

Record \$11M fine for illegal California gold mine

Don Thompson, Associated Press, 6-14-13

SACRAMENTO -- State regulators imposed a record \$11 million fine Thursday on the operators of a renegade gold mine in the Sierra foothills east of Sacramento.

Owners of the Big Cut Mine south of Placerville previously ignored more than \$1 million in fines from the state Mining and Geology Board, and board executive officer Stephen Testa said he doubts the state can collect on this one.

But the board also plans to seek a court injunction to halt mining while it sues over the property owners' repeated failure to correct violations of the states' Surface Mining and Reclamation Act.

Regulators say the miners have continued to scrape valuable ore from a ridge about 45 miles east of the state capital even though two of the operators also face criminal charges in El Dorado County. Joseph Hardesty and Rick Churches have another court appearance set for Friday. State agencies and county prosecutors say the ongoing mining operations are illegal, have polluted a nearby creek and threaten to collapse 150-year-old mining tunnels.

Testa had recommended the board impose a \$2.5 million penalty, more than enough to cover his agency's expenses and the estimated cost of cleaning up the site.

But the board voted 6-0 to impose the entire \$11 million penalty allowed by law, based on two years of multiple violations at a maximum penalty of \$5,000 per violation per day. It's the largest penalty ever imposed by the board, Testa said.

"It sends a message to something that you don't see very often, and that is a party that just ignores everybody and just does what it wants to do," Testa said.

The miners sent no representatives to the board meeting, did not contest the fine, and their attorney, William Brewer of San Diego, did not return a telephone message. Hardesty has previously contended that he has a historic right to operate the mine over the objections of state and local authorities.

"They have local legal troubles, they have state legal troubles, they just seem to be of the mindset that laws don't apply to them," said Don Drysdale, a spokesman for the state Department of Conservation.

The price of gold has fallen considerably to \$1,400 an ounce, down from more than \$1,600 an ounce when The Associated Press published stories about the mine in February 2012.

Yet regulators say the mine's operators have apparently decided that the fortune to be made outweighs the threat of fines. The owners have ignored \$850,000 in penalties and multiple cease-and-desist orders over the last three years, expanding what officials say is an unpermitted and illegal surface mining operation.

Aside from the recent fines, the owners never paid more than \$220,000 in penalties levied a decade ago, despite losing an appeal in court.

By the time investigators used a search warrant to inspect the property again in November, the operation 1.5 miles south of Placerville had spilled beyond the 150-acre site's southern boundary onto about 2.6 acres owned by the El Dorado Irrigation District.

Despite the earlier orders, the operators had increased the size of an ore processing plant, dug several additional water retention ponds, brought in multiple pieces of heavy mining equipment, and installed a truck scale and water pipelines.

"This is a case of an egregious, ongoing, total and intentional failure on the part of the owners/operators to comply with ... regulations and local county laws," Testa said in a report to his board.