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7

8 UNITED STATES DISTRICT COURT
9 FOR THE EASTERN DISTRICT OF CALIFORNIA
10 SACRAMENTO DIVISION
11

12 DUARTE NURSERY, INC., a California Corporation;)
and JOHN DUARTE, an individual,)

13 Plaintiffs,)
14)

15 v.)

16 UNITED STATES ARMY CORPS OF ENGINEERS;)
KARL E. LONGLEY, an individual in his official)
capacity as a member of the Central Valley Regional)
17 Water Quality Control Board; JENNIFER LESTER)
MOFFITT, an individual in her official capacity as a)
18 member of the Central Valley Regional Water Quality)
Control Board; JON COSTANTINO, an individual in)
19 his official capacity as a member of the Central Valley)
Regional Water Quality Control Board; SANDRA O.)
20 MERAZ, an individual in her official capacity as a)
member of the Central Valley Regional Water Quality)
21 Control Board; CARMEN RAMIREZ, an individual in)
her official capacity as a member of the Central Valley)
22 Regional Water Quality Control Board; ROBERT)
SCHNEIDER, an individual in his official capacity as a)
23 member of the Central Valley Regional Water Quality)
Control Board; PAMELA CREEDON, an individual in)
24 her official capacity as Executive Officer of the Central)
Valley Regional Water Quality Control Board,)

25 Defendants.)
26)
27)
28)

No. _____

**COMPLAINT FOR
DECLARATORY JUDGMENT
AND INJUNCTIVE RELIEF**

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JURISDICTION

1
2 1. This Court has jurisdiction in this action pursuant to 5 U.S.C. § 702 (judicial review
3 of agency action); 28 U.S.C. § 1331 (civil action arising under the laws of the United States),
4 § 2201 (declaratory relief) and § 2202 (injunctive relief).

INTRODUCTION

5
6 2. In the Fall of 2102, plaintiff Duarte Nursery, Inc, through a contractor, planted a
7 winter wheat crop on a parcel of real property it owns on Paskenta Road in rural Tehama County,
8 a few miles south of the city of Red Bluff. Plaintiff’s farming of this property is indistinguishable
9 from that of hundreds if not thousands of other wheat farmers in California and across the United
10 States. In doing so, Plaintiff engaged in normal farming practices that Congress has expressly
11 exempted from the ambit of the federal Clean Water Act’s prohibition on discharge of dredged or
12 fill material in navigable waters.

13 3. On February 25, 2013, defendant United States Army Corps of Engineers (Corps)
14 issued a Cease and Desist Order (CDO) (attached as Exhibit A) to Plaintiffs which states that the
15 Corps “determined that [Plaintiffs] discharged dredged or fill material into . . . waters of the United
16 States” on the above referenced property, without a permit issued under the federal Clean Water
17 Act. The Corps made the determination and issued the CDO without providing Plaintiffs any
18 hearing on the subject, either before or after the determination or issuance of the CDO. The
19 determination and CDO purport to hold Plaintiffs in violation of federal law, deprive Plaintiffs of
20 the ability to productively use or transact the property, and impair their reputations.

21 4. On April 23, 2013, officials of the Central Valley Regional Water Quality Control
22 Board (collectively Water Board) issued a Notice of Violation (NOV) (attached as Exhibit B) to
23 Plaintiffs in which the Water Board asserted that Plaintiffs “are in violation of federal Clean Water
24 Act (CWA) section 301 for discharging dredged or fill materials without complying with CWA
25 sections 404 and 401, . . . and CWA section 402 and California Water Code (Water Code) section
26 13376 for discharging pollutants to Coyote Creek without a permit.” The Water Board issued the
27 NOV without providing Plaintiffs a hearing. The NOV purports to hold Plaintiffs in violation of
28 state and federal law, deprives Plaintiffs of the ability to productively use or transact the property,

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1 imposes affirmative obligations on Plaintiffs to mitigate alleged impacts, threatens significant
2 fines, and impairs their reputations.

3 5. If the Corps and Water Board had provided Plaintiffs with a hearing before issuing
4 the orders and notices holding them to be in violation of federal and state clean water provisions,
5 Plaintiffs are informed and believe that they would have been able to rebut the allegations that they
6 violated the law. By way of this complaint, Plaintiffs seek a declaration that the Corps and the
7 Water Board violated Plaintiffs' procedural due process rights by failing to provide Plaintiffs a
8 hearing before or after issuance of the CDO and NOV. Plaintiffs further seek a declaration that
9 the CDO and NOV are void because the Corps and Board violated Plaintiffs' procedural due
10 process rights when issuing them. Plaintiffs also seek an injunction enjoining Defendants from
11 enforcing the CDO and NOV, and from engaging in further enforcement actions against Plaintiffs
12 in violation of Plaintiffs' procedural due process rights. Plaintiffs also seek an order declaring that
13 the Corps' enforcement regulations at 33 C.F.R. Part 326 are unconstitutional as applied to
14 Plaintiffs because, in violation of the Fifth Amendment to the United States Constitution, they do
15 not provide potentially responsible parties with a hearing either before or after the Corps
16 determines that a responsible party has violated federal law.

17 **VENUE**

18 6. Venue in this district is proper under 28 U.S.C. § 1391(e)(1) because a substantial
19 part of the events or omissions giving rise to the claims occurred in this district, the property which
20 is the subject of the CDO and the NOV is located in this district, and because Plaintiffs maintain
21 a place of business in this district.

22 **PARTIES**

23 **Plaintiffs**

24 7. Plaintiff Duarte Nursery, Inc. (Duarte Nursery), owns the property that is the
25 subject of this action. Duarte Nursery is a California corporation headquartered in Modesto,
26 California. Duarte Nursery is engaged in the business of growing and selling nursery stock for
27 orchard trees and grape vines to farmers and other businesses throughout California. Duarte
28 Nursery is a family-owned and operated business that was founded 24 years ago and has been built

1 from nothing into a successful enterprise that employs hundreds of Californians and assists
2 California farmers in their mission to feed the state, the nation, and the world.

3 8. Plaintiff John Duarte is the President of Duarte Nursery, a co-owner, and one of the
4 founders of Duarte Nursery. He is responsible for all sales and marketing for Duarte Nursery.

5 **Defendants**

6 9. Defendant United States Army Corps of Engineers (Corps) is a branch of the
7 United States Army and an agency of the United States. The Corps is authorized under Section
8 404 of the Clean Water Act to issue permits for the discharge of dredged and fill material into
9 “navigable waters.” 33 U.S.C. § 1344(a). The Corps’s applicable district engineer is authorized
10 by regulation to investigate unauthorized activities that require permits, to confirm whether such
11 actions have occurred in violation of Section 404, to notify responsible parties of violations, and
12 to determine a course of action in resolving the violation. 33 C.F.R. ¶ 326.3.

13 10. Defendant Karl E. Longley is an individual. He is sued in his official capacity as
14 a board member of the Central Valley Regional Water Quality Control Board, which is an agency
15 of the State of California and is authorized to issue State Water Quality Certifications in
16 connection with dredge and fill permits issued by the Corps, under the Porter-Cologne Act,
17 California Water Code sections 13160, 13376 and 13377, and to issue cease and desist orders
18 under California Water Code section 13301. Defendant Longley is sued in federal court under the
19 doctrine set forth in *Ex parte Young*, 209 U.S. 123 (1908); *see also Cardenas v. Anzai*, 311 F.3d
20 929, 934-38 (9th Cir. 2002).

21 11. Defendant Jennifer Lester Moffitt is an individual. She is sued in her official
22 capacity as a board member of the Central Valley Regional Water Quality Control Board, and is
23 sued in federal court under the doctrine set forth in *Ex parte Young*, 209 U.S. 123 (1908); *see also*
24 *Cardenas v. Anzai*, 311 F.3d 929, 934-38 (9th Cir. 2002).

25 12. Defendant Jon Costantino is an individual. He is sued in his capacity as a board
26 member of the Central Valley Regional Water Quality Control Board, and is sued in federal court
27 under the doctrine set forth in *Ex parte Young*, 209 U.S. 123 (1908); *see also Cardenas v. Anzai*,
28 311 F.3d 929, 934-38 (9th Cir. 2002).

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1 13. Defendant Sandra O. Meraz is an individual. She is sued in her capacity as a board
2 member of the Central Valley Regional Water Quality Control Board, and is sued in federal court
3 under the doctrine set forth in *Ex parte Young*, 209 U.S. 123 (1908); *see also Cardenas v. Anzai*,
4 311 F.3d 929, 934-38 (9th Cir. 2002).

5 14. Defendant Carmen Ramirez is an individual. She is sued in her capacity as a board
6 member of the Central Valley Regional Water Quality Control Board, and is sued in federal court
7 under the doctrine set forth in *Ex parte Young*, 209 U.S. 123 (1908); *see also Cardenas v. Anzai*,
8 311 F.3d 929, 934-38 (9th Cir. 2002).

9 15. Defendant Robert Schneider is an individual. He is sued in his capacity as a board
10 member of the Central Valley Regional Water Quality Control Board, and is sued in federal court
11 under the doctrine set forth in *Ex parte Young*, 209 U.S. 123 (1908); *see also Cardenas v. Anzai*,
12 311 F.3d 929, 934-38 (9th Cir. 2002).

13 16. Defendant Pamela C. Creedon is an individual. She is sued in her capacity as the
14 Executive Officer of the Central Valley Regional Water Quality Control Board, and is sued in
15 federal court under the doctrine set forth in *Ex parte Young*, 209 U.S. 123 (1908); *see also*
16 *Cardenas v. Anzai*, 311 F.3d 929, 934-38 (9th Cir. 2002).

17 LEGAL BACKGROUND

18 Corps of Engineers - Regulatory Authority 19 over Discharges to Waters of the United States

20 17. In 1972, Congress enacted the Clean Water Act, 33 U.S.C. § 1251, *et seq.* (CWA)
21 to regulate “navigable waters.”

22 18. Section 404 of the CWA, 33 U.S.C. § 1344, authorizes the Secretary of the Army,
23 through the Corps, to issue permits for the discharge of dredged and fill material into “navigable
24 waters.”

25 19. Section 301(a) of the CWA, *id.* § 1311(a), prohibits the unpermitted discharge of
26 dredged and fill material into “navigable waters.” Section 404(f)(1) exempts several activities
27 from the ban on discharging dredged and fill material and the requirement to obtain permits,
28 including “normal farming activities.” 33 U.S.C. § 1344(f)(1)(A).

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1 20. Section 502(7) of the CWA, *id.* § 1362(7) defines “navigable waters” to mean the
2 “waters of the United States, including the territorial seas.”

3 21. By regulation, the Corps may determine whether a particular parcel of property
4 contains “waters of the United States” by issuing an Approved Jurisdictional Determination. 33
5 C.F.R. §§ 320.1(a)(6), 331.2.

6 22. In 1986, the Corps promulgated regulations defining “waters of the United States,”
7 and in 1993 amended those regulations. *Id.* pt. 328.

8 23. Under those regulations, navigable waters, interstate waters, intrastate waters with
9 uses that could affect interstate or foreign commerce, impoundments of waters, tributaries of
10 waters, territorial seas, and wetlands adjacent to other waters that are not themselves wetlands, are
11 considered “waters of the United States.” *See id.* § 328.3.

12 24. In 2001, the United States Supreme Court, in *Solid Waste Agency of Northern Cook*
13 *County v. United States Army Corps of Engineers (SWANCC)*, 531 U.S. 159 (2001), held that
14 isolated, intrastate, non-navigable bodies of water are not “waters of the United States.”

15 25. Notwithstanding *SWANCC*, the Corps and EPA continued to interpret their
16 authority under the CWA to extend to waterbodies and wetlands so long as these features had at
17 least a “hydrological connection” to navigable-in-fact waterbodies. *See, e.g., United States v.*
18 *Rapanos*, 376 F.3d 629, 638 (6th Cir. 2004), *vacated, remanded by Rapanos v. United States*, 547
19 U.S. 715 (2006).

20 26. In *Rapanos v. United States*, the Supreme Court rejected the agencies’ hydrological
21 connection theory of CWA jurisdiction. *See* 547 U.S. at 739 (plurality opinion); *id.* at 780-82
22 (Kennedy, J., concurring in the judgment).

23 27. In that decision, Justice Scalia authored a plurality opinion, joined by three other
24 Justices, which concluded that the Corps’ jurisdiction over non-navigable waters only extends to
25 “relatively permanent, standing or continuously flowing bodies of water” that are “connected to
26 traditional interstate navigable waters.” *Id.* at 739, 742 (plurality opinion).

27 28. Justice Kennedy concurred in the judgment but adopted a broader interpretation of
28 the Corps’ jurisdiction over non-navigable waters, finding them jurisdictional if they “possess a

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1 'significant nexus' to waters that are or were navigable in fact or that could reasonably be so
2 made." *Rapanos*, 547 U.S. at 759 (Kennedy, J., concurring in the judgment). According to Justice
3 Kennedy, a significant nexus exists where non-navigable waters, either alone or in combination
4 with similarly situated waterbodies, "significantly affect the chemical, physical, and biological
5 integrity" of navigable-in-fact waters (also known as "traditional navigable waters"). *Id.* at 780.

6 29. After *Rapanos*, the Corps, in conjunction with EPA, issued two separate non-
7 binding guidance documents, in 2008 and 2011, in each of which the Corps and EPA generally
8 state their intention to continue to assert jurisdiction over "waters of the United States" that satisfy
9 either the Scalia or the Kennedy test. In September of 2013, the EPA withdrew the 2011 guidance
10 document, and submitted a new draft rule to the Office of Management and Budget that will revise
11 33 C.F.R. pt. 328.

12 30. The result of the above history is that the Corps' regulations defining the scope of
13 waters of the United States, under which the Corps determines whether a permit is required for
14 dredge and fill activities, continue to define such waters expansively in a manner rejected by two
15 subsequent United States Supreme Court decisions.

16 **Corps of Engineers - Enforcement Procedures**

17 31. The Corps, through its district engineers, is authorized by regulation to investigate
18 unauthorized activities that require permits, to confirm whether such actions have occurred in
19 violation of Section 404, to notify responsible parties of violations, and to determine a course of
20 action in resolving the violation. 33 C.F.R. ¶ 326.3.

21 32. A district engineer's determination under 33 C.F.R. ¶ 326.3(b) that a violation has
22 occurred and the identity of the responsible party is final agency action.

23 33. The Corps' regulations do not require that the Corps notify persons suspected of
24 unauthorized activities, or require that such persons be given a hearing, prior to the district
25 engineer making a determination that a violation has occurred. 33 C.F.R. ¶ 326.3(a)-(b).

26 34. The Corps' regulations direct that once the district engineer has determined that a
27 violation has occurred, the district engineer should notify the responsible parties. 33 C.F.R.

28 ///

1 ¶ 326.3(b). In the case of a violation involving a project that is not complete, the regulations direct
2 the district engineer to issue a cease and desist order. 33 C.F.R. ¶ 326.3(c)(1).

3 35. The Corps' regulations do not require or provide for a potentially responsible party
4 who is not a permittee to be given a hearing on a suspected violation, either before or after the
5 district engineer's determination under 33 C.F.R. ¶ 326.3(b), or before or after the issuance of a
6 cease and desist order. The Corps' regulations do not provide an administrative appeal process
7 to challenge a determination that a violation has occurred.

8 **Central Valley Regional Water Quality Control Board**

9 36. Section 401 of the Clean Water Act, 33 U.S.C. § 1341, requires applicants for a
10 dredge and fill permit under Section 404 to also obtain a state water quality certification from the
11 applicable state agency.

12 37. The State Water Resources Control Board is authorized to issue state water quality
13 certifications in connection with Corps Section 404 permits under California Water Code sections
14 13160, 13376, and 13377.

15 38. The Central Valley Regional Water Quality Control Board is authorized to issue
16 cease and desist orders under California Water Code section 13301 for violations of the Water
17 Code, and Defendants collectively referred to above as Water Board have the responsibility for
18 overseeing and implementing the enforcement program of the Central Valley Regional Water
19 Quality Control Board.

20 **Constitutional Procedural Due Process Requirements**

21 39. The Fifth Amendment to the Constitution of the United States prohibits agencies
22 of the United States from depriving citizens of life, liberty, or property without due process of law.

23 40. The Fourteenth Amendment to the Constitution of the United States applies these
24 requirements to the State of California and its agencies and officers.

25 41. The Fifth Amendment requires that agencies of government afford private parties
26 a hearing before depriving them of liberty or property, although in limited circumstances a post-
27 deprivation hearing is constitutionally sufficient. A post deprivation hearing is only adequate in
28 those cases where the agency can make the injured party whole by restoring money or other

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1 | benefits wrongfully withheld in the underlying decision. A post-deprivation hearing is not
2 | generally adequate where the underlying decision is that the private party has violated the law.

3 | 42. The elements of a hearing that are necessary to meet constitutional procedural due
4 | process requirements generally include notice of the subject matter and issues in the case, a
5 | reasonable opportunity to present evidence (testimonial and documentary) and argument, the
6 | opportunity to rebut adverse evidence through cross-examination of witnesses and other
7 | appropriate means, to appear with counsel, and to have the decision based solely on the record of
8 | evidence introduced at the hearing. Bernard Schwartz, *Administrative Law* § 5.1, p. 203 (2d ed.
9 | 1984).

10 | 43. Judicial review of agency action does not satisfy the constitutional requirements
11 | of procedural due process unless judicial review is de novo. Judicial review also does not satisfy
12 | constitutional procedural due process requirements if review is limited to the record before the
13 | agency if the agency did not afford the complaining party the opportunity to submit evidence on
14 | the record or rebut the agency's evidence. Schwartz, *Administrative Law* § 5.9, p. 221 (citing *Goss*
15 | *v. Lopez*, 419 U.S. 565, 581 n.10 (1975)).

16 | **FACTUAL ALLEGATIONS**

17 | **The Property and Duarte Nursery's Farming**

18 | 44. Plaintiff Duarte Nursery owns approximately 445 acres of property located on
19 | Paskenta Road in rural Tehama County, roughly 8 miles south of the City of Red Bluff and
20 | roughly 3 miles west of Interstate 5, Tehama County, California, APN 037-070-351 and 037-070-
21 | 371 (Property). The Property is zoned A2 (agricultural use) by the County of Tehama.

22 | 45. Plaintiff Duarte Nursery acquired the Property in 2012 for the purpose of farming
23 | it. The Property has historically been used for wheat farming, and is assigned approximately
24 | 430.7 acres of "wheat base" by the United States Department of Agriculture, Farm Service
25 | Agency, for the purpose of determining eligibility for federal farm assistance.

26 | 46. Subsequent to acquiring the Property, Duarte Nursery retained an environmental
27 | consultant to perform a wetlands delineation for the Property (2012 Delineation), to determine the
28 | scope of any wetlands on the Property.

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1 47. In November of 2012, through a contractor, Duarte Nursery planted a winter wheat
2 crop on the Property, using a tractor to plough and plant. The cost of planting this crop was a
3 minimum of \$50,000.00. Relying on the advice of its environmental consultant, Duarte Nursery
4 marked off all wetlands that were delineated on the Property in the 2012 Delineation, and ensured
5 that these wetlands were avoided by farming equipment, with an appropriate set back. No deep
6 ripping has taken place on the Property while it has been owned by Duarte Nursery or under the
7 control of John Duarte.

8 **The Corps Determination and Cease and Desist Order**

9 48. In November of 2012, staff of the Corps contacted plaintiff John Duarte by
10 telephone, and inquired about the intended use of the Property. John Duarte explained that Duarte
11 Nursery intended to farm the Property.

12 49. At no time during this conversation did staff of the Corps state that the intended use
13 of the property would require a permit from the Corps, that farming the Property would result in
14 a determination that the Clean Water Act had been violated, that Plaintiffs or either of them were
15 suspected of violating the Clean Water Act, or that Plaintiffs or either of them had the opportunity
16 to submit information on the subject of whether any such violation existed.

17 50. On February 25, 2013, the Corps issued the CDO to Duarte Nursery and John
18 Duarte. The CDO “determines that [Plaintiffs] have discharged dredged or fill material into
19 seasonal wetlands, vernal pools, vernal swales, and intermittent and ephemeral drainages, which
20 are waters of the United States, without a . . . permit. . . . Since a DA permit has not been issued
21 authorizing this discharge, the work is in violation of the Clean Water Act.” The CDO directs
22 Plaintiffs “to cease and desist all work in waters of the United States.”

23 51. The CDO fails to specify the extent of the Property that the Corps considers to be
24 waters of the United States, or what action the Corps claims violated the Clean Water Act. The
25 CDO also fails to identify the Property by legal description, street address, or assessor’s parcel
26 number, identifying the location only by latitude and longitude.

27 52. On March 21, 2013, through counsel, Plaintiffs responded to the CDO by
28 requesting the factual basis on which the Corps made the determination reported in the CDO,

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1 requesting an explanation of any available administrative procedures or remedies, and reserving
2 all defenses to the claims made in the CDO.

3 53. On April 18, 2013, the Corps provided a partial response to the requests for
4 information made in Plaintiffs' March 21, 2013 letter, to wit:

5 a. The Corps stated that it is relying on a 1994 wetlands delineation of the
6 Property (1994 Delineation), which purportedly depicts wetlands "scattered throughout the
7 property." The Corps provided an electronic copy of the 1994 delineation.

8 b. The Corps stated that "We have observed that discharges of dredged or fill
9 material into these wetlands have occurred while under the control of Mr. Duarte."

10 c. The Corps states that "We allege that while the Property was under
11 Mr. Duarte's control it was deep-ripped."

12 d. The Corps states that Plaintiffs' activities are not "on-going normal farming
13 activities" and therefore not exempt from permitting requirements.

14 54. If the Corps had provided Plaintiffs with a hearing, Plaintiffs are informed and
15 believe that they would have been able to rebut the basic factual allegations on which the Corps
16 appears to rely, to wit:

17 a. The 2012 Delineation is more recent and more accurate than the 1994
18 Delineation relied upon by the Corps, uses the currently applicable legal standard, and is based
19 on the current physical condition of the Property.

20 b. Plaintiffs, through Duarte Nursery's contractor, avoided wetlands on the
21 Property that are depicted on the 2012 Delineation.

22 c. Plaintiffs have never deep-ripped the property.

23 d. All of Plaintiffs' actions related to the subject wheat crop were normal
24 farming practices, exempt from permitting requirements under Section 404(f)(1)(A) of the Clean
25 Water Act.

26 **Water Board Notice of Violation**

27 55. On April 23, 2013, the Water Board issued the Notice of Violation (NOV) to
28 Plaintiffs, which states that Water Board staff inspected the Property on December 6, 2012, and

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1 | observed “you have discharged dredge or fill material into wetlands and other waters associated
2 | with Coyote Creek, a water of the U.S., without a permit.”

3 | 56. The NOV states that Plaintiffs are in violation of the Clean Water Act for failing
4 | to obtain a permit from the Corps and a State Water Quality Certification under Section 401 of the
5 | Act, and directs Plaintiffs to submit a plan for mitigating the impacts of unauthorized fill. The
6 | NOV also threatens Plaintiffs with additional enforcement action, including daily fines of up to
7 | \$10,000.00.

8 | 57. The NOV does not provide any information on the subject of administrative appeal
9 | rights or remedies available to Plaintiffs.

10 | 58. Prior to issuance of the NOV, the Water Board did not provide Plaintiffs with a
11 | hearing on any matters which are the subject of the NOV.

12 | 59. If the Water Board had provided Plaintiffs with a constitutionally adequate hearing,
13 | Plaintiffs are informed and believe that they would have been able to rebut the basic factual
14 | allegations on which the Water Board appears to rely, to wit:

15 | a. Plaintiffs have not discharged dredge or fill material into wetlands and other
16 | waters associated with Coyote Creek.

17 | b. Plaintiffs’ farming activities on the Property are normal farming practices
18 | exempt from federal permitting requirements and related state water quality certification
19 | requirements.

20 | c. Plaintiffs have not engaged in any ‘grading activity’ unrelated to their
21 | normal farming practices on the Property.

22 | 60. The Water Board’s NOV constitutes an ongoing violation of Plaintiffs’
23 | constitutional right to procedural due process.

24 | **Results of Corps CDO and Water Board NOV on Plaintiffs**

25 | 61. Plaintiffs’ constitutional rights to procedural due process have been denied by both
26 | the Corps and the Water Board, as a direct result of those agencies issuing the CDO and NOV,
27 | respectively, without providing Plaintiffs with a hearing either prior or subsequent to the issuance
28 | of the CDO and NOV, respectively.

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1 62. Plaintiffs are unable to determine from either the CDO or the NOV exactly what
2 farming practices the Corps and the Water Board find to violate the Clean Water Act, and in
3 exactly which locations on the Property.

4 63. As a result of this ambiguity, and of the potential legal implications of defying the
5 CDO and the NOV, Plaintiffs have left the subject wheat crop untended, resulting in its total loss,
6 at a cost to Duarte Nursery of at least \$50,000 in planting costs.

7 64. As a result of the CDO and NOV, Plaintiffs have been unable to make necessary
8 preparations for farming the property in the Fall of 2013, and hence will lose another year's
9 opportunity to grow and harvest a crop.

10 65. Plaintiffs are informed and believe that Duarte Nursery would be unable to sell the
11 Property, or lease the Property for any valuable use, while the CDO and NOV are in effect,
12 without fully disclosing the existence of the CDO and NOV to potential buyers or lessors, and are
13 informed and believe that such disclosure would effectively render the Property unsaleable and
14 unleaseable. Plaintiffs contend that these conditions are legally tantamount to a constructive lien
15 on the Property in favor of Defendants. *See Connecticut v. Doehr*, 501 U.S. 1, 12 (1991) (“[E]ven
16 the temporary or partial impairments to property rights that attachments, liens, and similar
17 encumbrances entail are sufficient to merit due process protection.”).

18 66. As a result of the CDO, Plaintiffs are subject to further administrative action by
19 defendant Corps in the form of a future order directing Plaintiffs to take corrective action to
20 “resolve the violation,” 33 C.F.R. ¶ 326.3(c)(3), and potential criminal or civil legal actions, 33
21 C.F.R. ¶ 326.5(a).

22 67. As a result of the NOV, Plaintiffs are subject to a purported obligation to prepare
23 and execute a plan for mitigating the impacts of their “unauthorized fill” (*i.e.*, plowing and
24 planting a wheat crop on the Property), which must be prepared by a professional consultant
25 acceptable to the Water Board and approved by the California Department of Fish and Wildlife.

26 68. As a result of the CDO and NOV, and their dissemination to other state and federal
27 agencies, Plaintiffs have been labeled as violators, harming their reputation. Plaintiffs’

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1 relationships and dealings with the Corps, the Water Board, and the other agencies have been
2 impaired by the unconstitutional denial of their procedural due process rights.

3 **ALLEGATIONS SUPPORTING DECLARATORY RELIEF**

4 69. Plaintiffs hereby re-allege each and every allegation contained in Paragraphs 1
5 through 68 as though fully set forth herein.

6 70. An actual and substantial controversy exists between Plaintiffs and Defendants over
7 Defendants' respective duties to provide Plaintiffs with a hearing prior to making the
8 determinations set forth in the CDO and NOV respectively.

9 71. An actual and substantial controversy exists between Plaintiffs and Defendants over
10 Defendants' respective duties to provide Plaintiffs with a hearing after making the determinations
11 set forth in the CDO and NOV, respectively, if no pre-deprivation hearing is required.

12 72. This case is currently justiciable because Defendants have failed, and continue to
13 fail, to timely comply with their constitutionally imposed duty to afford Plaintiffs with a hearing
14 prior to or subsequent to making the determinations set forth in the CDO and NOV, respectively.

15 73. Declaratory relief that will clarify the rights and obligations of the parties is
16 therefore appropriate to resolve this controversy.

17 **ALLEGATIONS SUPPORTING INJUNCTIVE RELIEF**

18 74. Plaintiffs hereby re-allege each and every allegation contained in Paragraphs 1
19 through 73 as though fully set forth herein.

20 75. Plaintiffs have been injured by Defendants' failure to provide Plaintiffs with a
21 constitutionally required hearing on the determinations set forth in the CDO and NOV,
22 respectively. If an injunction does not issue enjoining Defendants from continuing to evade their
23 duty to provide a hearing, Plaintiffs will be irreparably harmed.

24 76. Plaintiffs have no plain, speedy, and adequate remedy at law for such an injury.

25 77. This action is ripe.

26 78. If not enjoined by this Court, Defendants will continue to violate the law requiring
27 them to provide Plaintiffs with a hearing on the determinations set forth in the CDO and NOV,
28 respectively.

FIRST CAUSE OF ACTION

(Against Defendant Corps - Violation of the Fifth Amendment to the United States Constitution - Failure to Provide a Pre-Deprivation Hearing)

79. Plaintiffs hereby re-allege each and every allegation contained in Paragraphs 1 through 78 as though fully set forth herein.

80. Defendant Corps has a mandatory and nondiscretionary duty under the Fifth Amendment to provide Plaintiffs with a constitutionally adequate hearing in satisfaction of Plaintiffs' right to procedural due process prior to making the determination set forth in the CDO. A pre-deprivation hearing is required in this case because there is no provision for staying further enforcement proceedings once the determination is made, and no means of remedying the harm to Plaintiffs in the event of an erroneous determination if a hearing is held after the fact.

81. Defendant Corps did not provide any hearing to Plaintiffs prior to making the determination set forth in the CDO that Plaintiffs have violated federal law by discharging dredge and fill material to waters of the United States without a permit.

82. Defendant Corps' failure to provide a pre-deprivation hearing violates the Fifth Amendment to the United States Constitution and is unlawful.

SECOND CAUSE OF ACTION

(Against Defendant Corps - Violation of the Fifth Amendment to the United States Constitution - Failure to Provide a Post-Deprivation Hearing)

83. Plaintiffs hereby re-allege each and every allegation contained in Paragraphs 1 through 82 as though fully set forth herein.

84. Defendant Corps has a mandatory and nondiscretionary duty under the Fifth Amendment to provide Plaintiffs with a constitutionally adequate hearing in satisfaction of Plaintiffs' right to procedural due process after making the determination set forth in the CDO, and prior to taking any further action pursuant to the CDO.

85. Defendant Corps did not provide any hearing to Plaintiffs subsequent to making the determination set forth in the CDO that Plaintiffs have violated federal law by discharging dredge and fill material to waters of the United States without a permit.

PACIFIC LEGAL FOUNDATION
930 G Street
Sacramento, CA 95814
(916) 419-7111 FAX (916) 419-7747

1 86. Defendant Corps' failure to provide a post-deprivation hearing violates the Fifth
2 Amendment to the United States Constitution and is unlawful.

3 **THIRD CAUSE OF ACTION**

4 **(Against Defendant Water Board - Violation of the Fifth and Fourteenth Amendments**
5 **to the United States Constitution - Failure to Provide a Pre-Deprivation Hearing)**

6 87. Plaintiffs hereby re-allege each and every allegation contained in Paragraphs 1
7 through 86 as though fully set forth herein.

8 88. Defendant Water Board has a mandatory and nondiscretionary duty under the Fifth
9 and Fourteenth Amendments to provide Plaintiffs with a constitutionally adequate hearing in
10 satisfaction of Plaintiffs' right to procedural due process prior to making the determination set
11 forth in the NOV. A pre-deprivation hearing is required in this case because there is no provision
12 for staying further enforcement proceedings once the determination is made, and no means of
13 remedying the harm to Plaintiffs in the event of an erroneous determination if a hearing is held
14 after the fact.

15 89. Defendant Water Board did not provide any hearing to Plaintiffs prior to making
16 the determination set forth in the NOV that Plaintiffs have violated federal and state law by
17 discharging dredge and fill material to waters of the United States without a federal permit and
18 related state water quality certification.

19 90. Defendant Water Board's failure to provide a pre-deprivation hearing violates the
20 Fifth and Fourteenth Amendments to the United States Constitution and is unlawful.

21 **FOURTH CAUSE OF ACTION**

22 **(Against Defendant Water Board - Violation of the Fifth Amendment to the**
23 **United States Constitution - Failure to Provide a Post-Deprivation Hearing)**

24 91. Plaintiffs hereby re-allege each and every allegation contained in Paragraphs 1
25 through 90 as though fully set forth herein.

26 92. Defendant Water Board has a mandatory and nondiscretionary duty under the Fifth
27 and Fourteenth Amendments to provide Plaintiffs with a constitutionally adequate hearing in

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1 satisfaction of Plaintiffs' right to procedural due process after making the determination set forth
2 in the NOV, and prior to taking any further action pursuant to the NOV.

3 93. Defendant Water Board did not provide any hearing to Plaintiffs subsequent to
4 making the determination set forth in the NOV that Plaintiffs have violated state and federal law
5 by discharging dredge and fill material to waters of the United States without a federal permit and
6 related state water quality certification.

7 94. Defendant Water Board's failure to provide a post-deprivation hearing violates the
8 Fifth and Fourteenth Amendments to the United States Constitution and is unlawful.

9 **FIFTH CAUSE OF ACTION**

10 **(Against Defendant Corps - Violation of the Fifth Amendment to the United States**
11 **Constitution - As-Applied Invalidity of Enforcement Regulations at 33 C.F.R. Part 326)**

12 95. Plaintiffs hereby re-allege each and every allegation contained in Paragraphs 1
13 through 94 as though fully set forth herein.

14 96. Defendant Corps has a mandatory duty under the Fifth Amendment to provide a
15 hearing to any responsible party before or, in limited circumstances, after determining that a
16 private party is responsible for a violation of federal law as set forth in 33 C.F.R. ¶ 326.3(b).

17 97. The regulations at 33 C.F.R. ¶ 326.3(a)-(b), governing surveillance and initial
18 investigation of suspected violations, do not provide for any hearing prior to determining that a
19 private party is responsible for a violation of federal law. 33 C.F.R. pt. 326 does not provide for
20 any hearing subsequent to such a determination, but does allow the district engineer, on behalf of
21 the Corps, to require remedial action by the responsible party.

22 98. Judicial review of a 33 C.F.R. ¶ 326.3(b) determination under the Administrative
23 Procedures Act, whether of the determination itself or of any subsequent final action based on the
24 determination, is ordinarily limited to the administrative record compiled by the Corps, and is
25 deferential to the Corps' factual findings. Because the regulations at 33 C.F.R. pt. 326 do not
26 provide a hearing to the responsible party, and allow the Corps to develop a record with no input
27 from the responsible party, judicial review currently does not satisfy responsible parties'
28 constitutional procedural due process rights.

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Sacramento, CA 95814
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1 99. Because the regulations at 33 C.F.R. pt. 326 provide no hearing to responsible
2 parties, prior or subsequent to the district engineer's determination that the responsible party
3 violated federal law, and judicial review of such action under the APA fails to satisfy due process
4 requirements for such cases, the regulations at 33 C.F.R. pt. 326 are unconstitutional and invalid
5 as applied to Plaintiffs in this case.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, Plaintiffs pray for judgment from this Court as follows:

8 1. A declaratory judgment that defendant Corps' failure to provide Plaintiffs with a
9 hearing prior to making the determination set forth in the CDO violates the Fifth Amendment and
10 is therefore invalid and unenforceable;

11 2. A declaratory judgment that defendant Corps' failure to provide Plaintiffs with a
12 hearing subsequent to making the determination set forth in the CDO violates the Fifth
13 Amendment and is therefore invalid and unenforceable;

14 3. A declaratory judgment that defendant Water Board's failure to provide Plaintiffs
15 with a hearing prior to making the determination set forth in the NOV violates the Fifth and
16 Fourteenth Amendments and is therefore invalid and unenforceable;

17 4. A declaratory judgment that defendant Corps' failure to provide Plaintiffs with a
18 hearing subsequent to making the determination set forth in the NOV violates the Fifth and
19 Fourteenth Amendments and is therefore invalid and unenforceable;

20 5. A declaratory judgment that the regulations at 33 C.F.R. pt. 326 are
21 unconstitutional and therefore invalid and unenforceable against Plaintiffs;

22 6. A prohibitory injunction preventing Defendants from enforcing or taking further
23 action on the CDO and NOV, respectively;

24 7. A mandatory injunction requiring Defendants to advise any other agency or private
25 party to whom they have directly delivered the CDO or NOV, respectively, that the same are
26 invalid and unenforceable;

27 8. An award to Plaintiffs of reasonable attorneys' fees and expert fees for bringing and
28 maintaining this action;

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1 9. An award to Plaintiffs of costs of suit pursuant to Federal Rule of Civil Procedure
2 54(d); and

3 10. An award to Plaintiffs of any other and further relief that the Court deems just and
4 proper under the circumstances of this case.

5 DATED: October 10, 2013.

6 Respectfully submitted,

7 DAMIEN M. SCHIFF
8 ANTHONY L. FRANÇOIS

9 By /s/ Anthony L. François
10 ANTHONY L. FRANÇOIS

11 Attorneys for Plaintiff

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PACIFIC LEGAL FOUNDATION
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Sacramento, CA 95814
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EXHIBIT A



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, SACRAMENTO
CORPS OF ENGINEERS
1325 J STREET
SACRAMENTO CA 95814-2922

CERTIFIED MAIL RETURN RECEIPT REQUESTED

February 25, 2013

Regulatory Division SPK-2013-00015

Mr. John Duarte
Duarte Nursery
1555 Baldwin Road
Hughson, California 95326

Dear Mr. Duarte:

This letter concerns your unauthorized work in waters of the United States. The work is located on or near Coyote Creek, Sections 24 and 25, Township 26 North, Range 4 West, Mount Diablo Base & Meridian, Latitude 40.08274°, Longitude -122.268048°, Tehama County, California.

Based on available information we have determined that you have discharged dredged or fill material into seasonal wetlands, vernal pools, vernal swales, and intermittent and ephemeral drainages, which are waters of the United States, without a Department of the Army (DA) permit. Section 404 of the Clean Water Act requires that a DA permit be obtained prior to the discharge of dredged or fill material into waters of the United States, including wetlands. Since a DA permit has not been issued authorizing this discharge, the work is in violation of the Clean Water Act.

You are hereby directed to cease and desist all work in waters of the United States until this violation is resolved. We are conducting an investigation to determine the impact of this work as it relates to public interest and the appropriate course of action to remedy the situation. Potential enforcement actions, in addition to or in lieu of fines, penalties and imprisonment, include directing removal of the unauthorized work and restoration of the site to pre-project conditions. An extract of the law is enclosed. Prompt voluntary restoration of the site in accordance with a Corps-approved plan may preclude some or all of these actions.

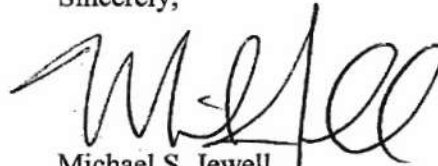
By copy of this letter, we are soliciting the views of appropriate Federal, State, and local agencies, which may also have jurisdiction, regarding this unauthorized activity. Based upon your responses to this notice, comments received from the agencies and any available information, we will determine the appropriate course of action to resolve this violation.

To ensure that all pertinent information is available for our evaluation and included in the public record, you are invited to provide any information which you feel should be

considered. Your plans for utilization of the completed work and your evaluation of the need to retain this fill may be of particular significance in determining what actions are to be taken. Since the information provided will become a part of the public record, it may be presented in any court action that could result from this investigation and will be retained in our files. Any information you wish to provide should reach this office no later than March 21, 2013. We appreciate your cooperation and timely action on this matter.

Please refer to identification number SPK-2013-00015 in any correspondence concerning this project. If you have any questions, please contact Mr. Matthew Kelley at Redding Regulatory Office, 310 Hemsted Drive, Suite 310, Redding, California 96002, email Matthew.P.Kelley@usace.army.mil, or telephone 530-223-9534. For more information regarding our program, please visit our website at www.spk.usace.army.mil/Missions/Regulatory.aspx.

Sincerely,



Michael S. Jewell
Chief, Redding Division

Enclosure

Copies Furnished with enclosure:

Mr. George Day, California Regional Water Quality Control Board, 364 Knollcrest Drive, Suite 200, Redding, California 96002
Mrs. Donna Cobb, California Department of Fish and Game, 601 Locust Street, Redding, California 96001
Mr. David Wampler, Environmental Protection Agency, WTR-7, 75 Hawthorne Street, San Francisco, California 94105-3901
Mr. Ken Sanchez, U.S. Fish and Wildlife Service, 2800 Cottage Way, Suite W2605, Sacramento, California 95825-1888

Appendix A

THE CLEAN WATER ACT

Section 404 (33 USC § 1344) states in part:

“(a) The ...Chief of Engineers, may issue permits, ... for the discharge of dredged or fill material into the navigable waters...”

Section 301 (33 USC § 1311) states in part:

“(a) Except as in compliance with this section and sections ... 1344... the discharge of any pollutant by any person shall be unlawful.”

Note: Dredged or fill material is considered a pollutant under the Clean Water Act.

Section 309 (33 USC §1319) states in part:

(c) Criminal penalties –

- (1) ... (A) Any person who negligently violates Section ... 1311 ... shall be punished by a fine of not less than \$2,500 nor more than \$25,000 per day of violation, or by imprisonment for not more than 1 year, or by both ...
- (2) (A) Any person who knowingly violates section ... 1311 ... shall be punished by a fine of not less than \$5,000 nor more than \$50,000 per day of violation, or by imprisonment for not more than 3 years, or by both ...

(d) Civil penalties; ... any person who violates section ...1311...and any person who violates any order issued by the Administrator under subsection (a) of this section, shall be subject to a civil penalty not to exceed \$ 25,000 per day for each violation. In determining the amount of a civil penalty the court shall consider the seriousness of the violation or violations, the economic benefit (if any) resulting from the violation, any history of such violations, any good-faith efforts to comply with the applicable requirements, the economic impact of the penalty on the violator, and such other matters as justice may require. ...

EXHIBIT B

EDMUND G. BROWN JR.
GOVERNORMATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION**Central Valley Regional Water Quality Control Board****NOTICE OF VIOLATION**

23 April 2013

Mr. John Duarte
Duarte Nursery
1555 Baldwin Road
Hughson, CA 95326

CERTIFIED MAIL
7012 2920 0001 2252 6870

NON-COMPLIANCE WITH FEDERAL CLEAN WATER ACT SECTIONS 301, 401 & 404, DUARTE NURSERY, TEHAMA COUNTY

On 6 December 2012, Central Valley Regional Water Quality Control Board (Central Valley Water Board) staff inspected your property; Sections 24 and 25, T26N, R4W, MDB&M; Latitude 40.08274, Longitude -122.26804, and observed you have discharged dredge or fill material into wetlands and other waters associated with Coyote Creek, a water of the U.S., without a permit.

You are in violation of federal Clean Water Act (CWA) section 301 for discharging dredged or fill materials without complying with CWA sections 404 and 401, which require the discharger to obtain a permit from the U.S. Army Corps of Engineers and a State Water Quality Certification for the described discharges, and CWA section 402 and California Water Code (Water Code) section 13376 for discharging pollutants to Coyote Creek without a permit. Pursuant to Water Code section 13385, these violations subject you to potential administrative civil liability of up to \$10 per gallon of discharge above 1,000 gallons, and/or up to \$10,000.00 per day in which the violations occur.

In addition, sediment, when discharged to waters of the state, is a "waste" as defined in Water Code section 13050. The grading activity threatens to discharge sediment into surface waters of the state, which creates, or threatens to create, a condition of pollution or nuisance and/or violations of the Water Quality Control Plan for the Sacramento River and San Joaquin River Basins (the "Basin Plan"). Mitigation measures to stabilize and prevent discharges of sediment (turbidity) into waters of the state must be implemented.

Within 30 days from the date of this letter, submit to this office a plan for mitigating the impacts of your unauthorized fill, including protecting remaining wetland areas on the property. The plan must be prepared by an appropriate professional. Prior to implementing the plan, you must provide written concurrence with the plan from the California Department of Fish and Game.

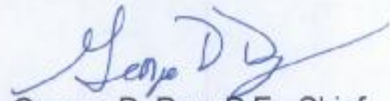
We are currently coordinating with other state and federal agencies to determine appropriate avenues for additional response to the above violations. Based on your response to this notice, comments received from other involved agencies, and other available information, we will determine an appropriate course of action. Your submittal of the plans required above does not preclude the Central Valley Water Board from taking additional enforcement actions, as authorized by the Water Code.

KARL E. LONGLEY ScD, P.E., CHAIR | PAMELA C. CREEDON P.E., BCCEE, EXECUTIVE OFFICER

364 Knollcrest Drive, Suite 205, Redding, CA 96002 | www.waterboards.ca.gov/centralvalley

Mr. John Duarte
Duarte Nursery

For any questions on this matter, please contact Ben Letton at (530) 224-4129 or
bletton@waterboards.ca.gov.



George D. Day, P.E., Chief
Senior Water Resources Control Engineer
Storm Water & Water Quality Certification Unit

BL: nam

cc: Tim Potanovic, Tehama County Department of Environmental Health, Red Bluff

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