

## **SETTLEMENT AGREEMENT**

This Settlement Agreement is made by and between Maria Lenta and Bruno Lenta (collectively, the Respondents) and the State Water Resources Control Board (State Water Board), Division of Water Rights' Prosecution Team (Prosecution Team), referred to hereinafter jointly as the Parties.

### **RECITALS**

1. Maria Lenta acquired Lake County Assessor Parcel Numbers (APNs) 013-045-090-000 and 013-045-160-000 (collectively, the Property) on or around October 1, 2014.
2. On December 15, 2017, a consultant for the Property submitted an entry into the State Water Board Cannabis Portal to obtain coverage under the State Water Board Order No. WQ-2017-0023-DWQ, *General Waste Discharge Requirements and Waiver of Waste Discharge Requirements for Discharges of Waste Associated with Cannabis Cultivation Activities*. The portal entry listed Bruno Lenta as the cultivator/diverter and Maria Lenta as the landowner. The Central Valley Regional Water Quality Control Board (Central Valley Water Board) issued a Notice of Applicability to Mr. Lenta on January 25, 2018, which informed him of the requirement to comply with the *Cannabis Cultivation Policy – Principles and Guidelines for Cannabis Cultivation* (Cannabis Cultivation Policy).
3. On June 11, 2020, the California Department of Fish and Wildlife (CDFW) performed a search warrant inspection of the Property along with Central Valley Water Board staff.
4. On August 12, 2020, CDFW issued a Notice of Violation (NOV) that described the violations observed by CDFW during the June 11, 2020 inspection, including documentation of an on-stream reservoir.
5. On March 18, 2021, the Division issued a Notice of Potential Unauthorized Diversion and Failure to File a Statement of Water Diversion and Use to Maria Lenta based on the observations described in CDFW's August 12, 2020 NOV. The March 2021 Notice provided Ms. Lenta information regarding Water Code sections 5101, 1052, and the requirements of the Cannabis Cultivation Policy. Bruno Lenta contacted the Division on March 22, 2021 in response to the Notice. He stated the onstream reservoir observed by CDFW was constructed on the Property 10-12 years ago and is used for domestic gardens and other purposes, and that it is not used for cannabis cultivation.
6. On April 19, 2021, Division staff accompanied CDFW on a search warrant inspection

of the Property based on the possible unauthorized diversion and use of water for illegal cannabis cultivation. During the inspection, Division staff observed water being diverted from unnamed tributary to Bucksnot Creek, a tributary of Putah Creek, for purposes of cannabis irrigation.

7. On September 1, 2021, Division staff participated in another search warrant inspection of the Property with CDFW. During the inspection, Division staff again documented unauthorized diversions of surface water for cannabis irrigation. Staff also observed an onstream reservoir identified as POD5/POS10, which corresponded to the onstream reservoir documented in CDFW's August 12, 2020 NOV.
8. On December 1, 2022, the Assistant Deputy Director of the Division, acting under delegated authority, issued the Respondents an Administrative Civil Liability Complaint (Complaint) and Draft Cease and Desist Order. The Complaint alleged the Respondents failed to file a statement of water diversion and use for the water diversions occurring on the Property; diverted or used water in violation of Water Code section 1052, subdivision (a); failed to implement requirements of the State Water Board's *Cannabis Cultivation Policy – Principle and Guidelines for Cannabis Cultivation* (Cannabis Cultivation Policy) established pursuant to Water Code section 13149; and diverted and used water for cannabis cultivation for which a license is required but was not obtained. The Complaint and Draft Cease and Desist Order are included as Attachment A to this Settlement Agreement.
9. The violations as alleged in the Complaint constitute violations of Water Code section 5101, Water Code section 1052, and Water Code section 1847, subdivisions (b)(1) and (b)(4). The Complaint proposed administrative civil liability in the amount of \$27,000 for the alleged violations after consideration of the factors in Water Code section 1055.3.
10. On January 12, 2023, Maria Lenta electronically submitted a Hearing Request Form signed by Bruno Lenta, requesting a hearing before the State Water Board, Administrative Hearings Office on the Complaint. In the signed Hearing Request Form, Mr. Lenta expressed an interest in settling the alleged violations.
11. The Parties engaged in settlement negotiations and agreed to settle the matter without an administrative hearing or civil litigation by presenting this Settlement Agreement and a proposed Order to the State Water Board or authorized delegate for adoption as an Order by settlement, pursuant to Government Code section 11415.60.
12. This Settlement Agreement will become effective when the State Water Board's Executive Director issues an Order approving the settlement, provided that the

Parties concur in any substantive changes to the approving Order proposed by the Executive Director.

## STIPULATIONS

NOW, THEREFORE, in consideration of these Recitals and in consideration of the mutual covenants set forth in this Settlement Agreement, the Parties do hereby agree to settle the violations alleged in the Complaint and Draft Cease and Desist Order as follows:

1. **Recitals Incorporated.** The preceding Recitals are incorporated herein.
2. **Settlement Conditionally Confidential.** Unless and until the State Water Board's Executive Director issues an Order approving this Settlement Agreement, this Settlement Agreement is a confidential settlement document subject to all the limitations on admissibility set forth in California Evidence Code sections 1152 and 1154. Furthermore, pursuant to Government Code section 11415.60, this Agreement is not admissible in an adjudicative proceeding or civil action for any purpose.
3. **Administrative Civil Liability.** The Respondents shall be subject to administrative civil liability in the amount of \$26,500 for the violations alleged in the Complaint<sup>1</sup>. The Prosecution Team determined that this amount is appropriate after consideration of the factors in Water Code section 1055.3.
4. **Administrative Civil Liability Payment Schedule.** The Respondents shall pay the administrative civil liability amount of \$26,500 consistent with the following schedule:
  - a) Following the Executive Director or authorized delegate issuing an Order approving this Settlement Agreement, the Respondents shall submit \$500 on the first of each month for twelve consecutive months (months 1-12).
  - b) After the first twelve monthly payments of \$500, the Respondents shall submit a payment of \$1,708.33 on the first of each month for eleven consecutive months (months 13-23) and a payment of \$1,708.37 on the first of the final month (month 24).

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<sup>1</sup> After subsequent review of the violations alleged in the Complaint, the Prosecution Team proposed modification to Violation 4, regarding the alleged violation of Term 77 of the Cannabis Cultivation Policy for the September 1, 2021 inspection. Term 77 requires cannabis cultivators to "plug, block, cap, disconnect, or remove the diversion intake or otherwise bypass flow or render the diversion intake incapable of diverting water for cannabis cultivation activities during the surface water forbearance period, unless the diversion intake is used for other beneficial uses, to ensure no water is diverted during that time." Division staff observed water diverted at POD2 being used for domestic purposes in addition to cannabis cultivation.

c) If the Respondents sell the Property during the two-year repayment period, the remaining balance is to be paid in full within 30 days of the closing date of the sale of the Property. Respondents must notify the Prosecution Team, in writing, of the sale within 5 days of the closing date, using the contact information contained in Paragraph 6 below.

5. **Administrative Civil Liability Payment Process.** The Respondents shall submit the payments detailed in Paragraph 4 by cashier's check, certified check, or money order payable to the "State Water Resources Control Board – Water Rights Fund" and delivered to:

State Water Board Water Resources Control Board  
Division of Water Rights  
Cannabis Enforcement Section  
P.O. Box 2000  
Sacramento, CA 95812-2000

6. A copy of the cashier's check, certified check, or money order, and notification in the event of sale of the Property, shall be provided to Taro Murano via email at [taro.murano@waterboards.ca.gov](mailto:taro.murano@waterboards.ca.gov) or by mail at:

State Water Resources Control Board  
Division of Water Rights  
Attn: Taro Murano  
1001 I Street  
Sacramento, CA 95814

7. The State Water Board will deposit said funds in the Water Rights Fund pursuant to Water Code section 1551.
8. **Stipulation to Request Cancellation of Hearing.** Respondents will work with the Prosecution Team to jointly submit this Settlement Agreement to the State Water Board's Executive Director and request that a notice of cancellation of the hearing be issued by the Administrative Hearings Office.
9. **Satisfaction of Administrative Civil Liability Complaint.** The Respondents' full payment of the administrative civil liability amount consistent with the schedule established under Paragraph 4 and completion of the terms and conditions of this Settlement Agreement will constitute a complete and final satisfaction of the administrative civil liability described in the Complaint. The State Water Board will not bring any further administrative civil liability or other enforcement action regarding any of the alleged violations described in the Complaint.
10. **Stipulation to Draft Cease and Desist Order.** The Parties jointly stipulate and agree to the terms and requirements described in the Draft Cease and Desist Order that was

sent to the Respondents on December 1, 2022. The Parties agree that the terms contained therein shall be enforceable as a Cease and Desist Order issued in accordance with Water Code section 1831.

11. **Enforcement of this Settlement Agreement.** The administrative civil liability required in Paragraph 3, if not paid consistent with the schedule described in Paragraph 4, will be recoverable as provided in Water Code section 1055.4. Failure to comply with the terms of the Cease and Desist Order may result in additional enforcement, which may include imposition of administrative civil liability pursuant to Water Code section 1845.
12. **State Water Board Authority.** This Settlement Agreement is not intended to and shall not be construed to limit or preclude the State Water Board from exercising its authority under any statute, regulation, ordinance, or other law.
13. **Waiver of Reconsideration.** Respondents waive their right to request reconsideration of the State Water Board Executive Directors' Order approving this Settlement Agreement, provided no material modifications to this Settlement Agreement or additional requirements beyond the requirements of this Settlement Agreement are included in that Order.
14. **Independent Judgment.** Each Party represents and declares that in executing this Settlement Agreement it is relying solely on its own judgment, knowledge, and belief concerning the nature, extent and duration of its rights and claims, and that it has not been influenced to any extent whatsoever in the execution of this Settlement Agreement by any representations or statements regarding any matters made by other parties hereto or by any person representing them.
15. **No Precedent.** This Settlement Agreement involves unique facts and legal issues and shall not be used as a precedential decision of the State Water Board.
16. **Additional Documents.** Each Party agrees that it will cooperate fully in executing any additional documents necessary to give full effect to this Settlement Agreement.
17. **Entire Agreement.** This Settlement Agreement reflects and represents the entire agreement between and among the Parties and supersedes any and all prior understandings, representations, and agreements whether written or unwritten. Each Party represents that it has not relied on any inducements, promises, or representations made by the other party other than those contained in this Settlement Agreement.
18. **Mutual Agreement.** The Parties have agreed to the language in this Settlement

Agreement. This Settlement Agreement shall not be construed against the party that drafted this Settlement Agreement or any portion of this Settlement Agreement.

19. **Counterparts.** This Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.
20. **Reasonableness of Settlement.** The Parties represent and warrant that this Settlement Agreement is made in good faith and in full recognition of the implications of such agreement.
21. **Section Headings.** The Parties intend that the paragraph headings of this Settlement Agreement be used solely as a convenient reference and that they shall not in any manner amplify, limit, modify, or otherwise aid in the interpretation of this Settlement Agreement.
22. **Effective Date.** This Settlement Agreement shall become effective immediately upon issuance of the State Water Board Executive Director's Order Approving the Settlement Agreement.
23. **Choice of Law.** This Settlement Agreement shall be interpreted and governed by the laws of the State of California.
24. **Authorization.** Each Party warrants that the individual executing this Settlement Agreement on behalf of such Party is duly authorized to do so.
25. **No Waiver of Other Requirements.** Nothing in this Settlement Agreement shall excuse the Respondents from meeting any other applicable requirement, legislation, regulation, or other authority.

**IT IS SO STIPULATED.**

State Water Board, Division of Water Rights' Prosecution Team

By: *Jule Rizzardo*  
Jule Rizzardo  
Division of Water Rights

07/03/2023  
Date

