



Former Panoche Drainage District Manager & Convicted Water Thief Dennis Falaschi (credit: Fresno Bee)

Recently, former Panoche Drainage District general manager Dennis Falaschi pled guilty in federal district court in Fresno to having conspired to steal millions of gallons of publicly-owned water from California's Central Valley Project (CVP) for private gain. This surreptitious water theft apparently had been going on for well over two decades before Falaschi was finally brought to justice.

The story of this water scandal was originally reported by former Sacramento Bee reporters Dale Kasler and Ryan Sabalow and [published in 2022](#). According to the Bee story, a federal indictment filed against Falaschi that year charged him with ordering his water district employees in Fresno and Merced Counties to illegally divert water from the CVP's Delta-Mendota Canal beginning in 1992 to benefit his District, other District officials and himself. He did so without ever notifying federal officials of those diversions, much less paying the federal government for the millions of dollars worth of water Falaschi ordered stolen from the CVP.

Falaschi's legal troubles apparently began in 2017, when California's State Controller issued an audit charging the Panoche Water District with excessively lax fiscal controls that allowed District officials to use district credit cards for their personal gain-e.g., for sports and concert tickets, private slot machines, etc. Shortly thereafter, the California Attorney General's Office filed state criminal charges against Falaschi and three other District employees for embezzling \$100,000 of District funds for personal gain. (The state case is apparently still pending.)

At that point, Falaschi resigned from his position as general manager of the District. But his legal woes were only beginning.

In 2021, the Panoche Drainage District entered into a civil settlement with the federal government, in which the District agreed to pay the government \$7.5 million for the illegally diverted water.

Fast forward to May 29, 2024. On that date, Falaschi entered a guilty plea in federal court in Fresno. He admitted to having conspired to steal the CVP water and to having filed a related, false federal income tax return in which he failed to report his undeclared, illegal sales of CVP water to third parties during Falaschi's tenure as District general manager.

Falaschi's criminal sentencing hearing is scheduled for September 16th. He faces a maximum sentence of eight years in federal prison and \$350,000 in criminal penalties.

But that's not the end of this shameful water saga. Federal prosecutors released a contemporaneous statement late last month declaring that "evidence obtained during the government's investigation further showed that Mr. Falaschi was just one of several individuals who were involved in the misconduct, "including "district board members, supervisors and employees" who "took federal water for their own use and benefit..."

So it's quite possible that Falaschi's plea deal includes his agreement to serve as a government witness in future criminal prosecutions of his former District colleagues for the same illegal acts he has now admitted having performed himself. So stay tuned.

Unfortunately, the Falaschi case and conviction are not isolated incidents. To the contrary, illegal diversion, use and black market sales of the public's finite and precious water supplies have quite likely gone on for decades, if not centuries. (If you doubt that, I commend to your attention two terrific books on Western U.S. water history: *Cadillac Desert* by the late Marc Reisner and *The Dreamt Land* by Mark Arax.)

Effective enforcement of federal and California state water laws is hampered by at least two things: first, state and federal penalties for illegal water diversions are often far too modest to serve as an effective deterrent. Second, some government prosecutors unfortunately don't view water theft and other environmental offenses as "real crimes" like robbery, bribery and tax evasion.

So kudos to federal prosecutors for pursuing criminal charges against Dennis Falaschi and (hopefully) his fellow water thieves. And here's hoping that the assigned federal judge imposes a sufficiently harsh sentence upon Falaschi that will serve as a strong message to others that environmental crimes like water theft are indeed illegal acts that will be vigorously prosecuted and punished.

*(Later this week: why water theft is an especially large problem under California state law, and proposed legislation that's currently being considered to increase penalties for such environmental thievery.)*