



October 12, 2001

**COLORADO ATTORNEY GENERAL KEN SALAZAR
ANNOUNCES
ADDITIONAL SETTLEMENTS IN SUMMITVILLE
CASES**

Denver-- Colorado Attorney General Ken Salazar announced today that the State of Colorado has reached additional settlements in the ongoing Summitville Mine environmental pollution cases. The settlements will be filed with Judge Edward Nottingham in Denver federal district court.

The announced settlements bring to a close the Summitville mine lawsuit brought jointly by the United States and Colorado in 1996 against Robert Friedland and amended in October 1999 to add a number of additional defendants. These settlements involve those additional defendants sued in October 1999 and other defendants sued in a separate lawsuit in January 2001.

In addition, the federal district court this week gave final approval to the settlements obtained by Colorado with Cleveland Cliffs/Union Pacific Resources Group (CCUP) a joint venture added by Colorado in October 1999 as a defendant in the original lawsuit (\$835,000) and with ARCO, a defendant in the State's January 2001 separate lawsuit (\$250,000). Colorado continues to pursue claims against other defendants named in the January 2001 litigation.

The settlements announced today involve two groups of defendants. The first includes the current owners of the site - known as the "Aztec Group" and comprised of Aztec Minerals Corporation, South Mountain Mining Corporation, and Gray Eagle Minerals Corporation. The second group includes Industrial Constructors Corporation (ICC), Washington Contractors Group, Inc., Washington Group International, and Mr. Dennis Washington, individually. The latter companies and Mr. Washington are closely related to ICC.

Significant to the settlements announced today, ICC, Washington Contractors Group, Inc. and Washington Group International filed for bankruptcy in Reno, Nevada in May

2001. All creditors of these companies - including Colorado and the United States following this settlement - must have their claims to the assets of these companies determined in the future by the U.S. Bankruptcy Court.

Under the terms of the settlement agreement, Colorado and the U.S. jointly obtain a settled claim in the bankruptcy proceedings that the bankrupt companies owe them nearly \$20.3 million as an unsecured obligation. Colorado and the U.S. must seek full payment of this settlement amount against the other creditors also owed money by the same companies. That proceeding will be resolved by the bankruptcy court at some future point.

The Aztec Group will pay to the Colorado and the U.S. a total of \$200,000 in cash, and transfer to the United States title in certain lands surrounding the mine site. The Aztec Group also agrees to ensure to the State and to the U.S. access to the mine site for the purposes of cleanup and maintenance.

No defendants admit any civil liability in the settlements.

The Aztec Group leased its property to Summitville Consolidated Mining Co., Inc., the now-defunct subsidiary corporation owned by Robert Friedland that conducted operations at the Site during the last mining permit period, 1984-1992. The three corporations in the Aztec Group own an undivided one-third interest in the surface and mineral rights for most of the Site. They received royalties from the mining operations.

ICC was the contract miner at Summitville from 1985 through 1987. It prepared the site for mining, built roads, prepared the cyanide heap leach pad, removed, transported, and disposed of millions of cubic yards of overburden and waste rock, and removed, crushed, hauled, and placed on the heap leach pad millions of tons of ore. The United States and Colorado asserted that these activities caused acid mine drainage, resulting in the release of hazardous substances into the environment.

Washington Group International is a large international construction and engineering company. Dennis Washington was the founder and an officer and/or director of Industrial Constructors Corporation (ICC). Until 1993, Mr. Washington was also the controlling shareholder of Washington Contractors Group, Inc., ICC's corporate parent. Mr. Washington is currently the controlling shareholder of Washington Group International, ICC's "grandparent" corporation. Washington

Contractors Group, Inc., is ICC's sole shareholder and is, in turn, a wholly owned subsidiary of Washington Group International, Inc. (formerly known as Morrison Knudson Corp.).

The claims against the Aztec Group, ICC, Washington, Washington Contractors and Washington Group alleged that these defendants contributed to the activities and conduct that resulted in the environmental pollution at the Summitville site and the Alamosa River watershed and are therefore liable to Colorado and to the U.S. for their cleanup costs and damages under the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA).

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