisory Committee will consider a conditional use permit to allow the surface gold mine. The CAC will meet at 7:30 p.m. Thursday in the Applegate School.

If approved, the operation would include surface mining, processing and recovery of gold. A byproduct, crushed rock, would be sold as road building material.

The property, on a traditional mining site, is south and southeast of Poorman Creek Road, nears its intersection with Sterling Creek Road, about three miles southwest of Jacksonville.

'Richest' gold mine projected near Medford

By MARK KIRCHMEIER

Correspondent, The Oregonian

MEDFORD — What potentially may be one of the biggest and richest gold mines in North America could begin operations eight miles southwest of here by June 1981, officials of Continental Mineral Inc., Las Vegas, said Friday.

"This is probably the wealthiest gold mine in the history of the United States," said Sean Downey, Continental vice president and assistant to the chairman of the board.

Downey said Continental, which owns Grantam Mine, Death Valley, Calif., the largest talc mine in the U.S., has "proven out \$900 million of in-place ore, and three to five billion dollars of probable ore" at the 20-acre Sugar Loaf Mountain site.

"Even if the per-ounce price of gold dropped 50 percent — or 75 percent," Downey said, "Continental still would be interested in this project."

He said the company became committed to mining in Southern Oregon when preliminary studies revealed an estimated 1.5 million ounces of ore at the site.

Continental, which registered with the state Corporations Division in Oregon in 1978, owns gold, platinum and silver mines in Arizona, California, Idaho and Nevada.

The firm recently received a conditional-use permit from the Jackson County Hearings Council to dig a 20-acre quarry. The company also has an agreement to buy an adjoining 450 acres to the site from Rupert F. and Rupert B. Maddox of Jacksonville.

The hearing council, a quasi-judicial body that shares planning decisions with the Jackson County Planning Commission, voted unanimously in favor of the permit. A majority of persons testifying at the council meeting Wednesday supported the mining.

No organized opposition to the project has surfaced, although Margery Muncie of Jacksonville, president of Citizens for a Livable Future, a pro-land-use planning group, indicated members of her group will be studying the issue. They, or any other group or individual, can appeal the hearing council's decision to the Jackson County Commission.

Downey said the mining will create no environmental problems. "Our purpose is to leave an area environmentally pure," he said. Downey said Continental will use a "back and fill" process, where material coming out of the mill is refilled into areas that were stripped.

"You'd never even recognize it as being mined," he said.

Downey predicted Continental will successfully complete applications, and receive permits from six other governmental agencies "within 20 days" to go ahead with the project.

Continental will need approval from the state Department of Environmental Quality, state Department of Geology and Mineral Industries, state Land Division, state Watermaster, county Public Works Department and federal Mining, Safety and Health Agency.

The firm initially budgeted \$2.7 million to establish the mine, which Downey said will employ 125 men in two work shifts. That figure, if realized, would make Continental the biggest employer in western Jackson County.

Continental will utilize a process drilling approximately 100,000 tons of rock an hour. Ore will be packed into 20-pound crates and flown to a company

to buy an adjoining 100 acres to the site from Rupert F. and Rupert B. Maddox of Jacksonville.

The hearing council, a quasi-judicial body that shares planning decisions with the Jackson County Planning Commission, voted unanimously in favor of the permit. A majority of persons testifying at the council meeting Wednesday supported the mining.

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Continental will utilize a process drilling approximately 100,000 tons of rock an hour. Ore will be packed into 30-pound crates and flown to a company refinery in Las Vegas.

Downey said the company may seek to build a refinery at the Jacksonville site "within two years" to eliminate the transportation expense.

Roger Smid, Continental's project manager, said the company is looking at the Sugar Loaf Mine, at minimum, as a 20-year operation. The firm initially will begin work on a five-acre site, and then expand onto the remainder of the property, said Curt Weaver, local agent for Continental.

Weaver said Continental will continue to explore other portions of Southern Oregon for gold mine sites.