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U.S. DISTRICT COURT FOR DISTRICT OF NEVADA

FINDINGS OF FACT, CONCLUSIONS OF LAW AND JUDGMENT

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UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEVADA

DONALD HANAUER and ALMA HANAUER,
husband and wife,

CASE NO.: CV-S-96-1204-JCM-RJJ

Plaintiffs,

vs.

FINDINGS OF FACT, CONCLUSIONS OF
LAW, AND JUDGMENT

ELY J. ADES, et al.

Defendants.

AND ALL RELATED CLAIMS,

This matter having been tried before this Court sitting without a jury. The Court having read the trial briefs, heard the testimony of the witnesses, and reviewed the exhibits and other evidence makes the following Findings of Fact:

FINDINGS OF FACT

1. That the instant action was commenced by the Plaintiff on December 10, 1996 with the filing of Plaintiffs' Complaint against the Defendants Ely J. Ades and Mountain Mines, Inc. ("Ades"). In the Complaint, Plaintiffs asserted causes of action against Ades in connection with an asset lease agreement allegedly entered into between Plaintiffs and Ades in 1994 wherein Plaintiffs agreed to lease certain assets to Ades in exchange for a promissory note and the alleged assignment of certain personal property comprised of mineral tailings known as the "Pioche Tailings" located in Ponds 1 through 5, in Section 32, Township 1 North, Range 67 East, MDB&M., Lincoln County, Nevada.

2. That Plaintiffs' Complaint also contains a quiet title claim with respect to the Pioche Tailings. Although numerous co-defendants were once named as parties in this matter, said co-defendants have subsequently defaulted and/or otherwise failed to prosecute their respective claims by the time of trial. Thus,

1 at the time of trial, the remaining parties disputing ownership to the Pioche Tailings are Plaintiffs, Defendant
2 Ades, Defendant Cadle's Gold, Inc. ("Cadle's Gold") and Defendants Gene and Jeanne Isaacs (the "Isaacs"),
3 who are husband and wife. Plaintiffs, Ades, Cadle's Gold and the Isaacs have advanced conflicting claims
4 to the Pioche Tailings.

5 3. That on August 1, 1981, the then current lawful title owner of the Pioche Tailings, Interstate
6 Transportation, Inc. ("Interstate"), conveyed title in the Pioche Tailings to the S.A. General Partnership,
7 which was comprised of Ely J. Ades and John Santiago.

8 4. That on August 29, 1984, the Kerr-McGee Corporation, the then current owner of the
9 underlying real property (i.e. the real property where upon the Pioche Tailings are situated), transferred its
10 interest in the underlying Millsite mining claims, to Ely J. Ades. Included within this interest was a reversion,
11 which provided that title to any Pioche Tailings not removed from the real property by September 15, 1999
12 would revert to the owner of the underlying Millsite mining claims.

13 5. That in 1987, S.A. General Partnership's interest in the Pioche Tailings was legally divided
14 between Ely J. Ades and John Santiago pursuant to a binding Settlement Agreement. Pursuant to the
15 Settlement Agreement, John Santiago received all of the Pioche Tailings located in the West halves of Ponds
16 1 through 5 and Ely J. Ades received all of the Pioche Tailings located in the East halves of Ponds 1 through
17 5. The Settlement Agreement further expressly provided that Ely J. Ades and John Santiago received any
18 interests, including "reversions or any other after acquired interest" in their respective halves of the Pioche
19 Tailings. Thus, Ely J. Ades conveyed title in his entire reversionary interest in the West halves of Ponds
20 through 5 to John Santiago by virtue of the Settlement Agreement.

21 6. That between the time of the 1987 Settlement Agreement and John Santiago's bankruptcy in
22 1995, a number of alleged transfers were supposedly made by John Santiago or Ades regarding their
23 respective interests in the Pioche Tailings. However, apart from the inconsistent and speculative testimony
24 of Gene Isaacs and Alma Hanauer, there is little or no admissible evidence to support the existence of such
25 transfers. Further, this Court finds that such evidence that does exist has failed to outweigh, by a
26 preponderance of the evidence, the other documented chain of title evidence showing ownership by Cadle's
27 Gold and Ades. Further, this Court finds that most of the alleged transfers were made to individuals or
28 entities, although originally named as parties in this matter, that have since been subject to valid default

1 judgments or otherwise failed to prosecute their respective claims before this Court. Thus, this Court finds
2 that Santiago was the sole title holder to the Pioche Tailings located in the West halves of Ponds 1 through
3 5 at the time of Santiago's bankruptcy in 1995 and that Ely J. Ades was the sole title holder to the Pioche
4 Tailings located in the East halves of Ponds 1 through 5 at the time of Ades' bankruptcy in 2000.

5 7. That on May 2, 1995, Santiago filed a voluntary petition in Bankruptcy pursuant to Chapter
6 7 of the Bankruptcy Code.

7 8. That on June 24, 1996, the Bankruptcy Court appointed a Special Examiner, Keith J. Tierney,
8 who concluded, based upon the existing evidence, that the tailings located in the West halves of Ponds 1
9 through 5 were personal property belonging to the bankruptcy estate of Santiago.

10 9. That on March 24, 1998, the Bankruptcy Court approved the sale of Santiago's interest in the
11 tailings located in the West halves of Ponds 1 through 5 to Cadle's Gold. Cadle's Gold submitted a valid and
12 winning bid thereby receiving all of Santiago's rights and interest in the Pioche Tailings located in the West
13 halves of Ponds 1 through 5.

14 10. That on March 13, 2000, Ades filed a voluntary petition in Bankruptcy pursuant to Chapter
15 7 of the Bankruptcy code. On July 30, 2001, the trustee for Ades' estate sold his interest in the Pioche
16 Tailings located in the East halves of Ponds 1 through 5 to the Oxidor Corporation. Subsequently, the Oxidor
17 Corporation conveyed its interest in the Pioche Tailings located in the East halves of Ponds 1 through 5 back
18 to Ades pursuant to a separate agreement.

19 11. That Cadle's Gold acquired title to its interest in the Pioche Tailings contained in the West
20 halves of Ponds 1 through 5 during the pendency of this case and subsequent to the entry of an injunction in
21 another court and, therefore, that there is no evidence that Cadle's Gold intended to abandon its interest in
22 the Pioche Tailings contained in the West halves of Ponds 1 through 5.

23 12. This Court does not make any findings as to the rights of any individuals or entities who have
24 never been parties to the instant matter.

25 FINDINGS OF LAW

26 1. That the Court has jurisdiction over the subject matter involved herein, and the parties
27 thereto.

28 2. That the Pioche Tailings located in Ponds 1 through 5 are personal property.

1 3. That the alleged transfer of a portion of the Pioche Tailings located in the West halves of
2 Ponds 1 through 5 by John Santiago to Wakinyan Holdings, Ltd. was judicially rescinded in Case No. CV-
3 0725001 in the Seventh Judicial District Court of the State of Nevada in Lincoln County.

4 4. That the plain language of the 1987 Settlement Agreement between John Santiago and Ades
5 divided the tailings in Ponds 1 through 5 so that Santiago received absolute title, including any reversions,
6 in the tailings contained in the West halves of Ponds 1 through 5 and Ades received absolute title, including
7 any reversions, in the tailings located in the East halves of Ponds 1 through 5.

8 5. That since Ades' reversionary interest was conveyed to John Santiago pursuant to the
9 Settlement Agreement, title to the Pioche Tailings located in the West halves of Ponds 1 through 5 did not
10 revert to Ades on September 15, 1999.

11 6. That Santiago's bankruptcy estate was the legal owner of all of the tailings located in the
12 West halves of Ponds 1 through 5 at the time of the March 24, 1998 transfer of those tailings from the
13 bankruptcy estate of Santiago to Cadle's Gold.

14 7. That Cadle's Gold is the sole title owner of the Pioche Tailings contained in the West halves
15 of Ponds 1 through 5 and that Cadle's Gold's interest in the Pioche Tailings contained in the West halves of
16 Ponds 1 through 5 is no longer subject to any reversionary interest(s) once held by Ely J. Ades. That Ades
17 is the sole title owner of the Pioche Tailings contained in the East halves of Ponds 1 through 5 and that Ades'
18 interest in the Pioche Tailings contained in the East halves of Ponds 1 through 5 is not subject to any
19 reversionary interest(s), if any, once held by Santiago.

20 8. That Cadle's Gold shall have the same right to access the Pioche Tailings contained in the
21 West halves of Ponds 1 through 5 as was granted to John Santiago pursuant to the 1987 Settlement
22 Agreement between Ades and John Santiago. Thus, Cadle's Gold shall have a five-acre easement adjacent
23 to the West side of Ponds 1 through 5 as described in paragraph seven (7) of the Settlement Agreement. Said
24 easement shall, as described in the same paragraph of the 1987 Settlement Agreement, not expire until the
25 Pioche Tailings contained in the West halves of Ponds 1 through 5 are removed.

26 9. That Plaintiff Estate of Donald Hanauer failed to obtain counsel to prosecute its claims in this
27 matter at the time of trial and, therefore, said claims are dismissed with prejudice.

28 10. That Plaintiff Alma Hanauer has failed to prove her claims by a preponderance of the

1 evidence and that such claims are, therefore, denied.

2 11. That Defendants Gene and Jeanne Isaacs have failed to prove their claims by a preponderance
3 of the evidence and that such claims are, therefore, denied.

4 12. That Cadle's Gold did not abandon its interest in the Pioche Tailings contained in the West
5 halves of Ponds 1 through 5 and that any statutory time periods for establishing abandonment, such as under
6 NRS 517.115, shall not begin to run until after the entry of this judgment.

7 BASED UPON THE FOREGOING FINDINGS OF FACT AND CONCLUSIONS OF LAW, it is
8 hereby further ORDERED, ADJUDGED, AND DECREED as follows:

9 1. That Plaintiffs take nothing by way of their complaint and that they have no legal claim to title
10 of any of the Pioche Tailings contained in Ponds 1 through 5.

11 2. That Defendants Gene and Jeanne Isaacs have no legal claim to title of any of the Pioche
12 Tailings contained in Ponds 1 through 5.

13 3. That the Pioche Tailings contained in the West halves of Ponds 1 through 5 are personal
14 property with absolute title belonging solely to Cadle's Gold, Inc.

15 4. That the Pioche Tailings contained in the East halves of Ponds 1 through 5 are personal
16 property with absolute title belonging solely to Ades.

17 DATED this 8th day of July 2005.

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20 Allen C. Liskhan
21 United States District Court Judge
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