

Imus & Imus, Western Rep. Mtn. Tim. & Ry. CO., Kelso, Wash., P.V. Dick, Mgr.  
Long-Bell Lbr. Co., Longview, Wash., Menasha W.W. Co. Columbus Blk.,  
Chehalis Wash. T.J. Finnegan, Mgr. Barr-Finnegan Lbr. Co. LaCenter, Wash.,  
H.B. Scutt, Grants Pass, Ore. Columbia Mines, Grants Pass, Ore. W.W.  
Weybright, Jacksonville, Ore. G.A. Robinson Co. (owner of local mine)  
Chehalis, Wash. and J.A. Combs with U.S. Forest & Park Service, Packwood  
Washington; the last named party has known me and has been associated  
with me in my work for the past twenty years and can give you full  
information as to my ability as an engineer, surveyor and the accuracy  
of my maps for the service during my association with him.

In conclusion will say that any other references or  
information you desire will be gladly furnished.

Yours very truly,

---

W.E. Blair



# United States Department of the Interior

## BUREAU OF MINES

REGIONAL OFFICE OF STATE ACTIVITIES

East 360 3rd Avenue

Spokane, Washington 99202-1413

September 26, 1988

### Memorandum

To: Chief--Branch of State Activities, IFOC, Denver, Colorado

From: State Mineral Officer

Subject: Visit to Pegasus Entrepreneurial Ventures Inc.'s  
Golden Princess Mine, Josephine Country, Oregon

At the request of Mr. A. Duane Fry, fraud investigator for the Georgia Secretary of State's office, on September 16, 1988, I visited the placer mining operation of Pegasus Entrepreneurial Ventures Inc., in Josephine County, Oregon. Pegasus is attempting to sell gold, via a telemarketing approach, for about one-half price, with delivery delayed until several months hence. Mr. Fry, suspecting a scam, is trying to obtain evidence that the operation is fraudulent.

Pegasus' property, the Golden Princess placer mine, is in the SW 1/4 NE 1/4, Sec. 30, Twp. 38 S, R. 8 W, Josephine County, Oregon (see attached map). The placer is on the east side of Josephine Creek about 1/2 mile south of its confluence with the Illinois River. Placer gravels occupy a low, serpentine-bedrocked bench about 20 feet above mean creek level. Most of the placer area appears to contain old tailings from a previous hydraulic mining operation. Mr. Len Ramp, Resident Geologist for the State of Oregon Department of Geology and Mineral Industries, at Grants Pass, OR, confirmed that the Golden Princess placer was largely mined out years ago.

Pegasus officials on the scene were Ed Rathbun, Production Foreman, and Thomas J. Wocker, Director of Operations (see attached copies of business cards). I questioned Rathbun about the property and Pegasus's operation. He told me that they controlled 71 acres of ground and that they had plans for a 1,000 cubic yard/day operation. I asked about the total yardage and grade of reserves. He said that they did not know the yardage or the grade, but that they "were sure the gold and some platinum were there." When I mentioned it appeared that most of the ground already had been worked, he replied that he was sure they would find enough areas that the earlier operators had missed to make it pay.

Equipment onsite was a vibrating screen similar to that used in a gravel plant, a 1/2 yard front shovel, and some dismantled sections of sluice box. Rathbun admitted that their recovery had been "terrible" with this set-up; they currently were building a grizzly, two shaker tables and a jig--a large trommel was "on its way from Montana." They had dug two settling ponds, and had a pump installed in the creek for water. They had been pushing the gravel to a surge pile with a bulldozer (currently "in the shop for repairs"), and feeding the screen with the front shovel. Three men were working on the jig and tables.

Rathbun also told me that Pegasus intended to expand its operations by picking up several more Oregon properties, and said they hoped to be operating for a long time.

As a Bureau of Mines employee, I am forbidden by regulations from evaluating a privately-owned mining property or operation. The foregoing is, therefore, a factual reporting of what I observed and was told on my visit to the Pegasus Golden Princess operation. However--would a reputable mining operator do the following:

1. Sell gold "futures" with a guaranteed delivery date, with the gold to come from a largely mined-out and untested property.
2. Initiate a placer mining operation without first testing the ground and establishing a total yardage and gold content per yard.
3. Start operating without process testing to determine the best method of gold recovery.
4. "Borrow" part of the name and company logo from an established mining company (see attachment with "Pegasus Entrepreneurial Ventures Inc." cards and a Pegasus Gold Inc. logo). Pegasus Gold Inc. is at this time the largest gold producer in Montana and operates two significant gold mines in Nevada.

  
William L. Rice

Attachments

WLRice:wal:0408L

cc: DColby--OSA  
 JLucas--W.O.  
 CSummers--ARC  
 ADuaneFry  
 TRussell--OR Dept Ins./Fin.  
 LRamp--DOGAMI  
 RGeitgey--DOGAMI  
 KMote--NWMA  
 NJoseph--WA DNR  
 CAcuff--SEC, Dvr  
 Pres., Pegasus Gold Inc.  
 JReuss--WFOC  
 SROSA  
 Df