

# Uranium Watch – Utah Bulletin

Volume 5 | No. 1 | January 2012

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## **URANIUM WATCH DISCOVERS STATE ENGINEER MISLED ABOUT FINANCING FOR GREEN RIVER REACTOR**

January 20, 2012, State Engineer Kent L. Jones of Utah Division of Water Rights (DWR) granted approval for the withdrawal of water from the Green River for the proposed nuclear reactor near Green River. See below. The Orders of the State Engineer determined that the Kane and San Juan County Water Conservancy Districts, through Blue Castle Holdings, Inc. (BCH), has the financial ability to complete the proposed 2-unit nuclear reactor. The Orders (page 12-13) state: "BCH submitted information indicating it has entered into an agreement with LeadDog Capital L.P. for private equity financing to provide up to \$30 million in capital in exchange for Blue Castle common stock BCH submitted information indicating it has entered into an agreement with LeadDog Capital L.P. for private equity financing to provide up to \$30 million in capital in exchange for Blue Castle common stock."

State Engineer's decision was based in part on the assumption that BCH had an agreement with LeadDog Capital to provide up to \$30 million in capital. The information that the State Engineer relied on is also found in a June 29, 2011, BCH Press Release that was submitted to the State Engineer as part of the water rights proceeding.

It turns out LeadDog Capital was engaged in fraudulent and illegal practices and deceiving investors. It turns out at the time of the BCH Press Release, LeadDog had only \$4.25 million in assets, most of which were illiquid. Even if the company was not involved in fraudulent activities, they clearly did not have the money to provide BCH with capital for the Blue Castle Project.

On January 25, 2012, Uranium Watch discovered that on November 15, 2011, the U.S. Securities and Exchange Commission (SEC) instituted administrative proceedings against unregistered investment adviser LeadDog Capital Markets LLC and its general partners and owners Chris Messalas and Joseph LaRocco for misrepresenting or failing to disclose material information to investors in the LeadDog Capital LP fund. According to a December 1, 2011, SEC news release, "SEC Division of Enforcement alleges that LeadDog, Messalas, and LaRocco induced investors to invest in a hedge fund they controlled through material misrepresentations and omissions concerning among other things Messalas's negative regulatory history as a securities professional, compensation received by Messalas and LaRocco in connection with the fund's investments, and Messalas's substantial ownership interest in, and control of, some of the same companies to which he directed fund investments."

When this information came out in a Salt Lake Tribune Article on January 27, 2012, BCH claimed they had no financial agreement with LeadDog and removed the Press Release from the BCH website. Links to additional information on page 2.

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- Blue Castle Holdings Press Release - June 29, 2010  
[http://www.uraniumwatch.org/bluecastle\\_waterrights/BCHPressRelease.100629.pdf](http://www.uraniumwatch.org/bluecastle_waterrights/BCHPressRelease.100629.pdf)
- SEC Press Release - December 1, 2011  
<http://www.sec.gov/news/press/2011/2011-252.htm>
- SEC Administrative Enforcement - November 11, 2011  
<http://www.sec.gov/litigation/admin/2011/33-9277.pdf>
- Salt Lake Tribune Article - January 27, 2012  
<http://www.sltrib.com/sltrib/politics/53385458-90/blue-castle-company-decision.html.csp>

## **STATE ENGINEER APPROVES WATER RIGHTS FOR BLUE CASTLE NUCLEAR REACTOR PROJECT**

The State Engineer, Utah Division of Water Rights, has approved the water right change applications to provide 53,600 acre-feet of water from the Green River for the proposed Blue Castle Project Nuclear Reactor a few miles west of the town of Green River. The decisions addressed a number of issues related to the provision of water for the reactor. The State Engineer determined that the water must be put to beneficial use by 2015 (San Juan County Water Conservancy District Water) and 2017 (Kane County Water Conservancy District Water). They may be able to extend the time beyond the 50-year approval date, but it will be difficult.

The Orders of the State Engineer found (among other things) that there was water available for the project and that the project was physically and economically feasible. He also determined that the Nuclear Regulatory Commission (NRC) licensing of the proposed reactor would protect the public and the environment. The State Engineer ignored the fact that the State of Utah opposed the NRC on the two most significant decisions in the past 20 years: Leaving the Moab Uranium Mill Tailings in place and development of a High Level Nuclear Waste Facility in Skull Valley. Many of the State Engineer's findings were not supported by actual documentation, but rather on unsubstantiated statements by BCH.

- Division of Water Rights Press Release  
<http://www.waterrights.utah.gov/pressRelease/greenRiverNuclearPowerPressRelease.pdf>
- Kane County WCD Decision  
<http://www.waterrights.utah.gov/pressRelease/OS Ea35402.pdf>
- San Juan County WCD Decision  
<http://www.waterrights.utah.gov/pressRelease/OS Ea35402.pdf>

## **UPDATES**

**Denison Mines Radon Vent Holes:** In response to UW concerns and the implementation of a Settlement Agreement, Denison Mines (USA) Corporation placed warning signs at the site of 2 new Pandora Mine radon vent holes on US Forest Service land, repaired small holes in one vent, and will repair the cement at one of the mine vent installations where the work was poorly done. The Forest Service and BLM are evaluating the impacts of noise from the La Sal Mines Complex radon vents.

**\* Donate Online or Send Check to Support Uranium Watch's Work \***

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