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TONOPAH

Date

JAN. 11, 1957

Dear Mr. Charles

Please excuse any delay occasioned in mailing the Report on TONOPAH previously sent you or hereto attached.

Because I've been reliably informed from two sources that "someone" tried to interfere, unsuccessfully, with some brokers in mailing to their clients the form letter requesting you and other stockholders to send for a copy of the report on TONOPAH, it therefore would be appreciated should you forward the name of your broker - who DID cooperate in acquainting you with the report. By having the name of your broker, it may then be possible to determine who is acting in the best interest of stockholders.

Information filed with all agencies of the Federal Government is expected to be true. It's believed some of the information the trustees were required to file with the SEC was not true. Because of this and other reasons it is believed the Rosita Mine, with its current \$87,000,000 gross value of ore, can be recovered for stockholders of TONOPAH-through the courts.

At a later date I expect to communicate direct with interested stockholders who complete the bottom of this page. As this is important to you, please complete, detach and mail. This will not cost you or obligate you in anyway, financially or otherwise, now or in the future, but will be important in helping decide what to do.

Sincerely,



Michael McLaughlin (1940-1944 Accountant - Investigator  
with S.E.C)

103 Park Avenue  
New York, N.Y.

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Please detach and mail immediately to:



On June 16, 1934, The Canadian Financial Post headlined the following:

"See Deep Plan Behind Latest Lindsley Coup.  
Thinks Tonopah Mining Co. Cash Earmarked for  
Quebec Copper Area.

Lindsley President

Parallel Seen In New Move To That of Nipissing  
Mines - Promotion Lobby For Railroad."

"The appointment of Thayer Lindsley as President of Tonopah Mining Co. has been construed in well informed mining circles as being an event of major importance to Canadians.

"Tonopah Mining Co. is known to possess a fat treasury, estimated at between \$500,000 and \$1,000,000 \* \* \*. It is claimed, continues the report of The (Canadian) Financial Post, that Mr. Lindsley and his associates have assumed the role in Tonopah very much like they did in Nipissing Mining Co., by quietly acquiring a block of stock and now are in a dominant position to dictate the policy of the (Tonopah) Company and the investment of its liquid assets.

"The Financial Post is advised that it was Mr. Huston, Vice-President of Tonopah in charge of Mining (in 1934 and later also a director of Ventures Ltd. and La Luz Mines Ltd.) who negotiated with the Quebec government on behalf of Lindsley's Ventures' controlled Opemiska Mine \*\*\*\* with a view of getting government support for a railroad \*\*\*\*" to Lindsley controlled Opemiska Copper Mine in remote Northwest Quebec Canada.

Forbes Financial Magazine, New York, on March 15, 1955 reported that Lindsley "parlayed \$30,000 into a personal fortune of \$15,000,000." And built Ventures Limited, Toronto, Canada, up from a shoestring into a \$250,000,000 mining empire. The same article reports a New York Mining Engineer as "flatly stating that Thayer Lindsley is the greatest structural geologist in the world - bar none." And that "only rarely has he let control of a Lindsley-developed mine slip thru his long artistic fingers."

Prior to the Presidential Election in 1932, there was talk about increasing the price of gold. After the election of President Roosevelt in 1932, the price of gold for the first time in over 50 years was gradually increased from \$20.67 to \$35.00 an ounce on February 1, 1934.

Thus gold properties became very desirable. Tonopah's Eden Mining Co., indicated above, was a large gold property spread over 9 square miles. Eden owned much mining machinery and equipment, including a 150-ton cyanide mill; and its subsidiary - The Tunky Transportation and Power Co. with a 1800 Hydro-Electric



The Tonopah Mining Co. of Nevada was organized, Delaware, 1901, by experienced mining men of Philadelphia, Pa., where the companies' office is located and its almost worked-out silver mines at Tonopah, Nevada. Under the old Tonopah management, the company was successfully operated for the benefit of the stockholders who put up the money to finance the Tonopah Company, which paid many millions of dollars in dividends.

Prior to 1932, Tonopah, in addition to stocks and bonds, owned or controlled the following companies:

	<u>shares</u>
Eden Mining Co. ....	555,000
Esmerelda Power Co. ....	10,000
American Mining & Securities Corp. ..	9,250
Tonopah Canadian Mines Co. ....	100,000
Tonopah Nicaragua Co. ....	46,250
Tonopah Corp. ....	100,000
Vertex Mining Co., Preferred .....	433,087
Vertex Mining Co., common .....	1,434,458

In 1934 a new group took control of Tonopah. Thayer Lindsley, Mining Engineer, and considered the world's foremost geologist, became director and president, replacing the former president. And with his late brother, Halstead Lindsley, and two of their friends, they became 4 of Tonopah's 7 directors.

Mr. T. Lindsley, below, is said to dislike sharing control of corporations; publicity and being photographed.





can be given until further development work is completed." Question: Where did the money come from to pay for the "work to date?" And how long a period of time was required to do the "work"?

And, in 1937:

"La Luz Property: At this property there has been developed by diamond drilling and underground work over 5,000,000 tons of (\$6 a ton gold) ore, to a depth of (only) 500 feet ..."

and

"Your company (Tonopah) has made an expenditure of \$175,000 on this La Luz Development. Ventures Limited and Associates have a two-third (2/3) interest in this development enterprise. The financing of the project has been receiving our active consideration."

The words "Expenditure of \$175,000" shows that Tonopah's money was used to develop the \$30,000,000 gold ore body, and that the \$175,000 was spent and lost. The above implies that Tonopah (which had a joint option with Ventures on the La Luz property) would receive the remaining 1/3 interest in the \$30,000,000 gold ore body. However, stockholders believing this - were deceived.

Tonopah's 1937 Report states that "Mr. Thayer Lindsley resigned as president and director as of Jan. 19, 1938". Lindsley's Ventures, however, still held its Tonopah stock. As a rule, Lindsley's resignation from Tonopah is an indication that something is about to happen between Tonopah and one of Lindsley's other controlled companies. After resigning, Lindsley in May, 1938 organized in Canada another new company - called La Luz Mines Limited, Toronto, Canada, T. Lindsley, president.

In 1938, C. H. Nonomaker, Tonopah's secretary-treasurer, reported:

"La Luz Mines: This property was acquired by La Luz Mines Limited, a Canadian Corporation with an authorized capital of 2,000,000 shares; 1,248,500 shares have been issued at a uniform price of \$2 a share, of which your Company (Tonopah) acquired 120,000. The cash so obtained was used to pay for the property, development work and start of a mill construction. From the present outlook this should prove to be a profitable investment."



Power Plant and site - both very important to a mining company - was, with the large gold property, sold in 1934 to an undisclosed buyer for a total of \$75,000., payable in monthly installments of about \$900 a month. The final payment being made January, 1939.

Starting in 1932, \$15,000 of Tonopah's stockholders money was loaned to an unnamed Tonopah subsidiary. In 1933 another \$18,000 was loaned; 1934 - \$36,371; 1935 - \$294,868, and in 1936 - \$202,000. A total of \$566,239 of stockholder's money was loaned to a mysterious never revealed subsidiary. The Canadian Financial Post article states that Tonopah, in 1933, had a "fat treasury estimated between \$500,000 and \$1,000,000." Was any of Tonopah's treasure or half of it used primarily for the benefit of Lindsley? Was Tonopah's money used by Huston, vice-president of Tonopah, to help develop the Lindsley-controlled, rich Opemiska copper mine? And if so, did Huston and other Tonopah directors get free stock in Ventures or Opemiska? Tonopah's stockholders got nothing.

Lindsley as president of Tonopah in his annual report of Dec. 31, 1936 reported to Tonopah's stockholders that the -

"Eden Mining Company: During the year a further sum of \$11,000 was received on account of the Sales Agreement referred to in the last annual report, bringing the total amount received up to \$20,500, on account of the sale price of \$75,000."

And, reported Lindsley in 1935,

"Tonopah Nicaragua Company: This company's property located in Nicaragua, remained inactive during the year, as the market price of copper (about 10¢ a pound) has not reacted a point which would permit profitable operations of this property. One of our Engineering Staff, now in Nicaragua, is devoting part of his time to the study of a low-cost method of transportation of the ore."

The above was 21 years ago - 1935.

Lindsley in Tonopah Annual Report for 1936 reports:

"La Luz Property: A gold property, located near Siuna, Nicaragua, Central America, was optioned in association with Ventures. From work to date (?) the property shows possibilities of developing a very large body of ore, but no accurate estimate



Nonomaker's statement above is deceiving and misleading - if not absolutely false in part. If 1,248,500 shares were issued (sold) for cash at \$2 per share, or \$2,497,000 - then why does La Luz's Balance Sheet for the first two months operations (August 5 to Sept. 30, 1939) show only \$57,133 dollars in the bank? And debts - such as "Demand Loans payable \$160,000;" and "Advances due Associate companies - \$303,256." Was part of the latter sum due to Tonopah's mysterious subsidiary which, in turn, owed the money to The Tonopah Mining Company?

On October 6, 1938, The Northern Miner, Toronto, Canada, reports that the La Luz stock was distributed thus:

La Luz Mines Limited, capitalized at 2,000,000 shares with \$500,000 in its treasury.

Only shares issued .....	1,250,000 shares	
Of which Ventures owns	580,000	
And Ventures' Sud. Basin		
owns	250,000	
		830,000 "
		<u>420,000</u> "

"And the remainder divided between

Tonopah .....	= 120,000 "
"And Northfield and other companies" (?)	<u>300,000</u> "

Northfield Mines Inc. is Lindsley's rich personal holding company.

The number of shares of La Luz held by Northfield, Lindsley's personal holding company, was not revealed. Nor was it revealed what Northfield, Ventures and Sudbury Basin (all controlled by Lindsley) paid in cash, if anything, for their shares. Or, if everyone, including the directors of the various companies, got shares of La Luz stock for free - except Tonopah's stockholders whose money was used to develop the mine, and then received less than 10% of the shares issued - while others got 90% of the new \$30,000,000 La Luz company.

The financial statement of the La Luz Mines Limited for the first two months operations, August - Sept. 1939, shows that \$550,911 was obtained from somewhere and spent to develop the La Luz mine prior to the formation of the new La Luz Mines Limited.



Then, when the new La Luz company was organized by Lindsley in Toronto, Canada, the \$550,911 was entered in the new company's books as the total cost of "Mine Development - \$550,911". This sum is almost equal to the \$566,230 that Lindsley and other officers of Tonopah advanced, between 1932 and 1936, to an unnamed subsidiary of Tonopah.

On January 1, 1939 Lindsley, in Toronto, reported to the stockholders of the new La Luz Mines Limited, that the operations (and profits) of the previous owners of the La Luz property, were limited because of the insufficient electric power to operate the mine. And that the new La Luz Mines company had "acquired a water power site capable of developing over 3000 H.P. to the new La Luz mine. Also, that instead of getting 68% recovery of the gold ore with the old La Luz 100 ton amalgamation mill - it was now possible to get 95% recovery of La Luz's gold ore by a "cyanidation"-mill. Eden's equipment included a 150-ton cyanide mill, and an 1800 H.P. hydro-electric plant. The new La Luz mine started with a 200<sup>ton</sup>/mill - which has gradually been increased, as La Luz earned money, to a 2000 ton mill. In 1955 La Luz milled an average of 1921 tons of gold ore per day.

At one time, the Eden Mining Co. owed Tonopah over \$2,000,000 exclusive of interest on the loans. There's no indication that the money was repaid before the Eden property was sold, to some hidden buyer,

The late M. B. Huston, M.E., an officer and director of Tonopah, was the general manager of Eden before it was sold, and later was a director of La Luz Mines Ltd. and Ventures Ltd. His widow succeeded him as a director of La Luz, but not of Tonopah.

The La Luz gold property was operated by previous owners between 1909 and 1928 - when the plant was destroyed - and gold was \$20.67 an ounce. Indications are that Tonopah and Ventures held a joint option on the La Luz property and then Tonopah's



money was used to prove and develop the \$30,000,000 gold mine. Then when the new La Luz Mines Limited was formed in Toronto, the optioned property was turned into La Luz, in exchange for La Luz shares - of which a total of 1,250,000 shares were issued - with Lindley's Ventures and Sudbury Basin getting 2/3 of the shares, or 830,000 shares, and Tonopah getting 120,000 shares, or less than 10% of the mine - while some mysterious others, including Lindsley's personal holding company, Northfield, divided 300,000 shares. By getting at least 2/3 of the new La Luz Company (Lindsley, president), Lindsley's controlled companies got 2/3 of \$30,000,000 or \$20,000,000; while Tonopah's stockholders (whose money, at least \$175,000, was used to develop the \$30,000,000 gold ore body) got about 10% of the \$30,000,000 or \$3,000,000 - compared to the \$27,000,000 value others got. From 1939 to 1954, the La Luz Mines have produced 34 million dollars, and will continue to produce many more millions during the next 15 years. An idea of the value of the La Luz gold property is indicated by the company's profits for the first two full years operations:

La Luz Mines Ltd. Net Profit -	1941	1940
Tonopah Mining Co.     "     "	\$1,056,129 - 3,601	\$607,863 - 6,147

With control of the Eden mine (presumably transferred to La Luz Mines) and control of the new \$30,000,000 La Luz gold mine, also transferred safely to Toronto, Canada; Lindsley returned to continue his work as a director of Tonopah on November 29, 1939.

In Tonopah's Annual Report for 1939, Tonopah's stockholders are told about a third mine - the Rosita copper mine, owned by Tonopah's subsidiary, the

"Tonopah Nicaragua Company: The company's property in Nicaragua located 26 miles from the La Luz Mines, remained inactive during the year. The increased activity of North American Mining companies in Nicaragua, and especially two operations in the vicinity bring forth the possibilities of interesting new capital in the development of this property. The transportation problem still presents the greatest difficulty to overcome."



This was 17 years ago. Since then, many roads have been built and are now close to the Rosita copper-gold mine.

And in 1940:

"Tonopah Nicaragua Company: During the year (1940) an option was granted to La Luz Mines Limited to purchase the stock of this company, owned by the Tonopah Mining Co. of Nevada, for the sum of \$250,000 in cash, but after the 6 months period of the option, it was relinquished."

The government continued to fix the price of copper at low prices, and this, probably, is one of the reasons Lindsley and the other directors changed their plans about selling the Rosita mine to La Luz Mines. However, had the sale been made then, in effect, 4 of Tonopah's 7 directors would have been selling the Rosita mine to themselves, and without the knowledge or approval of Tonopah's stockholders.

Why did Lindsley and the other directors of Tonopah make an exclusive offer of Tonopah's rich Rosita copper mine to La Luz now 80% controlled by Lindsley, and to no other company?

At the time, the following were  
4 of Tonopah's 7 Directors -

T. Lindsley, M.E.  
N. F. George  
W. L. Haehnlen  
M.B. Huston, M.E.

while at the same time, with  
G.W. Tower, they were 5 of La  
Luz's 7 Directors:

T. Lindsley, M.E.  
N. F. George  
W. L. Haehnlen  
M. B. Huston, M.E.  
G. W. Tower, M.E.

In 1940 - 3450 stockholders owned the 870,000 outstanding shares of Tonopah. And 57 stockholders owned the 1,250,000 shares of La Luz Mines Limited; of which Lindsley's controlled companies held or controlled about 1,000,000 shares. Thus, La Luz Mines Limited might be considered Lindsley's private holding company.

From published reports, ore was developed first in 1936 at Lindsley's controlled Opemiska Copper Mine - which Tonopah's mining engineer, Huston's, reported to have had some connection in 1934 - in Northwestern Quebec, Canada, which is 300 or 400 miles north of Montreal. Then, according to the



reports, work was suspended because of the then low price for copper - which was below 11¢ a pound or \$220 a ton. However, the reports state that

"When the price of copper was over 20¢ a pound, (or \$400 a ton) in 1950, it was decided to reopen the Opemiska mine."

Ore from this remote mine is trucked not 16 or 26 miles, but for 160 miles and then shipped by rail another 585 miles to Noranda's smelter at Noranda, Quebec.

It should be noted that it was decided to reopen Lindsley's controlled Opemiska copper mine when copper was over 20¢ a pound in 1950. And it was in 1950 that Tonopah's trustee, Lindsley, decided to buy - transfer the Rosita copper-gold mine from Tonopah, supposedly for Mines Inc., but actually for La Luz Mines Ltd., Lindsley, chairman - and owner or controller of at least 77% of the outstanding shares of La Luz, and at the time when it was profitable to operate the Rosita Mine with copper selling for over 20¢ a pound or \$400 a ton, in 1950.

During the war and since the German army surrendered in 1945, an agency of the U. S. Government has been buying and stockpiling many scarce materials - including copper; which, as it is taken from the earth and used, will naturally become more scarce in future years. In 1951 the President of the United States appointed the head of the Columbia Broadcasting System, Mr. William Paley, as Chairman of the President's Material Policy Commission, to conduct a study of natural resources and materials, not for immediate needs, but for future needs.

The "Paley-Resources for Freedom" report presented to the President of the United States indicates that while the U.S. is first in the production of copper, it's also an importer and largest user of copper; and that by 1970 there will be an estimated 43% increase in the present demand for copper in the United States, and an estimated 54% increase in demand for copper in the rest of the free world. This anticipates the use of aluminum in places where scarce copper is now used.

Because of the demand and scarcity of copper, the U.S. Government, now and in the past, has helped to finance copper companies, and, in addition, gives orders for copper - deliverable over a period of years. On May 20, 1953 the Export-Import Bank, Washington, D.C. loaned \$5,500,000 to a Canadian Copper-Gold company - Campbell Chibougama Mines Ltd., located near the Opemiska mine in Northwestern Quebec, Canada. At the same time the U.S. Defense Material Procurement Agency gave Campbell Chibougama an order for 63,000,000 pounds of copper. On the 28th of February 1952 the U.S. Government agreed to advance \$6,000,000 to Falconbridge Nickel Mines to help meet its expanded production commitments. If these and many other companies can obtain assistance from the U.S. government, then it's reasonable to suppose that the trustees of Tonopah could also have received complete financial assistance to bring a \$100,000,000 copper mine into production - as well as orders for copper from the U.S. Government.

The demands for the scarce copper is so great that many companies, some in the United States, are profitably producing copper from ore containing only 1/2 of 1% copper: the ore from the Falconbridge Mines is 8/10 of 1% copper - while the Rosita ore runs as high as 10% and averages 3% copper, exclusive of gold and silver.



Following are a few additional important facts the U. S. Securities & Exchange Commission (SEC) may or may not have known about Mr. Thayer Lindsley and The Tonopah Mining Co. Investment Trust (which Lindsley controls - and which the SEC ordered in 1947 to be registered, presumably for the protection of some 2500 Tonopah stockholders) which was before the SEC granted Tonopah's trustees (which included Lindsley or his agent) the necessary exemption from the law for the trustees to deal with Mines Inc., Lindsley, president, 230 Park Ave., New York City, in the sale, according to The Northern Miner, Toronto, Canada, of the \$100,000,000 copper-gold mine, belonging to Tonopah. Lindsley as president of Mines, Inc. paid Tonopah (controlled by Lindsley) \$210,000 for 60% of the \$100 million copper mine; later, for the remaining 40% of Tonopah's \$100 million mine he paid \$65,000 in cash, and 10,000 shares of another Lindsley controlled company - Falconbridge Nickel Mines, Ltd - which is actually the 6th largest copper company in Canada. In 1952, the U. S. Government agreed to advance \$6,000,000 to Falconbridge for expansion and for the future delivery of metals. On March 30, 1953 the U. S. Government gave Falconbridge Nickel Mines an order for 52,000,000 pounds of copper to be delivered over a five (5) year period - ending in 1958.

Tonopah's trustees reported to Tonopah stockholders that "Your directors (trustees) felt fortunate in being able to complete the sale" in 1953 of the remaining forty (40%) percent interest in Tonopah's subsidiary - The Tonopah Nicaragua Co." which owned the mine; because, said the trustees: 1. "Of the uncertain outlook for the price of copper!" 2. the "remote" location of the mine; which is only 16 (not 160) miles from a road being built at the cost of about \$7500 a mile. Remote apparently for some 2500 Tonopah stockholders, but apparently not remote for Lindsley. And 3. Sold because of "Expense" involved. If money had been needed, it could have been raised without trouble, and also could have been borrowed from the Government - against future deliveries of needed copper.

Concealing what had actually taken place - and thus, it's believed, wilfully and intentionally deceiving Tonopah's stockholders, the trustees said: "The sale which was to an affiliate of Ventures Limited was APPROVED by the Securities and Exchange Commission."

The only thing the SEC did was grant the necessary exemption from the law, permitting the trustees to deal with the company the trustees asked to deal with - "Mines Inc., New York," and which is a subsidiary of Frobisher Ltd., Lindsley, president.

What purpose did the trustees have in telling Tonopah stockholders that 60% of the mine was sold to "Mines Inc. New York," and 40% was sold to "an affiliate of Ventures Limited?" whose address is Toronto, Canada. Why did the trustees conceal the fact that they told the SEC that 100% of the mine was sold to Lindsley as president of Mines Inc., New York? And then concealed from stockholders and the SEC the fact that the mine was actually transferred to La Luz Mines Limited, Toronto, Canada.



The trustees and officers of Tonopah (which has a total staff of three or four persons) who prepared, signed and filed the necessary paper, and appealed so hard and successfully with the SEC for the exemption to sell Tonopah's (\$100 million dollar) mine to Lindsley - are registered owners of the following number of shares of Tonopah:

	Shares	Market Value	Salary
Tonopah's attorney and trustee-J.W.McWilliams	100	\$200	Fees
Vice-President " " G.W.McDougal	100	\$200	about \$4000.
President-Treasurer " " C.H.Nonomaker	300	\$600	" 6000.
Secretary-Ass't-Treas. J.G.Hacker (Miss)?-	-	-	" 3000.
	500-	\$1000	

It appears, according to notes in Tonopah's financial statements, that for the first and only time - after 100% of the \$100,000,000 mine was sold - the employees received "Gifts and Gratuities; 1953 - \$2761.50; 1954 - \$1972.50." Also on December 31, 1954, \$118,142.75 of Tonopah stockholders funds were deposited with The Fidelity-Philadelphia Trust Co. as a new Retirement Income fund - for the three or four employees. And the next day, January 1, 1955, according to the agreement, the employees could retire, on what appears to be almost the same amount of their yearly salary. Nonomaker started with Tonopah in 1917 - when about 26 years of age.

Lindsley first had 13% control of Tonopah; later, thru Ventures, he increased his control<sup>to</sup> more than 26% of Tonopah's 870,000 shares. Thus he had greater command over what should be done with Tonopah's assets.

The following is from "Control" as defined by Congress in the Investment Co. Act - 1940.

"Any person who owns beneficially, either directly or through one or more controlled companies more than 25% of the voting securities of a company shall be presumed to control such company."

Lindsley by controlling over 26% of Tonopah's 870,000 shares - and with himself as a trustee, and 3 other salaried-trustee employees - Lindsley not only controlled Tonopah thru stock ownership but also controlled 4 of Tonopah 7 member board of directors. Thus Lindsley controls Tonopah and its employee-trustees, regardless of the latter's questionable statements to the SEC.

Lindsley was in a position to command and order others - and to discharge employee-trustees and remove or appoint other trustees of Tonopah.



The SEC granted the exemption for the trustees to deal ONLY with Mines Inc. and no other company. Yet, in 1951 and 1952 the following trustees of the Tonopah Mining Investment Trust were also directors of La Luz Mines Limited, Toronto, Canada.

Trustees of Tonopah

Directors of La Luz

T. Lindsley - Controls Tonopah -	T. Lindsley - Controls La Luz
J.W.McWilliams - Tonopah's Attorney -	J.W.McWilliams
G.W.Tower - a Lindsley Employee -	G.W.Tower

For the year 1951 - when filing sworn Applications and Amendments for an exemption to deal with Mines Inc. <sup>New York</sup> and Mines only - and while telling nothing to Tonopah's stockholders, the trustees as directors of La Luz were writing in the La Luz Report in Toronto, Canada, to La Luz's stockholders about an item in La Luz's Balance Sheet:

"The second item, Rosita property, \$26,763.62 represents expenditures made by La Luz investigating a high-grade copper property, within 30 miles of your gold mine in Nicaragua. Your Board considers this property as having great promise and has joined with Mines, Inc. and Northfield to purchase a 60% interest in the Tonopah Nicaragua Company who are the owners."

The trustee as sellers of the \$100,000,000 mine - were never authorized to deal with themselves as buyers of the mine for \$275,000 in cash and 10,000 shares of a copper company.

And for the year 1954, Lindsley as chairman of the Board of La Luz, now that 100% of the Rosita Mine has been successfully transferred from Tonopah's stockholders, the La Luz report issued in Toronto reads in part:

"With copper in short supply and the price of export copper showing a very decided upward tendency \* \* \*

"We consider the possibility of a successful operation on the Rosita property as very encouraging. Calculations based on the ore now blocked out indicates 3,582,000 tons of ore averaging 2.91% copper and .027 ozs. of gold per ton. At an estimated price of 30¢ per pound the gross value of the copper content, 208,000,000 pounds, works out at over \$62,000,000.



"Research work carried on for several years indicates that electrolytic cathode copper can be produced at a cost not exceeding 15¢ per pound at the plant. This cathode copper is readily marketable at a trifle less than wire bar price - a considerable amount of gold will be recovered as a by-product.

"Electric power is an important factor in the proposed process and the possibilities of expanding the La Luz hydro-electric system to produce the additional power for Rosita is being investigated. Results obtained so far indicate that the power plant expansion is feasible at not too great a cost."

What reason could the trustees have for requesting an exemption to deal with Mines Inc. New York? One reason could be that there are no private or public stockholders owning shares of Mines Inc. N. Y. Therefore, the trustees could not be accused of transferring the \$100,000,000 mine for a selfish or greedy purpose.

**New York**

Indications are that Mines Inc. was actually insolvent and in no position to finance the Rosita Mine. Therefore was this company used merely as a "Dummy" or subterfuge to deceive or mislead - in order to get the required exemption - to get the mine from Tonopah's stockholders?

With none of the officers or trustees owning shares of Mines Inc., they therefore could not be accused of transferring the \$100,000,000 mine for personal profit from proceeds or earnings of the mine. However, had the trustees asked for an exemption to transfer the mine to La Luz (which in effect and in writing they told the SEC they would not do), then the SEC might have wanted to know who were stockholders of La Luz.

When Tonopah's stockholders owned the \$100,000,000 mine and Lindsley personally and thru Ventures controlled 13% of the mine, he

26% he had 13% of \$100,000,000 or \$13,000,000 and with  
had 26% of \$100,000,000 or \$26,000,000. However,

when the mine was transferred to La Luz, then Lindsley's interest changed to 77% of \$100,000,000 or \$77,000,000.



And as Lindsley's personal holding company, Northfield Mines, Inc., (which controls his Ventures Limited holding company) is reported to own from 1/3 to 1/2 of Ventures outstanding shares - then Lindsley's personal interest in the \$100,000,000 changed thus:

1/3 of the (13% of \$100,000,000) \$13,000,000 or \$4,300,000  
1/3 of the (26% of \$100,000,000) \$26,000,000 or \$8,600,000

The above is what Lindsley might have had had he put the mine into production for Tonopah's stockholders. But when the mine was transferred - <sup>New York</sup> not to Mines Inc. - but to La Luz Mines Limited - Lindsley's personal interest changed to at least -

1/3 of the (77% of \$100,000,000) \$77,000,000 or \$25,600,000.

By merely switching the \$100,000,000 mine from one Lindsley-controlled company (Tonopah) to a greater Lindsley-controlled company (La Luz); Lindsley's personal interest increased in value from \$4,300,000 to \$25,600,000, a difference of \$21,000,000.

Even though there's been reported changes in employee-directors of Lindsley's Ventures, there's apparently been no change in the policy of Ventures or Lindsley in getting control of mines, with cash and large bodies of ore - in the earth.

This report reflects what The Financial Post, Toronto, Canada, reported about Lindsley 22 years ago, which was that -

"Tonopah Mining Company is known to possess a fat treasury, estimated at between \$500,000 and \$1,000,000 \*\*\* It is claimed that Lindsley and his associates have assumed the role in Tonopah very much like they did in Nipissing Mining Co. by quietly acquiring a block of stock and now are in a dominant position to dictate the policy of the (Tonopah) Company and the investment of its liquid assets."

The above was printed June 16, 1934; now 22 years later Sept. 6, 1956, another Canadian weekly paper, The Northern Miner, Toronto, Canada, reports how Lindsley's Quebec Metallurgical Industries - Q.M.I. - (which was organized in 1947 to do Metallurgical research?) was -

"Defeated in the first round of the struggle for CONTROL of Temagami Mining" and "is quietly preparing for the second round to be fought" to get control of a large property containing 8/10 of 1% copper and 3/10 of 1% nickel. The market value of the Temagami Mining Company Limited is in excess of \$15,000,000.

Lindsley's QMI is the largest single shareholder of the Temagami Company, and according to The Northern Miner, requested the calling of a special meeting "in order to nominate two additional directors of (Lindsley's) choice to the Tamagami board." And, reports The Northern Miner, Lindsley's -



"QMI nominees were J. D. Streit and G. T. M. Woodroffe, Venture's Secretary. Proxies for the QMI were voted by Thayer Lindsley, Chairman of the Board of Ventures." and "commenting on the results of the proxy fight, the President of Temagami, Dr. Keevil, told the Northern Miner that shareholders by voting for him have fully endorsed the company's stand in the option dispute with QMI."

"Dr. Keevil, speaking for the management, rejected allegations that Temagami is dissipating its funds instead of development of its main property." The Temagami Company, reports The Northern Miner, "has more than \$1,000,000 cash on hand or receivables for ore shipments."

It would appear that Dr. Keevil, president of Temagami in opposing Lindsley was acting in the best interest of his company and small stockholders. However, in order to get possession of the disputed optioned stock, Lindsley's QMI has taken the matter before the Ontario Supreme Court, and if successful then Lindsley will secure, according to the Ladenberg, Thalman report, control of Temagami's Mine - with its \$1,000,000 cash and \$15,000,000 ore body.

A Lindsley aide is reported to have said: "His (Lindsley's) philosophy is simply that 'There is only just so much ore in the world. Therefore, if you can get your hands on it and hold it long enough, you can't help but make money.'"

Ever since Lindsley got control of the Tonopah Mining Co. in 1932 or 1934, he has never let go of the rich Rosita mine - which at the time had over 1,400,000 tons of proven copper ore - averaging better than 5% copper - with some as high as 10% copper. Also there was a known method for producing copper from the ore for less than 15¢ a pound. Which is what Lindsley now admits copper can be produced for - a price "not exceeding 15¢ a pound." In 1950, with the price of copper fixed in the U. S. at the ceiling price of 24.37¢ a pound or \$487 a ton - (while in Europe copper was selling for between 45¢ and 55¢ a pound or \$900 or \$1100 a ton), the 1,400,000 tons of 5% copper had a gross value in the U. S. of \$34,000,000, and in Europe of \$63,000,000. This, the SEC was told, 33 well-known copper companies and individuals refused to buy or look at for only \$210,000 - for 60% of the mine.

Someone might doubt or wonder if the various internationally known mining companies who have their own men or agents prospecting all over the world for property with merely the indications of minerals - were, as they're reported to have been, told the complete truth about the rich Rosita mine - by Mr. Frank Cameron, whom the SEC, and definitely Tonopah stockholders, were not told was an employe or former employe of Lindsley and was or had been the General Manager of La Luz Mines in Nicaragua. Why Nonomaker of Philadelphia, a Lindsley employe, had to go to Nicaragua to give another or former employe of Lindsley an "Exclusive" right to sell 100% of such a rich mine for a net total of \$297,000, is not known.

The Federal 1940 Investment Co. Act covers such as -

"Larceny and embezzlement - abuse of trust - unlawful representation and names - destruction and falsification of reports and records - circular ownership of corporations - interlocking directorships, etc."

In the beginning, when Lindsley became associated with The Tonopah Mining Co., at least \$175,000 of Tonopah's stockholders funds were used to prove that a mineral property had at least \$30,000,000 worth of gold ore. Then La Luz Mines Ltd. was formed by Lindsley in Toronto, and two of Lindsley's controlled companies got over two-thirds of La Luz's



\$30,000,000 gold mine. Lindsley controls La Luz, and over the years as the company earned money, a Reserve of \$3,000,000 has been set aside. In the years when no dividends were paid to stockholders - which included Tonopah with its then 120,000 shares of La Luz - the company's funds were being advanced or loaned to other Lindsley-controlled companies which needed money. Indications are that some advances were never collected - thus Tonopah's stockholders lost due to uncollected La Luz's funds being loaned to other Lindsley-controlled companies. Also, La Luz funds were given in exchange for shares of other Lindsley-controlled companies - which also needed money. Now in 1956, according to the Northern Miner, the shares which were taken in exchange for La Luz's funds are now being transferred to Ventures - not sold on the stock exchange - for \$1,600,000, which is to be paid in 4 installments of \$400,000 ending in 1957 - when it is expected that the Rosita mine will be put into production.

Indications are that the shares (which La Luz Reserve funds were exchanged for) at the time of their "sale" had a market value of \$2,100,000. Thus the indications are that La Luz's stockholders (which includes the Tonopah Mining Co.) suffered a loss of \$500,000, by the shares being transferred to Lindsley's Ventures, instead of being sold in the market. By transferring the shares from one company to another, Lindsley keeps control of the various orebodies.

La Luz's Reserve Fund of \$3,000,000 accumulated over the years - including the years when no dividends were paid - is the same sum (\$3,000,000) Lindsley now reports will be the total cost of everything, including mill, roads, etc. to put the Rosita mine into production in 1957. Which is much different from the \$13,500,000 the SEC was told the cost would be, by the trustees when applying for an exemption from the law, to sell the rich Rosita mine to Lindsley.

Thus the direct and indirect funds of Tonopah's stockholders have from the beginning in 1932-4 been used to develop and finance various mines - including the \$100,000,000 Rosita mine - formerly owned (not 7% but 100%) by Tonopah stockholders, but now directly or indirectly over 77% owned or controlled by Lindsley - and when copper is valuable - even without a war.

Following is a photostat of a page in La Luz's Annual Report, Toronto, Canada, sent to La Luz stockholders-Lindsley, Chairman of Board. This reflects, according to Lindsley, La Luz's cost of the Rosita mine and its gross value of the then - since increased - proven ore. Lindsley also stated that "copper can be produced at a cost not exceeding 15¢ per pound at the plant" in Nicaragua.

#### ROSITA PROPERTY:

✓ At the end of the fiscal year a deal had been completed whereby your Company became the sole owners of this property. You will find it shown on the asset side of the balance sheet, at a cost of \$534,841.37. A new company with a Canadian charter, "Rosita Mines Limited", has been organized to develop and operate the property. The transfer of title to the new company has been fully authorized and arranged and it only remains for the transaction to be put through the records in accordance with Nicaraguan laws. It will, of course, be necessary to arrange a contract with the Nicaraguan Government as the present La Luz contract does not cover the proposed new operation. However, no difficulty is expected in that respect.

✓ With copper in short supply and the price of export copper showing a very decided upward tendency it is deemed advisable that further exploratory work should be done to investigate possibilities of additional tonnage at depth and that the preliminary development work commence at once. The necessary equipment has been flown in and diamond drilling has been started. For the present your Company will go ahead with this work and the new company will be operated as a wholly owned subsidiary of La Luz.

✓ We consider the possibility of a successful operation on the Rosita property as very encouraging. Calculations based on ore now blocked out indicate 3,582,000 tons of ore averaging 2.91% copper and .027 ozs. of gold per ton. At an estimated price of 30¢ per pound the gross value of copper content (208 million pounds) works out at over \$62,000,000.

T. LINDSLEY  
Chairman of Board  
La Luz Mines Limited



Following are the names of companies and individuals reported to the SEC that Cameron's reported to have tried by personal contact and correspondence to sell the Rosita mine.

1. Freeport Sulphur Co.
2. Kennecott Copper Co.
3. Anaconda Copper Co.
4. Thayer Lindsley
5. Compania Minera La India
6. American Metal Co. Ltd.
7. American Smelt & Ref. Co.
8. New Idria Honduras Mng. Co.
9. Cie Aramayo De Mines En Bolivie
10. Phelps Dodge Corp.
11. Lehman Brothers
12. Newmont Mining Corp.
13. Calumet & Hecla Cons. Copper Co.
14. E. Futterer, Consul't. Toronto
15. J. H. Colville, " "
16. Sheritt Gordon Mines Ltd.
17. N. A. Timmons(Timmins) Exp'd Ltd.
18. Noranda Mines Ltd.
19. Dome Mines Ltd.
20. Tintic Standard Mng. Co.
21. Combined Metals Reduct. Co.
22. Cons. Mn'g & Smelting Ltd.
23. Bunker Hill & Sullivan Mng. Co.
24. Hudson Bay Mn'g & Smlt. Co.
25. Mid North Eng. Ser. Ltd.
26. So. Am. Dev. Co.
27. N.Y. & Honduras Rosario Mng. Co.
28. U.S. Smelt. & Ref. Mng. Co.
29. Am. Zinc, Lead & Smelt. Co.
30. St. Joseph Lead Co.
31. Gen. Dev. Co.
32. Int'l Mng. Co.
33. Gordon Gould

Information filed by the trustees do not show if Cameron was residing in Nicaragua, Philadelphia, Toronto or New York, when the trustees reported to the SEC that by personal contact and correspondence Cameron tried to sell 100% of the rich Rosita mine for only \$330,000 - less a 10% commission - to the above named companies and individuals - including Thayer Lindsley! Nor does the records show who was paying Cameron's expenses and - or salary during the 11 months (later reported to have been only 3 months) time he's reported to have spent trying to sell the rich mine to the various companies and individuals scattered in various parts of the U.S., Canada and Central and South America. Nor does the records show if Cameron, while reported trying to sell the Rosita mine, was actually in Saudi Arabia, working as General Manager of another gold mining company - since liquidated by a Canadian trust company?

We believe that neither Cameron nor anyone else ever told the whole truth about the Rosita mine to the proper mining officials of all of the above named companies and individuals.

It is not known why the trustees included Lindsley's name among those they reported to the SEC that Cameron's reported to have tried to sell the mine. Cameron and the trustees knew that Lindsley had been president of both La Luz and The Tonopah Nicaragua Co., the owner of the Rosita mine.

We believed that had the officials of all of the various mining companies, whose shares are owned by the public, been told anything like the whole truth, that they - as capable mining men whose business it is, on behalf of their stockholders, to look for worthwhile mining properties and to examine properties that turn out to be mere "Moose Pasture", would have been just as anxious as Lindsley to sign Agreement, Aug. 1950, amended Oct. 30, 1950 to buy the rich Rosita mine with its 1,456,388 tons of proven 5.13% copper ore - for a mere \$330,000.

After receiving SEC exemption, April 16, 1951, and selling 60% of the mine for \$210,000, and when applying for second exemption (granted Nov. 1953) to sell the remaining 40% of the mine, the trustees said there had been no change in the ore reserves since the sale of the 60% took place. The fact is the trustees knew that there had been a change and that the ore reserves had been increased by over 2,130,000 tons, which if figured as 1 1/2% copper - increased the value of the mine (of the additional new ore only) by \$17,000,000. It was after this increase in the ore reserves from 1,456,388 tons to 3,582,385 tons that the trustees sold the remaining 40% of the mine for \$65,000 and 10,000 shares of a Lindsley controlled copper company.

We believe that had the officials of the various mining companies been told the whole truth - that at least 25% of them would have engaged or sent their own engineers by jet aircraft to any part of the free world to examine such a property - and for such a price, and especially when the fact is that copper could have been produced and sold at a profit; yet the SEC was told that not one of the above companies or individuals would look at - or buy the mine - except, Lindsley.



Reports filed by the trustees with the SEC state that the cost of putting the Rosita mine into production would be \$7,200,000; then between \$6 and \$8,000,000; still later, and the exemption had not yet been granted, but the price of copper, due to demand, was going higher and thus it would have been to the advantage of Tonopah's stockholders had the trustees kept the mine - the SEC was told that it would now cost Tonopah, not \$7,200,000, but \$12,000,000 to put the Rosita mine into production for Tonopah's stockholders. After the trustees sold 60% of the mine, and had applied for exemption to sell the remaining 40% - the fixed price of copper in the U.S. had risen higher, and so again it would have been to Tonopah's advantage for the trustees to keep the remaining 40% of the mine. Instead the trustees now reported to the SEC that the cost would be not \$12,000,000 but \$13,500,000. Reports filed with the SEC do not show at anytime how large a mill was to be built for either \$7,200,000-\$12,000,000 or \$13,500,000. Why? At one time mills were, as a rule of thumb, figured to cost \$2000 per ton of mill. Now that the rich Rosita mine has been transferred from Tonopah's stockholders to La Luz, Lindsley now reports to La Luz's stockholders that the Rosita mine will be put into production for La Luz with a 500 or 600 ton mill - and that the total cost of everything will be \$3,000,000 not \$13,500,000.

In view of the foregoing, the SEC may now determine (1) if the trustees did or did not deceive and trick the SEC; and (2) if, as Congress intended, the uninformed stockholders of the Tonopah trust were protected; and (3) if the trustees were acting primarily for their own personal benefit.

The SEC can also determine if there have been over the years, continuing violations of its laws, and if the reason for the transfer of the \$100,000,000 copper orebody for a mere \$275,000 and 10,000 shares of Falconbridge Nickel Mines (which is another copper company) was because the trustees or former trustees who own none or only a few shares of Tonopah - own substantial amounts of stock in La Luz Mines Limited, which the present owner of the \$100,000,000 Rosita Copper Mine; which the trustees sold because, they reported to stockholders, they didn't know what was going to happen to the future price of copper - after accepting the 10,000 shares of another copper company, Falconbridge Nickel.

If the trustees felt they had nothing to hide: Why did they tell stockholders such misleading stories? Why didn't the trustees tell stockholders the truth? - that they sold the \$62 million or \$100 million mine for \$275,000 cash and 10,000 shares of stock worth about \$140,000 or a total of \$415,000 to the man who controlled Tonopah and was a trustee of Tonopah - and then let stockholders vote on the sale, which they were never given an opportunity to do.

Is the trustees' purpose of still concealing valuable facts about the fabulously rich Rosita mine and the name of the company which now owns it - so that that the trustees can now sell (for the first time since 1938) all of Tonopah's remaining 110,700 shares, or about 7% of La Luz, without Tonopah's stockholders ever learning anything about their former 100% owned rich asset, and therefore there would be no occasion for anyone to ask the trustees why and to whom they sold the La Luz shares?

Lindsley, as Chairman of La Luz and having the authority, has, according to The Northern Miner, granted options on some 50,000 shares of La Luz to the new Lindsley appointed president of Ventures, Mr. Robert B. Anderson, whom the New York Times, Sept. 1955, reports as a 45 year old Texas Democrat, who had been Deputy Secretary, U.S. Dep't of Defense. There are those who wonder if the reason Lindsley appointed Anderson in preference to one of the many American or Canadian geologists, lawyers, accountants, etc., who for years helped Lindsley build his mining empire, was because of Anderson's former Washington, D.C. connections. Lindsley, according to The Northern Miner, said:

"Normally the choice would have fallen on someone in Canada.

But he (Lindsley) pointed out that Mr. Anderson has exceptional qualities of talent, ability and integrity.\* \* \*



While others are given options to purchase shares of La Luz - since control of the \$100,000,000 mine was transferred to La Luz - the trustees of Tonopah on the other hand and for some strange reason have been reducing Tonopah's stockholders holdings of La Luz from 120,000 to 110,700 shares, by selling 6000, 2800 and 500 shares to some mysterious buyer or buyers!

The trustees told the SEC that the Rosita ore tests were being conducted by Lakefield Research Limited. This was also the same laboratory where the so-called independent tests - presumably requested by the SEC - were reported to have been conducted. The SEC may or may not know that Lindsley owns or controls, say, 100% of this company, too. Only after 100% of the Rosita mine was transferred from Tonopah's stockholders was it disclosed that the Rosita ore can be refined at a profit.

It's the duty of the SEC - established by Congress for the protection of investors - to check, and it does check all stock brokers to determine if the U.S. mail is misused in anyway to mislead, deceive or defraud investors. And it's the SEC's duty to check if all of the statements of Tonopah's trustees in their Applications and Amendments thereto filed with the SEC are true or false - and if all statements and reports of the trustees sent by U.S. mail to Tonopah's stockholders were true, false or wilfully misleading to deceive Stockholders of a registered Investment Trust.

No one regardless of wealth or connections has the right to violate the laws of the nation.

This report is a request on behalf of some 2500 small, uninformed Tonopah stockholders that the SEC or any other state or city government agency conduct an investigation of the affairs of The Tonopah Mining Co. of Nevada Investment Trust for the protection of stockholders' interest in the Tonopah trust's stocks and bonds, having a market value at Dec. 31, 1955 of \$3,700,000 or \$4.28 per share of Tonopah: and Tonopah's remaining 110,700 shares of La Luz Mines Limited.

Tonopah stockholders wishing, without cost or obligation, to have their name recorded with other Tonopah stockholders should forward their name and address to-

M. McLaughlin, 103 Park Avenue, New York City 17. MUrray Hill 3-5453-5454.

1940-44 Accountant-Investigator with U. S. Securities & Exchange Commission.

STOCKBROKERS ARE REQUESTED TO INFORM CLIENT HOLDING TONOPAH OF THIS REPORT.

## COPPER

Copper Prices - including the years when U.S. Government controlled and fixed ceiling prices.

### AVERAGE SPOT ELECTROLYTIC COPPER PRICES<sup>1</sup>, IN NEW YORK IN CENTS PER POUND

Year	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
1935-39 av.	10.39	10.49	10.97	10.72	10.30	10.15	10.20	10.39	10.77	10.77	10.76	10.72	10.56
1940-44 av.	11.91	11.75	11.75	11.74	11.74	11.75	11.63	11.66	11.78	11.87	11.87	11.87	11.78
1945	11.87	11.87	11.87	11.87	11.87	11.87	11.87	11.87	11.87	11.87	11.87	11.87	11.87
1946	11.87	11.87	11.87	11.87	11.87	14.15	14.25	14.25	14.25	14.25	17.08	19.37	13.92
1947	19.45	19.87	21.12	21.37	22.19	21.50	21.37	21.37	21.37	21.37	21.37	21.37	21.15
1948	21.37	21.37	21.37	21.37	21.37	21.37	21.49	23.11	23.37	23.37	23.37	23.37	22.20
1949	23.37	23.37	23.36	21.66	17.92	16.48	17.20	17.50	17.50	17.50	18.29	18.37	19.36
1950	18.37	18.37	18.37	18.83	19.80	22.11	22.37	22.74	23.37	24.37	24.37	24.37	21.46
1951	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37
1952	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37
1953	24.37	25.25	30.36	30.55	29.72	29.75	29.72	29.24	29.37	29.48	29.62	29.62	28.92
1954	29.62	29.62	29.74	29.83	29.87	29.87	29.87	29.87	29.87	29.87	29.87	29.87	29.82
1955	30.12	32.88	33.14	35.88	35.88	35.88	35.88	37.61	42.88	42.88	42.88	42.88	37.39
1956	42.88	43.90	45.88										

<sup>1</sup> New York refinery equivalent. Source: American Metal Market