

Water company owners accused of stealing funds

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APTOS — More than \$70,000 is missing from the small Greenbelt Water Co., and the District Attorney's office has filed a civil complaint accusing the owners of pocketing the money.

Evelyn Cavanaugh and her now-deceased husband, John Cavanaugh, took out state loans in the 1980s to upgrade the Aptos-area district's antiquated facilities.

They raised customer fees by \$14.50 a month to pay for the loan, but never established a required maintenance fund or finished paying off the Department of Water Re-

sources.

"Defendants unlawfully converted payments made by Greenbelt customers ... to themselves, and for their own benefit," said the complaint filed in Santa Cruz County Superior Court last month.

Assistant District Attorney Morgan Taylor said Tuesday the complaint was filed as an unfair business practice.

"Stealing money from consumers we regard as some that unfair competitive business practice," Taylor said. "The money has been siphoned off and not used to repay their loans or do the appropriate

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maintenance.

The Public Utilities Commission, Department of Water Resources and the District Attorney's office each conducted investigations of the company's financial practices.

John Cavanaugh died in March of 1997 after a lengthy illness. Evelyn Cavanaugh recently suffered a stroke and is living on oxygen, Taylor said.

She did not return phone calls Tuesday.

The District Attorney's Office began monitoring the case two years ago after complaints from customers.

"We attended a PUC meeting and it looked like something needed to be done," he said.

The complaint says that in 1980,

Greenbelt served approximately 73 customers from an aged, decaying water system.

In 1982 the PUC granted a \$128,000 loan to improve the company's water system.

In 1994, the Department of Water Resources notified the PUC that the district had missed three semi-annual payments totaling more than \$18,000. And in 1996, the PUC said it found the company delinquent an additional \$54,358 in payments to the bond reserve account.

Two years ago, suspicious customers went to the PUC and, after a lengthy wait, discovered the unpaid loans.

The company had started charging water customers an additional \$14.50 a month in 1982 that was said to go toward the loan payments, and

customers felt cheated, said district resident Robert Vallerga.

He and Rebecca Steinbruner, who are co-presidents of the Citizens of Redwood Drive Homeowner's Association, took their case first to the PUC, then wrote letters to assemblymen and senators, and finally filed a criminal charge with the Sheriff's Office, he said.

The District Attorney's Office stepped in two years ago with their own investigation.

"We've been struggling with the company since 1982," Vallerga said.

Taylor said they plan to demand at least the damages done thus far, Taylor said. He said Greenbelt has not yet responded. They have until July 15.

The first hearing date is set for October 7.