

# Palomar Gem and Mineral Club Newsletter

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## Letter from the President

*Jef Wright – President 2018*

This coming month is one of our most important times of the year that we need everyone's input. We have our annual Gem Show on June 9 & 10. This has been a year long undertaking by a small group of individuals within the club. They have managed to year after year put on an ever improving show. Each year the proceeds from this show are what fund our lapidary workshop. Without this show, there is no lapidary workshop, there are no silversmithing classes, there are no faceting classes, because we would have no place to hold these classes. THIS show alone funds the rent each year for the club. Our membership dues, fund the operation of the lapidary workshop along with the minimal fees we as a club charge to use the workshop. Without the support of the ENTIRE membership we can't continue to put on these shows. We need EVERYONE's support. If you have enjoyed and used the lapidary workshop, YOU should be helping at the Gem Show on June 9 & 10. If you don't know what you can do to help? Show up and I'm sure they can find a way for you to help, just ask. I hope to see all of our membership next weekend. And please find me so I can personally thank you for your volunteering. It does take a village.

## Inside This Issue

Letter from the President	1
Programs	1
Workshops	2
Upcoming Special Classes	3
Tales from an Old Geologist	4
2018 Gem Show	7
County Fair Volunteer	8

## June's Program

**June 20, 2018 | 7:00 pm**

Dittus Hall | Redwood Terrace | 710 West 13<sup>th</sup> Ave, Escondido

*What got you interested in rocks, mineral and gems?*

*Join us for a fun, relaxing, "after-the-show" evening!*

*Bring your stories about rock hounding, treasure seeking, and lapidary to share with your fellow club members!*

*As always we'll have scrumptious treats!*



# Workshops

The Lapidary and Silversmith Workshops are held weekly. There is a shop fee of \$7 per person to attend these workshops.

## Cabochon and Lapidary Class & Open Workshop

Learn to cut and polish a rock into a beautiful stone suitable for wire wrapping or fabricating in metal. A fantastic assortment of material is available for purchase on site. The workshop is also open for general use. No prior registration needed.

Tuesday: 6:30pm – 9:30pm

Wednesday: 11:00 am – 2:00 pm

Thursday: 2:00pm – 5:00 pm

## Silversmith Workshop

This workshop is open to all students who have had metal smithing instruction or experience and/or have instructor approval. If you have attended an introductory class, you can continue to improve your skills at this weekly workshop.

Thursday: 6:00pm – 9:00pm

You must be a member of the PGMC in order to partake in any of the workshops or classes provided by Palomar Gem and Mineral Club.

**Lapidary Workshop**  
**2120 W. Mission**  
**Suite S**  
**Escondido, CA**

## Faceting Workshops

Contact Bob Johnson for registration  
 email: [Facetguru@palomargem.org](mailto:Facetguru@palomargem.org)  
 phone: 760-809-0152

### Introduction to Faceting –

An informative introduction and hands-on experience in the world of gem cutting. Learn how to create a gem out of a piece of rough, during a weekend class. No machine required. Return students welcome with or without their own machine. Each class can accommodate 3 new students without machines and 3 returning students with their own machines.

Sat., June 16 & Sun., June 17– 9:00am – 5:00pm

\$80 for new students      \$70 for returning students

### Faceting Continuation Class

This is a class for continuing students who have completed the Introductory Class and is held once per month, from 9 to 5 on the Saturday following the general meeting.

January Workshop: Sat., June 23 9:00am – 5:00pm

\$35 for all students



# Special Classes

## Advanced Silver Fabrication

Join us for a five-day class with award winning jewelry artist and metal fabricator, Ted Magee. Some of you may know Ted from the California Federation of Mineral Societies earth science classes at Zzyzx or Camp Paradise, where he teaches advanced fabrication. In this class, we are going to do some advanced stone setting, explore some different bales, and learn Ted's methods of getting a mirror polish on silver. *Prerequisite: previous fabrication experience and comfort with soldering required. This is not a beginner class.*

August 6-10, 2018,

9:00 am – 5:00 pm (1 hour lunch break)

Cost is \$250 plus materials.

Register by contacting Diane Hall

phone: 760-741-0433 and leave a message

email: silversmithing@palomargem.org (preferred method)

*Next Intro to silversmithing class will be held September 29 & 30, 2018*



## Woven Bracelet Class

In this two day class you will learn to make a woven sterling silver bracelet. The student will learn to do a basic weave of 16 gauge sterling silver. A material packet and vice will be provided but you will need a rawhide or plastic mallet.

Saturday July 7 and Sunday July 8, 2018

10:00 am – 4:00 pm

Cost is \$60 plus materials (material cost approximately \$30 for silver)

Register by contacting Diane Hall

phone: 760-741-0433 and leave a message

email: silversmithing@palomargem.org (preferred method)



## Website

Our new website is up and running. Please check it out at [www.palomargem.org](http://www.palomargem.org).

You will find calendar of events, past issues of newsletters as well as information regarding the club. This will updated on a timely basis as items come up and you can find the latest and greatest info at your fingertips!

# Old Geologists Tale

BY GENE CIANCANELLI

## SCAMS, SWINDLES, AND THEFT (Part 2)



This month continues the story of the many ways that conmen swindle honest people in the mining and energy industries.

### THE PENNY STOCK GAME

Canadian investment opportunities include penny mining and oil stocks. These are generally startup ventures sold largely on the Toronto, and Canadian Venture Exchanges. Many startup companies are honest ventures, but some are not. Initially, these new companies sell stock for a penny a share. Thus thousands of shares can be purchased for a small investment. If the stock price raises to two cents a share, the investor doubles his money. If the company is successful then the price might raise to tens of dollars a share and the investor has hit the jackpot. I consulted on one project that initially sold for one cent a share on the Toronto Exchange. The well was successful and three years later the stock price hit \$25 a share when the company sold their now proven property to a major oil company. Each penny invested would have returned \$25. Another Canadian mining company returned \$44,000 on 5,000 shares received for paying the company president's \$50 bar tab, when he forgot his wallet.

Many penny stock companies are "pump and dump" operations. Typically these companies include geologists and/or mining engineers as officers to lend legitimacy to the company. They will twist facts, exaggerate, make outlandish predictions and promises and do whatever is necessary to hype the company and its properties. At the start of a pump and dump operation, the insiders are each given very large numbers of shares as compensation for their work and expertise. The insiders then set what is known as a "strike price". The strike price is the trigger price at which everyone dumps his stock and walks away with a cash windfall leaving the outside investors holding an empty wallet. Here is a hypothetical example. Superior Canadian American Mines (SCAM) issues one hundred thousand shares of stock to the company's officers and directors. The insiders set a strike price of \$1.82. SCAM begins selling stock at a penny a share. Over the next couple of years SCAM issues glowing reports of drilling success, high assays, absurdly optimistic geologic reports, exciting new properties and other hype. As the public hears the ongoing positive news the share price rises. The insiders sell all their stock when the stock price reaches \$1.82 per share. Each original share of stock returns \$182. Word soon gets out that the SCAM insiders have dumped their shares and panic selling begins. SCAM's stock price quickly drops to one cent a share and SCAM declares bankruptcy. I heard of one Toronto developer, who was promoting a dozen penny-stock companies at the same time.

### THE FAKE ASSAY SCAM

As mentioned earlier, Phelps Dodge (PD) has geologists collecting rock samples and drilling test holes throughout the western United States. All the samples are sent to an assaying company, which has been analyzing the samples for decades. A secretary hands the company's new geologist (me) the latest geochemical analysis results for some recent samples. Looking at the results, it is immediately obvious there are clusters of precisely the same analytical results for copper, lead, zinc, gold, molybdenum, etc. repeating for page after page. I go to the file room and examine old assay sheets. Again, the very same numbers are repeated over and over. I discuss this curiosity with the other young geologists and my suspicions that the laboratory is faking the data. Sid, the company mineralogist, decides to make up test samples, where each element's quantity is precisely known. These are sent for geochemical analysis and once again the results are the very same bogus numbers in repetition.

*Continued next page*

## Old Geologists Tale *cont.*



For decades the lab has returned faked analysis results and everyone's hard work and the multi-million dollar annual exploration program has been in vain. All the thousands of miles geologists walked, or which the company assumed they walked, collecting samples were a complete waste of time and money. The chief geologist is told about this and the matter is quietly hushed up. Years later, being older and wiser, it occurs that I should have quietly brought these suspicions to the chief geologist's attention and allowed him to deal with the problem. Perhaps, I made him look bad, although the failure to recognize the false results was a blunder by all the geologists. There is always the real possibility that someone was being paid to turn a blind eye to this deception. A disreputable geologist would have gone to the assay company and had them pay "hush money" to keep the scam going. My father-in-law said honesty is an expensive virtue.

### AN ARIZONA GOLD MINING SCAM

Miss Benson, a Texas oil heiress, invested in an Arizona gold mining venture. She has paid several hundred thousand dollars annually for a dozen years and has received no proceeds from the gold mine. Miss Benson wishes to extricate herself from the venture, but the contract obligates her to continue. I'm retained to review the venture and contracts to determine if there is a case to challenge the Danforth Corporation contract.

The mining claims are in proximity to the Vulture Mine near Wickenburg, Arizona. This is the same locality that I mapped 25 years earlier and is also the location of Duffy Dubicki's gold prospect that I wrote about in the PGM's April 2017 Bulletin. Widely separated thin gold-bearing quartz veins occur in this area. It's possible to collect selective samples that give a high gold assay, but the samples don't represent the area's mineable gold value. The thin quartz veins erode and contribute a small quantity of gold to nearby placer deposits. The Danforth Corporation used selected non-representative assays to promote their venture. There is no information as to whether the assays are either bulk samples or concentrate samples, but they are probably concentrate assays, because that is a tactic often employed by gold-mine promoters.

Miss Benson purchased three units in the mining venture for \$364,500. She is obligated to pay a 27.5% royalty, which cannot be less than \$364,500 annually. This royalty is due each year whether or not the operator does any mining or produces any gold. Danforth can do nothing and still collect an annual \$364,500 fee from Miss Benson, which in fact has been the case for a dozen years. Miss Benson has paid Danforth almost 5 million dollars since signing the contract and Danforth has not mined a pound of rock. Also, Danforth Corporation is to receive 5 percent from the gross mineral sales in addition to the 27.5% royalty.

The prospectus promises a gross income of \$67.50 per ton. Checking the validity of that figure, the ore would be worth \$63.23 per ton using their single best gold assay of \$600/ounce, with 100% gold recovery. Gold is then selling for less than \$600/ounce; all other assays are much lower; and 100% gold recovery isn't feasible. A recovery value amounting to \$67.50 or even \$63.23 per ton is impossible. Averaging the 120 assays the gold value is 0.0242 ounces per ton, which calculated at gold price values varying from \$600, \$500, and \$400 per ounce, values the ore from \$10.16 to \$6.78 per ton at a 70 percent recovery factor. Over the previous 25 years, gold fluctuated in price between \$400 and \$200 an ounce. At that value range, the property will never pay the prospectus promised \$67.50 per ton. The hypothetical "ore" is possibly, but not probably, worth between \$6.78 and \$3.39 per ton. The prospectus states the per-ton operating cost is \$35.00. That doesn't include legal, accounting, and reclamation costs. Also the mining cost remains the same whether the gold recovery value is \$67.50 or \$6.78 per ton. Each ton of ore has an astronomical total 32.5 percent royalty to Danforth. The property can't be mined profitably, even at the highly inflated gold values stated in the prospectus.

There is a provision in Miss Benson's contract to terminate ownership and obligations under this agreement. I suggest her attorneys use this clause to terminate the contract with a threat that a lawsuit for fraud will follow, unless Miss Benson is released without further payments or obligations on her part. Miss Benson is able to extricate herself from the contract. I'm soon working on another gold mining swindle being run by Las Vegas conmen. That prospectus contains the same bogus assay hype as the Benson case. This time the swindlers flee town one jump ahead of the Clark County sheriff.

# Old Geologists Tale *cont.*

As many of you know, Gene Ciancanelli is a long-standing member of the PGMC. Gene had a long career as an exploration geologist searching for energy and mineral resources throughout North America and Asia. These Old Geologist's Tales are excerpts from a book Gene wrote for the Huntington Library's archive of The History and Development of the Western United States. That book documents the life of a geologist and his wife working in the west during the latter half of the 20th Century. We hope to include many of these tales in this newsletter for your entertainment and perhaps another perspective of how our hobby can become a lifetime career.

The best advice I can give anyone considering investing in any mining or energy venture is **DON'T DO IT!** Many of these are swindles or ill-conceived get rich quick schemes dreamed up by naive people, with little or no knowledge of geology or the mining and energy businesses. Even the very few successful mining ventures typically take decades before the mine is profitable. Recently, an 80-year-old geologist friend told me that he is still trying to find a mine and make his fortune. He has a PhD in mining geology and he's still unsuccessful after more than half a century in a quixotic exploration quest. Even if he discovered a mine tomorrow, he's likely to be over 100 years old before he might get rich. I know many geologists, who have invested and lost all the money they ever earned and by necessity are still working into advanced old age. Many people never recover from the mining addiction. Some are amateur dreamers while others are highly educated and should know better.



## **Mark your calendars!!**

### **Palomar Gem and Mineral Club Annual Picnic!**

PGMC holds our annual picnic every year at the Jesmond Dene Park in Escondido. We will have people there early to grab an area for our group. Bring your favorite picnic fares and join in for some fun times. We will have some games and a slab swap as well. Bring some good food, a chair and your favorite beverage and join us for a day of fun. This will start around 10am and go until around 3pm.

We hope to see you there!

## **Palomar Gem and Mineral Club NEEDS YOU!**

The nominating committee will once again be looking for volunteers for positions within the club. We are looking for volunteers to help with the nominating committee.

Some of the areas we need to fill for next year include:

- Field Trips
- Communications
- Ways and Means

Start thinking how YOU can help with the club and how you can become an integral part of the club.

If you would like to help out, please contact Chris Toft at [vp@palomargem.org](mailto:vp@palomargem.org).

## 2018 Gem Show Report

Our 2018 show is just around the corner, and we are looking forward to another record year!

We have sold out all the available vendor booths and have some new vendors to make things interesting and keep the show fresh. Our grand prizes for the raffle are the best yet, many thanks to our members who contributed time and money.

We have had a sneak preview of some of the vendor donated raffle items and they are spectacular. I hope we have enough tickets to sell! Our expanded 2018 advertising and promotion campaign looks to bring in even bigger crowds this year.

On June 4 the club will have a booth at the Solana Beach Farmers Market on Cedros Avenue to promote the show and sell raffle tickets. Our club demonstrators will be at the show with their mesmerizing examples of faceting, silversmithing, cabochon work, jewelry making and more. Gem ID is back. Lets all get the word out to as many people as possible about our show!

All our members are invited and needed to help. From setup Friday afternoon to Vendor loadout Sunday afternoon there are many things that need to be done. And our club members are always there, thank you in advance!

Here are the dates and times you need to know:

Friday June 8, 2018	Setup	12:30-2:30	Pizza and soda gods have been invited
	Vendor Load-in	2:30-6:30	
	Cruisin Grand	6:30-?	Let's eat and hand out flyers
Saturday June 9, 2018	Vendor Load-in	7:30-10:00	Donuts and coffee anyone?
	Show Time!	10:00-5:00	High energy fun for all
	Close up	5:00-5:30	
Sunday June 10, 2018	Vendor setup	8:30-10:00	Donuts and coffee....again
	Show Time!	10:00-4:00	You can do it, another day of fun
	Vendor Loadout	4:00-6:30	Stick around, we need your help!

***If you haven't already volunteered, just show up and we'll find a job for you!***



64th Annual Palomar Gem and Mineral Club's  
**Gem, Mineral & Jewelry Show**

California Center for the Arts, Escondido  
 340 N. Escondido Blvd  
 Escondido, CA

Saturday June 9, 2018 10am - 5pm  
 Sunday June 10, 2018 10am - 4pm

**Featuring**

- Precious & Semi-Precious Gems
- Collectable Mineral Specimens
- Unique Custom Jewelry
- Rough Material
- Jewelry Findings & Supplies
- Gem Identification
- Lapidary Art Demos
- Rock Treasure Dig for kids!

**Admission \$5 for Adults**  
 Children 12 and under FREE

**Details at: [www.palomargem.org](http://www.palomargem.org)**

Board of Directors - 2018

Ever had an idea for the club and wanted to get it to the right people? Here is your opportunity. Here is our Board of Directors. We have given each of them their own palomargem.org email. Feel free to use it and send them your ideas!

PRESIDENT – Jef Wright – president@palomargem.org

VICE-PRESIDENT – Chris Toft – vp@palomargem.org

SECRETARY – Fred Floyd – secretary@palomargem.org

TREASURER – Toni Floyd – treasurer@palomargem.org

DIR. OF COMMUNICATIONS – Dawn Vickers – publicity@palomargem.org

SHOW CHAIRS – Archie Kuehn & Michele Shepard – PGMCSHOW@palomargem.org

PROGRAMS – Michele Shepard – programs@palomargem.org

MEMBERSHIP – John Raabe – membership@palomargem.org

PALOMAR GEM AND MINERAL CLUB

The Palomar Gem and Mineral Club, a non-profit corporation open to all adults and young people, was organized to promote the study of rocks, minerals, gems, fossils and related subjects, such purpose to be developed through regular meetings with educational programs, field trips for the collection of geological specimens, and classes for teaching lapidary arts. The Palomar Gem and Mineral Club shares its knowledge of the earth sciences by sponsoring Gem and Mineral shows featuring exhibits, displays and demonstrations. The Club was founded March 20, 1954.

PGMC IS AFFILIATED WITH



San Diego County Fair

Every year our members volunteer at the San Diego County Fair. We're looking for volunteer for the kid's dig at the gem and mineral exhibit. If you are interested in volunteering for a 2-3 hour time slot, please contact Chris Toft at vp@palomargem.org and she can get you assigned. All volunteers receive free admission to the fair for the day!



Volunteer Days

Sunday June 17	Wednesday, June 27	Friday, June 29	Sunday July 1
10:00 AM to Noon	11:00 AM to 1:00 PM	11:00 AM to 1:00 PM	10:00 AM to Noon
Noon to 2:00 PM	1:00 PM to 3:00 PM	1:00 PM to 3:00 PM	Noon to 2:00 PM
2:00 PM to 4:00 PM	3:00 PM to 5:00 PM	3:00 PM to 5:00 PM	2:00 PM to 4:00 PM
4:00 PM to 6:00 PM			4:00 PM to 6:00 PM

It's a fun time and for your efforts you get free admission to the fair!

PLEASE NOTE: THESE DATES HAVE CHANGED FROM LAST MONTH'S NEWSLETTER!!