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UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA

PROVINCIAL GOVERNMENT OF  
MARINDUQUE,

Plaintiff,

vs.

PLACER DOME, INC.,

Defendant.

CASE NO. CV-S-05-1299-KJD-RJJ

(Removed from District Court, Clark County,  
Nevada, Case No. A511078)

**PLAINTIFF'S SECOND AMENDED  
COMPLAINT**

The Provincial Government of Marinduque ("Province" or "Marinduque"), acting by and through the undersigned counsel, complains against Defendant Placer Dome, Inc. ("Placer Dome") as follows:

**I. INTRODUCTION**

1. Throughout a period spanning more than 30 years, Placer Dome, a multinational mining company, conceived, designed, constructed, operated, and controlled massive open pit

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1 copper and gold mining operations (collectively the “Mines”) on the small Philippine island  
2 province of Marinduque.

3 2. During most of those 30-plus years, Placer Dome intentionally dumped hundreds  
4 of millions of tons (U.S.) of toxic mine waste into the traditional fishing area just off of the  
5 northern coast of Marinduque. Placer Dome also recklessly introduced many tons of toxic mine  
6 waste into Marinduque’s freshwater rivers and streams, both incrementally and by cataclysmic  
7 and deadly floods, the two most prominent of which occurred in 1993 and 1996.

8 3. Placer Dome knew or should have known that its actions would severely injure the  
9 environment and economy of the Province, the physical health of Marinduquenos, and the  
10 natural, ecological, and wildlife resources within the Province. As Placer Dome knows now,  
11 those injuries did occur, and they continue to occur.

12 4. Nevertheless, Placer Dome has done little to redress the injuries that it has  
13 inflicted. Instead, Placer Dome has: (a) evaded efforts to bring it before the Philippine civil  
14 courts and the Philippine government to answer for its transgressions; and (b) refused to appear at  
15 Philippine Congressional Hearings called for the express purpose of having Placer Dome explain  
16 and/or defend its actions and failures to act respecting the injuries that it has inflicted within the  
17 Province.

18 5. This is an action arising under the laws of the Republic of the Philippines, in  
19 which the Province seeks to: (a) recover damages for injuries to the natural, ecological and  
20 wildlife resources within its territory directly and proximately caused by Placer Dome’s  
21 recklessly-conducted mining operations; (b) obtain an Order from this Court compelling Placer  
22 Dome to remediate, restore and balance the ecology and natural environment within the Province  
23 damaged by Placer Dome’s recklessly-conducted mining operations; (c) recover damages for  
24 injuries sustained by the Province caused by Placer Dome’s breaches of contracts; and (d) recover  
25 damages for injuries sustained by the Province caused by Placer Dome’s failure to fulfill  
26 promises on which the Province justifiably relied.





1 mineral deposits are spread across 34,750 square miles of mineralized land, of which 33,200  
2 square miles remain untapped.

3 21. Indeed, in the 1980s, the Philippines was one of the world's largest mineral  
4 exporters, with annual mineral export revenues of \$1.2 billion. However, beginning in 1996 and  
5 continuing until now, almost all mining operations in the country have shut down as Filipinos  
6 have become strongly opposed to all mining activities following the incredible damage caused by  
7 Placer Dome's irresponsible mining on Marinduque.

8 **The Province of Marinduque.**

9 22. Marinduque is a heart-shaped island roughly 30 miles by 20 miles in total area. It  
10 is located due south of the Philippine capital of Manila, and the island of Luzon, and is situated in  
11 the Sibuyan Sea slightly north of the midpoint of the Philippine archipelago. See Map 1 attached  
12 hereto as **Exhibit A**.

13 23. Marinduque has six towns — Boac (the capital), Buenavista, Gasan, Mogpog,  
14 Santa Cruz (the largest), and Torrijos. However, the vast majority of the island remains  
15 undeveloped and consists of rolling hills and highlands, lush forests, and seaside cliffs  
16 interspersed with stony patches of flatland.

17 24. Marinduque is home to approximately 200,000 native "Marinduquenos," most of  
18 whom live simple and peaceful, if impoverished, lives. Many still reside in bamboo and palm-  
19 thatched huts in rural areas.

20 25. Marinduquenos fetch their own drinking water and feed themselves primarily  
21 through subsistence agriculture and animal husbandry and by catching fish in the surrounding  
22 rivers and seas.

23 26. Marinduquenos have relatively little access to education, although education is  
24 highly prized on the island.

25 27. Not surprisingly, Marinduquenos suffer from one of the highest incidences of  
26 poverty in the Philippines.

1 28. Prior to the environmental catastrophes described in this Second Amended  
2 Complaint, the Province's agricultural economy had been augmented by a largely subsistence  
3 fishing industry and a nascent tourist industry.

4 29. Like much of the Philippines, Marinduque has substantial mineral resources,  
5 including copper and gold deposits. Those deposits have proven to be more of a curse than a  
6 blessing, as it is Placer Dome's irresponsible, illegal, and unnecessarily destructive mining of  
7 copper and gold on Marinduque that gives rise to this litigation.

8 **B. Defendant – Placer Dome.**

9 30. Defendant Placer Dome was incorporated under the laws of Canada. It employs  
10 13,000 people at 16 mining operations in seven countries.

11 31. In 2004, Placer Dome's world-wide mining operations, which include extensive  
12 operations in Nevada, produced over \$6 billion in annual revenues.

13 32. With a market capitalization of more than \$8 billion, Placer Dome's shares trade  
14 on the New York, Toronto, Swiss, Australian, and Euronext-Paris stock exchanges under the  
15 symbol "PDG."

16 33. By its own admission, Placer Dome has conducted business in Nevada  
17 continuously since 1959.

18 34. Upon information and belief, Placer Dome's Nevada operations, by themselves,  
19 are larger and more profitable than any of its operations in any other state or country, including  
20 Canada.

21 35. Upon information and belief, Placer Dome is presently expanding its Nevada  
22 mining operations, which will make Nevada an even bigger and more important source of Placer  
23 Dome's world-wide revenue than at present.

24 36. Placer Dome also maintains a pervasive corporate presence in Nevada, with four  
25 wholly-owned subsidiaries registered to do business in Nevada:  
26

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- 1           • Placer Dome Exploration, Inc. is a Delaware Corporation that has been qualified to  
2 do business in Nevada since 2000. Its corporate secretary is resident in Nevada,  
3 and, like all foreign corporations doing business in Nevada, it has a registered  
4 agent in Nevada. Placer Dome Exploration, Inc. also maintains offices in several  
5 Nevada cities, though its corporate officers (with the exception of its corporate  
6 secretary) are resident in Placer Dome's head office in Vancouver, British  
7 Columbia. The President of Placer Dome Exploration, Inc. is Geoffrey Handley,  
8 Placer Dome's Executive Vice President in charge of Strategic Development.
- 9           • Placer Dome U.S., Inc. is a California corporation that has been qualified to do  
10 business in Nevada since 1956, and that was the surviving corporation in a 1998  
11 merger between this corporation and a Nevada corporation of the same name. It  
12 also has a registered agent in Nevada. The officers of Placer Dome U.S., Inc. are  
13 resident in Denver, Colorado, at offices identified in Placer Dome's December 31,  
14 2004 annual report as Placer Dome Inc.'s Regional Office.
- 15           • Placer Dome American Holding Corporation is a Nevada corporation that has been  
16 qualified to do business in Nevada since 1999. It too has a registered agent in  
17 Nevada, and the same Denver-based officers and offices as Placer Dome U.S., Inc.
- 18           • Placer Dome (China) Ltd. is a Nevada corporation that has been doing business in  
19 Nevada since 2000. It has a registered agent in Nevada, but its officers are  
20 resident in Queensland, Australia. The Queensland offices are identified in Placer  
21 Dome's 2004 annual report as Placer Dome's Australian regional offices.

22           37. Upon information and belief, Placer Dome and/or its subsidiaries own the minerals  
23 within an estimated 268,758 acres of land in Nevada.

24           38. Importantly, Placer Dome treats its Nevada operations as its own. It does not, on  
25 its website, in press releases, or in other publications, contend that its Nevada operations are  
26 directed by, controlled by, or operated for the benefit of any entity other than itself.

          39. On the contrary, Placer Dome's website states, "In the U.S., Placer Dome has been  
active in Nevada since exploration began near the Cortez mine in 1959."

<http://www.placerdome.com/operations/us.htm>.

          40. Placer Dome has three major mining operations in Nevada. These operations are:  
(a) the Cortez Hills open pit gold mine; (b) the Bald Mountain heap leach gold mine; and (c) the  
Turquoise Ridge/Getchell underground gold mines.

          41. In 2004, Placer Dome derived a significant portion of its \$6 billion in annual  
revenue from its three mining operations in Nevada.

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1           42. In addition, Placer Dome employs several hundred people in Nevada and  
2 maintains a Miner Training Academy at one of its Nevada locations.

3           43. Placer Dome's operations in Nevada rank among the largest emitters of arsenic in  
4 the entire country, according to the U.S. Toxics Release Inventory, a database maintained by the  
5 Environmental Protection Agency ("EPA").

6           44. In 1999, for example, the Turquoise Ridge/Getchell mine released 18,261 tons  
7 (U.S.) of arsenic into the environment, making it the largest emitter of this toxic substance in the  
8 United States.

9           45. In 1998, the Cortez Hills mine and the Bald Mountain mine ranked as the second-  
10 largest and the fourth-largest emitters of arsenic, respectively.

11           46. In addition, the Cortez Hills mine ranked as the largest emitter of mercury in the  
12 tri-state region of Idaho, Nevada, and Utah in 2003 according to the U.S. Toxics Release  
13 Inventory.

14           47. Placer Dome recently announced its plans to open one or more new gold mines in  
15 Nevada. In doing so, it purportedly relies on and will rely on, in significant part, its alleged  
16 world-wide reputation for responsible environmental management and protection to convince the  
17 State of Nevada and the federal government (when appropriate) to issue necessary permits and  
18 approvals for its Nevada mines.

19           48. Based on its extensive operations in Nevada and the large amount of revenue  
20 generated therefrom, if Placer Dome did not conduct its Nevada operations through subsidiaries,  
21 it would be necessary for Placer Dome to conduct those operations itself.

22           49. Given its extensive and growing presence in Nevada, Placer Dome has  
23 purposefully injected itself into Nevada and has, at least since 1959, enjoyed the privileges and  
24 benefits of its laws.

25  
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1 50. Based on Placer Dome's systematic, continuous, and growing contacts with the  
2 State of Nevada, this Court has personal jurisdiction over Placer Dome pursuant to N.R.S. §  
3 14.065 and all other applicable federal and state statutes, rules, and constitutional provisions.

4 **III. FACTUAL BACKGROUND**

5 **A. Placer Dome Targets Marinduque.**

6 **Placer Dome's Involvement in the South Pacific.**

7 51. Today, Placer Dome proudly proclaims itself as one of the top five gold mining  
8 companies in the world.

9 52. Placer Dome's origins were more modest. Placer Dome traces its roots to a  
10 relatively small Canadian mining company known as Placer Development Limited ("Placer  
11 Development"), which was incorporated in Vancouver, British Columbia by Charles Banks and  
12 Addison Freeman in 1926.

13 53. Banks and Freeman formed Placer Development to conduct mining operations in  
14 undeveloped countries in the South Pacific, and its first venture involved the dredging of alluvial  
15 gold from the Bulolo River in the highlands of Papua, New Guinea. Placer Development reaped  
16 its first profits from this venture beginning in 1933.

17 54. Emboldened by this success, but stalled by World War II, Placer Development  
18 sought, in the post WWII era, to expand its mining operations in the region.

19 55. Placer Development soon fastened on the prospects for expansion in the newly  
20 independent Republic of the Philippines, in general, and on the island of Marinduque, in  
21 particular.

22 **Placer Development Creates a Shell Corporation on Marinduque.**

23 56. In the early 1950s, Placer Development undertook exploration, geological  
24 mapping, and drilling on Marinduque. By approximately 1956, those efforts had identified  
25 extensive deposits of hydrothermal sulfides, containing approximately 0.44 percent copper, on the  
26 slopes of Mount Tapian in Marinduque's north central highlands.

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1           57. One major obstacle, however, blocked Placer Development's plan to mine those  
2 deposits. The proposed mining site was situated squarely within the Torrijos Watershed Forest  
3 Reserve, an important natural reserve that had become nationally protected by virtue of  
4 Presidential Proclamation No. 463, issued on April 6, 1932.

5           58. Placer Development resolved this problem by making a secret deal with Ferdinand  
6 Marcos, the newly elected President of the Philippines and one of the world's most infamously  
7 corrupt dictators.

8           59. On information and belief, Placer Development transferred to Marcos at least 49  
9 percent of the shares in a new Placer Development subsidiary, Marcopper Mining Corporation  
10 ("Marcopper"), a Philippine corporation created solely to extract the copper and gold beneath  
11 Marinduque's forest reserve, and Marcos eliminated the Torrijos Forest Reserve's protected  
12 status, thereby clearing the way for mining to commence on Marinduque.

13           60. Marcos held his shares, for more than two decades, through various entities,  
14 including an entity known as Performance Investment Corporation.

15           61. After Marcos was overthrown in 1986, the Presidential Commission on Good  
16 Government seized his Marcopper shares, as it had done with all other of Marcos' suspect assets.

17           62. Placer Development, in turn, retained roughly 40 percent of Marcopper's shares,  
18 which was the maximum interest that a foreign investor could then legally own in a Philippine  
19 mining corporation.

20           63. From approximately 1964 to 1987, Placer Development held these Marcopper  
21 shares through its wholly-owned subsidiary, Placer Copper Holdings, Inc. ("Placer Copper"), a  
22 Canadian Corporation.

23           64. In or about 1987, Placer Development merged with two other Canadian mining  
24 companies to form Placer Dome.

25           65. From 1987 onwards, Placer Dome, through Placer Copper, held the 40 percent of  
26 the Marcopper shares originally held by Placer Development.

1           66. Despite its ostensible status as a minority shareholder, Placer Dome completely  
2 dominated Marcopper at all relevant times, and provided all technical and operational expertise  
3 required for Marcopper's mining operations.

4           67. According to an article in the Philippine Mining Journal in October 1969, "Placer  
5 [Dome] undertook the responsibility for open pit planning, design and construction" for the  
6 Mines.

7           68. Placer Dome also negotiated, obtained, and guaranteed more than \$40 million in  
8 loans made to Marcopper, first for the Tapan open pit mine ("Tapan Pit"), and then for the San  
9 Antonio open pit mine ("San Antonio Pit").

10          69. Placer Dome obtained the loans for the Tapan Pit from a consortium of United  
11 States banks, and the loans for the San Antonio Pit from the Asian Development Bank.

12          70. As desired by Placer Dome and required by the Placer Dome-negotiated loan  
13 documents, Placer Dome appointed its own employees to serve as the Presidents and Resident  
14 Managers of Marcopper — the highest-ranking management positions within Marcopper —  
15 between about 1969 and 1997. Placer Dome, in fact, appointed substantially all of Marcopper's  
16 management team.

17          71. Not surprisingly, Marcopper's management did not act independently of Placer  
18 Dome. To the contrary, its orders came from Placer Dome.

19          72. Placer Dome's control over all of Marcopper's management decisions cannot be  
20 doubted. Indeed, Marcopper's management has admitted time and again that this was the case.

21          73. In February 1985, for instance, at a mining conference in the Philippines, Dick  
22 Zandee, the Placer Dome-appointed President of Marcopper, who later joined Placer Dome's  
23 Board of Directors, presented a paper entitled "Tailing Disposal at Marcopper Mining  
24 Corporation" in which Mr. Zandee wrote that:

25               Marcopper Mining Corporation was brought into production in 1969  
26               under the design and management control of what was then a fairly junior  
              Canadian mining company, Placer Development Limited.

