MILLENNIUM DIGGERS ASSOCIATION

Keizer, Oregon

Secretary: Marlea Sheridan Editor: Penny Esplin

DATE: June 27th, 2013

Short and Sweet by the Prez: This will truly be short this month. I am weary from the time spent at the capital this year and am ready to go work my claim. I turned 58 years old this year and finally understand how the legislature works. This system is good I think overall but how well it works really depends on the integrity and honesty of our elected officials. This session I witnessed three senators that were willing to stand up in front of their colleagues and out and out lie. It still is not clear to me what the true purpose of pushing SB 838 was since the primary sponsor, Senator Bates would not meet with us. Still we could have stopped the bill had Republican Senators Girod and Starr remained true to the principles of the folks that elected them and the party that supports them.

I find I do not like the trade game members of the legislature play to get one of their bills passed toward the end of the session. All sense of reason and responsibility goes out the window in their frenzy to get bills passed and the session closed. Then the blame game begins…culpability to those that put them in office should not include pointing a finger at their constituency and blaming the outrage received as the reason for voting for a very bad bill. A bill that is already causing financial harm then standing up in from of his colleagues and telling them he is voting against the wishes of his district because he received responses against the bill he did not like. Albeit some of the communication was not civil but what did he expect when he ignored all their information in hand and chose to align himself with the enemy.

None of this affects us this season but will have to be dealt with again in the short 2014 legislative session next February and in future elections of our legislators. Choose wisely!

Woo!!! Now we can get back to searching for treasures.

Be safe and take a friend along.

Claudia Wise

Call to Order: Claudia called the meeting to order, and welcomed members and guests. Our meeting was held outside, the weather was so nice!

In Attendance: There were 20 members including new members.

Claims Report: Tim Kelly and his son, Vince will record claim numbers and research possible new claims for us. He asks us for any information regarding hopeful claims. He continues his research. He will check out Sharp's Creek.

New Member Packets: will be sent out to all members, which includes our claims location on Brigg's Creek, and directions to get there. Claudia agreed to send them out via email. This information is for paid members only. Do not share.

Newsletter: Penny agreed to get the newsletter out within the next two weeks.

Legislative News from Claudia and Joe: Update re: SB 838- Senator Fred Girod(R) changed his vote to a "yes", which screws us up big time. He is not regarding the proven science that we have provided; he called it "just our opinion".

Since the Diggers meeting Republican Senators Girod and Starr both voted to support SB 838 and the senate voted 17-13 to support the bill and pass it on to the House with request 'Do Pass'. The House voted 33-27 to support the bill July 7, 2013. This will not stop us from working our federal mining claims. If you are working open to the public locations then starting in 2014 there will be a lottery to determine who gets a permit. Advantage goes to those that have held a permit for the longest but it is unclear to me right now how that affects the Dept. of Environmental Quality permits. More study of the bill and how they plan to implement it will become clearer at some point. There is still another short hurtle to go through before this bill is signed into law. Then, most likely it will end up in the courts.

We need to send all who voted no on this bill a note telling them **thank you for their honored support concerning the miners.**

New Business: "Outings and Events"

-The Miners Jubilee is July 21, 2013 in Baker City. Club members might be interested in attending.

SPECIAL ANNOUNCEMENT: Our July meeting will be an outing on our Fossil Flats claim at Brigg's Creek, on Saturday July 27th. This will be a tribute and commemoration to our beloved Larry Sheridan; Marlea wants to spread his ashes there, one of the places he loved so much. This will be a potluck/barbeque; hamburgers and Oktoberfest sausages will be supplied. (Penny agreed to pick up the sausages).

Old Business: EOMA and Waldo mining are promoting a new ½ pound of Gold Raffle. There will be 1 more preliminary raffle held at the Miner's Jubilee on July 21st, leading up to the ***Grand Prize raffle at the spring 2014 GPAA Gold Show***. Tickets can be purchased online at http://waldominingdistrict.com/. Every ticket you buy is good for all the remaining raffles. The 1st drawing was held at the GPAA Gold Show 2013 in March.

Activities during this meeting: Delmon brought the trommel for members to see and understand how it works, and that it is available for our members to borrow and utilize on any of their jaunts seeking gold. It will be stored at Joe Greene's place.

We had our meeting outside, because it seemed a shame to let the day go to waste closed up inside! We had the members join in and see how to pan for gold. Gold pans were provided as well as 2 large tubs of water. We had bags of sand with gold in them for sale for $4.00 per bag, so if one was purchased, you actually could pan it and get some gold! Joe Greene volunteered to demonstrate panning technique. He has had much experience panning in the USA and Cambodia and explained to us how to get the larger lighter materials off first before getting down to the heavier material. Buzz Sizemore jumped in and finished the demonstration off using a similar technique.

This meeting was especially nice because we all had a chance to mingle and tell our stories and hang out for a while. We all remarked on how much we enjoyed our time socializing.

<u>Rocks/Treasures for June:</u> Penny shared some of the petrified wood she and Walt found while at Hollywood Ranch on June 22nd. Some of our new members, the Stewart's and Phillip's also went on that outing and showed us some real nice pieces of petrified wood they found there.

Following is a short summary of the outing and some of the aspects of the uniqueness of the wood and its location:

On June 22nd, we joined 3 members of our Diggers club and several other members of the Willamette Agate and Minerals Society (WAMS) on an outing to the Hollywood Ranch, down by the Calapooia River by Holley. The ranch is located in a valley that contains a huge quantity and variety of exquisite fossilized wood specimens. The cost is $1.50 per pound, and it doesn't take long to collect quite a few pounds! They have a backhoe they use to dig up trenches, enabling access to the deeply buried pieces. Most are contained within a sticky clay material. The wood is said to have been fossilized (petrified) "in place". The wood was "covered by rapid and repeated falls of volcanic ash"[1] erupted out of the ancient Western Cascade volcanoes, and each piece is as complete now as it was when it was first buried. In other words, this area "has yielded, and still contains, much significant paleobotanical material in the form of almost perfectly preserved and exquisitely detailed silicified fossil woods with as much variety as to species, some of it still standing in place as stumps."[2] The geological age in which these woods were alive is said to be between 20 and 30 million years ago, during Oligocene-Miocene time.

The main reason I have decided to write about this is because of the ***detail*** of the preservation of the wood. I haven't had the pieces we collected identified yet, but I will, and I can't wait to find out what species of wood they are! "Fifty-four different fossil woods from this small collecting area have been identified…these represent only a small portion of the material collected [at that time]."[3] Pine, larch, sassafras, beech, chestnut, tupelo, hickory, persimmon, blue beech, katsura, sweet gum and cypress, just to name a few!

What I found to be of particular interest, are the two pieces we found that are riddled with tunneling by boring insects prior to petrification, which are filled with the insect's eggs, now silicified. (i.e.: replaced with silicate minerals.) I have included a couple of photos for examples.




There are also specimens found there that contain *square shaped salt crystals* (halite) that have been replaced by silica (pseudomorphs) in the petrification process, because this area was once adjacent to an ancient marine embayment and included coastal swamps. "This mineralogical oddity is considered to be unique to the Holley area."[4]

"Whatever the particular process of petrification of the highly silicified wood at Holley, it has resulted in the preservation of its finest anatomical details to such a degree that in many instances it comes close to being identical with its living counterpart today. Indeed, so accurate is the preservation that wormholes with castings, insect eggs, grub holes, pitch pockets, dry rot, fungus growths, plus growth abnormalities of all kinds that trees may fall victim to, have been faithfully reproduced here."[5]

I found all of this to be so interesting and I wanted to share it with you. The wood is so beautifully preserved, and there is so much of it! And there are huge pieces lying around all over the place!

[1, 2, 3, 4, 5] *from the book "Fossils in Oregon" The Ore-Bin, Bulletin 92, "The Fossil Woods Near Holley in the Sweet Home Petrified Forest, Linn County, Oregon" by Irene Gregory*

A Rare Anomaly in the Gold Market

Jeff Clark, Senior Precious Metals Analyst, July 1, 2013
http://www.caseyresearch.com/articles/a-rare-anomaly-in-the-gold-market

Gold stock investors have been pummeled, including myself. Worse, we've had to hear "I told you so" from all the gold haters in the media.

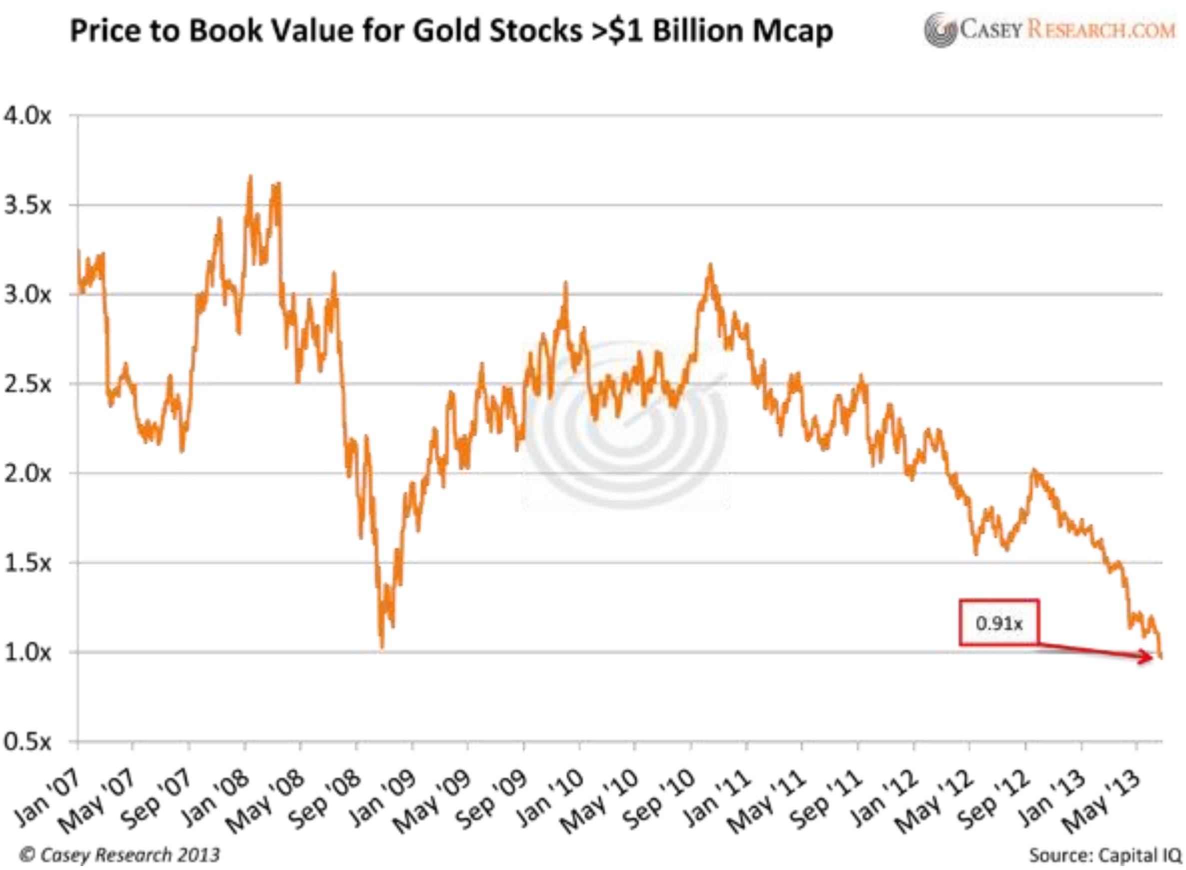
There are a few commentators expressing mild interest in gold at these levels, but one thing I haven't heard *any* of them talk about is a metric that gold analysts are rarely able to use, because gold stocks just don't get this undervalued.

Mainstream analysts sometimes talk about book value, especially when a stock appears cheap. Book value (BV) is a metric that, in essence, sets the floor for a stock price in a worst-case scenario. BV is equal to stockholders' equity on the balance sheet, and is the theoretical value of a company's assets minus liabilities – sometimes you'll hear this called "net asset value" (NAV). So when a stock price yields a market capitalization (share price x number of shares outstanding) equal to BV, the investor has a degree of safety, because if it dropped lower, a buyer could theoretically come in, buy up all shares, liquidate the company's assets, and pocket the difference.

Price to book value (P/BV) shows the stock price in relation to the company's book value. A stock can be considered "cheap" when it is trading at a historically low P/BV. Or, even better, it can be considered objectively " undervalued" when it is trading below book value.

Given the renewed selloff in the gold market, I wanted to see if gold equities were getting close to book values, not just because it would point to opportunity but also the margin of safety it would imply.

We analyzed the book value of all publicly traded gold producers with a market cap of $1 billion or more. The final list comprised 31 companies. We then charted book values from January 1, 2007 through last Thursday, June 27 (index equally weighted). Here's what we found.



This chart makes clear the current dramatic undervaluation of gold stocks.

- As a group, gold producers are now selling *below* their book value.
- Based on this metric, gold stocks are now cheaper than they were at the depths of the 2008 waterfall selloff.
- The chart doesn't show it, but gold stocks were trading *above* book value (about 1.1x) when gold bottomed at $255.95 on April 2, 2001, which was the beginning of the bull market.

Here's an even more dramatic fact:

- We went back as far as 1997 and *could not find one episode where gold producers as a group traded below book value – and the late '90s was known as the "nuclear winter" for the gold mining industry!*

Needless to say, we're in rare territory.

So does this mean we should buy now? To be sure, book values fall when precious metals prices decline, and costs have risen substantially since 2001 as well. So it's possible values could fall further. But in that scenario the relationship between stock prices and book value would remain in rarified territory, making the anomaly even more appealing to a contrarian investor.

While the waterfall decline in gold stocks is painful for those of us already invested, the reality is that this is a setup we get a shot at only a few times in our investing life. It's a cruel irony that those who are fully invested are now faced with the buying opportunity of a lifetime; however, it would be a shame for anyone to miss this blood-in-the-streets opportunity. Our future profits should be higher by an order of magnitude, when the market does turn around.

It's times like these when I remember what Doug Casey told me the first time I interviewed him:

> "You don't make money buying when you're optimistic. You have to actually run completely counter to your own emotional psychology."

The extent to which each of us is able to take advantage of the opportunity shaping up is of course dependent upon our personal set of circumstances. For some, this might mean doing nothing; for others, it might mean being bold for the first time in their life. I suspect most readers fall somewhere in between.

Either way, the opportunity is clear: book values for gold producers are at rarely seen levels. Gold stocks may not reverse tomorrow or could get even cheaper when producers start reporting this quarters financial results, but history shows this opportunity will not last forever. It will probably never occur again in this cycle, once gold turns – and it should be fantastically profitable.

ARGUMENTS AGAINST GOLD

Melman Minute, Leonard Melman, June 6, 2013

http://www.themelmanreport.com/minutes/minute952.html

While it may be somewhat distasteful at times, I believe it is a worthwhile exercise to examine the arguments of opponents counter to your own positions as taking such measures frequently forces you to learn more about the general subject. With that in mind, I have been studying a recent article published in Canada's Globe & Mail newspaper based on recent comments by Nouriel Roubini, economic professor at New York University and chairman of Roubini Global Economics. His recently stated position on the yellow metals forecasts a price of **$1,000 by 2015**.

The article cites six reasons proffered by Roubini for his negative forecast.

1. Gold is not always a winner even during periods of economic crisis.
2. Gold performs best when there is a risk of high inflation but "...inflation today is low and likely heading lower."
3. Gold provides no income making it less attractive compared to other investments.
4. Interest rates are set to rise making gold less attractive.
5. Indebted governments are likely to sell portions of their gold holdings in times of future crises, making them likely to add a substantial amount to the net global supply.
6. "The argument that the U.S. government will expropriate private wealth cannot be sustained."

Aside from these specific points, he argues that, "...gold has no intrinsic value and is used as a hedge against mostly irrational fear and panic." He also added that, "Gold bugs are a combination of paranoid investors and others with a fear-based political agenda."

He then added, "While gold prices may *temporarily* move higher in the next few years, they will be very volatile and *will trend lower over time*...***the gold rush is over.*"** (Our emphases)

These are very interesting points and we plan to address them in tomorrow's "Melman Minute."

LONGER TERM FOR GOLD (AND SILVER)

During yesterday's Melman Minute, I referred to an article authored by noted economist Nouriel Roubini in which he presented arguments presumably supporting his contention that gold would continue declining and would fall to $1,000 by 2015. He listed six specific points which were: **1 -** *Gold is not always a winner even during periods of economic crisis;* **2 -** *Gold performs best when there is a risk of high inflation but "...inflation today is low and likely heading lower";* ***3 -*** *Gold provides no income, making it less attractive compared to other investments;* **4 -** *Interest rates are set to rise making gold less attractive;* **5 -** *Indebted governments are likely to sell portions of their gold holdings in times of future crises, making them likely to add a substantial amount to the net global supply; and* **6 -** *"The argument that the U.S. government will expropriate private wealth cannot be sustained."*

Our brief topic by topic response to Roubini's comments as they relate to the period from now through 2015 is as follows:

1. In my experience, the response of gold to economic crises depends on the public perception of the crisis involved. If the public believes that the governmental and monetary authorities can handle matters and there is no reason to panic, then the precious metals are not likely to rise sharply. However, if a crisis escalates to the point where high levels

of genuine public fear develop - as I anticipate will occur during the coming two years - then it appears likely that this will become a positive factor for the precious metals.

2. Indeed, without high inflationary expectations one of the precious metals most important driving forces is missing. However, while inflationary expectations in the short term may indeed be low at this moment, I firmly believe that the combination of some economic growth combined with enormous recent monetary expansion will lead to rising inflationary expectations over the coming two years.
3. I agree with this statement, with the exception that if metals prices rise sharply and major producing mining companies see their profits rise, then dividend payouts may increase, providing those investors with rising levels of income. However, it is also true that most precious metals investors take positions in the precious metals for reasons other than current income.
4. As I have written lately, it is my opinion that rising interest rates - if they are driven higher by rising inflationary expectations - are one of the most **positive forces for gold and silver** and this was the case during the 1969-74 bull market and again from 1976 to early 1980.
5. While it may be true that some governments could sell from their gold hoards during an economic crisis, I have found that public buying grows at a rate more than sufficient to absorb such new supplies and the very fact that central banks and governments are selling to raise funds can be interpreted as proof of the severity of an economic crisis - thereby becoming a force for higher - not lower - precious metals quotes. That was evidently true during the famous IMF auctions of the mid-1970s when virtually every announcement of an additional increment of IMF selling was met by rising, not falling, prices for gold and silver.
6. Frankly, I do not have a clear understanding of the point the good Professor is making, so I would prefer not to comment.

In general, I do not agree that these forces identified by Roubini constitute valid arguments to prove that gold and silver are headed lower. In fact, there appears to be ample historic evidence that they could indeed be important factors in the next great golden bull move upward.

The Hidden Costs of Precious-Metals Miners Optimism

Andrey Dashkov, Research Analyst, June 17, 2013
http://www.caseyresearch.com/articles/the-hidden-costs-of-precious-metals-miners-optimism

The junior resource sector is struggling financially, something most investors seem to agree on – and rightly be wary of. Here at Casey Research, we've analyzed both producers and explorers to see how profitable (or value-adding) they may be under current market conditions. The rather obvious conclusion, shared by many company executives, is that now is the time to be frugal.

Producers have started to focus on cutting costs and pulling back from development projects that have diminished prospective returns or otherwise unacceptable risk profiles.

Developers have sinned in their own way, too: as gold prices rose year after year, the price assumptions used in economic studies likewise went higher and higher. Some used assumptions that were too optimistic. And now that trend is coming back to bite them – as well as any investor who buys into those assumptions.

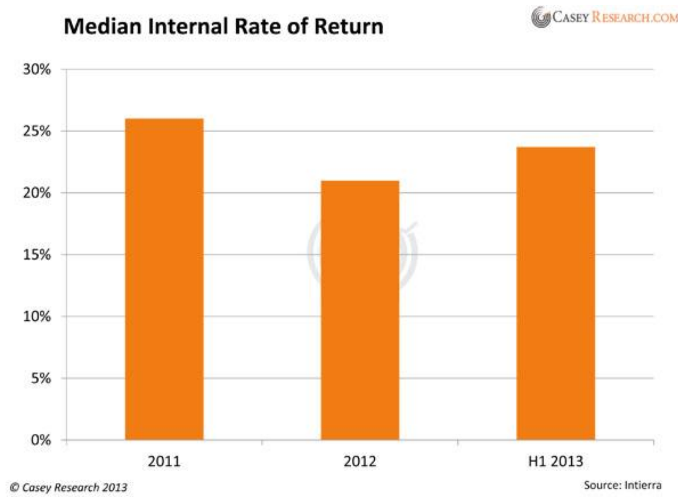
Naturally, when the gold price continued rising, it seemed to justify using a higher gold price when calculating how profitable a mine might be. This worked well to persuade banks to loan money and investors to buy stock, and some mines were built without enough consideration of a protracted price reversal, which has caught less prepared companies and investors off guard.

We believe gold will rebound and head higher, as you know, but that hasn't happened yet, and some mines that went into construction or production based on unrealistic assumptions are facing greater costs and lower revenues, resulting in net incomes far below investors' expectations.

All of this is fairly predictable, but that doesn't prevent many executives from making bad decisions, and it only adds to the overarching skepticism about the future of the industry.

Some of this could have been avoided during the feasibility stage.

For the following chart, we pulled data on 86 Canadian economic studies filed on gold (and multi-metal projects containing gold) from 2011 onward. The studies cover projects in scoping, prefeasibility, feasibility, and expansion stages.



Consider: if the gold price is significantly lower now than, say, a year ago, the internal rate of return (IRRs) of these projects should be lower, too (given similar cost structures and interest rates). But that's not the case. There was a drop in 2012, but so far in 2013, companies are on average projecting almost the same rates of return they were in 2011.

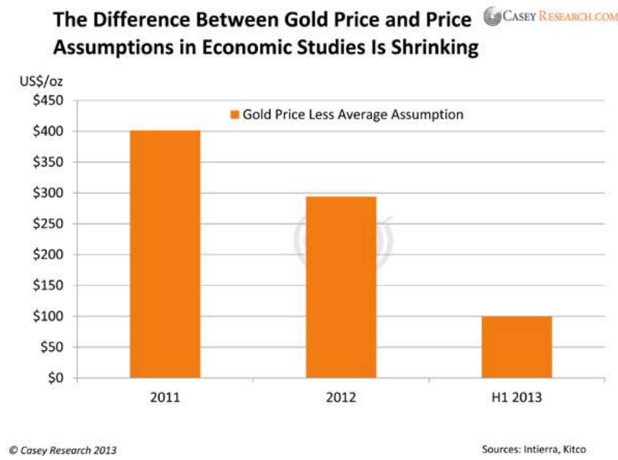
IRRs will probably continue to look good despite the current correction in the gold price, simply due to the fact that a project is only attractive to potential investors and financiers if it provides an IRR greater than 20%, preferably 30%, on an after-tax basis. Anything below that is difficult to finance under normal market conditions, let alone during the present weak metals environment.

To achieve such high IRR numbers, management teams have to carefully think through multiple ways to optimize project economics, including cost control, allocation of capital resources, optimal production capacity, life of the mine, and other issues. That's fine, but one has to wonder why things weren't as optimized before – we can only conclude that some companies continue to use unrealistic assumptions. Whether that's misplaced optimism or malfeasance has to be determined on a case-by-case basis.

This means that IRRs alone may be misleading benchmarks. Investors doing their due diligence need to look past the flashy economic numbers and consider the inputs that went into producing the IRR – and that includes gold price assumptions, which are one of the simplest and easiest-to-spot signs of excessive optimism.

Now, almost any economic study includes several scenarios to test how sensitive the resulting IRR (or net present value) is to the underlying premises. In most cases, however, there is a "base case" scenario that serves as a benchmark. The problem arises when the gold price drops below it, even if temporarily, as the investment community becomes confused and surprised.

That's why we sometimes evaluate economic studies with lower gold price assumptions than what is used as a base case. The next chart shows why this is important.



Our sample of Canadian economic studies filed since 2011 shows that while the annual gold price is 1.8% lower than this year's average price (so far), the gold price assumptions used in economic studies have increased by almost 24% – not in relative terms, but in absolute terms: from $1,170 to $1,450. Worse, some of the projects in the sample hardly worked at a gold price below $1,700.

What does this tell us? First, base-case scenarios outlined in economic studies published over the past three years should be viewed with caution. What looks like a reasonable price projection for a rising market does not work too well during a falling or stagnant one. Again, we do see our market sector resuming its northward march, but until that happens, developers with such high assumptions are simply not going to get the money they need to build their mines.

Second, using aggressive gold price scenarios is very risky. In the short term, current lower price levels will produce quarters of weak income and operating cash flow, all to the detriment of the shareholders. Projects with assumptions currently above spot will not get financed. Conservative price assumptions and economic robustness are what preserves shareholder value in the long term.

Third, many development-stage properties will never reach production.

What to Do

First, realize that this is *not* the end of the sector. It's normal for some development-stage properties to never become mines, for reasons beyond gold price assumptions.

Second, gold supply won't decline in the short term due to aggressive price assumptions. Remember that there is a significant time lag between development and production; there are mines coming onstream now whose economic studies from several years ago were based on lower gold prices. Most of those projects should continue contributing to new mine supply. In fact, some analysts predict that although the gold price may remain flat for a while, mine production will rise in 2013. CPM Group estimates gross additions to reach 5.2 million ounces, 53% of them from new operations.

It's worth repeating that in the current market, it's better to be flexible than large. Mining higher-grade areas in a flat gold price environment should help sustain both costs and margins, while the developers should be more conservative when it comes to forecasts. In our opinion, flexibility and prudence are the ways to win in a weak metals price environment.

The best way for precious-metals investors to win in such an environment is to seize the opportunity and buy the best mining stocks while they're deeply discounted. Such a contrarian play is the way many fortunes have been made... and you can do it, too. Casey Research has created a unique, free webinar focusing on the insights of investing legends like Doug Casey and Rick Rule; *Downturn Millionaires: How to Make a Fortune in Beaten-Down Markets* will show you how it's done. Watch it now and get started on your fortune.

Why I'm Still Not Buying Gold Stocks

By Frank Curzio, editor, *Phase 1 Investor*, Monday, July 8, 2013
http://us-mg4.mail.yahoo.com/neo/launch?.rand=f7fu2h1fg4gj6#mail

One year ago, I told investors to avoid gold stocks.

My call was mostly based on surging costs. You see, almost everything miners had to buy in order to get gold out of the ground was getting more expensive. That includes heavy equipment, mine infrastructure, labor, electricity, and fuel.

According to royalty giant Royal Gold, the average cost to produce an ounce of gold was $662 in 2011. Last June, the average cost was $1,000. According to RBC Capital Markets, it costs at least $1,200 to produce an ounce of gold today.

That's an astounding 81% increase in costs in two years.To read the full article go to:
http://us-mg4.mail.yahoo.com/neo/launch?.rand=f7fu2h1fg4gj6#mail

Telegraphing the Turnaround in Gold

Jeff Clark, Senior Precious Metals Analyst, July 8, 2013
http://www.caseyresearch.com/articles/telegraphing-the-turnaround-in-gold

As of last Friday, gold has now fallen as much 35.4% (based on London PM fix prices) over 96 weeks. But if you're like us, you still recognize that the core reasons for investing in gold haven't changed. People who sold their gold recently made a shortsighted decision. Before too long precious metals will rebound—and probably in a big way.

But when? Does history have any clues about how long we'll have to wait for that rebound?

Perhaps the most constructive way to forecast a turnaround in gold is to look at how its price behaved in prior big corrections.

Read the full article at: http://www.caseyresearch.com/articles/telegraphing-the-turnaround-in-gold

Silver an important weapon against superbugs

Combating antibiotic-resistant superbugs and suppression of hospital-acquired infections have increased the importance and number of uses of silver-infused products, says The Silver Institute.

Author: Dorothy Kosich, 19 Jun 2013 , RENO (MINEWEB)

http://www.mineweb.com/mineweb/content/en/mineweb-silver-news?oid=194697&sn=Detail

Recent advances in biotechnology have brought a renewed focus on silver's centuries old history as an important medical weapon.

In a news release issued Wednesday, the Silver Institute observed that the medical use of silver has helped reduce the growing threat of antibiotic-resistant germs spreading through a hospital.

"Today, advances in coatings technology has enabled medical equipment producers to introduce silver-coated instruments and hospital equipment for use in treating patients—eliminating, on contract, almost every bacterial or fungal exposure," said Michael DiRienzo, executive director of the Silver Institute.

Because silver breaks down cell walls and interferes with respiration and reproduction, bacteria have great difficulty in developing immunity to the metal, The Silver Institute noted.

"Today, the need to combat antibiotic-resistant superbugs and to suppress hospital-acquired infections has increased the importance and number of uses of silver-infused products," the Institute observed.

"The ability to coat materials such as polyurethane, silicone and textile fibers with either metallic silver or ionic silver compounds now provides clinicians with efficient means of overcoming difficult wound care and device-related infections, which have long proved costly and difficult to manage in terms of hospital care," said the Institute. Earlier this year, an in-vitro laboratory study conducted by Smith & Nephew, a global medical technology company based in London, found a silver-coated antimicrobial dressing, ACTICOAT, could kill "superbug" organisms that were the most difficult to treat.

More recently, Reno, Nevada-based NMI Health recently launched its SilverCare Plus antimicrobial performance soft surface products at the 40th Annual Association of Professionals for Infection Control conference in Florida this month. NMI Health exhibited performance fabrics including scrub and lab coat material, patient gowns, linens, blankets and cubicle curtains. Collectively, these products account for over 90% of soft surfaces found in the patient environment.

NMI partnered with Noble Biomaterials to manufacture the SilverCare Plus line.

Modern technology has also enabled manufacturers to use silver to fight potential infection beyond hospital walls, the Silver Institute noted. A number of water purification systems rely on silver to keep water fresh. Samsung is using nanosilver technology in some of its home washing machines.

Motorola uses silver embedded in plastic housings for many of its mobile phones. Other manufacturers are using silver in keys, or in the cases of calculators and other hand-held instruments.

Paints too have been made more effective against molds, yeasts and various bacteria with the addition of silver.

'Renegade' California gold mine receives record $11m fine

The owners of the Big Cut Mine near Placerville have allegedly ignored multiple citations by state and local officials and kept on mining, despite their growing legal caseload.

Author: Dorothy Kosich, 14 Jun 2013 , RENO (MINEWEB)

http://www.mineweb.com/mineweb/content/en/mineweb-gold-news?oid=194226&sn=Detail

An exasperated California State Mining and Geology Board Thursday voted unanimously to levy a record $11 million fine on the operators of the Big Cut Mine south of Placerville for operating what the State of California considers an illegal gold mine.

The fine is based on two years of multiple violations at a maximum penalty of $5,000 per violation per day. Executive Office Stephen Testa told the Associated Press it's the largest penalty ever imposed by the state board.

Those administrative penalties have been imposed on operators Joseph Hardesty, his wife Yvette Hardesty, and partner Rick Churches, as well as their agent Dan Tankersley, according to the State Mining and Geology Board's agenda.

"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," he observed.

The board also plans to seek a court injunction to stop mining at Big Cut while it sues over alleged repeated failures of Joseph Hardesty to correct violations of the state Surface Mining and Reclamation Act, AP reports.

Regulators say the mine owners have ignored $850,000 in penalties and multiple cease-and-desist orders over the last three years, expanding what the state contends is an unpermitted and illegal surface mining operation.

Meanwhile, neither Hardesty nor his attorneys bothered to attend Thursday's board meeting, according to AP.

Ironically, Hardesty and Churches have a court appearance scheduled today in El Dorado County.

Hardesty has long argued that he has an historic right to operate the Big Cut Mine on nearly 150 acres he bought eight years ago for $2.5 million. Big Cut is located 10 miles from Sutter's Mill, the birthplace of the 1849 California Gold Rush.

Hardesty and Churches' battles with the state over the mine have attracted support from Tea Party activists over the years. Hardesty's attorneys have argued that their client's right to mine is vested by a certificate signed by President U.S. Grant in 1876. However, the State of California and Sacramento and Eldorado counties officials have ruled that Hardesty holds no vested right.

State officials have also accused mining operations of polluting Weber Creek, a tributary of the south fork of the American River.

Hardesty has sued the state officials in federal court, arguing his civil rights have been violated by the investigations of his mining operations.

His attorneys have repeatedly asserted that Big Cut is a sand and gravel operation. However, state mine inspectors claim they have found gold on a shaker table used to separate the heavy metal from sand and gravel.

El Dorado County Sheriff Strips Forest Service of State-Law Enforcement Power

In El Dorado County ONLINE NEWSPAPER POWERED BY PLACERVILLE NEWSWIRE

http://www.inedc.com/1-5057#sthash.LCjdDnAG

Sheriff John D'Agostini is taking the unusual step of pulling the police powers from the federal agency because he says he has received "numerous complaints." "I take the service that we provide to the citizens

> **of El Dorado County and the visitors to El Dorado County very seriously, and the style and manner of service we provide," D'Agostini said. "The U.S. Forest Service, after many attempts and given many opportunities, has failed to meet that standard."**

EL DORADO COUNTY (CBS13) — The El Dorado County Sheriff says he's not happy with the U.S. Forest Service, so he's stripping them of their authority by keeping them from enforcing state law within the county.

Sheriff John D'Agostini is taking the unusual step of pulling the police powers from the federal agency because he says he has received "numerous, numerous complaints."

In a letter obtained by CBS13, the sheriff informs the federal agency that its officers will no longer be able to enforce California state law anywhere in his county.

"I take the service that we provide to the citizens of El Dorado County and the visitors to El Dorado County very seriously, and the style and manner of service we provide," D'Agostini said. "The U.S. Forest Service, after many attempts and given many opportunities, has failed to meet that standard."

The sheriff won't give specifics, but he says he's concerned about the number of complaints his department's received against the federal officers.

We asked law professor John Myers if the sheriff's actions can supercede the feds.

"Looks to me as though the sheriff can do this," he said. "They don't have state powers in the first place, but essentially the sheriff can deputize individuals to have authority in his or her jurisdiction."

The U.S. Forest Services wouldn't comment beyond this statement:

"The U.S. Forest Service Law Enforcement has not received this letter yet, but we have valued our partnership and good working relationship with the county over the years."

But with limited resources and such a large area to patrol, some may be concerned that public safety may be compromised.

We asked the sheriff whether this will increase response times.

"It could be, but I doubt it."

But the bottom line for campers is knowing someone will come when they call and report a crime.

D'Agostini's order will go into effect on July 22, and for now, there's no resolution in sight.

Reynolds' Law

Mark J. Perry | June 30, 2013, 9:41 pm
http://www.aei-ideas.org/2013/06/reynolds-law/

In 2010, Philo of Alexandria coined the term **Reynolds' Law**: "Subsidizing the markers of status doesn't produce the character traits that result in that status; it undermines them."

Reynolds' Law was based on this remark by Instapundit's Glenn Reynolds:

The government decides to try to increase the middle class by subsidizing things that middle class people have: If middle-class people go to college and own homes, then surely if more people go to college and own homes, we'll have more middle-class people. But homeownership and college aren't causes of middle-class status, they're markers for possessing the kinds of traits — self-discipline, the ability to defer gratification, etc. — that let you enter, and stay, in the middle class. Subsidizing the markers doesn't produce the traits; if anything, it undermines them.

Philo of Alexandria explains:

It's easy to see why [Reynolds' Law works]. If people don't need to defer gratification, work hard, etc., in order to achieve the status they desire, they'll be less inclined to do those things. The greater the government subsidy, the greater the effect, and the more net harm produced.

This law is thus a relative to Murray's third law in *Losing Ground,* the Law of Net Harm: "The less likely it is that the unwanted behavior will change voluntarily, the more likely it is that a program to induce change will cause net harm." But Reynolds' Law rests on a different and more secure foundation. It focuses on character as fundamental.

Since the time of Woodrow Wilson, Democrats—but not only Democrats—have fretted that the middle class is shrinking due to the power of large corporations, and that only government action to "level the playing field" can save the middle class. The "middle class is being more and more squeezed out by the processes which we have been taught to call processes of prosperity." Obama? Hillary? No, that's Woodrow Wilson in 1913 (*The New Freedom*). It's striking to realize that progressives have been playing the same tune for a century, no matter what's actually taking place in the economy—indeed, in the midst of the greatest expansion of affluence in the history of the world—with the same set of proffered solutions: greater government power, regulations, higher taxes, and *subsidies for the markers of affluence*.

Reynolds' Law thus strikes at the heart of progressivism as a political ideology. Progressivism can't deliver on its central promise. In fact, it's guaranteed to make things worse in exactly that respect. It's not that it sacrifices some degree of one good (liberty or prosperity, say) to achieve a greater degree of another (equality). That suggests that the choice between conservatism and progressivism is a matter of tradeoffs, balances, and maybe even taste. Reynolds' Law implies that progressivism sacrifices some (actually considerable) degrees of liberty and prosperity to move us away from equality by undermining the characters and thus behavior patterns of those they promise to help.

Not coincidentally, progressives accumulate power for themselves, not only by seizing it as a necessary means to their goals but by aggravating the very social problems they promise to address, thus creating an ever more powerful argument that something has to be done.

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Our Next Club Meeting:
Saturday July 27th, 2013 @ Briggs Creek

Visit our website at http://www.millenniumdiggers.com/

The Millennium Diggers Club is a group based in Keizer, Oregon, which is near Salem, Oregon. The club is for people that share an interest in searching for things of value. The club's charter is to provide members with a club that will help promote the hobbies of metal detecting, prospecting, rock hounding, and treasure hunting. Part of our yearly dues pay for mining claims that are available for all club members to use. We use club meetings to share information about locating gold, silver, coins, jewelry, gemstones, fossils and metal detecting. We plan club outings each month where we can help each other learn all aspects of our hobbies. This is a great family activity, bring the kids! Please feel free to drop in on one of the monthly meetings or outings.

We meet the **4th** Thursday of each month, 7:00 p.m, at:
Clear Lake United Methodist Church
920 Marks Drive
Keizer, OR 97303

We meet in the church's Fellowship Hall; a real a nice meeting place complete with tables, chairs and a kitchen. The church is located across the street from the Clear Lake Fire Station. There's plenty of parking in the church's parking lot.
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