

# PETE CONATY & ASSOCIATES

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## GOVERNMENTAL RELATIONS

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1107 9<sup>th</sup> Street, Suite 530 - Sacramento, CA 95814  
(916) 492-0550 - (916) 492-8957 fax

Mr. Dave McCracken, President  
The New 49'ers, Inc.  
P.O. Box 47  
Happy Camp, CA 96039

23 October 2007

### AB 1032 Summary

Dear Dave:

In the very beginning, after being contacted by The New 49'ers, as I performed my due diligence to find out all I could about AB 1032, I quickly realized that this was an attempt to make end-run around the court case which the New 49'er's defended (and won) against the Karuk tribe. Your adversaries were attempting to accomplish through legislation what they could not do in litigation! Things looked pretty bleak when you brought me on board in June. AB 1032 had already passed through the Assembly and was in the Senate headed to a very liberal policy committee.

After accessing the information, and contacting everyone I knew in the legislature and the Schwarzenegger Administration, I suspected that this bill was most-probably going to eventually end up on the Governor's desk for his signature. This meant that we would have to fight the bill at every step of the way in the legislative process (to build a strong consensus against the bill), while reserving our grassroots firepower for the Governor's office.

One factor that was crucial to our success was that the Republican legislators and their staff were solidly against AB 1032 from the beginning. In the end, only one Republican legislator voted for the bill. Especially helpful to us were Republican staff policy consultants, Phil Nails and Steve McCarthy, who worked closely with me and provided a lot of help and guidance along the way.

Without going too deeply into specifics here (I could write a book on all the activity that was involved), our meetings with key people at DFG, the Resources Agency and the Governor's office were critical to the final outcome. Our mission was to convince key people that AB 1032 was an extremely bad bill. With this in mind, I arranged very important meetings in Sacramento for you and your attorney (James Buchal), along with the lobbyists who represent Siskiyou and other rural counties, to meet with these officials (people who advise the Governor) so you could get your message across.

For tactical reasons, we decided to keep these meetings in confidence, along with the dozens and dozens of other, similar meetings which I personally had with key players who contributed momentum in the direction we wanted things to go. For proprietary reasons, and to avoid breaking any trusts, I won't go into those details here. My job as a lobbyist is to open up doors so we can get your message across. In my 22 years at the State Capitol, 10 years as a legislative staffer and 12 years as a lobbyist, I have never worked harder on defeating a bill. The reason I had to work so hard is because your (very capable) adversaries were pushing just as hard for passage of AB 1032!

One very important thing I should point out is that we could not have made the impression we did within the state agencies and the Governor's office without your attorney (James Buchal) being with us in all of the important meetings. His knowledge of the court order and familiarity of the law persuaded everyone that we came into contact with to re-evaluate their previously-held opinions. People at the top do not always get the straight story from their subordinates. I know it was expensive for you to fly an attorney

multiple times from Portland to Sacramento so he could be present at these meetings, but he was absolutely essential to our success. Without Mr. Buchal and myself helping to make your presentation, I believe the miners would have generally been viewed as an ineffective and unorganized mob. This is not a slam. It is something that is generally true of any special interest in today's world. No matter how right your message is, it must be carefully presented to the right people, or you will be out-manuevered by others who are able to make a better presentation.

I also want all of your New 49'er members and supporters to know that we could not have defeated AB 1032 without them! As a lobbyist, I have never seen such a grassroots outpouring of letters, emails and faxes to the Governor, from any other organized group!

Being in this business, I know that it is difficult to mobilize aggressive action on short notice from supporters; when, at the same time, for strategic purposes, you cannot provide them with details about all the things you are doing behind the scenes to help win the game. But, if you publicly disclose your moves, your adversaries will surely implement effective counter measures! The thing that has impressed me so much about small-scale miners is how much positive faith your supporters place on your leadership. Take this from me: The positive faith of your supporters is what allows your industry to keep on winning these types of battles!

Our strategy was to hold back on your Action Alerts until the final hour, when messages from small-scale gold miners to the Governor would be most effective at reinforcing all the groundwork which we accomplished during months of quiet meetings in Sacramento. To make sure the outpouring had the most effective impact, for the first time in my lobbying career, I asked you to direct the final burst of letters and emails (for the Governor) to my office.

Within 3 weeks, I hand-delivered over 1,000 emails and letters to the Governor's office, along with a copy of an online petition with over 600 signatures on it. Hundreds of letters came from Californians, hundreds from people in other states and even around 20 messages arrived from other countries. Several letters by New 49'er members in Europe (written in German) were sent to the Governor!

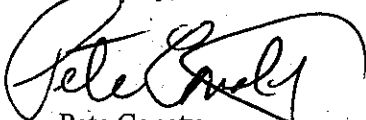
Dave, these were just the letters that came to me on behalf of your final efforts. Your earlier thrusts, along with other organized groups like PLP, and other industry web sites besides yours, also generated letters directly to the Governor. But you should know that the New 49'er Action Alerts provided the largest results I have ever seen in my 22 years at the State Capitol! Many of the letters were very personal and told individual stories that should have made an important impression upon the Governor.

Dave; you guys were smart to take the bull by the horns and hire a fulltime lobbyist in Sacramento (my firm) to fight AB 1032. If you had not taken that initiative, I am 100% certain that the Governor would have signed AB 1032 into law.

In closing, I want to say that it has been my honor to work with you on this project. Your personal leadership, understanding and flexibility in dealing with the (many) complex issues and difficulties, along with your willingness to allow me to call the plays, contributed to making this into a personal quest for me. I really wanted to win this one! I cannot tell you how much personal pride I felt when your supporters came through with such a strong outpouring during the final hour! This was a good outcome!

I look forward to continuing to work with The New 49'ers and the small-scale mining industry in the future.

Sincerely,



Pete Conaty