

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

DIVISION OF WATER RIGHTS

ORDER WR 2026-XXXX-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

Jeremy Hodys & Ryan Shields

APNs 056-260-03-00, 056-270-18-00, 056-260-05-00, and 056-260-06-00

SOURCE: Unnamed Streams Tributary to the Eel River

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 (CDO or Order) requiring Jeremy Hodys and Ryan Shields (collectively, 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). Liability for compliance with this Order is based on the ownership of each parcel on which threatened violations are occurring. Assessor Parcel Numbers (APNs) 056-060-03-00 and 056-270-18-00 are owned by the Respondents (Shared Property), APN 056-260-06-00 is owned by Jeremy Hodys (Hodys Property), and APN 056-260-05-00 is owned by Ryan Shields (Shields Property).

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.

BACKGROUND INFORMATION

1. The threatened violations identified herein are occurring on the Shared Property, Hodys Property, and Shields Property, as further detailed below. According to Mendocino County property records, the Respondents jointly purchased the Shared Property on December 13, 2019, Mr. Shields purchased the Shields Property on September 27, 2017, and Mr. Hodys purchased the Hodys Property on January 29, 2019. These ownership details remain current as of the date of this Order.
2. The Shared Property, Shields Property, and Hodys Property are all located in the Blue Rock Creek watershed (HUC 12 #180101050204). Water is diverted from unnamed streams that are tributary Blue Rock Creek, which is tributary to the Middle Mainstem Eel River. The Middle Mainstem Eel River is designated as a Wild and Scenic River from the confluence with Outlet Creek to the Pacific Ocean. As a Wild and Scenic River, the State Water Board is limited to processing or accepting new applications to appropriate water pursuant to California Code of Regulations, Title 23, section 734. In accordance with the California Wild and Scenic Rivers Act (Public Resources Code, Division 5, Chapter 1.4, section 5093.50 et seq.), “[i]t is the policy of the State of California that certain rivers which possess extraordinary scenic, recreational, fishery, or wildlife values shall be preserved in their free-flowing state, together with their immediate environments, for the benefit and enjoyment of the people of the state” and “[t]he Legislature declares that such use of these rivers is the highest and most beneficial use and is a reasonable and beneficial use of water within the meaning of section 2 of Article X of the California Constitution.”
3. On or around July 17, 2023, the Division was notified by the California Department of Fish and Wildlife (CDFW) of a search warrant investigation of the Shared Property and Shields Property that was going to be conducted based on illegal cannabis cultivation and possible surface water diversion used for cannabis cultivation. On or around this date, Division staff completed the following as part of a desktop review of the Shared Property and Shields Property:
 - a. Division staff reviewed available State Water Board water rights records in the electronic Water Rights Management System (eWRIMS) records and did not find any evidence of a statement of water diversion and use (Statement), water right permit, license, or registration.
 - b. Division staff reviewed Department of Water Resources records and did not find any record of a well.

- c. Division staff reviewed DCC commercial cannabis cultivation license records and found no active or pending license on file that would authorize commercial cannabis cultivation.
- d. Division staff reviewed aerial imagery of the Shared Property, prior to and shortly after the 2023 inspection, and made the following observations:
 - i. Google Earth Pro imagery dated December 31, 2004 shows the Shared Property vacant.
 - ii. Google Earth Pro aerial imagery dated May 24, 2009 shows the first appearance of an onstream reservoir, subsequently identified as point of diversion (POD) 1/ point of storage (POS) 1. Based on this imagery, POD1/POS1 was developed sometime between December 31, 2004 and May 24, 2009.
 - iii. Google Earth Pro aerial imagery dated July 9, 2012 shows the first appearance of a second onstream reservoir, subsequently identified as POD3/POS10. Based on this imagery, POD3/POS10 was developed sometime between April 24, 2010 and July 9, 2012.
 - iv. Google Earth Pro aerial imagery dated June 18, 2020, July 13, 2020, and July 1, 2021, and LightBox Vision aerial imagery dated June 8, 2020, May 13, 2021, May 20, 2021, June 9, 2021, June 15, 2021, July 18, 2021, September 26, 2021, October 12, 2021, March 26, 2022, and April 8, 2022 show that after the Respondents' purchased the Shared Property on December 13, 2019, greenhouse structures expanded and appear consistent with the cannabis cultivation that staff observed at place of use 1 (POU1) during the subsequent inspections.
 - v. Google Earth Pro aerial imagery dated June 14, 2023, and LightBox Vision aerial imagery dated April 29, 2022, June 15, 2022, August 7, 2022, August 9, 2022, June 11, 2023, and July 10, 2023 all show further development of cultivation activities at POU1, similar to what staff observed during the subsequent inspections.
- e. Division staff also reviewed aerial imagery of the Shields Property, prior to and shortly after the 2023 inspection, and made the following observations:
 - i. Google Earth Pro aerial imagery dated August 12, 2017, 46 days prior to Mr. Shields's ownership, shows the development of a rainwater catchment pond, later identified as point of storage 9 (POS9), and plant size, color, and spacing indicative of cannabis cultivation.
 - ii. Google Earth Pro aerial imagery dated April 21, 2019, June 18, 2020, July 13, 2020, July 1, 2021 and LightBox Vision aerial

imagery dated May 13, 2019, July 16, 2019, October 22, 2019, June 8, 2020, May 20, 2021, June 9, 2021, June 15, 2021, July 18, 2021, September 26, 2021, October 12, 2021, March 26, 2022, April 8, 2022, April 29, 2022, June 15, 2022, August 7, 2022, and August 9, 2022 all show the development of greenhouse structures indicative of cannabis cultivation in the area later identified as place of use 5 (POU5).

- iii. LightBox Vision aerial imagery dated June 11, 2023, and Google Earth Pro aerial imagery dated June 14, 2023, and July 10, 2023, show the development of greenhouse structures indicative of cannabis cultivation in the area later identified as POU3.
4. On July 19, 2023, Division staff accompanied CDFW Wardens and scientific staff, Mendocino County Sheriff's officers, and California National Guard staff on a search warrant investigation of the Shared Property and Shields Property. Law Enforcement staff eradicated approximately 1,870 cannabis plants from the Shared Property and approximately 2,451 cannabis plants from the Shields Property during execution of the search warrant. Neither of the Respondents were present during the inspection. Division staff observed the following with regard to water diversion and use:
 - a. POD1/POS1 is an onstream reservoir on an unnamed stream located on the Shared Property. POD1/POS1 consists of an earthen dam constructed in the stream channel. A one-foot diameter culvert is placed in the dam to drain any overflow into the unnamed stream channel. The unnamed stream has defined bed and banks upstream and downstream from POD1/POS1 and is tributary to Blue Rock Creek. Water was not flowing upstream or downstream of POD1/POS1 at the time of the inspection. POD1/POS1 was seasonally storing approximately 183,000 gallons of water. Division staff observed that water stored at POD1/POS1 was conveyed by pump directly for cannabis irrigation at POU1, as well as to POS2 for subsequent irrigation of cannabis at POU1.
 - b. POD2/POS9 is a rain collection reservoir that is located on the Shields Property. At the time of the inspection, POD2/POS9 was seasonally storing approximately 16,360 gallons of water. Staff observed that water stored at POD2/POS9 was pumped to POS3 and POS4 for cannabis irrigation at POU2-5 and domestic use at POU6, on the Shields Property.
 5. Following the July 19, 2023 inspection, Division staff reviewed Google Earth Pro aerial imagery dated July 9, 2012 and identified an additional POD:
 - a. POD3/POS10 is an onstream reservoir on an unnamed stream located on the Shared Property. Using remote sensing methods using USGS LiDAR data and ArcGIS Pro measuring tools, Division staff determined the top crest width of the dam is approximately 8 feet, and the length is approximately 120 feet. Division staff constructed a stream delineation model using USGS LiDAR

- data to better ascertain stream connectivity to POD3/POS10. Based on the stream delineation model, topographic maps, aerial imagery, and USGS National Hydrography Dataset data, Division staff determined that the unnamed stream has defined bed and banks upstream and downstream from POD3/POS10 and is tributary to Blue Rock Creek. Based on the physical condition of the dry downstream channel that Division staff walked through on the Shared Property, Division staff determined that water was not flowing downstream of POD3/POS10 at the time of the July 19, 2023 inspection.
6. On September 20, 2023, Division staff called Mr. Hodys to inform him that staff were preparing a Notice of Violation and Inspection Report for the July 19, 2023 inspection (2023 NOV/IR). Mr. Hodys told Division staff that he would likely be the party completing the corrective actions due to Mr. Shields being difficult to contact. Division staff informed Mr. Hodys that he would need to apply for water rights for POD1/POS1 and POD3/POS10. Division staff also briefly discussed the other violations alleged in the 2023 NOV/IR and Mr. Hodys stated that he would immediately start working towards compliance.
 7. On September 20, 2023, Mr. Hodys emailed Division staff in response to an inspection of a separate property¹ in the area that was conducted by Division staff and provided his mailing address in Ukiah (N. State Street).
 8. On September 28, 2023, Division staff mailed the Respondents the 2023 NOV/IR via certified mail to the Highway 101 address listed as the mailing address on Lightbox Vision, which is an address for Tonya's Business Services, a bookkeeping and mailbox business services office. United States Postal Service (USPS) records show that the 2023 NOV/IR was signed for and received on October 2, 2023 by Tonya Rowles, owner of Tonya's Business Services. The 2023 NOV/IR described Division staff's observations, the alleged violations, corrective actions needed to resolve the violations, and provided resources for compliance assistance as well as Division staff's contact information. The 2023 NOV/IR noted that the State Water Board retained authority to pursue enforcement for the alleged violations.
 9. Division staff exchanged the following communications with Mr. Hodys regarding the 2023 NOV/IR:
 - a. On March 15, 2024, Mr. Hodys left two voicemail messages with Division staff seeking clarification on what he needed to do to come into compliance. Mr. Hodys also emailed Division staff, explaining that Mr. Shields had not made any progress on corrective actions and that he would take them on himself. Mr. Hodys requested an electronic copy of the 2023 NOV/IR for his reference to proceed with compliance.

¹ In 2023 and 2024, Division staff also inspected and documented violations associated with cannabis cultivation activities on Mendocino County APNs 056-060-24-00, 056-25-01, and 056-060-28-00, which Mr. Hodys was leasing at the time.

- b. On March 21, 2024, Division staff called Mr. Hodys, who stated that he had shared Division staff's contact information with Mr. Shields and that Mr. Shields was avoiding responsibility. Mr. Hodys mentioned another property on which he needed to apply for water rights. Division staff informed Mr. Hodys that similar requirements applied to the diversions on the Shared Property. Division staff briefly discussed the corrective actions listed in the NOV/IR and Mr. Hodys said he would be able to work toward compliance. Mr. Hodys said that the right to use POD3/POS10 is included in his deed for APN 056-260-06-00 that he individually owns (Hodys Property) and that he uses water for POD3/POS10 for domestic use. Division staff requested a copy of the deed for the Hodys Property; however, Mr. Hodys did not provide staff a copy of the deed.
10. On or around May 20, 2024, CDFW notified the Division of a second search warrant inspection of the Shared Property and Shields Property that was going to be conducted based on illegal cannabis cultivation and possible surface water diversion used for cannabis cultivation. On or around this date, Division staff completed the following as part of a desktop review of the Shared Property and Shields Property:
- a. Division staff reviewed eWRIMS records and found no evidence of a Statement or any water right permit, license, or registration.
 - b. Division staff reviewed DCC commercial cannabis cultivation license records and found no active or pending license on file that would authorize commercial cannabis cultivation.
 - c. Division staff reviewed aerial imagery of the Shared Property and made the following observation:
 - i. LightBox Vision aerial imagery dated April 8, 2024 shows POU1 not in use and POD1/POS1 full.
 - d. Division staff also reviewed aerial imagery of the Shields Property and made the following observation:
 - i. LightBox Vision aerial imagery dated April 8, 2024 shows the greenhouses at POU2, POU3, and POU5 without plastic coverings.
11. On May 23, 2024, Division staff accompanied CDFW Wardens and scientific staff, DCC staff, and North Coast Regional Water Quality Control Board (North Coast Water Board) staff on a criminal search warrant investigation of the Shared Property. CDFW Wardens estimated there was a total of 1,386 cannabis plants, which they eradicated during the inspection. Neither Respondent was present on the property.²

² Mr. Hodys was present on a nearby property (Mendocino County APNs 056-060-24-00, 056-25-01, and 056-060-28-00) that was also inspected on this day pursuant to a criminal search warrant, where he was arrested by law enforcement.

During the inspection, Division staff observed the following with regard to water diversion and use:

- a. Staff again observed POD1/POS1 in the same location as the 2023 inspection. Water was not flowing upstream or downstream of POD1/POS1 at the time of the inspection. Staff determined that approximately 323,600 gallons of water was seasonally stored in POD1/POS1. Water stored in POD1/POS1 was pumped via a 4.8 hp pump to POS11, which irrigated POU1 and POU7.
 - b. Staff again observed the rain collection reservoir that was identified as POD2/POS9 during the 2023 inspection. Water stored at POD2/POS9 was pumped to POS4 for cannabis irrigation at POU2 and POU4 on the Shields Property.
 - c. Staff observed POD3/POS10 in the location identified in areal imagery following the 2023 inspection. Water was not flowing into or out of POD3/POS10 at the time of the inspection. Staff determined that approximately 227,109 gallons of water was seasonally stored in POD3/POS10. Division staff observed water conveyance infrastructure leading from POD3/POS10 north toward the Hodys Property, consistent with Mr. Hodys's prior statement that he uses POD3/POS10 for domestic use on that property.
12. Division staff prepared a Notice of Violation and Inspection Report for the May 23, 2024 inspection (2024 NOV/IR) of the Shields Property that described Division staff's observations, the alleged violations, and corrective actions needed, as well as provided resources for compliance assistance and Division staff's contact information. The 2024 NOV/IR notified Mr. Shields that the observed violations on the Shields Property may be subject to enforcement by the State Water Board. Division staff made the following efforts to deliver the 2024 NOV/IR for the Shields Property:
- a. On July 31, 2024, Division staff mailed the 2024 NOV/IR via certified mail to Mr. Shields at the Highway 101 address for Tonya's Business Services. On August 15, 2024, the 2024 NOV/IR package was returned to the Division.
 - b. On September 27, 2024, Division staff remailed the 2024 NOV/IR package for the Shields Property via certified mail to Mr. Shields at the Highway 101 address and three additional addresses potentially associated with Mr. Shields. On October 1, 2024, the 2024 NOV/IR package addressed to Mr. Shields at the Carpinteria address, one of the new addresses used for this transmittal, was signed for by a neighbor. On October 7, 2024, the 2024 NOV/IR package addressed Mr. Shields at the Joseph Street address, another new address used for this transmittal, was signed for by an unknown individual. The packages to the Highway 101 address and third new address were returned to the Division.

13. Division staff also prepared a Notice of Violation and Inspection Report for the May 23, 2024 inspection (2024 NOV/IR) for the Shared Property. Division staff made the following efforts to deliver the 2024 NOV/IR to the Respondents:

- a. On August 1, 2024, Division staff mailed the 2024 NOV/IR via certified mail to Mr. Hodys at the N. State Street address he previously provided staff, and to Mr. Shields at the Highway 101 address. On August 3, 2024, the 2024 NOV/IR package addressed to Mr. Hodys was signed for by Joseph Butler. On August 12, 2024, the 2024 NOV/IR package addressed to Mr. Shields was returned to the Division.
- b. On September 27, 2024, Division staff mailed the 2024 NOV/IR package via certified mail to Mr. Hodys at the N. State Street address, Highway 101 address, and two additional addresses potentially associated with Mr. Hodys. Division staff also remailed the 2024 NOV/IR via certified mail to Mr. Shields at the Highway 101 address and three additional addresses potentially associated with Mr. Shields. On October 1, 2024, delivery of the 2024 NOV/IR package addressed to Mr. Hodys at the Highway 101 address was signed by Tonya Rowles, owner and operator of Tonya's Business Services. None of the other three packages sent to Mr. Hodys were delivered. On October 7, 2024, delivery of the 2024 NOV/IR package addressed to Mr. Shields at the Joseph Street address was signed by an unknown individual. The packages mailed to Mr. Shields at the Highway 101 and other two addresses were returned to the Division.
- c. On November 27, 2024, Division staff mailed another copy of the 2024 NOV/IR package via certified mail to Mr. Shields at a new Santa Rosa address potentially associated with Mr. Shields. On November 29, 2024, the package was signed for, but the name is not legible.

14. Division staff exchanged the following communications with the Respondents regarding the 2024 NOV/IR:

- a. On October 18, 2024, Mr. Hodys called Division staff to discuss violations associated with an inspection of a separate property with which he is associated. During the call about that property, Division staff reminded Mr. Hodys that he stated he would handle the corrective actions for the Shared Property following the 2023 NOV/IR. Mr. Hodys said he thought Mr. Shields would handle the corrective actions. During the call, Mr. Hodys repeated that POD3/POS10 supplies water to the Hodys Property, emphasizing it is only for domestic use. Mr. Hodys said he was looking to sell his share of the Shared Property and that he was not involved in any of the cannabis cultivation that occurred. Mr. Hodys claimed that it was "the cartel" that was cultivating on all the properties that staff inspected. Division staff asked him for evidence supporting his claim regarding, stating that without evidence of a trespass, the liability would fall onto the Respondents. Division staff encouraged Mr. Hodys to contact local law enforcement if he believed this was a trespass, but Mr.

Hodys said that local law enforcement officers have classified him as an environmental terrorist and that they cannot be trusted. Mr. Hodys said he would do it himself if he had a firearm.

- b. On November 12, 2024, Mr. Hodys called Division staff to say that he planned to go to the Shared Property on November 14, 2024 to address and document corrective actions.
- c. On December 4, 2024, Mr. Shields emailed Division staff asking for a call back and provided his phone number. In his email, Mr. Shields acknowledged that he received the 2024 NOV/IR that was mailed on November 27, 2024, and that he would like to discuss the violations alleged therein. Mr. Shields also called Division staff twice and left two voice messages. In the first voice message, Mr. Shields said he had received the 2024 NOV/IR, that he would like to address the violations alleged, and that he lives approximately three hours away from these properties. Mr. Shields said that the property is vacant and that he was trying to sell it. The second voice message reaffirmed that Mr. Shields was eager to work with the Division to obtain compliance. Mr. Shields again left his contact information.
- d. On December 11, 2024, Mr. Shields called Division staff to discuss the 2024 NOV/IR. Mr. Shields said that he leased the Shields Property to a cultivator. Division staff informed him that presenting a lease to the Division documenting that arrangement would be helpful. Mr. Shields said that the lessee left the Shields Property without cleaning up the trash. When asked if he knew who was renting any of the properties that he is associated with in the Spyrock area, Mr. Shields said that he did not. Mr. Shields said he would have to rent a vehicle to drive out there, and that he thought Mr. Hodys was managing compliance on the Shared Property. Division staff informed Mr. Shields of the corrective actions necessary to obtain compliance, the deliverables necessary to complete the corrective actions, and directed Mr. Shields to the violations and corrective actions portion of the 2024 NOV/IR. Mr. Shields told Division staff that he would attempt to go to the property between December 13, 2024 and December 15, 2024 to document corrective actions.
- e. On January 6, 2025, Mr. Shields emailed Division staff and said that he had contracted COVID-19 and then the holidays came. Mr. Shields said that he will be driving to the property sometime during the week of January 6, 2025 to finish the corrective actions and take pictures. Mr. Shields asked Division staff to call him and said he would have pictures by the evening of January 6, 2025. Mr. Shields also called Division staff on January 6, 2025 and left a voice message restating the details about the delay in going to the property. Later that same day, Mr. Shields emailed Division staff photographs. Division staff determined that the photos did not include evidence of any compliance actions, other than depicting the eradication that occurred on the day of inspection.

- f. On January 13, 2025, Mr. Shields called Division staff to ask what images he needed to supply to obtain compliance and explained that his January 6, 2025 email was intended for North Coast Water Board staff. Division staff informed Mr. Shields that he had to apply for water rights for POD1/POS1 and POD3/POS10 and briefly discussed the documentation needed.
 - g. On January 28, 2025, Division staff emailed the Respondents asking if they had additional imagery to support the corrective actions taken. Division staff explained that many of the POS on the Shields Property had been removed since the 2023 inspection, but that imagery of the remaining POS was needed. Division staff reminded the Respondents that they still needed to obtain appropriate water rights for POD1/POS1 and POD3/POS10. Division staff attached copies of the 2023 NOV/IR and the 2024 NOV/IR to the email for reference.
 - h. On January 29, 2025, Mr. Hodys emailed Division staff, stating he planned to go to the Property that weekend and take pictures. He also expressed interest in filing an application for the onstream reservoir he uses for the Hodys Property and requested a call to discuss. Division staff responded later that day to confirm a time for a call on January 31, 2025. Mr. Hodys responded on January 31, 2025 to provide his availability for a call that day or the following Monday. Division staff attempted to reach Mr. Hodys, but were unable to schedule a call.
15. Division staff reviewed aerial imagery of the Shared Property, after the 2024 inspection, and made the following observations:
- a. LightBox Vision aerial imagery dated August 14, 2024, after the inspection, shows POU1 and POU7 not in use.
 - b. LightBox Vision aerial imagery dated May 31, 2025 shows POU1 and POU7 not in use.
16. Division staff also reviewed aerial imagery of the Shields Property, after the 2024 inspection, and made the following observations:
- a. Lightbox Vision aerial imagery dated August 14, 2024 shows the greenhouses at POU2, POU3, and POU5 without plastic coverings.
 - b. LightBox Vision aerial imagery dated May 31, 2025 shows the greenhouses at POU2, POU3, and POU5 without plastic coverings.
17. On or around August 18, 2025, the Division was notified by CDFW of a search warrant investigation of the Hodys Property that was going to be conducted based on illegal cannabis cultivation and possible surface water diversion used for cannabis cultivation. On or around this date, Division staff complete the following as part of a desktop review of the Hodys Property:

- a. Division staff reviewed available eWRIMS records and did not find any evidence of any Statement, water right permit, license, or registration.
 - b. Division staff reviewed DCC commercial cannabis cultivation license records and found no active or pending license on file that would authorize commercial cannabis cultivation.
 - c. Division staff reviewed aerial imagery of the Hodys Property and made the following observations:
 - i. Google Earth Pro aerial imagery dated April 21, 2019 and LightBox Vision aerial imagery dated May 13, 2019, July 16, 2019, and October 22, 2019 show graded areas and two greenhouse structures indicative of cannabis cultivation.
 - ii. LightBox Vision aerial imagery dated June 8, 2020 and Google Earth Pro aerial imagery dated June 18, 2020 and July 13, 2020 show graded areas and four greenhouse structures indicative of cannabis cultivation.
 - iii. Google Earth Pro aerial imagery dated July 1, 2021 shows graded areas, approximately three greenhouse structures, and several outdoor areas with plant size, color, and spacing indicative of cannabis cultivation.
 - iv. LightBox Vision aerial imagery dated August 7, 2022 shows uncovered greenhouse structures and fallowed outdoor cultivation areas indicating that cannabis cultivation may not have occurred during the 2022 growing season.
 - v. LightBox Vision aerial imagery dated June 11, 2023 and Google Earth Pro aerial imagery dated June 14, 2023 show graded areas and a single covered greenhouse structure indicative of cannabis cultivation.
 - vi. LightBox Vision aerial imagery dated April 8, 2024 and August 14, 2024 show uncovered greenhouse structures and fallowed outdoor cultivation areas indicating that cannabis cultivation may not have occurred during the 2024 growing season.
 - vii. LightBox Vision aerial imagery dated May 31, 2025 shows graded areas and approximately one covered greenhouse structure indicative of cannabis cultivation.
18. On August 20, 2025, Division staff accompanied CDFW Wardens and scientific staff, DCC staff, and Mendocino County Sheriff's officers on a criminal search warrant investigation of the Hodys Property. CDFW Wardens estimated there was a total of 338 cannabis plants, which they eradicated during the inspection. Mr. Hodys was not

present during the warrant execution. During the inspection, Division staff observed the following with regard to water diversion and use:

- a. Staff again observed POD1/POS1 on the Shared Property in the same location as the 2023 and 2024 inspections. Water was not flowing upstream or downstream of POD1/POS1 at the time of the inspection. POD1/POS1 was seasonally storing approximately 182,470 gallons of water. Staff observed that water stored in POD1/POS1 was conveyed by gravity to POS12 for irrigation of cannabis at POU8 and POU10, located on the Hodys Property.
 - b. Staff observed POD3/POS10 on the Shared Property in the same location as the 2024 inspection. During the inspection, POD3/POS10 was seasonally storing approximately 114,500 gallons of water. Division staff observed water conveyance infrastructure leading from POD3/POS10 to POU9 for domestic use on the Hodys Property.
19. On September 17, 2025, Division staff mailed Mr. Hodys the Notice of Violation and Inspection Report for the August 20, 2025 inspection (2025 NOV/IR) via certified mail to the N. State Street address. This transmittal of the 2025 NOV/IR was not delivered. Division staff subsequently retransmitted the 2025 NOV/IR via certified mail to Mr. Hodys at the Highway 101 address on December 11, 2025. USPS records show that the retransmitted copy was signed for and delivered on December 16, 2025. The 2025 NOV/IR described Division staff's observations, the alleged violations, corrective actions needed to resolve the violations and provided resources for compliance assistance as well as Division staff's contact information. The 2025 NOV/IR informed Mr. Hodys that the State Water Board retained authority to pursue enforcement for the alleged violations.
20. Following the transmittal of the 2025 NOV/IR, Division staff have received no communication from Mr. Hodys.
21. Division staff reviewed aerial imagery of the Hodys Property after the 2025 inspection and made the following observations:
- a. LightBox Vision aerial imagery dated November 22, 2025, March 21, 2026, and June 16, 2026 show uncovered greenhouse structures and fallowed outdoor cultivation areas indicating that cannabis cultivation has not occurred since the August 20, 2025 inspection.

APPLICABLE LAW AND ALLEGATIONS

22. 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.
23. 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.”

24. 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.)
25. 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”).)
26. The Respondents are threatening to violate the prohibition set forth in Water Code section 1052 based on the following:
 - a. POD1/POS1 is an onstream reservoir that diverts surface water for seasonal storage. Water diverted and seasonally stored at POD1/POS1 was observed in use for cannabis irrigation during each of staff’s inspections between 2023 and 2025, as well as for domestic use on the Shields Property in 2023. Despite documentation of shared and individual use of POD1/POS1 over the years, neither Respondent has submitted an application for an appropriative water right for POD1/POS1. Although the cannabis plants were eradicated by law enforcement during each inspection, the Shared Property, Shields Property, and Hodys Property

remain primed for cannabis cultivation such that the Respondents could re-establish such activities on the Shared Property or their individual properties at any time. Staff's review of aerial imagery of the Shared Property and Shields Property from 2025 indicated that the greenhouse structures were not in use but that they were still present on the properties. Similarly, aerial imagery of the Hodys Property from 2026 demonstrates the greenhouse structures are still present. Because POD1/POS1 has been used to irrigate cannabis on each of these properties in the past, there is a threat that one or both of the Respondents will use POD1/POS1 if cultivation activities resume. Additionally, there is a threat that Mr. Shields will resume use of POD1/POS1 for domestic use on the Shields Property. Therefore, in the absence of an appropriative water right, the continued presence of POD1/POS1 constitutes a threat of unauthorized diversion and use of water.

- b. POD3/POS10 is also an onstream reservoir that diverts surface water to seasonal storage. Based on staff's observations during the inspections and Mr. Hodys's statements to staff, POD3/POS10 has likely been used for domestic purposes on the Hodys Property since Mr. Hodys's purchase of the Shared Property in December 2019. Division staff have no record of Mr. Hodys applying for an appropriative water right for POD3/POS10 that would authorize diversion of water to seasonal storage at POD3/POS10 for domestic use. Based on information available to staff, including aerial imagery, POD3/POS10 remains on the Shared Property, and no corrective action has been taken. Therefore, there remains a threat that Mr. Hodys will continue to divert and use POD3/POS10 for domestic use without an appropriative water right.

27. The State Water Board is also authorized to issue a CDO 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 CDO 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.

28. 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).) The Respondents are threatening to violate these licensing requirements based on the following:

- a. Division staff documented water diversion and use for cannabis cultivation on the Shared Property during the July 19, 2023 and May 23, 2024 inspections and verified that neither of the Respondents had obtained a cannabis license from DCC. As mentioned in regard to the threat of unauthorized diversion or use, aerial imagery and staff's observations indicate that the Respondents have a general pattern of unauthorized cannabis cultivation and that the Shared Property remains primed for cannabis cultivation. Therefore, there remains a threat that the Respondents will divert and use of water for cannabis cultivation on the Shared Property without a valid DCC license.
 - b. Division staff also documented water diversion and use for cannabis cultivation on the Shields Property during the July 19, 2023 inspection and verified that Mr. Shields had not obtained a cannabis license from DCC. Although staff observed that Mr. Shields was irrigating cannabis with rainwater from POD2/POS9 during the May 23, 2024 inspection, POD1/POS1 remains available on the Shared Property such that Mr. Shields could easily re-establish his water conveyance system between the two properties. As such, there remains a threat that Mr. Shields will divert and use water for cannabis cultivation on the Shields Property without a valid DCC license.
 - c. Division staff also documented water diversion and use for cannabis cultivation on the Hodys Property during the August 20, 2025 inspection and verified that Mr. Hodys had not obtained a cannabis license from DCC. Based on aerial imagery of the Hodys Property, it appears that cultivation has been occurring on and off since 2019. Therefore, there remains a threat that Mr. Hodys will divert and use water for cannabis cultivation on the Hodys Property without a valid DCC license.
29. 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. The 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. The Respondents are threatening to violate this requirement based on the following:
- a. During the July 19, 2023 and May 23, 2024 inspections, Division staff observed that POD1/POS1 is an onstream reservoir that diverts surface

water from an unnamed stream, which was connected to convey water for irrigation of cannabis on the Shared Property. The Respondents did not have a valid water right for the diversion of water into seasonal storage at POD1/POS1 for cannabis irrigation. As noted in relation to the threatened violations above, the historical use of the Shared Property for cultivation and the current conditions and features on the Shared Property establish a threat of future cultivation activities, for which POD1/POS1 would likely supply water. Therefore, in the absence of an appropriate water right for the seasonal storage of water at POD1/POS1 for cannabis irrigation on the Shared Property, there remains a threat that the Respondents will divert in violation of the Cannabis Cultivation Policy, Attachment A, Section 2, Term 69.

- b. During the July 19, 2023 inspection, Division staff also observed that POD1/POS1 conveyed water for cannabis irrigation on the Shields Property. Mr. Shields did not have a valid water right for the diversion of water into seasonal storage at POD1/POS1 for cannabis irrigation. As noted in relation to the threatened violations above, although Mr. Shields was using rainwater to irrigate cannabis on the Shields Property during the May 23, 2024 inspection, POD1/POS1 remains available and Mr. Shields could easily re-establish the water conveyance system. Therefore, in the absence of an appropriate water right for the seasonal storage of water at POD1/POS1 for cannabis irrigation on the Shields Property, there remains a threat that Mr. Shields will divert in violation of the Cannabis Cultivation Policy, Attachment A, Section 2, Term 69.
- c. During the August 20, 2025 inspection, Division staff observed that POD1/POS1 conveyed water for irrigation of cannabis on the Hodys Property. Mr. Hodys did not have a valid water right for the diversion of water into seasonal storage at POD1/POS1 for cannabis irrigation. As noted in relation to the threatened violations above, the historical use of the Hodys Property for cultivation and the current conditions establish a threat of future cultivation activities, for which POD1/POS1 would likely supply water. Therefore, in the absence of an appropriate water right for the seasonal storage of water at POD1/POS1 for cannabis irrigation on the Hodys Property, there remains a threat that Mr. Hodys will divert in violation of the Cannabis Cultivation Policy, Attachment A, Section 2, Term 69.

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

1. The Respondents must immediately cease and desist any diversion or use of water from POD1/POS1 on the Shared Property until they have obtained an applicable appropriate water right.

2. Mr. Shields must immediately cease and desist any diversion or use of water from POD1/POS1 on the Shields Property until he has obtained an applicable appropriative water right.
3. Mr. Hodys must immediately cease and desist any diversion or use of water from POD1/POS1 on the Hodys Property until he has obtained an applicable appropriative water right.
4. Mr. Hodys must immediately cease and desist any diversion or use of water from POD3/POS10 on the Hodys Property until he has obtained an applicable appropriative water right.
5. The Respondents must ensure that no water diversion or use for cannabis cultivation occurs on the Shared Property without first obtaining a DCC license.
6. Mr. Shields must ensure that no water diversion or use for cannabis cultivation occurs on the Shields Property without first obtaining a DCC license.
7. Mr. Hodys must ensure that no water diversion or use for cannabis cultivation occurs on the Hodys Property without first obtaining a DCC license.
8. The Respondents must ensure that any future diversions for cannabis cultivation on the Shared Property comply with Term 69 of the Cannabis Cultivation Policy.
9. Mr. Shields must ensure that any future diversions for cannabis cultivation on the Shields Property comply with Term 69 of the Cannabis Cultivation Policy.
10. Mr. Hodys must ensure that any future diversions for cannabis cultivation on the Hodys 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 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. 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 the 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).

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.

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

*Roberto Cervantes, Assistant Deputy Director
Division of Water Rights*

Dated: August 5, 2026