

A Faked Kidnapping and Cocaine: A Montana Mine's Descent Into Chaos

The Signal Peak Mine was embroiled in a web of criminal activity. Now, environmental groups want to shut it down.



By Hiroko Tabuchi

Tabuchi reported from the mine site and surrounding ranches.

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Just before 2 a.m. on April 18, 2018, Amy Price, the wife of the coal executive Larry Price Jr., called the police in Bluefield, Va., to report her husband missing. Police scoured Bluefield, a town of less than 10,000 people nestled in the Blue Ridge Mountains, and soon discovered Mr. Price's white Mercedes at a deserted parking lot.

Mr. Price, a 42-year-old father of six, was an industrious businessman who ran surface operations at an underground mine, one of the nation's largest, near Roundup, Mont. He also ran a motorcycle shop, Hawg Pit Cycles, that traded used Harley-Davidsons. And he had promised several investors big returns in coal. Recently, some of them had confronted Mr. Price about their money.

As night fell, a driver traveling along a state road some 20 miles away from Bluefield noticed a man on the roadside: a disheveled Mr. Price, who was rushed to a hospital. He told investigators he had been abducted by an outlaw biker gang that drugged him and took him to his motorcycle shop where they robbed him before loading him into a van and dumping him on the roadside. When surveillance cameras showed there hadn't been a robbery, he changed his story, saying that the gang had asked him for coal train schedules for a scheme to traffic methamphetamines by rail.

The truth was, Mr. Price hadn't been kidnapped at all. As he later admitted in court, he had staged his own kidnapping, a last-ditch attempt to escape investors' wrath for embezzlement schemes totaling more than \$20 million that he'd hatched with the president of the Montana coal mine.

The embezzlement and fake kidnapping were part of the unraveling of a coal company called Signal Peak Energy that also involved bribery, cocaine trafficking, firearms

violations, worker safety and environmental infringements, a network of shell companies, a modern-day castle, an amputated finger and past links to President Vladimir V. Putin of Russia.



Larry Price, Jr., left, at the James F. Battin Federal Courthouse in Billings, Mont., in 2020. Larry Mayer/Billings-Gazette

A bulldozer moving coal tailings at the Signal Peak Mine. Louise Johns for The New York Times

Nine former Signal Peak executives, including Mr. Price, and their associates have been either convicted or charged as part of a broad federal investigation. Mr. Price is now serving time in a federal prison. Signal Peak's former president and chief executive, Brad Hanson, who Mr. Price said was the mastermind behind the schemes, died at his home in Florida in 2020. The company itself was fined \$1 million last year for failing to report worker injuries and for illegally dumping toxic slurry, chemicals and unprocessed soil containing heavy metals, arsenic and lead, into an abandoned section of the mine.

Attempts to reach Mr. Price in prison were unsuccessful. In written responses to questions, Signal Peak stressed that it had taken "swift and comprehensive remedial measures" after the misconduct came to light, terminating all employees involved, installing new executive leadership and revising its internal policies to prevent future wrongdoing.

Local ranchers and environmental groups that oppose the mine say Signal Peak Energy, which operates the Montana mine, 30 miles north of Billings, has become an extreme example of the opaque operators left behind in a declining industry as the biggest actors

leave or go bankrupt. Coal use has shrunk by half from its peak in 2007 amid the shift to natural gas and renewables. Those left behind have an incentive to extract as much money as possible — and get out.

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Last summer, a coalition of environmental groups petitioned both the federal government and the State of Montana to order the mine to cease operations pending a wider investigation, citing ongoing environmental and permit violations and its overall “destructive and lawless operations.”

That hasn’t stopped Signal Peak from planning a 7,000-acre expansion of the mine, though those plans have been repeatedly stopped by federal courts for failing to meet environmental standards.

On a recent afternoon, Signal Peak’s new chief executive, Parker Phipps, ushered a visiting reporter from his office in a squat two-story building perched at the mine’s edge, saying he was unable to speak with reporters. He cited the “tremendous amount of litigation” against the firm. Nearby, coal trundled up a conveyor and onto a vast, black mound.



Steve Charter, a member of the local environmental group the Bull Mountain Land Alliance, said mine workers used an excavator to tear up a watering hole used by his cattle. Louise Johns for The New York Times



Mr. Charter's ranch. Signal Peak now controls much of the ranch land in the area and is canceling leases ranchers have held for more than half a century. Louise Johns for The New York Times

A 'Bastion' of Malfeasance

Miners have dug for coal in the outcrops of the Bull Mountains, a range of grasslands and sagebrush in southern Montana crisscrossed by cattle trails, since the late 1800s. But after booming through the 1960s, mining in the region declined precipitously. Then, in 2008, the Boich Companies, run by the Ohio-based billionaire Wayne Boich, and FirstEnergy Corp, one of the nation's largest investor-owned utilities, bought the Bull Mountains No. 1 coal mine for \$125 million and renamed it Signal Peak Energy. Two years later, the Gunvor Group, an oil and commodities trading firm registered in Cyprus, assumed a stake in the company.

Signal Peak embarked on an intensive method of digging coal from the ground, known as longwall mining, in which miners systematically mine coal from panels of earth several miles long and hundreds of feet wide

Mr. Price, who had worked mining jobs in the coal fields of Southwest Virginia, took a job with Signal Peak in 2009. At the mine, Mr. Price rose through the ranks to become vice

president in charge of surface operations, a position that brought him in close contact with Signal Peak's new chief executive, Bradley Hanson. On the side, Mr. Price operated a private business called 3 Solutions, which supplied Signal Peak with industrial chemicals.

At his trial, Mr. Price painted Mr. Hanson as the mastermind behind a series of schemes to defraud investors at two separate companies, as well as Signal Peak itself, of more than \$20 million. Yet a federal judge found Mr. Price was responsible for the fraudulent activity. In one scheme, he convinced a Wyoming firm called Three Blind Mice to lend 3 Solutions \$7.5 million for a contract that did not exist.

The money supported an extravagant lifestyle. In Billings, he lived with his family in the area's largest home: a 26,000-square foot, 10-bedroom stone castle. It had a tower, moat, drawbridge, glass elevator, bowling alley, swimming pools and an indoor shooting range with bank vault doors. At his sentencing, Mr. Price admitted that the full scope of the embezzlement was closer to \$40 million.

But Mr. Price was not simply a rogue element at an otherwise reputable company. By 2018, the mine had become, in the words of United States attorneys working on the case, "bastion of unreported injuries and malfeasance."



The stone mansion in Billings, in the style of a castle, that was built by Mr. Price in 2014. It now has a new owner. Louise Johns for The New York Times



One United States attorney cited “utter disregard for environmental and worker health and safety standards” at Signal Peak. Louise Johns for The New York Times

According to Department of Justice statements, Dale Lee Musgrave, Signal Peak’s vice president of underground operations at the time, pressured mine employees not to report injuries that had occurred while on duty, using overt and implicit pressure, threats and bribes — actions which gave the mine “the veneer of an outstanding safety record.”

In 2018, according to the Department of Justice, Mr. Musgrave instructed an employee who had crushed his finger while loading mining materials to say that the injury was unrelated to his job, telling him that he would “make it worthwhile.” Mr. Musgrave eventually gave the employee, whose finger had to be partially amputated, \$2,000 in cash.

Federal investigators who were looking into activities at the mine then noticed multiple mysterious FedEx shipments arriving at Mr. Musgrave’s residence — 27 such shipments just in the first few months of 2019. When they intercepted one, they found small bags of cocaine inside. In December 2021, Mr. Musgrave pleaded guilty to conspiracy to submit

false statements in records. Under a plea agreement, prosecutors dismissed two counts of cocaine trafficking.

Last year, Signal Peak was given a criminal sentence and a \$1 million fine for willfully violating health and safety standards. In a broad summary of the case, United States Attorney Leif M. Johnson underscored the “utter disregard for environmental and worker health and safety standards.”

Industry experts say the criminal activity points to a bigger mystery: Despite the embezzlement and despite the coal industry’s protracted decline, the company has been able to survive. Many of Signal Peak’s better-positioned industry peers lost money on coal exports and went bankrupt.

“It never quite made sense to me,” said Clark Williams-Derry, an energy finance analyst at the Institute for Energy Economics and Financial Analysis. “How did Signal Peak even stay afloat?”

Shell Companies

Pat and Maureen Thiele run a small, 50-acre ranch in Roundup, just outside of the boundaries of the Signal Peak mine. The small herd that grazes on the couple’s land, as well as their hardscrabble garden, rely on water they fear is under threat from the mine, and Signal Peak’s expansion plans would bring the drilling under their property.

“It’s marching toward us,” Mrs. Thiele said. “It’s coming close, and damage to our land and our aquifer is becoming more likely.”

The couple are two in a handful of ranchers in the area who are upset about the damage Signal Peak has done to the land.

Steve Charter, a member of the local environmental group the Bull Mountain Land Alliance, said that in 2020 mine workers used an excavator to tear up a watering hole that provided water for his cattle. Now the company, which controls much of the ranch land in the area, is canceling leases ranchers have held for more than half a century.

“It’s like dealing with the mob,” he said.



Pat Theile, center in hat, and Kit Nilson, left with headband, with members of the Bull Mountain Land Alliance, prepared to canvass the community about water quality. Louise Johns for The New York Times



An exposed coal seam on a ranch in the Bull Mountains. Louise Johns for The New York Times

Signal Peak said Mr. Charter’s watering hole, made of old tires, had posed “a significant risk” to its employees and the environment. And by canceling leases, the mine said, it was merely exercising its land rights.

In recent months, Mr. Thiele has been consumed by a new pastime: digging into the multinational corporations that lurk behind Signal Peak, an attempt to understand the corporate forces that ranchers like him are up against.

“It’s important for us to know who we’re dealing with,” he said during a recent interview at his home, about a 10-minute drive from the mine.

In painstakingly compiled handwritten notes and diagrams, Mr. Thiele laid out the corporate structure: Signal Peak is technically owned by two shell companies, paper-only businesses with minimal disclosure rules, that obscure the fact that they are controlled by a trio of out-of-state corporations. What’s more, he was stunned to learn, those corporations are embroiled in their own scandals.

One is FirstEnergy, the Ohio-based utility that invested \$400 million to open the

underground mine in 2009 with the investment firm Boich Group. In 2021, the company admitted to funneling tens of millions of dollars in bribes to state legislators and regulators to advance a \$1 billion bailout for aging nuclear and coal-fired power plants. The Justice Department fined FirstEnergy a record \$230 million in a sprawling bribery case, the largest ever in Ohio. A spokeswoman for FirstEnergy said that while FirstEnergy has a stake in the company that operates the mine, it does not run the site.

Mr. Boich has also been implicated in the case. According to local news reports and a federal criminal complaint, he made substantial donations to the dark money organization at the center of the scandal. He has not been charged with any crime. A spokesman for Mr. Boich said the billionaire's political contributions had taken place in strict accordance with the law.

The third owner is the Gunvor Group, a multinational trading company formerly co-owned by Gennady N. Timchenko, a Russian billionaire and confidante of Mr. Putin. Signal Peak is the only coal mine owned by Gunvor, which specializes in trading commodities like oil, gas and minerals, not producing them.

For years, the United States Treasury maintained that Mr. Putin held investments in Gunvor and may have had access to Gunvor funds. After Russia invaded Crimea in 2014, the State Department placed sanctions on Mr. Timchenko and he announced that he had sold his interest in the company.

A Gunvor spokesman stressed that Mr. Timchenko now “had absolutely zero involvement with Gunvor in any way” and called any alleged links with President Putin “old and entirely baseless.” Gunvor has “been seeking to divest its share in Signal Peak, which holds no strategic value for our company,” he added.

Environmental groups have alleged in complaints to state and federal regulators that, by using shell companies, the mine is violating requirements to clearly disclose the identity of its owners. These groups worry that the current owners, racked by their own scandals, will be able to walk away from their obligations — to restore land or water degraded by the mining, for example.



Ms. Nilson and her nephew, Boyd Charter, at one of their ranch's watering holes. "The thing is, we know coal is on its way out," she said. "But when they do finish up, they'll be able to walk away and we'll never see them again." Louise Johns for The New York Times



A subsidence crack on Steve Charter's property. Louise Johns for The New York Times

So far, the environmental groups have been unsuccessful. This year, the Interior Department, said it believed the mine was violating ownership disclosure rules and had failed to update parts of its mining permit. But the department said it could not find adequate proof of any imminent danger to public health or the environment.

“There’s a history of companies creating shells, and the owners walking away, leaving taxpayers to pick up the mess,” said Anne Hedges, a director at the Montana Environmental Information Center, a local nonprofit group. “And they’ve all already operated like they’re above the law.”

Signal Peak has supporters in the community, including Sue Olson, a local rancher who sits on the board of a philanthropic foundation funded by Signal Peak.

“Signal Peak mine did have some very bad apples,” she said. “But they’ve been caught, and the mine is now operating as a respected, honest business.”

Mr. Charter, the rancher, recently zigzagged to the top of his ranch on Bull Mountain, stopping to examine the latest crack that has appeared in the hard ground, a crevice

several hundred feet long.

Below was a sweeping vista of Montana's grassy plains, hazy with the smoke of distant wildfires. Mr. Charter's finances have already been squeezed by the big meatpackers that have consolidated control of the American livestock industry. The mine is a more elusive adversary.

"Coal is in its death throes," he said, "and it's taking us down with it."

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