

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

DIVISION OF WATER RIGHTS

ORDE.R WR 2026-0007-DWR

CEASE AND DESIST ORDER

In the Matter of Threatened Unauthorized Diversion, Threatened Diversion _Not in Compliance with the Cannabis Cultivation Policy, and Threatened Water Diversion and Use Without a License

Laureen, Hans, & Jennifer Neuroth

APN: 056-320-01-00

SOURCE: Unnamed Stream Tributary to Rattlesnake Creek

COUNTY: Mendocino

The State Water Resources Control Board (State Water Board or Board) is authorized under California Water Code (Water Code) section 1831 to issue a Cease and Desist Order (COO or Order) requiring Laureen, Hans, and Jennifer Neuroth (the Respondents) to cease a threatened violation of the prohibition under Water Code section 1052; a threatened diversion not in compliance with an applicable limitation or requirement of the State Water Board's *Cannabis Cultivation Policy Principles and Guidelines for Cannabis Cultivation* (Cannabis Cultivation Policy); and the threatened diversion and use, of water for cannabis cultivation without a license from the Department of Cannabis Control (DCC).

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 State Water 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 of the Permitting and Enforcement Branch.

The Respondents did not request a hearing on this matter. Accordingly, the Assistant Deputy Director hereby finds:

BACKGROUND INFORMATION

1. The threatened violations identified herein are occurring on Mendocino County Assessor Parcel Number (APN) 056-320-01-00 (the Property). The Property is owned by the Respondents. On November 19, 2020, Laureen Neuroth added Jennifer and Hans Neuroth as joint owners of the Property through an interfamily transaction.
2. The Property is identified within Hydrological Unit HUC 12-1801060104 (Rattlesnake Creek - Upper South Fork Eel River Watershed) and CalWater Hydrologic sub-area 1111.320104 (Spy Rock). There is an unnamed stream that runs through the Property that is tributary to Rattlesnake Creek, which feeds into the Upper South Fork Eel River, a state-listed Wild and Scenic River.
3. On July 30, 2025, and again on August 13, 2025, Division staff reviewed DCC license data, that was current as of those dates and confirmed that the Respondents do not hold an active DCC license for cannabis cultivation.
4. On August 7, 2025, and again on August 22, 2025, Division staff reviewed available State Water Board water rights records in the electronic Water Rights Information Management System (eWRIMS) and found the Respondents did not have a water right or registration associated with the Property on file.
 - a. Staff found an application for a Cannabis Small Irrigation Use Registration (SIUR) that Hans Neuroth filed on June 7, 2020. The application claimed water would be used for cannabis irrigation, domestic use, and fire suppression; identified the water sources to be an onstream reservoir, a fully contained spring (for which a Fully Contained Spring Report would be required to be filed), and rainwater catchment; claimed all water would be stored off stream for cannabis cultivation; and identified the cannabis cultivator as Hans Neuroth. Division staff identified several deficiencies in the application, and Brittany Massaro, an agent for the Respondents, subsequently emailed staff to request cancellation of the application on November 17, 2020. That same day, staff spoke with Ms. Massaro over the phone and sent her an email summarizing the conversation. Based on Ms. Massaro's claim that the Respondents intended to proceed with drilling a groundwater well for cannabis irrigation, and that they would support their domestic use with direct diversions, staff's email informed Ms. Massaro that the onstream reservoir could be covered by a Livestock Use Registration.

- b. On December 3, 2020, the Division mailed a letter to Ms. Massaro that reiterated several of the deficiencies staff had discussed via email. Specifically, the letter stated that domestic use is not a permissible use of water under a Cannabis SIUR and that a Small Domestic Use Registration (SOUR) would be required for seasonal storage of water for domestic purposes. The letter further stated that failure to obtain a valid water right may result in enforcement action, including the imposition of administrative civil liability pursuant to Water Code section 1052 for unauthorized diversions or use of water.
5. On August 13, 2025, Division staff accompanied wardens and scientific staff from the California Department of Fish and Wildlife (CDFW), and law enforcement from the Mendocino County Sheriff's Office, on a search warrant inspection of the Property to assess water diversions and cannabis cultivation activities for compliance with the Water Code and the Cannabis Cultivation Policy. During the inspection, Division staff observed illegal commercial cannabis cultivation activities occurring on the Property. Staff documented there were approximately 1,273 cannabis plants on the Property (1,248 plants located in greenhouses, 25 plants located outdoors), which were eradicated by law enforcement during the inspection. Staff documented the following regarding how water was diverted and used on the Property:

 - a. Staff observed one point of diversion (POD1/POS2) that supplied water for three places of use (POUs) for cannabis cultivation at six greenhouses and one outdoor cultivation area, and for two POUs for domestic use, including use for livestock. POD1/POS2 is an onstream reservoir located on an unnamed stream with an earthen berm constructed in the stream channel. POD1/POS2 was not diverting during the inspection.
 - b. Although Ms. Massaro's communications from 2020 indicated the Respondents intended to drill a well for cannabis irrigation, staff did not observe a domestic well on the Property during the inspection. Staff did not inspect the entirety of the Property; however, all water conveyance lines leading to the POSs and POUs observed by staff originated from POD1/POS2, which appeared to be the sole source of water for cultivation activities on the Property.
 - c. Similarly, staff did not inspect the portion of the Property that corresponds with the latitude and longitude coordinates that the Respondents listed for the spring on the 2020 SIUR application; however, staff saw no water conveyance lines leading to the POSs or POUs originating from anywhere other than the onstream reservoir.

6. On August 20, 2025, Division staff reviewed aerial imagery of the Property and made the following observations:
 - a. LightBoxVision aerial imagery from May 13, 2021, August 14, 2024, and May 31, 2025, and Google Earth aerial imagery from July 1, 2021 and June 14, 2023 shows graded areas, greenhouse structures, and plant size, color, and spacing that is indicative of cannabis cultivation. The May 13, 2021 imagery suggests that cultivation activities were occurring on the Property less than six months after the title to the Property was recorded in the Respondents' names.
 - b. LightBox Vision aerial imagery of the onstream reservoir, identified by staff as POD1/POS2, appears to show a reduction in the water levels of the reservoir during periods when greenhouses are covered, which suggests that they are in use. For example, the water level of the reservoir in the imagery from August 7, 2022, when greenhouses are covered, appears to be lower than the water level visible in the imagery from March 26, 2022, when greenhouses are not covered. Similarly, the water level of the reservoir in the imagery from August 14, 2024, when greenhouses are covered, also appears lower than the water level visible in the imagery from April 8, 2024, when greenhouses are not covered.
7. On September 2, 2025, Division staff issued an Inspection Report and Notice of Violation (NOV/IR). The NOV/IR informed the Respondents, in part, that Division staff observed unauthorized diversion and use of water in violation of Water Code section 1052, diversion of water not in compliance with Cannabis Cultivation Policy Term 69, and diversion and use of water for cannabis cultivation without a license. The NOV/IR requested that the Respondents take corrective action within 30 days of the date of the NOV/IR. Division staff mailed the NOV/IR to the Respondents' address via United States Postal Service (USPS) certified mail, which was delivered on September 8, 2025 and signed by Laureen Neuroth.
8. On September 12, 2025, Christine Escalante, a geologist from Western Groundwater Surveyors (WGS), emailed Division staff to inform the Division that Laureen and Hans Neuroth enlisted WGS to address the NOV/IR. Jennifer Neuroth's email address, which was provided in the 2020 Cannabis SIUR, was copied on the communication. Ms. Escalante informed Division staff that WGS would conduct a site visit on September 16, 2025 to evaluate the violations alleged in the NOV/IR to determine the necessary corrective actions. Division staff responded to Ms. Escalante that same day to acknowledge the update and to request photographic documentation of corrective actions that are taken on the Property.

9. On October 20, 2025, Division staff emailed Jennifer Neuroth and Ms. Escalante to follow up on the status of correction actions in response to the NOV/IR.
10. On October 28, 2025, Ms. Escalante replied to Division staff's email and stated that all cannabis and diversion infrastructure to irrigate cannabis had been removed and straw mulch had been applied to disturbed areas, with photographic documentation provided, and that WGS would be performing another site visit in the next couple of weeks and would provide additional photographs of the cleanup. Ms. Escalante stated there are no plans to move forward with permitting for cannabis cultivation on the Property, and that no water is being used, or will be used in the future, to irrigate cannabis. Accordingly, she stated the Respondents do not plan to apply for a DCC license or an SIUR. Ms. Escalante informed staff that the onstream reservoir at POD1/POS2 will remain on the Property as it is used to water 4-H livestock pigs (up to 2-3 a year), and that water is used from April to the end of July or early August. She further stated that the reservoir has been used by the local fire department for suppression several times over the last couple *of* years.
11. On October 29, 2025, staff responded to Ms. Escalante's October 28, 2025 email to acknowledge the completed actions, including cessation of cannabis cultivation and removal of the 2,500-gallon storage tank at POS1 and the 55 gallon barrels and irrigation infrastructure at POU3. Staff's email outlined the remaining requirements needed to resolve the violations alleged in the NOV/IR. Among those requirements, staff informed Ms. Escalante that, since the onstream reservoir will remain in use for 4-H livestock and fire suppression, it requires a valid water right. If the primary use is going to be livestock, staff noted that an SOUR would be required and that the Respondents must provide proof of filing for the required water right.
12. On November 14, 2025, Ms. Escalante responded to staff's email and stated that the Respondents had decided to discontinue any use of the water in the reservoir moving forward and, therefore, would not be filing an application for an appropriative water right. She stated the reservoir will remain on the Property and will store water for fire suppression.
13. On November 19, 2025, staff responded to Ms. Escalante's email and highlighted ongoing concerns for the onstream reservoir. Staff explained that POD1/POS2 diverts surface water and is subject to the Water Code. Staff further explained that, if the reservoir remains capable of diverting and seasonally storing water, an appropriative water right for an applicable beneficial use is required, or the onstream reservoir diversion should be fully decommissioned.
14. On February 12, 2026, the Respondents saved an incomplete draft application for an SOUR through the CalWATRS online system.

15. On May 1, 2026, The Division transmitted a draft CDO to the Respondents via certified mail and General Logistics Systems (GLS). The Draft CDO sent to the Property via GLS was returned to the Division. The draft CDO sent to the P.O. box listed as the Respondents' mailing address with the Mendocino County Tax Assessor was picked up from the post office on May 13, 2026. Additionally, the draft CDO sent to a P.O. box associated with Hans and Jennifer Neuroth was picked up on May 5, 2026.
16. On May 11, 2026, Ms. Escalante emailed Division staff in response to the draft CDO and to provide an update on corrective actions. Ms. Escalante explained that she had been encountering technical difficulties that delayed the filing of the application for an SDUR. Staff responded to Ms. Escalante's email on May 14, 2026 to additional links and information to assist Ms. Escalante.
17. On May 18, 2026, Ms. Escalante emailed Division staff with questions about next steps regarding the draft CDO. Division staff responded that same day and offered to schedule a call with Ms. Escalante. Later that day, Ms. Escalante emailed Division staff to inform them that she submitted the application for an SDUR and to confirm her availability for a call on May 19.
18. On May 19, 2026, Ms. Escalante emailed Division staff photographs depicting the removal of the greenhouses from the Property. Later that day, Division staff, their attorneys from the Office of Enforcement, and Ms. Escalante participated in a conference call to discuss the purpose of the draft CDO and next steps. During the call, Ms. Escalante explained that the SDUR application was for use of POD1/POS2 for fire suppression. Division staff explained the option of extending the application to include other uses, such as domestic use and livestock.
19. Between May 20, 2026 and May 27, 2026, Ms. Escalante and Division staff exchanged several emails. Ms. Escalante indicated that the Respondents were interested in including additional permissible uses in the SDUR application. Division staff copied permitting staff on the email chain to help facilitate the process for updating the SDUR application.
20. As of the date of this Order, the Respondents' SDUR application fee has been paid and the application was accepted by the Division on May 26, 2026. The SDUR is currently in the review process and has not been issued to the Respondents. The SDUR application number is D033535.

APPLICABLE LAW AND ALLEGATIONS

21. Water Code section 1831, subdivision (d), states, in part, that the State Water Board is authorized to issue a CDO when it determines that any person is violating or threatening to violate the prohibition set forth in section 1052 against the unauthorized diversion or use of water subject to Division 2 of the Water Code.

22. Under Water Code section 1201, "[a]ll water flowing in any natural channel, excepting so far as it has been or is being applied to useful and beneficial purposes upon, or in so far as it is or may be reasonably needed for useful and beneficial purposes upon land riparian thereto, or otherwise appropriated, is hereby declared to be public water of the State and subject to appropriation with the provision of this code."
23. For any diversion or use of water other than those exempted in Water Code section 1201, compliance with the provisions of Division 2 of the Water Code is the exclusive method to divert or use water subject to appropriation. (Wat. Code, § 1225; see also *People v. Shirokow* (1980) 26 Cal.3d 301, 309.) Additionally, "appropriation must be for some useful or beneficial purpose... " (Wat. Code, § 1240.)
24. Pursuant to Water Code section 1052, a trespass occurs if a person diverts or uses water subject to Division 2 of the Water Code without authorization under Division 2, whether under a riparian right, appropriation before 1914, or appropriation after 1914 under a permit or license issued by the State Water Board. (*People v. Shirokow, supra*, 26 Cal.3d at p. 304; see also *State v. Hansen* (1961) 189 Cal.App.2d 604, 610.) Notably, "the seasonal storage of water for later beneficial use is not a valid exercise of a riparian right." (State Water Board Order WR 2018-0088 (Stornetta), p. 9; see also *Moore v. California Oregon Power Co.* (1943) 22 Cal.2d 725, 731 (*Moore v. COPCO*) ("the seasonal storage of water in a reservoir-that is, the storage of water during the wet season to be used during the dry season of the year-is not a proper exercise of riparian rights.")) Additionally, the determination of impermissible storage of water under a riparian right is not limited to circumstances where water is diverted to storage during the wet season for use in the dry season. (See *Seneca Consolidated Gold mines Ltd. V. Great Western Power Co.* (1930) 209 Cal. 206 (determining that water may not be stored for future use at the convenience of one riparian owner where such storage deprives other riparian owners of their use of the stream in its natural condition, unless authorized under an appropriative right); see also *Moore v. COPCO, supra*, 22 Cal.2d 725, 734-735 ("to hold that storage which results on occasions... and deprives lower riparian owners of use of the waters... is a proper riparian use of the stream, while seasonal storage is not, seems both illogical and unreasonable, and contrary to long established principles of law governing respective rights of owners of water upon a stream."))
25. During the August 13, 2025 inspection, Division staff observed that POD1/POS2 is an onstream reservoir that diverts surface water for seasonal storage, which was used for domestic purposes, including livestock, and to irrigate cannabis. The Respondents do not qualify for an appropriative water right exemption under Water Code section 1201, nor do they currently have a valid water right that would authorize diversion of water to seasonal storage in POD1/POS2 for cannabis irrigation, domestic, or any other beneficial use. The Respondents' consultant has submitted an application for an SOUR, which is being processed

by permitting staff. The Respondents do not yet have an approved SOUR. Additionally, this registration, if approved, would not authorize diversion of water to seasonal storage in POD1/POS2 for cannabis irrigation. Accordingly, there remains a threat of unauthorized diversion or use of water from POD1/POS2. Staff did not observe alternative water sources on the Property that could be used to supply water to the residence, for fire suppression, or for the 4-H livestock that are present on the Property. Therefore, in the absence of an appropriative water right to authorize diversions to seasonal storage and use of water for these purposes, the continued presence of POD1/POS2 constitutes a threat of unauthorized diversion and use of water for irrigation and domestic purposes.

26. The State Water Board is also authorized to issue a COO pursuant to Water Code section 1831 when it determines that any person is violating or threatening to violate one of the applicable requirements for diversion or use of water for cannabis cultivation identified in subdivision (d)(6)(A-C). Specifically, the State Water Board is authorized to issue a COO when it finds a diversion or use, or threatened diversion or use, of water for cannabis cultivation for which a license is required, but has not been obtained, under Chapter 6 (commencing with Section 26060) of, or Chapter 7 (commencing with Section 26070) of, Division 10 of the Business and Professions Code; as well as for any diversion or threatened diversion not in compliance with an applicable limitation or requirement established by the State Water Board under Water Code section 13149.
27. Chapter 6 of Division 10 of the Business and Professions Code establishes a commercial cannabis licensing program. The only exceptions to the cultivation licensing requirements 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).) Division staff documented water diversion and use for cannabis cultivation on the Property during the inspection and verified that the Respondents had not obtained a cannabis license from DCC as required. Based on staff's review of aerial imagery, the Respondents appear to have cultivated on the Property between 2021 and 2025, indicating a general pattern of illegal commercial cannabis cultivation, annually. While the cannabis plants were eradicated by law enforcement during the 2025 inspection, the Property remains primed for cannabis cultivation such that the Respondents could re-establish such activities at any time. The six greenhouses remain on the Property available for use. Although the Respondents removed the water conveyance lines and storage tanks/barrels, these items are fungible and would not be difficult to remobilize or reinstall. Additionally, while the Respondents have indicated that they would not use POD1/POS2 for cannabis irrigation moving forward, they previously claimed in 2020 that they would install a groundwater well to irrigate their cannabis, yet staff observed that cannabis was irrigated with water from POD1/POS2 during the inspection. Therefore, the diversion and use of water for cannabis cultivation on the Property, without a valid DCC license, remains a threat.

28. The State Water Board's Cannabis Cultivation Policy went into effect on December 18, 2017, which the State Water Board subsequently amended, effective April 16, 2019. Pursuant to Water Code section 13149, the Cannabis Cultivation Policy establishes principles, guidelines, and requirements for the diversion or use of water for cannabis cultivation to ensure that the diversion of water and discharge of waste associated with cannabis cultivation does not have a negative impact on water quality or instream flows. During the August 13, 2025 inspection, Division staff documented diversions not in compliance with limitations and requirements established in the Cannabis Cultivation Policy. Cannabis Cultivation Policy, Attachment A, Section 2, Term 69, requires that cannabis cultivators not divert surface water unless it is diverted in accordance with an existing water right that specifies, as appropriate, the source, location of the point of diversion, purpose of use, place of use, and quantity and season of diversion. Term 69 further requires cannabis cultivators to maintain documentation of the water right at the cannabis cultivation site, which shall be available for review and inspection by staff or authorized representatives. Staff observed that POD1/POS2 is an onstream reservoir that diverts surface water from an unnamed stream, which was connected to convey water for irrigation of cannabis at three POUs on the Property, consisting of six greenhouses and an outdoor cultivation area. The Respondents do not have a valid water right for the diversion of water into seasonal storage at POD1/POS2 for cannabis irrigation. As noted in relation to the threatened diversion or use of water for cannabis cultivation without a DCC license, the historical use of the Property for cultivation and the current conditions and features on the Property establish a threat of future cultivation activities, for which POD1/POS2 would likely supply water given the lack of alternative sources observed by staff during the inspection. Therefore, in the absence of an appropriative water right for the seasonal storage of water at POD1/POS2 for cannabis irrigation, there is a threat of diversion not in compliance with Cannabis Cultivation Policy, Attachment A, Section 2, Term 69.

IT IS HEREBY ORDERED, pursuant to Water Code section 1831, that the Respondents must:

1. Immediately cease and desist any diversion or use of water from POD1/POS2 until the Respondents have obtained an applicable appropriative water right for POD1/POS2.
2. Ensure that no water diversion or use for cannabis cultivation occurs on the Property without first obtaining a DCC license.
3. Ensure that any future diversions for cannabis cultivation on the Property comply with Term 69 of the Cannabis Cultivation Policy.

Consequences of Non-Compliance

Failure to comply with this Order may subject the Respondents to additional enforcement, including a referral to the Attorney General to take further injunctive enforcement actions as described in Water Code section 1845, subdivision (a).

Failure to comply with this Order may also subject the Respondents to liability pursuant to Water Code section 1845, subdivision (b)(1)(B), in the amount not to exceed \$3,000 for each day in which the violations occur during a non-drought year.¹ In a period for which the Governor has issued a proclamation of state of emergency based on drought conditions, the Respondents may be subject to liability pursuant to Water Code section 1845, subdivision (b)(1)(A), in the amount not to exceed \$15,000 for each day in which the violations occur. Liability may be imposed administratively by the State Water Board or civilly by the superior court.

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. The State Water Board retains authority to bring enforcement against the Respondents for any alleged violations, including unauthorized diversion or use of water in violation of Water Code section 1052 or for violations subject to liability pursuant to Water Code section 1847, subdivision (a)(1).

Additionally, if you divert water to storage at POD1/POS2 without applying the water to a beneficial use, you may be subject to additional enforcement for waste or unreasonable use of water in violation of article X, section 2 of the California Constitution and Water Code section 100.

Regulatory Changes

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

¹ Pursuant to California Code of Regulations, Title 23, section 1100, subdivisions (b)(4-5), the potential liability amounts under Water Code section 1845, subdivisions (b)(1)(A-B), have been updated in response to Assembly Bill 460, which mandates annual inflation-based adjustments to water right civil penalties starting January 1, 2026.

Exemption from CEQA

This is an action to enforce the laws and regulations administered by the State Water Board. The State Water Board finds that 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.

Petition for Reconsideration

No later than 30 days after the date this Order is adopted, the Respondents or any interested person may file a petition with the State Water Board for reconsideration of the Order pursuant to Water Code section 1122 and California Code of Regulations, Title 23, section 768.

STATE WATER RESOURCES CONTROL BOARD



*Robert P. Cervantes, Assistant Deputy Director
Division of Water Rights*

Dated: June 10, 2026