

**MITCHELL, BRISSO, DELANEY & VRIEZE**

SRH/SJD  
A024462

TELEPHONE (707) 443-5643  
FACSIMILE (707) 444-9586  
E-MAIL general@mitchelllawfirm.com

ATTORNEYS AT LAW  
814 SEVENTH STREET  
EUREKA, CALIFORNIA 95501-1114  
www.mitchelllawfirm.com

CLIFFORD B. MITCHELL  
PAUL A. BRISSO  
NANCY K. DELANEY  
JOHN M. VRIEZE  
WILLIAM F. MITCHELL  
RUSSELL S. GANS  
NICHOLAS R. KLOEPPPEL  
ASSOCIATE  
DENISE HURCHANIK BAREILLES  
\*\*\*\*\*  
VICTOR M. FERRO, Of Counsel

P.O. DRAWER 1008  
EUREKA, CA 95502  
\*\*\*\*\*  
R.C. DEDEKAM, Retired  
\*\*\*\*\*  
EMERY F. MITCHELL (1896 - 1991)  
WALTER J. CARTER (1949 - 1993)

April 21, 2008

Steve Herrera, Chief of Permits  
State Water Resources Control Board  
Water Right Division  
P.O. Box 2000  
Sacramento, CA 95812

RECEIVED  
STATE WATER RESOURCES CONTROL BOARD  
SACRAMENTO, CALIFORNIA  
APR 22 2008  
PM 3:51

Re: Trinity Village Water Company, inadvertent failure to extend Water Right  
Permit Number 17560  
17650

Dear Mr. Herrera:

My name is Russell Gans, attorney at the law offices of Mitchell, Brisso, Delaney & Vrieze in Eureka, California. Our law firm served as counsel for the estate of Francis Mathews and Dr. Jack Walsh in litigation against Donald Riewerts for fraud, misappropriation of assets, and gross mismanagement of the affairs of the Trinity Village Water Company.

By way of background, the Trinity Village Water Company was formed in the 1960s to facilitate a residential development in close proximity to the Trinity River. The Water Company was created by three individuals, each of whom were owners/shareholders: Francis Mathews (attorney, now deceased), Donald Riewerts (certified public accountant, now deceased) and Dr. Jack Walsh, currently ninety years old and inactive with the Water Company.

Donald Riewerts, who resided in Trinity Village much of the time, was entrusted with management of the Water Company by Dr. Walsh and Mr. Mathews. Prior to his death, Mr. Mathews became aware of asset misappropriation by Mr. Riewerts and other actions by him which constituted fraud. A lawsuit was commenced by Mr. Mathews for

an accounting against the corporation and Mr. Riewerts. The matter was referred to binding arbitration. Mr. Mathews died before the case proceeded to arbitration and our law firm was assigned by his estate to represent his interests and those of Dr. Walsh.

During the course of the litigation it became clear that Mr. Riewerts had appropriated assets from the Trinity Village Water Company and destroyed a substantial amount of water company records and documents in the years prior to the litigation in order to "cover his tracks". The matter proceeded to hearing in the calendar year of 2004. The arbitrator found that Mr. Riewerts had in fact committed fraud to the detriment of the corporation and its shareholders and specifically noted that his damages assessment would have been substantially higher if the records sought to be recovered by Dr. Walsh and the estate of Mr. Mathews still existed.

As a result of Mr. Riewerts' transgressions, Dr. Walsh and the representatives of the estate of Mr. Mathews were largely forced to assume management of a corporation without any information or records regarding its past operation. Further complicating matters, Mr. Riewerts passed away within a year of completing the arbitration and resolution.

Going forward, Dr. Walsh, his son Danny Walsh and Butch Mathews (son of Francis Mathews) were left with a daunting task of assuming management of the Water Company without thorough knowledge of its history and without any records regarding its past operations or permit obligations, and with facilities in a general state of disrepair.

I am informed that it was through the process of being awarded a grant for a Prop. 50 funds to repair and update the water system that it was learned by "new management" that an extension to continue the permit was not timely applied for in calendar year 2004.

As is clear from the foregoing, it was neither the intent nor election of the current operators of the Trinity Village Water Company to allow the permit to expire. Nor do I believe permit expiration can be assigned to neglect or deliberate omission on their part. To the contrary, I think the failure to file the application for extension is solely attributable to Mr. Riewerts' mismanagement and the change in management without the benefit of any information regarding the past operations of the Trinity Village Water Company or its obligations.

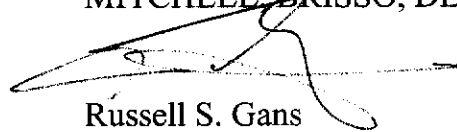
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State Water Resources Control Board  
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April 21, 2008  
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Thank you very much for your time and attention to this correspondence.

Very truly yours,

MITCHELL BRISSO, DELANEY & VRIEZE

A handwritten signature in black ink, appearing to read "Russell S. Gans", written over a horizontal line.

Russell S. Gans

RSG/jg