



State Water Resources Control Board

October 30, 2024

CERTIFIED MAIL

KENCO INTERNATIONAL CORPORATION

KENCO INTERNATIONAL CORPORATION CERTIFIED MAIL NO: 9589 0710 5270 1166 9520 01

CERTIFIED MAIL NO: 9589 0710 5270 1166 9513 18

NOTICE OF VIOLATION

Investigation ID: 16425

DIVISION OF WATER RIGHTS INVESTIGATION OF LAKE COUNTY ASSESSOR PARCEL NUMBER (APN) 011-012-020-000

Dear David S Chau,

On October 4, 2024, staff from the State Water Resources Control Board (State Water Board), Division of Water Rights (Division), in coordination with state and local partner agencies conducted a search warrant investigation of your property referenced above (Property). The purpose of the investigation was to observe the diversion and use of water occurring on the Property and to evaluate potential impacts to the watershed. At the time of investigation, Division staff identified that you are using groundwater for cannabis cultivation and are required to comply with the State Water Board's Cannabis Cultivation Policy (Policy) terms and conditions as identified below. You must take immediate action to come into compliance or risk civil liability.

Cannabis Policy Violations and Corrective Actions

WC Section 13149: Violations of a Principle, Guideline, or Requirement established in the State Water Board's Cannabis Policy, Attachment A., pursuant to WC section 13149:

WC section 1847, subdivision (a), provides that any person or entity committing a violation of the above referenced requirement may be liable in an amount not to exceed the sum of five hundred dollars (\$500), plus two hundred fifty dollars (\$250) for each

E. JOAQUIN ESQUIVEL, CHAIR | ERIC OPPENHEIMER, EXECUTIVE DIRECTOR

additional day on which the violation continues if the person fails to correct the violation within 30 days after the board has called the violation to the attention of that person, plus two thousand five hundred dollars (\$2,500) for each acre-foot of water diverted or used in violation of the applicable requirement.

This letter constitutes your notice of the above-mentioned WC and Policy requirements and violations identified below. Your response to the allegations listed in this notice is required and should be submitted in a timely manner. The State Water Board has discretion when considering an enforcement action and shall consider your corrective actions taken in response to this notice in determining whether and what civil liability is appropriate for violations. Therefore, this matter requires your immediate attention.

Cannabis Cultivation Policy, Section 2, Term 92 - Water Storage Facility Without Device to Prevent Water Overflow.

No. of Violations: 6

Violation Description:

At the time of the October 4, 2024 inspection, Division staff documented Tanks 3, 4, 5 and 6 of Place of Storage 2 (POS2) and Tanks 7 and 8 of POS3 without a float valve or similar device installed to prevent the overflow and waste of water. The locations of POS2 and POS3 have been marked on the map in Figure 1 enclosed with this Notice. The failure to have float valves or similar devices at Tanks 3-8 constitutes six violations of Term 92 of Section 2 of the Cannabis Policy.

Corrective Action:

You should immediately take either corrective actions 1 or 2 to comply with the Cannabis Policy's storage overflow requirements for, but not limited to POS2 (Tanks 3-6), POS3 (Tanks 7-8):

- 1) You must install float valves or other equivalent device to shut off a diversion when the storage system is full; OR
- 2) You must cease diverting water to POS2 (Tanks 3-6) and POS3 (Tanks 7-8) for cannabis cultivation.

You must also submit photographic proof and/or other documentation that supports your corrective actions taken whether you choose compliance option 1 or 2. You can submit your documents through the State Water Board's Cannabis Compliance Response Portal referenced at the end of this report.

Cannabis Cultivation Policy, Section 2, Term 93 - Failure to Secure Tank Openings to Prevent Entry and Entrapment of Wildlife.

No. of Violations: 9

Violation Description:

At the time of the October 4, 2024 inspection, Division staff observed storage tanks in use at the Property located at POS2 (Tanks 3- 6), POS3 (Tank 7-8), and POS4 (Tanks 9-11) without tank lids installed as required by the Cannabis Policy to prevent wildlife entrapment. The locations of POS2, POS3, and POS4 have been marked on the map in Figure 1 enclosed with this Notice. The failure to ensure coverage of the water storage tanks to prevent wildlife entrapment at 9 tanks constitutes 9 violations of Term 93 of Section 2 of the Cannabis Policy.

Corrective Action:

As of October 4, 2024, this alleged violation continues to be ongoing. You should immediately take corrective actions listed below:

- 3) You must install and maintain tank covers on all your water tanks; OR
- 4) You must cease diverting water to the tanks at POS2, POS3, and POS4 for cannabis cultivation, and maintain your tanks closed to the environment which includes maintaining the top cover of your tanks if they will no longer be in use.

You must also submit photographic proof and/or other documentation that supports your corrective actions taken whether you choose compliance option 1 or 2. You can submit your documents through the State Water Board's Cannabis Compliance Response Portal referenced at the end of this report.

Cannabis Cultivation Policy Section 2, Term 98 – Failure to Maintain Daily Records of Water Use for Cannabis Irrigation.

No. of Violations: 1

Violation Description:

Place of Use 1 (POU1) is a documented cannabis cultivation area consisting of eight greenhouses (GH1-8) and one outdoor grow (OG1). The location of POU1 has been marked on the map in Figure 1 enclosed with this Notice. At the time of inspection, the total cannabis cultivation area was approximately 22,700 square-feet and the total cannabis plant count was approximately 3,000 plants. Division staff did not observe any cannabis irrigation records nor any water measuring devices at any POU. This is your notice that the State Water Board is requesting your daily records of water use for cannabis irrigation. The failure to measure water use for cannabis irrigation and make cannabis irrigation records available constitutes one violation of Term 98 of Section 2 the Cannabis Policy.

Corrective Action:

As of the date of this Notice, this alleged violation continues to be ongoing. You should within 30 days from the date of this Notice take either corrective actions 1 or 2 to comply with the Cannabis Policy's cannabis irrigation record requirements for POU1 to quantify all water use on the Property:

- 5) You must send the Division all records required to support that you are in compliance with Term 98; OR
- 6) You must cease your water diversions for cannabis cultivation.

You must also submit photographic proof and/or other documentation that supports your corrective actions taken whether you choose compliance option 1 or 2. You can submit your documents through the State Water Board's Cannabis Compliance

Cannabis Cultivation Policy Section 2, Term 99 – Failure to Perform Weekly Inspections or Repairs of Irrigation Connections During Period of Use.

No. of Violations: 3

Violation Description:

At the time of the October 4, 2024 inspection, Division staff observed storage Tanks 3, 4, and 5 of POS2 connected to irrigation lines for cannabis cultivation at POU1. The tanks were leaking fluid and the soil was moist beneath each tank outlet. The location of POS2 has been marked on the map in Figure 1 enclosed with this Notice. The failure to conduct weekly inspections during periods of water use and promptly repair any leaks found in mainlines, laterals, irrigation connections, sprinkler heads, emitters, or at the ends of drip tape and feeder lines results in a violation for each tank, totaling three violations of Term 99 of Section 2 of the Cannabis Policy.

Corrective Action:

You should immediately take either corrective actions 1 or 2 to comply with the Cannabis Policy's requirement for weekly inspections and repair of irrigation connections for, but not limited to Tanks 3, 4, and 5 of POS2:

- 7) You must immediately repair any leaks of your irrigation connections found upon detection at, but not limited to Tanks 3, 4, and 5 of POS2 and perform weekly inspections for water leakage; OR
- 8) You must cease diverting water to POS2 (Tanks 3-6) for cannabis cultivation.

You must also submit photographic proof and/or other documentation that supports your corrective actions taken whether you choose compliance option 1 or 2. You can submit your documents through the State Water Board's Cannabis Compliance Response Portal referenced at the end of this report.

Violation: Diversion or Use of Water for Cannabis Cultivation without a Department of Cannabis Control License.

No. of Violations: 1

Violation Description:

The Owner is alleged to have diverted and used water for cannabis cultivation without the necessary license required pursuant to Chapter 6 (commencing with Section 26060) of Division 10 of the Business and Professions Code, and therefore can be subject to administrative civil liability for violations pursuant to Water Code section 1847(b)(4).

WC section 1847, subdivision (a), provides that any person or entity committing a violation of the above referenced requirement may be liable in an amount not to exceed the sum of five hundred dollars (\$500), plus two hundred fifty dollars (\$250) for each additional day on which the violation continues if the person fails to correct the violation within 30 days after the board has called the violation to the attention of that person, plus two thousand five hundred dollars (\$2,500) for each acre-foot of water diverted or used in violation of the applicable requirement.

At the time of the October 4, 2024 inspection, Division staff observed and documented the diversion of water at POD1 used for the cultivation of approximately 3,000 cannabis plants and 22,700 square-feet of cultivation area at POU1. The locations of POD1 and POU1 have been marked on the map in Figure 1 enclosed with this Notice. The cultivation activities on the Property require a Department of Cannabis Control Annual (DCC) License (License) pursuant to with Section 26060. On October 2, 2024, Division staff searched DCC license database and found no DCC License for the Property.

Corrective Action:

As of October 4, 2024, and as of the date of this Notice, this alleged violation continues to be ongoing. You should immediately take either corrective action 1 or 2 to comply with the Cannabis Policy requirement:

- 1) You must obtain a DCC annual license that legally authorizes your cannabis cultivation; OR
- 2) You must cease your water diversions at POD1 for cannabis cultivation.

You must also submit photographic proof and/or other documentation that supports your corrective actions taken whether you choose compliance option 1 or 2. You can submit your documents through the State Water Board's Cannabis Compliance Response Portal referenced at the end of this report.

Instructions for Demonstrating and Achieving Compliance

To facilitate your response, we are providing you with an Investigation Identification Number (Investigation ID No. listed below), which you can use to respond electronically.

You can also contact Division staff by phone or by email provided at the bottom of this notice letter. To use your Investigation ID No. follow the steps provided below.

Investigation ID No. 16425

- Step one:** Go to the State Water Board's Cannabis Cultivation Programs Portal at: <https://public2.waterboards.ca.gov/CGO/>
- Step two:** Register or login to your account
- Step three:** Under survey Click "New" for the "Division of Water Rights Cannabis Compliance Response Portal"
- Step four:** When you fill out your response to this NOV use the Assessor Parcel Number listed in this NOV in Part I.
- Step five:** Additionally, in your response use the Investigation ID listed above.

Information on the Cannabis SIUR and Cannabis Policy is available here:

https://www.waterboards.ca.gov/water_issues/programs/cannabis/cannabis_water_rights.html#siur

If you have any questions regarding this matter, please contact Scott Shironaka at (916) 319-8107 or via e-mail at Scott.Shironaka@waterboards.ca.gov. Written correspondence or inquiries should be addressed as follows: State Water Resources Control Board, Division of Water Rights, Attn: Scott Shironaka, P.O. Box 2000, Sacramento, CA 95812-2000.

Respectfully,

ORIGINAL SIGNED BY:

Scott Shironaka, Analyst
Cannabis Enforcement Section
Division of Water Rights

Enclosures: Figure 1: Google Earth Waypoint Map of Lake County APN 011-012-020-000

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Figure 1: Google Earth Waypoint Map of Lake County APN 011-012-020-000

