



John Muir Chapter

Sierra Club - John Muir Chapter
754 Williamson St., Madison, Wisconsin 53703-3546
Telephone: (608) 256-0565
E-mail: john.muir.chapter@sierraclub.org Website: sierraclub.org/Wisconsin

Attorney General Josh Kaul
Wisconsin Dept. of Justice
PO Box 7857
Madison, WI 53707-7857

Secretary Kathy Blumenfeld
Wisconsin Dept. of Financial Institutions
Division of Corporate and Consumer Services
4822 Madison Yards Way, North Tower
Madison, WI 53705

June 25, 2020

Submitted electronically: DFISecretary@dfi.wisconsin.gov and to WI DOJ via USPS

Complaint re: Aquila Resources Inc. conducting business in Wisconsin under Revocation of Certificate of Authority or Registration to operate a Foreign Corporation.

Dear Secretary Blumenfeld and Attorney General Kaul,

In the course of background research on the foreign mining company Aquila Resources Inc., the Sierra Club requested and received a certified copy of the Notice of Revocation of Certificate of Authority or Registration to operate a Foreign Corporation, effective date October 21, 2015. Aquila Resources' former Wisconsin registration number was 02 AO 63967. See p. 9 of attached PDF file

Since the October 21, 2015 Revocation of Authority, Aquila Resources has continued to conduct business in the state of Wisconsin in apparent violation of state law. The Sierra Club formally requests that the Dept. of Financial Institutions levy all fees and other charges owed under Statutes 180.1501(5)(a)1. had it been a registered foreign corporation with authority to conduct business in the state as required in s. 180.1501. In addition, we formally request the Dept. of Financial Institutions levy the penalty or fee owed under s. 180.1501(5)(a)2. (50% of the amount owed under s. 180.1501(a)1. or \$5,000, whichever is less). We note that the Department may not issue the Certificate of Authority to a foreign corporation until the amount owed is paid. We further note that the Attorney General may enforce a foreign corporation's obligation to pay the Department any amount owed.

Please give us notice if a case file is established for this complaint so that we can determine the outcome of any investigation and results.

Please see the documentation for this complaint on following pages. Thank you for your attention to this matter.

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Sincerely, Dave Blouin
Mining Committee Chair
Sierra Club – John Muir Chapter
608-220-4040, burroak15@gmail.com

Cc: Elizabeth Ward, John Muir Chapter Director
Dennis Grzezinski, John Muir Chapter Legal Chair

Background and Documentation

The Sierra Club respectfully submits the following background and attached documentation to support our complaint that Aquila Resources has continued to conduct business in WI in violation of state law:

- Aquila Resources has purchased and maintained an annual Wisconsin DNR Mining Exploration license since 2011. The license must be renewed annually and the most recent was issued on November 21, 2019. See:
<https://dnr.wi.gov/topic/Mines/documents/AquilaMetallicMineralExplorationLicense.pdf>
- Aquila Resources spent \$9,190 on lobbying in the 2017-18 session of the legislature on AB 499 and SB 395, the bills that became 2017 Act 134. The company's registered lobbyist is Ronald W. Kuehn, DeWitt, Ross, and Stevens. See:
<https://lobbying.wi.gov/Who/PrincipallInformation/2017REG/Information/7734?tab=Profile>
- Aquila Resources is a member company of the Madison-based public relations firm, the Natural Resources Development Association (NRDA) since its founding in 2018. See attached articles from the Medford Star News (3/28/2019, last paragraph, p.4 below), the Milwaukee Journal Sentinel (4/2/2018, paragraph 5, p. 5 below).
- Aquila Resources conducted aerial surveys for minerals in Taylor, Lincoln, and Price Counties in the summer of 2019. Company representatives met with officials from the same three counties on Monday, March 25, 2019 to brief them about the surveys. See attached 3/28/2019 Medford Star News article, paragraphs 1,2,3, p. 3 below).
- Chantae Lessard, Social Performance and Engagement Director for Aquila Resources, met with Taylor County officials through the Wisconsin Towns Association on May 16, 2019. See
<https://www.wisctowns.com/events-calendar/2755/taylor-county-unit-meeting/>
- Chantae Lessard testified to the Marathon County Land Conservation and Zoning Committee on March 29, 2018. See:
https://www.co.marathon.wi.us/Portals/0/Departments/MCB/Archives/Boards%20Committees%20Commissions/Land%20Conservation%20and%20Zoning%20Committee/2018/LAND_20180329_Minutes.pdf
- Aquila Resources opened an office at 4613 Camp Phillips Rd, Schofield, WI 54476 in 2018. Aquila controls a nearby mineral deposit in the town of Easton, Marathon County.

- Aquila Resources applied for five federal Hardrock Prospecting permits on the Chequamegon Nicolet National Forest in Taylor County, WI in 2012-14. The US Bureau of Land Management (BLM) and the US Forest Service (USFS) has continued to process these applications to date and Aquila Resources submitted technical documentation in support of the applications to the BLM in 2018-19. (Correspondence with Gregory Knight, Minerals, Geology, Groundwater Program Manager, USFS, Chequamegon Nicolet National Forest, p: 715-748-4875 ext. 7484826)

Attachments

<http://centralwinews.com/sites/default/files/The%20Star%20News%20March282019.pdf>

Accessed June 4, 2020, emphasis (underlining) added.

Aquila Resources is back surveying county

BY DAVID KING. REPORTER, 3/28/2019

Photo caption: “Representatives from Taylor County met with those of Aquila Resources about mining exploration that will be taking place in the region. The initial exploration will include low flying helicopter doing a magnetic survey looking for potential mineral deposits. The presence of minerals such as gold and copper in the region is well documented, but the challenge has been how to mine it economically while protecting the surrounding environment.”

The skies above Lincoln, Price and Taylor counties may have some unfamiliar activity in the coming months as potential mining exploration efforts are conducted by Aquila Resources.

Representatives from the three counties met in Medford on Monday with representatives from Aquila Resources, a Toronto based development-stage company that will be conducting the operations. Already established with several other mining projects in the Upper Peninsula (UP) of Michigan, Aquila owns property and mineral lease rights in both Taylor and Marathon County that first were acquired in 2011. The Bend Project in Taylor County is a volcanogenic massive sulfide occurrence containing copper and gold. The geological uniqueness of this area of Wisconsin is known to be rich in copper, gold, and silver, in what is known as the Penokean Volcanic Belt. Don't be jumping in a cold stream or dig up the backyard just yet, a new age of mining brings with it years of development before production begins and even more time during the reclamation process and closing of the mine.

There is no guarantee that an operating mine will be built in the end of the exploratory process that can take decades. Aquila uses the opportunity to form relationships and build trust with residents and build on that if a mineable resource is discovered. Chantae Lessard, director of Social Performance and Engagement at Aquila spoke at the meeting giving county board members the opportunity to ask questions. Lessard is the fourth generation of her family to work in the mining industry and has worked with community relations and social responsibility efforts of mining operations around the world, including the Rio Tinto's Flambeau Mine in nearby Rusk County.

Keeping with the company's policy of being completely transparent, Lessard said, “I think it is important to begin relationships early and start developing a trust.”

A new era of mining complete with new laws has not removed the belief that environmental wellness and mining can co-exist. Lessard believes that with regulations and with the new technology that was not available even just a few years ago, it can. Lessard set very clear expectations about what this grassroots exploration effort is about and how early in the process everything is.

The potential economic impact that this area could experience is significant. UW- Madison has conducted previous studies on the subject showing local job creation and positive economic impacts statewide. Lessard wanted to set very clear expectations about the situation and that this

grassroots exploration with the main takeaway of the meeting, “This is just exploration, IF mining occurs, it is years away.”

Short-term economic benefits come during the exploratory stages but far greater impact is seen with an eventual mine. This being many years away, the level of involvement by a development company within the community works for years to prepare for the changes that come with a successful mining operation. This is done one way by supporting educational programs for workforce development not only for mining jobs but also the supporting jobs that make communities flourish.

In hopes to prevent people from panicking or rushing to judgement Aquila has reached out to county officials in hopes to prepare them if anyone comes to them with questions about the activity in the sky. Although a start date has not been established, helicopters will fly very low as they capture images up to 800 meters deep within the ground looking for anomalies that would indicate possible large mineral deposits. The helicopters will be flying with large “nets” hanging just above the tree tops collecting data. The next stage of the exploration process, if deposits are located, would include title searches and determining mineral rights. Property owners would be contacted to negotiate leases before approval is given by the Department of Natural Resources for exploratory drilling once all is approved.

That is the entire scope of work at this stage and nothing more. This allows ample time for careful planning and community relationship development. This is a long-term, far reaching opportunity for the area and many aspects of how this could and potentially will affect this area certainly will be topics for future discussions. Third party monitoring is an innovative technique that Aquila has used in the past to guarantee fair accountability. By placing money in a community trust that is not controlled by the company, third party monitoring is safeguarded and the company is willing to do so again.

Price County board member, Bruce Jilka asked, “How do you make that first impression a good one to prevent the general public from getting the wrong idea?”

Chantae Lessard said that in her over 20 plus year career she has never had the opportunity to come in at the very start of the process and have a question and answer session like this, in the past she is brought on after a crisis and start building relationships. Saying, “To answer your question it is doing things exactly like this. By coming in early and being very transparent. If I am coming here four times a year for the next ten years, you are going to get to know me.”

Nathan Conrad from Natural Resources Development Association, based in Madison, also attended the meeting. Recently launching a website titled The Truth About Mining.org the company works with Aquila supporting the company’s commitment to transparency using tools to help educate and make the residents of the area feel comfortable about becoming members of the modern mining community.

<https://www.jsonline.com/story/news/politics/2018/04/02/new-group-thats-challenging-environmental-groups-wisconsin-republican-ties-challenge-environmental-gro/469309002/>

Accessed April 3, 2018 Emphasis (underlining) added.

New group that's challenging existing environmental groups on mining in Wisconsin has Republican ties

[Lee Bergquist](#), Milwaukee Journal Sentinel

Published 6:45 a.m. CT April 2, 2018 | Updated 3:28 p.m. CT April 2, 2018

A new advocacy group, the Natural Resource Development Association, has emerged as a vocal advocate for pro-mining causes and clashed with conservationists along the way.

Little has been revealed about the group's support.

Until now.

Last week, its communications director, who has strong Republican ties, shed some light on the association's backing and its reason for starting up in the wake of a 2017 law change that is paving the way to mineral mining in Wisconsin for the first time in decades.

Nathan Conrad said the Madison-based association has two leading members:

[Aquila Resources Inc.](#), of Toronto, is a mining development company with projects in Wisconsin. Aquila supported last year's law that overturned a moratorium on sulfide mining. The company's projects include a gold mine in Marathon County now in the exploration stage.

[Meteor Timber](#) is a company that needs state approval to build a \$70 million sand processing plant and rail spur in western Wisconsin. The plant is being challenged by environmental groups in a state administrative proceeding.

In recent weeks, Meteor has created a stir over a pair of last-minute amendments by Republicans in the Assembly to exempt the company from requirements in a state wetland permit needed for its project. The Senate would still need to act, and it's unclear whether senators will.

The registered lobbyists for the parent company of Meteor include former Assembly Speaker Jeff Fitzgerald, the brother of Senate Majority Leader Scott Fitzgerald (R-Juneau); and veteran lobbyist Eric Petersen, whose clients include the Milwaukee Brewers, General Motors and Robert W. Baird, according to state records.

Conrad declined to provide details on how much funding is coming from the companies, or from other sources. The two companies did not respond to calls and emails to discuss their reasons for supporting the association.

[Natural Resource Development Association](#) is a nonprofit 501 (c) (4) organization, which has become a popular vehicle for political groups and does not require them to disclose donors. The group has recently hired an executive director and Conrad said both are recruiting members.

“We want to be an active voice to push back on what we perceive as the false narrative about resource development companies,” Conrad said.

He said he envisioned the association as a way to leverage his background in politics and regulatory issues.

“I constantly saw that the business community was being thrown under the bus and there is no need for that,” he said.

Conrad is a former spokesman for the Republican Party of Wisconsin. He has also worked in communications capacities at the state Public Service Commission and the U.S. Environmental Protection Agency.

He is currently corporate communications director for [Platform Communications](#), a public affairs and crisis communications firm founded in 2017 by Keith Gilkes, a political veteran and Gov. Scott Walker’s first chief of staff.

Platform and NRDA are independent of each other and Gilkes plays no role in the association’s work, Conrad said.

NRDA’s incorporation papers were filed by Kate Lind, a lawyer and consultant who is also treasurer of Walker’s campaign, according to state records.

Recently joining Conrad is Robert E. Quick Jr., a former president of the Arizona Mining Association and former director of government affairs for Asarco, a Tucson-based mining and refining company.

To date, Conrad’s work has included the repeal of the mining moratorium law (for which Conrad billed \$45,593 in lobbying expenses in the second half of 2017), support for easing restrictions on wetlands development and spokesman for Meteor.

Wisconsin’s mining moratorium required a company to show another sulfide mine in the United States or Canada operated for at least 10 years and then was closed for 10 years without pollution. Wisconsin was the only state with such a restriction, which kept mining companies out of the state since 1997.

Sulfide deposits can release acidic material in water in a process known as acid mine drainage.

Conrad leaned heavily on [Twitter](#) and [Facebook](#) to tout the economic benefits of mining and mute the criticism of opponents.

Last fall, as a mining critic was testifying before a legislative hearing in Ladysmith on the bill, Conrad used social media to [highlight the fact that Al Gedicks, a long-time environmental activist, had a felony conviction](#) for possession of a fire bomb in 1970.

“When your argument cannot win — is violence your answer?” Conrad wrote on Facebook.

Conrad has lambasted two environmental groups, Clean Wisconsin and Midwest Environmental Advocates, for trying to derail Meteor’s sand project, calling them “obstructionists,” “extremist groups,” with “outwardly confrontational behavior” who are pursuing a “baseless” lawsuit in a series of statements.

The land in Monroe County now features a rare hardwoods swamp, and in May the Department of Natural Resources approved the company’s plans to destroy 16.25 acres of wetlands in exchange for the company making a series of environmental improvements.

In addition to verbal barbs, Conrad has issued a detailed defense of the company, highlighting numerous conservation practices that would come with the project, including the restoration of a trout stream and idling a fertilizer-intensive cranberry bog.

"I think it's very important to have a voice that advocates for responsible resource development," said Sen. Tom Tiffany (R-Hazelhurst,) the lead sponsor to change state mining laws. "Otherwise, you will have corporate environmental groups who will dominate the message."

Amber Meyer Smith, director of programs and government relations for Clean Wisconsin, said her group has been operating for nearly 50 years in Wisconsin.

“We’ve done a real good job trying to balance environmental protection and the economy and Natural Resource Development Association has been around for, a year?” she said.

“And they’ve done nothing but try to get around existing laws for some of these extractive industries that have the potential to do major damage to our environment.”

On March 22, for the second time in a month, the Assembly approved an amendment in the waning minutes of a session, to exempt Meteor from requirements that would allow the company to move ahead with the project.

Scott Fitzgerald, the Senate majority leader, said last week that he has no plans to have his house return to the floor this year.

But he said this could change if state officials reach a deal with Kimberly-Clark Corp. to save two paper plants from closing. It's unclear whether in that case the Senate might also take up the Meteor exemptions — as recently as last week Fitzgerald had said that legislation still had a chance of passing.

Conrad, who has spoken favorably about the Assembly's action, said he did not work on the amendment. In addition, to Jeff Fitzgerald and Petersen, the two other lobbyists registered as working for the parent of Meteor, Timberland Investment Resources, are Bryan Brooks and Joe Leibham, a former state senator.

None returned calls and emails to comment.