

STATE OF CALIFORNIA
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
STATE WATER RESOURCES CONTROL BOARD

DIVISION OF WATER RIGHTS

ORDER WR 2025-XXXX-DWR

[DRAFT] CEASE AND DESIST ORDER

In the Matter of Unauthorized Diversion by

Eric Karamian

APN: 700-090-020-000

COUNTY: SHASTA

The Acting Assistant Deputy Director for Water Rights, acting under authority delegated by the State Water Resources Control Board (State Water Board), hereby finds:

SUMMARY OF DETERMINATIONS

1. Based on the facts and information contained herein, Eric Karamian (hereinafter the Diverter) is violating or threatening to violate requirements set forth in Water Code section 1831, subdivision (d) (1) and (d) (6)(A)-(B):
 - a. State Water Board, Division of Water Right's (Division) staff observed the Diverter diverting water at and using water from point of diversion one (POD1) located on Assessor's Parcel Number (APN) 700-240-005-000 owned by Sierra Pacific Land and Timber Co. (SPI). Water diverted from POD1 was used on the Diverter's Property APN 700-090-020-000 a non-riparian parcel for domestic use without an appropriative water right issued by the State Water Board, in violation of the prohibition set forth in Water Code section 1052 against the unauthorized diversion or use of water subject to Division 2 of the Water Code.
 - b. Division staff observed the Diverter using water to cultivate approximately 1,465 cannabis plants on August 6, 2024, without a license issued by the Department of Cannabis Control (DCC) as required by Chapter 6 of Division 10 of the Business and Professions Code (Bus. & Prof. Code, section 26060 et. seq.)

- c. Division staff observed and documented diversions of water for cannabis cultivation during the inspections on August 6, 2024, in violation of requirements established by the State Water Board in the *Cannabis Cultivation Policy – Principles and Guidelines for Cannabis Cultivation* (Cannabis Cultivation Policy), pursuant to Water Code section 13149.
2. This Order directs the Diverter to cease and desist the activities causing the violation(s) or threatened violation(s) and to take the corrective actions described below.

CEASE AND DESIST ORDER AUTHORITY

3. Water Code section 1831, subdivision (a), provides that the State Water Board may issue an order to cease and desist from violation(s) or threatened violations(s) of the requirements described in section 1831, subdivision (d). Specifically, Water Code section 1831, subdivisions (d) (1) and (6) (A) provide in relevant part:
 - (1) The prohibition set forth in Section 1052 against the unauthorized diversion or use of water subject to this division; and
 - (6) *Any diversion or use of water for cannabis cultivation if [...] any of the following applies:*
 - (A) *A license is required, but has not been obtained, under Chapter 6 (commencing with Section 26060) or Chapter 7 (commencing with Section 26070) of Division 10 of the Business and Professions Code.*
 - (B) *The diversion is not in compliance with an applicable limitation or requirement established by the board or the Department of Fish and Wildlife under Section 13149.*
4. Water Code section 1831, subdivision (d)(1), authorizes the State Water Board to issue a cease-and-desist order in response to a violation or threatened violation of the prohibition set forth in Water Code section 1052 against the unauthorized diversion or use of water subject to that division.
5. Water Code section 1834, subdivision (a), provides that the State Water Board shall give notice informing the party that he or she may request a hearing not later than 20 days from the date on which the notice is received. If the party does not timely request a hearing, section 1834, subdivision (a) authorizes the Board to adopt a cease-and-desist order based on the statement of facts and information set forth in the notice without a hearing. The State Water Board delegated this authority to the Deputy Director for Water Rights in Resolution 2012-0029. The Deputy Director has redelegated this authority to the Assistant Deputy Director for Water Rights.

STATEMENT OF FACTS AND INFORMATION

6. Diverter:

The Diverter operated a surface water diversion observed by Division staff on August 6, 2024, diverting surface water at POD1 to off stream storage for use at Place of Use (POU 2-6) for cannabis irrigation on APN: 700-240-005-000 owned by SPI, and at POU1 on APN: 700-090-020-000 owned by the Diverter for domestic use. The appropriation of water observed by Division staff are unlicensed by the State Water Board. The cannabis cultivation areas, and the water diversion are located on property owned by SPI in Shasta County. The diversion diverts surface waters within the permitting authority of the State Water Board.

7. Property:

The violations and threatened violations at issue were observed on Shasta County Assessor Parcel Number (APN) 700-090-020-000 (Diverter's Property), and 700-240-005-000 (SPI property).

8. Property Ownership:

According to Shasta County Assessor's Office Property records, the Diverter acquired Shasta County Assessor Parcel Number (APN) 700-090-020-00 (Property) on December 26, 2014, and owned the Property at all times relevant to the violations alleged in this Complaint. The POD1 and the cannabis cultivation were observed on (APN) 700-240-005-000, owned by SPI.

9. Watershed Information:

The Property is located within the Millseat Creek-North Fork Battle Creek watershed (Hydrological Unit HUC 12-180201530106). The North Fork Battle Creek is part of the Sacramento-San Joaquin Delta, tributary to Delta above Collinsville is a Fully Appropriated Stream System, from which there is no water available for new appropriation from June 15 through August 31 (WR Order 98-08).

10. Inspection Basis:

On August 1, 2024, the Division was notified by the California Department of Fish and Wildlife (CDFW) of a search warrant investigation of the Property based on illegal cannabis cultivation and possible surface water diversion used for cannabis irrigation.

11. Water Rights Records Review:

On August 5, 2024, prior to the inspection, on January 22, 2025, and again on March 14, 2025, Division staff examined available State Water Board water rights records in the electronic Water Rights Information Management System (eWRIMS) and found that Eric Karamian does not have a water right to divert from the non-riparian water from Battle Creek for cannabis irrigation and domestic use. Division staff reviewed Eric Karamian's property deed for APN 700-090-020-00 and reviewed

land patent information and found that APN 700-090-020-00 does not have an easement or a riparian claim of right to divert water from Battle Creek.

12. Well Records Review:

On August 5, 2024, Division staff searched Department of Water Resources records and did not find any record of a well on the Property.

13. Department of Cannabis Control (DCC) License Records Review:

On August 5, 2024, prior to the inspection, on January 22, 2025, and again on March 14, 2025, Division staff reviewed DCC's licensing records for commercial cannabis cultivation to determine if there was a license on file that would legally authorize the commercial cannabis cultivation on the Property. Division staff found no DCC license on record for the Property.

14. Inspection:

On August 6, 2024, Division staff accompanied CDFW, and Shasta County Sheriff's Office conducted an inspection of the Property. The Diverter was not onsite during the inspection. During the inspection, Division staff observed 1,465 actively growing cannabis plants on the Property. CDFW law enforcement officers provided the total cannabis plant count of 1,465. The POD1 observed by Division staff during the inspection was the sole source of water on the Property. A field Notice of Violation (NOV) was left on site at the time of the inspection.

15. Point of Diversion:

During the August 6, 2024, inspection, Division staff documented one POD (POD1). POD1 is a diversion to off stream storage and is located on the North Fork Battle Creek which is a tributary to the Sacramento River and the Sacramento-San Joaquin Delta above Collinsville. Battle Creek is a surface water subject to the State Water Board's permitting authority. POD1 is located on APN 700-240-005-000, which is the parcel directly south of the Diverter's Property, and is owned by Sierra Pacific Land and Timber Co. (SPI). The stream has defined bed and banks upstream and downstream from POD1, and water was flowing upstream and downstream of the diversion structure at the time of the inspection. Water from POD1 is pumped with a 6.45 hp gasoline pump through a 2.5-inch polyethylene water supply line for cannabis irrigation at places of use (POUs) 2-6 (located on APN 700-240-005-000 owned by SPI) and domestic water supply at POU1 (a residence located on the Diverter's Property). The diversion intake for POD1 was not rendered incapable of diverting water during the inspection. Division staff did not observe a water measurement device or diversion records at or near POD1. POD1 is not riparian to the Property APN: 700-090-020-000.

Division staff also documented three POS (POS1, 2, 3). POS1 is a 2,500-gallon full polyethylene water tank (Tank 1). The total storage capacity for POS1 was 2,500 gallons and the total active storage volume was full. POS1 receives water from POD1 and did not have an installed overflow prevention system. POS1 had

a tank lid installed. Water from POS1 is used at POU1 for domestic use. POS1 is located on APN 700-090-020-000 owned by Eric Karamian.

POS2 is a 350-gallon $\frac{1}{4}$ full polyethylene water tank (Tank 2). Tank 2 had no lid installed. The total storage capacity for POS2 is 350 gallons and the total active storage volume was approximately 87.5 gallons. POS2 receives water from POD1 and did not have an installed overflow prevention system. POS2 appears to be used for chemical mixing. Water from POS2 is used on POU2 and POU3 for cannabis irrigation. POS2 is located on APN 700-240-005-000 owned by Sierra Pacific Land & Timber Company.

POS3 is a 2,500-gallon full polyethylene water tank (Tank 3). Tank 3 had no lid installed. The total storage capacity for POS3 is 2,500 gallons and the total active storage volume was full. POS3 receives water from POD1 and did not have an installed overflow prevention system. POS3 appears to be used for chemical mixing. Water from POS3 is pumped with a 3.5 hp gasoline pump through a 1-inch polyethylene water supply line for cannabis cultivation irrigation at POU4, POU5 and POU6. POS3 is located on APN 700-240-005-000 owned by Sierra Pacific Land & Timber Company.

16. Aerial Imagery Review:

On August 8, 2024, Division Staff reviewed aerial imagery of the Property and made the following observations:

- a. LandVision aerial imagery from September 7, 2021, shows the first cannabis greenhouses appear in the northwest side of the SPI property (APN: 700-240-005-000), which is located south of the Karamian property (APN: 700-090-020-000). The cannabis cultivation areas on SPI property appears to be the same Place of Use (POU) 2,3,4 and 6 (POU2, POU3, POU4 and POU6) identified in the August 6, 2024, inspection report.
- b. Google Earth Pro aerial imagery from July 8, 2022, shows continued development of outdoor growing areas at POU2, POU3, POU5 and POU6.
- c. LandVision aerial imagery from June 8, 2024, shows greenhouse structures and outdoor cultivation at POU2, POU3, POU4, POU5 and POU6.

17. Notice of Violation and Inspection Report:

Subsequent to the inspection, Division staff prepared a Notice of Violation and Inspection Report (NOV/IR) and sent the NOV/IR to the Diverter via United States Postal Service (USPS) certified mail on September 3, 2024. USPS records indicate that the NOV/IR was received on September 9, 2024. The NOV/IR describes the observations made by Division staff during the inspection, the violations relating to those observations, the recommended corrective actions for the violations, and provides contact information for Division staff for compliance assistance.

18. Confirmation of the Need for a DCC License:

DCC established a commercial cannabis cultivation licensing program pursuant to Chapter 6 (commencing with Section 26060) of Division 10 of the Business and Professions Code. DCC began issuing licenses on January 1, 2018. Any person engaged in commercial cannabis activity must obtain a state license from DCC. (Bus. & Prof. Code § 26037.5, subd. (a); 4 Cal. Code Regs. § 15000.1, subd. (a).) "Commercial cannabis activity" includes cultivation. (Bus. & Prof. Code § 26001, subd. (j); 4 Cal. Code Regs. § 15000, subd. (o).) The only exceptions to the cultivation licensing requirement are for persons cultivating not more than six living cannabis plants, or certain nonprofit entities in limited circumstances not applicable here. (Bus. & Prof. Code § 26037.5, subd. (b).) DCC's cultivation licensing requirements are set forth in Chapter 6 of Division 10 of the Business and Professions Code, commencing at section 26060. Based on the review of aerial images and Division staff's observations during the site inspection, the cannabis cultivation occurring on the Property is of a scale sufficient to require a commercial cannabis cultivation license under Chapter 6 (commencing with Section 26060) of Division 10 of the California Business and Professions Code.]

19. Confirmation of the Need for an Appropriative Water Right:

All water flowing in any natural channel is public water of the State and subject to appropriation in accordance with the Water Code, as provided in Section 1201 of the Water Code. Pursuant to Water Code Section 1225, no right to appropriate or use water subject to appropriation shall be initiated or acquired except in compliance with Division 2 of the Water Code.

- a. On August 6, 2024, Division staff observed the following diversion subject to the State Water Boards permitting authority:
 - i. POD1 diverted water from a non-riparian source to POS1 for domestic use at POU1, and to POS2 and POS3 for cannabis irrigation at POU2, POU3, POU4, POU5 and POU6.

20. Sierra Pacific Land & Timber Company (SPI) Information:

On December 11, 2024, and again on January 13, 2025, Division staff emailed SPI staff and asked if the Eric Karamian had permission to divert water from Battle Creek and cultivate cannabis on the SPI lands.

On January 13, 2025, SPI staff stated via email that Eric Karamian did not have permission to be on or to divert water from SPI land.

21. Diverter's Response to NOV/IR:

On February 18, 2025, Division staff contacted the Diverter by phone, and he confirmed that he had received the NOV/IR. The Diverter further stated that he was unaware of cannabis cultivation on the Property prior to the inspection, as he does not live there. He stated the Property had been remediated, and no

further water diversion or cultivation was occurring. Due to residing in San Diego, the Diverter stated he will need time to provide documentation of the remediation. He assured Division staff that he would review the NOV/IR to comply with the violations and take all the necessary steps for compliance. CDFW law enforcement staff re-visited the Property on March 2, 2025, and observed that no remediation or cleanup had taken place.

22. CDFW Law Enforcement Information:

CDFW law enforcement staff stated they visited the Property on March 2, 2025, and observed that no remediation or cleanup had been conducted.

VIOLATIONS AND THREATENED VIOLATIONS

23. Based on the findings described above, including observations made during the inspection, the Diverter is violating or threatening to violate the following requirements described in Water Code section 1831, subdivision (d)(1) and (d)(6)(A) and (B):

- a. Subdivision (d)(1): The prohibition set forth in Section 1052 against the unauthorized diversion or use of water subject to this division.
 - i. On August 6, 2024, Division staff observed POD1 diverting water from a non-riparian source into storage at POS1 for domestic use at POU1, and into POS2 and POS3 for cannabis irrigation at POU2-6.
 - ii. The threat of unauthorized diversion remains; the Diverter has taken no corrective actions.
- b. Subdivision (d)(6)(A): Any person engaged in commercial cannabis activity must obtain a state license from DCC. (Bus. & Prof. Code § 26037.5, subd. (a); 4 Cal. Code Regs. §15000.1, subd. (a).) "Commercial cannabis activity" includes cultivation. (Bus. & Prof. Code § 26001, subd. (j); 4 Cal. Code Regs. § 15000, subd. (o).) The only exceptions to the cultivation licensing requirement are for persons cultivating no more than six living cannabis plants, or certain nonprofit entities in limited circumstances not applicable here. (Bus. & Prof. Code § 26037.5, subd. (b).) DCC's cultivation licensing requirements are set forth in Chapter 6 of Division 10 of the Business and Professions Code, commencing at section 26060.
 - i. During the August 6, 2024, inspection, Division staff observed approximately 1,465 cannabis plants growing in outdoors and in greenhouse structures, with an approximate total cultivation area of 12,814 sq. ft. Cannabis cultivation of the scale observed by Division staff on the Property required a DCC commercial cannabis license

under Chapter 6 (commencing with Section 26060) of Division 10 of the Business and Professions Code.

- ii. Based on current facts and evidence Division staff determined there is a threat of water diversion and use for cannabis cultivation on the Property without the required license from DCC. The Diverter has taken no corrective action to address any violations documented in the NOV/IR and the Property still presents a threat of violation.
- c. Subdivision (d)(6)(B): The diversion is not in compliance with an applicable limitation or requirement established by the board or the Department of Fish and Wildlife under Section 13149.
 - i. During the August 6, 2024, inspection, Division staff documented that the Diverter failed to comply with an applicable requirement established by the State Water Board in the Cannabis Cultivation Policy pursuant to Water Code section 13149. Division staff documented surface water diversion from POD1 used for cannabis irrigation during the forbearance period in violation of the Cannabis Cultivation Policy, Attachment A, Section 2, Term 66. Term 66 requires that all surface water diversions for cannabis cultivation comply with the surface water Numeric and Narrative Instream Flow Requirements found in the Cannabis Cultivation Policy. Numeric and Narrative Instream Flow Requirements No. 4 prohibits surface water diversions for cannabis cultivation activities between April 1 through October 31 of each calendar year.
 - ii. Based upon the information available and the lack of corrective actions there remains a threat of diversion occurring during the surface water diversion forbearance period for cannabis cultivation.

SECTION 1834 NOTICE REQUIREMENTS

- 24. On August 15, 2025, in accordance with Water Code section 1834, subdivision (a), the State Water Board's Division of Water Rights (Division), provided the Diverter with notice of the State Water Board's intent to issue an order determining that the Diverter is violating or threatening to violate requirements described in Water Code section 1831, subdivision (d)(6)(A)-(B).
- 25. The notice included the facts and information stated above, which describe the basis for the violations and threatened violations, and informed the Diverter that unless a written request for a hearing signed by or on behalf of the notified party is delivered to or received by mail by the board within 30 days after receipt of the notice, the board may adopt a cease and desist order based on the statement of facts and information set forth in the notice, without a hearing.

IT IS HEREBY ORDERED, pursuant to sections 1831 through 1836 of the California Water Code, that:

1. The Diverter shall immediately cease and desist any diversion or use of water from the Battle Creek for cannabis irrigation until a CDFA commercial cannabis license under Chapter 6 (commencing with Section 26060) of Division 10 of the Business and Professions Code is obtained. The requirement to obtain a cultivation license also incorporates the requirement to obtain a water right pursuant to Business and Professions Code section 26060.1(a)(2)(A).
2. Within 30 days of the date of adoption of this CDO, the Diverter shall submit a draft compliance plan for review and approval by the Division that details what actions will be taken to ensure that a commercial cannabis license and appropriate water right is obtained for domestic and/or cannabis irrigation prior to any diversion or use of water from Battle Creek and that water will not be diverted from Battle Creek during the forbearance period (April 1 through - October 31) for irrigation of cannabis. To the extent that the Diverter intends to continue cannabis cultivation activities and domestic use on the Property, irrigated with water diverted from Battle Creek, the draft compliance plan must include installation of adequate water storage to enable diversion during the non-forbearance period and water storage at a capacity sufficient to irrigate through the forbearance period. In addition, the draft compliance plan must include measures to address the required corrective actions to ensure compliance with the Cannabis Policy. The diverter must address all violations described in the NOV/IR that have not yet been corrected. Further, the Diverter will need to receive permission from SPI to divert water from SPI lands. If the Diverter intends to seasonally store water diverted from the stream, the draft compliance plan must also include a timeline for obtaining an appropriate water right, such as a Cannabis Small Irrigation Use Registration and installing adequate storage to ensure forbearance for the anticipated crop irrigation and plan for domestic needs.
3. Within 60 days of the final compliance plan approval date, the Diverter must implement the compliance plan.

ADDITIONAL INFORMATION

Consequences of Non-Compliance:

Failure to comply with the requirements of this Order may result additional enforcement, which may include the imposition of administrative civil liability or referral to the Attorney General to take further injunctive enforcement actions or seek civil liability, pursuant to Water Code section 1845. Civil liability, whether administrative or judicial, may be up to \$1,000 for each day in which the violation occurs, or up to \$10,000 for each day in which the violation occurs during drought.

Reservation of Enforcement Authority and Discretion:

Nothing in this Order is intended to or shall be construed to limit or preclude the State Water Board from exercising its authority under any statute, regulation, ordinance, or other law.

Regulatory Changes:

Nothing in this Order shall excuse the Diverter from meeting any more stringent requirements that may be imposed hereafter by applicable legally binding legislation, regulations or water right permit requirements.

Compliance with Other Regulatory Requirements:

Nothing in this Order shall excuse the Diverter from meeting any additional regulatory requirement that may be imposed by other local, state or federal regulatory entities for corrective actions taken to comply with this Order.

Exemption from CEQA:

This is an action to enforce the laws and regulations administered by the State Water Board. The issuance of this Order is exempt from the provisions of the California Environmental Quality Act (Public Resources Code, sections 21000 et seq.), in accordance with section 15321(a)(2), Title 14, of the California Code of Regulations. This action may also be considered exempt because it is an action by a regulatory agency for the protection of natural resources (Cal. Code Regs., tit. 14, § 15307) and an action by a regulatory agency for the protection of the environment (Cal. Code Regs., tit. 14, § 15308).

Effective Date:

This Order is effective upon issuance, pursuant to Water Code section 1832.

Petition for Reconsideration:

Any interested person or entity may petition the State Water Board for reconsideration of this Order pursuant to Water Code section 1122. Such petition shall be filed not later than 30 days from the date the board adopts this Order.

STATE WATER RESOURCES CONTROL BOARD

Dated: August 15, 2025