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May 30, 2013

Investigations Staff  
Ontario Securities Commission  
20 Queen Street West  
Suite 1903  
Toronto, Ontario  
M5H 3S8

Dear Sir or Madam:

**Re: Tahoe Resources Inc. (THO)**

We represent MiningWatch Canada that is supporting the Committee in Defence of Life and Peace in San Rafael Las Flores, Guatemala in their conflict with Tahoe Resources Inc (Tahoe).

Tahoe is a precious metal extraction company incorporated in British Columbia and headquartered in Reno, Nevada. Tahoe lists on the Toronto Stock Exchange (THO: TSX) and its sole investment is the Escobal mining project in the department of Santa Rosa, Guatemala, in the municipality of San Rafael Las Flores (San Rafael). Tahoe completed acquisition of the Escobal project from Goldcorp Holdings Ltd and Guatemala Holdings Ltd for US \$505,000,000 on 8 June 2010. As part of the agreement, Goldcorp obtained 40% of Tahoe Resources' common shares.

This is a request to investigate whether there have been breaches of the *Securities Act* disclosure requirements under section 75(1), which obligate companies to disclose material changes "forthwith".

**Background and Protests**

The Escobal project has been met with significant community disapproval due to environmental and social concerns as well as what the community views as a failure to adequate consultation. In response, twelve communities surrounding the mine site

have carried out community consultations to determine whether to support the mining project. These referendums, done through secret ballot, have all resoundingly rejected Tahoe's proposal.<sup>1</sup>

While there have been serious incidents of violence over the last 18 months, the events of central concern to this complaint took place on April 27<sup>th</sup>, 2013, and the days immediately following.

*Seriousness of the events of April 27*

On April 27<sup>th</sup>, a number of demonstrators, Tahoe says around 20, were gathered on privately owned property outside of the Escobal mine site when they were shot at by the company's security manager and a private security company contracted by the mine.

Tahoe, in their official press release of May 1<sup>st</sup>, states that protestors were dispersed using non-lethal means, including rubber bullets and tear gas, resulting in "some" protestors being "treated at hospitals and released."<sup>2</sup> Company President and CEO Kevin McArthur repeated the assertion that rubber bullets were used in an interview with CBC National News that aired on May 4<sup>th</sup><sup>3</sup> and Ira Gostin, Tahoe's head of investor relations, made a similar statement that was published in iPolitics on May 12<sup>th</sup>.<sup>4</sup>

This account downplays the seriousness of the incident and the method in which the protestors were dispersed. The Ministerio Público de Guatemala (the equivalent to the Ministry of the Attorney General) confirms that six protestors were injured during the altercation.<sup>5</sup> But Guatemalan press indicated, based on statements from a spokesperson at the Roosevelt Hospital in Guatemala City, that live ammunition was used by security forces and that victims were taken to hospital with bullet shot wounds.<sup>6</sup>

Evidence obtained from judicially ordered wiretaps and played at a hearing on May 7<sup>th</sup> appear to substantiate these stories as the head of security for Tahoe, Alberto Rotondo, is recorded ordering the killing of protestors.<sup>7</sup>

### *Arrest of Alberto Rotondo*

On April 30<sup>th</sup>, Guatemalan police detained Mr. Rotondo at the La Aurora International Airport.<sup>8</sup>

In their press release of May 1<sup>st</sup>, Tahoe states that Mr. Rotondo was “detained by authorities on Tuesday due to the highly charged atmosphere and inaccurate press reports about Saturday’s events. He has not been charged with any crimes, and the Company expects him to be released when the government investigation is complete.”<sup>9</sup> Mr. Gostin stated on May 1<sup>st</sup> that Mr. Rotondo was not attempting to flee the country, but rather was planning on taking a vacation.<sup>10</sup> When questioned about the evidence acquired from the wiretaps, Mr. Gostin was published on May 12<sup>th</sup> as having said that they “must be fictitious because the wiretap evidence was presented in a secret pre-trial hearing where media was not allowed to attend.”<sup>11</sup>

Tahoe’s statements are inaccurate in three ways. First, according to a conversation captured on wiretap, Mr. Rotondo was not leaving the country for a vacation. The Guatemala Times reported that a “wiretapping of conversations between him and his son reveal that he planned to leave Guatemala for a while, because “I ordered to kill some of these sons of bitches.”<sup>12</sup>

Second, Mr. Rotondo was not detained without charges. On May 7<sup>th</sup>, Mr. Rotondo was brought before a judge and charged with obstruction of justice and assault related to his participation and subsequent cover-up of the April 27<sup>th</sup> altercation.<sup>13</sup>

Third, contrary to Tahoe’s assertions that the wiretaps are “fictitious” and that the hearing was closed, Mr. Rotondo’s hearing was public. Media were present, and a television report named a number of international observers in attendance, including representatives of the United Nations High Commission on Human Rights.<sup>14</sup>

### *The subsequent detention of Mr. Trejo*

On May 4<sup>th</sup>, police arrested and detained Juan Pablo Oliva Trejo, who is an advisor to Mr. Rotondo, on charges of concealment of evidence.<sup>15</sup>

Tahoe has not released any information nor commented on this second arrest.

The Ministerio Público stated on May 15<sup>th</sup> that Mr. Trejo has been charged with aiding Mr. Rotondo on April 27, 28 and 29, as well as assisting in Mr. Rotondo's attempted escape from the country.<sup>16</sup> Mr. Trejo has subsequently been brought before a judge who ordered that Mr. Trejo remain in the country and sign in with the Court every 15 days.<sup>17</sup>

### **Tahoe's Failure to Disclose Material Information**

There are two issues of concern. First, in addition to downplaying the seriousness of events in their May 1<sup>st</sup> press release, Tahoe has not disclosed information relating to the ongoing developments that have occurred surrounding the Escobal mine since then. These include the arrest of Alberto Rotondo and Juan Pablo Oliva Trejo, revelations of incriminating wiretap evidence and broad based opposition to the mine.<sup>18</sup> Second, Tahoe has made statements to the press subsequent to April 27<sup>th</sup> that have been incomplete and misleading.

The events have a direct impact on Tahoe's ability to proceed with developing the Escobal mine, its only project; as such any situation that affects their present and future ability to develop this property would have a significant impact on their success as a company. For investors and financial institutions, the failure to disclose and the misleading statements may give rise to questions about credibility. For this reason, we request that the Ontario Securities Commission investigate whether and to what extent the filings of Tahoe have failed to meet the disclosure requirements under Ontario's securities legislation and policies.

If you have any questions please feel free to contact me at [simai@justice-project.org](mailto:simai@justice-project.org).

Yours sincerely,



Shin Imai  
Barrister and Solicitor

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- <sup>1</sup> El Periodico, “Nueva Santa Rosa celebra consulta por minería”, July 4, 2011, online: <http://www.elperiodico.com.gt/es/20110704/pais/197661>; MiningWatch Canada and NISGUA, “Tahoe Resources Investor Alert Calls Guatemala Project a Dangerous Investment,” May 8, 2013, online: <http://www.miningwatch.ca/news/tahoe-resources-investor-alert-calls-guatemala-project-dangerous-investment>;
- <sup>2</sup> Tahoe Resources, “Tahoe Clarifies Reports Regarding Incidents Near Escobal Project,” May 1, 2013, online: <<http://www.tahoeresourcesinc.com/tahoe-clarifies-reports-regarding-incidents-near-escobal-project/>> [*Tahoe Press Release*].
- <sup>3</sup> CBC News, CBC Radio 1, May 4, 2013.
- <sup>4</sup> iPolitics, “Tahoe Resources fights allegations security chief ordered protestors killed,” May 12, 2013, online: <<http://www.ipolitics.ca/2013/05/12/tahoe-resources-fights-allegations-security-chief-ordered-protestors-killed/>>.
- <sup>5</sup> Ministerio Público de Guatemala, “Asesor de mina San Rafael ligado a proceso,” May 15, 2013, online: <<http://www.mp.gob.gt/2013/05/asesor-de-mina-san-rafael-ligado-a-proceso/>> [*Ministerio Público*].
- <sup>6</sup> Sofía Menchu, “Ministro confirme que guardias dispararon a comuneros en mina” (28 April 2013), online: elPeriodico <<http://www.elperiodico.com.gt/es/20130428/pais/227535/>>.
- <sup>7</sup> Siglo21, “Rotondo ordenó: Maten a esos hijos de la gran...” May 9, 2013, online: <<http://www.s21.com.gt/nacionales/2013/05/09/rotondo-ordeno-maten-esos-hijos-gran>>.
- <sup>8</sup> Mineweb, Tahoe denies security chief arrested, calls media reports inaccurate” May 1, 2013, online: <<http://www.mineweb.com/mineweb/content/en/mineweb-junior-mining?oid=188457&sn=Detail#editorspicks-tab>>. Guatemala Times, “Tahoe Resources Mining executive in Guatemala gives direct orders to kill protestors” May 9, 2013, online: <http://www.guatemala-times.com/news/guatemala/3653-tahoe-resources-mining-executive-in-guatemala-gives-direct-orders-to-kill-protestors.html>;
- <sup>9</sup> *Tahoe Press Release, supra* at note 2.
- <sup>10</sup> Mineweb, *supra* at note 8.
- <sup>11</sup> iPolitics, “Tahoe Resources fights allegations security chief ordered protestors killed,” May 12, 2013, online: <<http://www.ipolitics.ca/2013/05/12/tahoe-resources-fights-allegations-security-chief-ordered-protestors-killed/>>.
- <sup>12</sup> Guatemala Times, *supra* note 8; SigloXXI, “Rotondo ordenó: Maten a esos hijos de la gran...” May 9, 2013, online: <<http://www.s21.com.gt/nacionales/2013/05/09/rotondo-ordeno-maten-esos-hijos-gran>> [*SigloXXI*].
- <sup>13</sup> *Siglo21, supra* at note 7.
- <sup>14</sup> Guatevision, May 7, 2013, online: <[http://www.guatevision.com/rss/web/\\_player\\_jwembedder\\_noti\\_1\\_07052013.html](http://www.guatevision.com/rss/web/_player_jwembedder_noti_1_07052013.html)>.
- <sup>15</sup> *Ministerio Público, supra* at note 5.
- <sup>16</sup> *Ministerio Público, supra* at note 5.
- <sup>17</sup> *Ministerio Público, supra* at note 5.
- <sup>18</sup> iPolitics, “Canadian mine’s security staff detained as deadly protests trigger crackdown in Guatemala” May 3, 2012, online: <<http://www.ipolitics.ca/2013/05/03/canadian-mines-security-staff-detained-as-deadly-protests-trigger-crackdown-in-guatemala/>>.