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FILED IN THE
U.S. DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

DEC 13 2001

JAMES R. LARSEN, CLERK
DEPUTY
SPOKANE, WASHINGTON

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON
AT SPOKANE

NUVEEN QUALITY INCOME
MUNICIPAL FUND, INC; NUVEEN
PREMIUM INCOME MUNICIPAL
FUND 4, INC.; STRONG MUNICIPAL
BOND FUND, INC.; SMITH BARNEY
MUNICIPAL FUND LIMITED TERM;
SMITH BARNEY MUNICIPAL HIGH-
INCOME FUND; and VANGUARD
HIGH-YIELD TAX-EXEMPT FUND;
U.S. BANK TRUST NATIONAL
ASSOCIATION, in its capacity as
Indenture Trustee on behalf of Holders of
Spokane Downtown Foundation Parking
Revenue Bonds; and ASSET
GUARANTY INSURANCE
COMPANY,

Plaintiffs,

v.

PRUDENTIAL SECURITIES
INCORPORATED, a Delaware
corporation; WALKER PARKING
CONSULTANTS/ENGINEERS, INC., a
Michigan corporation; FOSTER PEPPER
& SHEFELMAN PLLC, a Washington
professional limited liability company;
SPOKANE DOWNTOWN
FOUNDATION, a Washington
corporation; PRESTON GATES &
ELLIS LLP, a Washington limited
liability partnership; CITIZENS

No. CS 01-0127 EFS
Consolidated with
No. CS-01-0128-EFS

ANSWER OF PRUDENTIAL
SECURITIES INCORPORATED
TO COMPLAINT

1 REALTY COMPANY, a Washington
 2 corporation; LINCOLN INVESTMENT
 3 COMPANY OF SPOKANE, a
 4 Washington corporation; RPS MALL,
 5 L.L.C., a Washington limited liability
 6 company; RPS II, L.L.C., a Washington
 7 limited liability company; RWR
 8 MANAGEMENT, INC., a Washington
 9 corporation, doing business as R.W.
 ROBIDEAUX AND COMPANY; CITY
 OF SPOKANE, WASHINGTON, a first-
 class charter city of the State of
 Washington; SPOKANE PUBLIC
 PARKING DEVELOPMENT
 AUTHORITY, an unregistered
 Washington corporation, doing business
 as RIVER PARK SQUARE PARKING,

Defendants.

CITY OF SPOKANE,,

Third Party Plaintiff,

v.

ROY J. KOEGEN and ANNE KOEGEN,
a marital community, and PERKINS
COIE, LLP,

Third Party Defendants.

18 COMES NOW defendant Prudential Securities Incorporated ("Prudential"), by
 19 and through its undersigned attorneys, and in response to the Complaint of Nuveen
 20 Quality Income Municipal Fund, Inc., et al., hereby states and alleges as follows:
 21

ANSWER

22
 23 1. Prudential admits that this Court has jurisdiction over this proceeding.
 24 Except as expressly admitted hereinabove, Prudential denies the remaining allegations
 25 of paragraph 1 of the Complaint.
 26

1 2. Prudential admits that venue is proper in this Court. Except as expressly
2 admitted hereinabove, Prudential denies the remaining allegations of paragraph 2 of
3 the Complaint.

4 3. Prudential admits the allegations in the first sentence of paragraph 3.
5 Prudential admits that the plaintiffs purchased the Bonds. Prudential further admits
6 that a document was attached to the Official Statement as Exhibit B. Prudential
7 denies the allegation that it drafted the Official Statement. Except as expressly
8 admitted hereinabove, Prudential is without knowledge or information sufficient to
9 form a belief as to the truth of the remaining allegations of paragraph 3 of the
10 Complaint, and therefore, denies the same.

12 4. Prudential admits the allegations in the first two sentences of
13 paragraph 4. Except as expressly admitted hereinabove, Prudential is without
14 knowledge or information sufficient to form a belief as to the truth of the remaining
15 allegations of paragraph 4 of the Complaint, and therefore, denies the same.

17 5. Prudential denies the allegations of paragraph 5 of the Complaint.

18 6. Prudential is without knowledge or information sufficient to form a belief
19 as to the truth of the allegations of paragraph 6 of the Complaint, and therefore, denies
20 the same.

21 7. Prudential is without knowledge or information sufficient to form a belief
22 as to the truth of the allegations of paragraph 7 of the Complaint, and therefore, denies
23 the same.
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1 8. Prudential is without knowledge or information sufficient to form a belief
2 as to the truth of the allegations of paragraph 8 of the Complaint, and therefore, denies
3 the same.

4 9. Prudential is without knowledge or information sufficient to form a belief
5 as to the truth of the allegations of paragraph 9 of the Complaint, and therefore, denies
6 the same, and therefore, denies the same.

7 10. Prudential is without knowledge or information sufficient to form a belief
8 as to the truth of the allegations of paragraph 10 of the Complaint, and therefore,
9 denies the same.

10 11. Prudential is without knowledge or information sufficient to form a belief
11 as to the truth of the allegations of paragraph 11 of the Complaint, and therefore,
12 denies the same.

13 12. Paragraph 12 sets forth no allegations requiring an admission or denial.

14 13. Prudential admits the allegations in the first two sentences of
15 paragraph 13 of the Complaint. Prudential denies the remaining allegations of
16 paragraph 13 as it calls for legal conclusions to which no response is required. To the
17 extent any such response is required, however, Prudential denies the allegations of
18 paragraph 13 of the Complaint.

19 14. Prudential admits the first two sentences in paragraph 14 of the
20 Complaint. Prudential denies the remaining allegations of paragraph 14 of the
21 Complaint.

1 15. Prudential is without knowledge or information sufficient to form a belief
2 as to the truth of the allegations of paragraph 15 of the Complaint, and therefore,
3 denies the same.

4 16. Prudential is without knowledge or information sufficient to form a belief
5 as to the truth of the allegations in the first five sentences of paragraph 16 of the
6 Complaint, and therefore, denies the same. Prudential denies the remaining
7 allegations of paragraph 16 of the Complaint.
8

9 17. Prudential is without knowledge or information sufficient to form a belief
10 as to the truth of the allegations in the first sentence of paragraph 17 of the Complaint,
11 and therefore, denies the same. Prudential denies the remaining allegations of
12 paragraph 17 of the Complaint.
13

14 18. Answering paragraph 18 of the Complaint, Prudential admits that it
15 retained the Foster law firm to assist it in the underwriting of the Bonds. Prudential is
16 without knowledge or information sufficient to form a belief as to the truth of the
17 allegations in the first sentence of paragraph 18 of the Complaint, and therefore,
18 denies the same. Sentence three of paragraph 18 calls for a legal conclusion to which
19 no response is required. Except as expressly admitted hereinabove, Prudential denies
20 the remaining allegations of paragraph 18 of the Complaint.
21

22 19. The allegations in paragraph 19 of the Complaint call for a legal
23 conclusion to which no response is required. To the extent any such response is
24 required, however, Prudential denies the allegations of paragraph 19 of the Complaint.
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1 20. The allegations of paragraph 20 of the Complaint call for legal
2 conclusions to which no response is required. To the extent any such response is
3 required, however, Prudential is without knowledge or information sufficient to form
4 a belief as to the truth of the allegations of paragraph 20 of the Complaint, and
5 therefore, denies the same.

6 21. Prudential admits that the Foster law firm issued an opinion dated
7 September 24, 1998, in connection with the issuance of the Bonds. Prudential denies
8 that the Bonds could not and would not have been issued without the Foster Opinion.
9 Prudential neither admits nor denies the allegations with respect to the substance of
10 the Foster Opinion as that document speaks for itself. Prudential denies the remaining
11 allegations of paragraph 21 of the Complaint.

12 22. Prudential is without knowledge or information sufficient to form a belief
13 as to the truth of the allegations of paragraph 22 of the Complaint, and therefore,
14 denies the same.

15 23. Prudential admits that the Preston law firm issued a bond opinion to it
16 and the Foundation. Prudential is without knowledge or information sufficient to
17 form a belief as to the truth of the remaining allegations of paragraph 23 of the
18 Complaint, and therefore, denies the same.

19 24. The allegations in the first two sentences of paragraph 24 of the
20 Complaint call for a legal conclusion to which no response is required. To the extent
21 any such response is required, however, Prudential denies the allegations in those
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1 sentences. Prudential is without knowledge or information sufficient to form a belief
2 as to the truth of the remaining allegations of paragraph 24 of the Complaint.

3 25. The allegations of paragraph 25 of the Complaint call for a legal
4 conclusion to which no response is required. To the extent any such response is
5 required, however, Prudential denies the allegations of paragraph 25 of the Complaint.
6

7 26. The allegations of paragraph 26 of the Complaint call for a legal
8 conclusion to which no response is required. To the extent any such response is
9 required, however, Prudential denies the remaining allegations of paragraph 26 of the
10 Complaint.

11 27. Prudential neither admits nor denies the allegations with respect to the
12 opinion by the Preston law firm as that document speaks for itself. Prudential denies
13 the remaining allegations of paragraph 27 of the Complaint.
14

15 28. Prudential is without knowledge or information sufficient to form a belief
16 as to the truth of the allegations of paragraph 28 of the Complaint, and therefore,
17 denies the same.

18 29. Prudential is without knowledge or information sufficient to form a belief
19 as to the truth of the allegations of paragraph 29 of the Complaint, and therefore,
20 denies the same.
21

22 30. Prudential is without knowledge or information sufficient to form a belief
23 as to the truth of the allegations of paragraph 30 of the Complaint, and therefore,
24 denies the same.
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1 31. Prudential is without knowledge or information sufficient to form a belief
2 as to the truth of the allegations of paragraph 31 of the Complaint, and therefore,
3 denies the same.

4 32. Prudential is without knowledge or information sufficient to form a belief
5 as to the truth of the allegations of paragraph 32 of the Complaint, and therefore,
6 denies the same.

7 33. Prudential is without knowledge or information sufficient to form a belief
8 as to the truth of the allegations of paragraph 33 of the Complaint, and therefore,
9 denies the same.
10

11 34. Prudential is without knowledge or information sufficient to form a belief
12 as to the truth of the allegations of paragraph 34 of the Complaint, and therefore,
13 denies the same.
14

15 35. Prudential is without knowledge or information sufficient to form a belief
16 as to the truth of the allegations of paragraph 35 of the Complaint, and therefore,
17 denies the same.

18 36. Prudential is without knowledge or information sufficient to form a belief
19 as to the truth of the allegations of paragraph 36 of the Complaint, and therefore,
20 denies the same. The allegations of paragraph 36 of the Complaint call for a legal
21 conclusion to which no response is required. To the extent any such response is
22 required, however, Prudential denies the allegations of paragraph 36 of the Complaint.
23

24 37. Prudential admits the first sentence of paragraph 37 of the Complaint.
25 Prudential is without knowledge or information sufficient to form a belief as to the
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1 truth of the remaining allegations of paragraph 37 of the Complaint, and therefore,
2 denies the same.

3 38. Prudential admits the allegations in the first four sentences of
4 paragraph 38 of the Complaint. Prudential neither admits nor denies the allegations
5 with respect to the opinion letter as that document speaks for itself. Prudential denies
6 the Official Statement were false and misleading. Prudential is without knowledge or
7 information sufficient to form a belief as to the truth of the remaining allegations of
8 paragraph 38 of the Complaint.
9

10 39. Prudential is without knowledge or information sufficient to form a belief
11 as to the truth of the allegations of paragraph 39 of the Complaint, and therefore,
12 denies the same.
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14 40. Prudential is without knowledge or information sufficient to form a belief
15 as to the truth of the allegations of paragraph 40 of the Complaint, and therefore,
16 denies the same.
17

18 41. Prudential denies the allegations of paragraph 41 of the Complaint.

19 42. Prudential denies the allegations of paragraph 42 of the Complaint.

20 43. Prudential is without knowledge or information sufficient to form a belief
21 as to the truth of the allegations of paragraph 43 of the Complaint, and therefore,
22 denies the same.

23 44. Prudential is without knowledge or information sufficient to form a belief
24 as to the truth of the allegations of paragraph 44 of the Complaint, and therefore,
25 denies the same.
26

1 45. Prudential is without knowledge or information sufficient to form a belief
2 as to the truth of the allegations of paragraph 45 of the Complaint, and therefore,
3 denies the same.

4 46. Prudential is without knowledge or information sufficient to form a belief
5 as to the truth of the allegations of paragraph 46 of the Complaint, and therefore,
6 denies the same.

7 47. Prudential denies the allegations of paragraph 47 of the Complaint.

8 48. Prudential is without knowledge or information sufficient to form a belief
9 as to the truth of the allegations of paragraph 48 of the Complaint, and therefore,
10 denies the same.

11 49. Prudential denies ever having entered into a formal engagement letter
12 with the Foundation to serve as underwriter for any bonds issued by the Foundation.
13 Prudential is without knowledge or information sufficient to form a belief as to the
14 truth of the remaining allegations in paragraph 49 of the Complaint, and therefore,
15 denies the same.

16 50. Prudential admits that the City passed a resolution which authorized the
17 development of garage proposal. Prudential neither admits nor denies the allegation
18 with respect to the substance of the Walker Report as that document speaks for itself.
19 Prudential denies the remaining allegations of paragraph 50 of the Complaint.

20 51. Prudential is without knowledge or information sufficient to form a belief
21 as to the truth of the allegations of paragraph 51 of the Complaint, and therefore,
22 denies the same.

1 52. Prudential denies the allegations of paragraph 52 of the Complaint.

2 53. Prudential is without knowledge or information sufficient to form a belief
3 as to the truth of the allegations in the first sentence, including subparts, of
4 paragraph 53 of the Complaint, and therefore, denies the same. Prudential denies the
5 remaining allegations of paragraph 53 of the Complaint.
6

7 54. Prudential denies the allegations of paragraph 54 of the Complaint.

8 55. Prudential denies the allegations of paragraph 55 of the Complaint.

9 56. Prudential denies the allegations of paragraph 56 of the Complaint.

10 57. Prudential denies the allegations of paragraph 57 of the Complaint.

11 58. Prudential denies the allegations of paragraph 58 of the Complaint.

12 59. Prudential denies the allegations of paragraph 59 of the Complaint.

13 60. Prudential denies the allegations of paragraph 60 of the Complaint.

14 61. Prudential denies the allegations of paragraph 61 of the Complaint.

15 62. Prudential denies the allegations of paragraph 62 of the Complaint.

16 63. Prudential is without knowledge or information sufficient to form a belief
17 as to the truth of the allegations of paragraph 63 of the Complaint, and therefore,
18 denies the same.
19

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21 64. Prudential neither admits nor denies the allegations with respect to the
22 substance of the Auble and Barrett Reports as those documents speak for themselves.
23 Prudential denies the remaining allegations of paragraph 64 of the Complaint.
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1 65. Prudential neither admits nor denies the allegations with respect to the
2 Auble Report as that document speaks for itself. Prudential denies the remaining
3 allegations of paragraph 65 of the Complaint.

4 66. Prudential neither admits nor denies the allegations with respect to the
5 Barrett Report as that document speaks for itself. Prudential denies the remaining
6 allegations of paragraph 66 of the Complaint.

7 67. Prudential neither admits nor denies the allegations with respect to the
8 Auble Report as that document speaks for itself. Prudential denies the remaining
9 allegations of paragraph 67 of the Complaint.

10 68. Prudential neither admits nor denies the allegations with respect to the
11 Auble Report as that document speaks for itself. Prudential denies the remaining
12 allegations of paragraph 68 of the Complaint.

13 69. Prudential neither admits nor denies the allegations with respect to the
14 Auble Report as that document speaks for itself. Prudential denies the remaining
15 allegations of paragraph 69 of the Complaint.

16 70. Prudential neither admits nor denies the allegations with respect to the
17 Barrett Report as that document speaks for itself. Prudential denies the remaining
18 allegations of paragraph 70 of the Complaint.

19 71. Prudential denies the allegations of paragraph 71 of the Complaint.

20 72. Prudential denies the allegations of paragraph 72 of the Complaint.

21 73. Prudential admits that the City Council adopted Resolution No. 96-144.
22 Prudential neither admits nor denies the substance of the allegations with respect to
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1 the resolution as that document speaks for itself. Prudential is without knowledge or
2 information sufficient to form a belief as to the truth of the remaining allegations of
3 paragraph 73 of the Complaint, and therefore, denies the same.

4 74. Prudential is without knowledge or information sufficient to form a belief
5 as to the truth of the allegations of paragraph 74 of the Complaint, and therefore,
6 denies the same.

7 75. Prudential is without knowledge or information sufficient to form a belief
8 as to the truth of the allegations of paragraph 75 of the Complaint, and therefore,
9 denies the same.

10 76. Prudential is without knowledge or information sufficient to form a belief
11 as to the truth of the allegations of paragraph 76 of the Complaint, and therefore,
12 denies the same.

13 77. Prudential neither admits nor denies the allegations with respect to the
14 substance of the Walker Report as that document speaks for itself. Prudential denies
15 the remaining allegations, including all subparts thereof, of paragraph 77 of the
16 Complaint.

17 78. Prudential denies the allegations of paragraph 78 of the Complaint.

18 79. Prudential admits that the City adopted Resolution No. 97-2. Prudential
19 neither admits nor denies the allegations with respect to the substance of that
20 resolution as that document speaks for itself. Prudential is without knowledge or
21 information sufficient to form a belief as to the truth of the remaining allegations of
22 paragraph 79 of the Complaint, and therefore, denies the same.
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1 80. Prudential is without knowledge or information sufficient to form a belief
2 as to the truth of the allegations of paragraph 80 of the Complaint, and therefore,
3 denies the same.

4 81. Prudential neither admits nor denies the allegations with respect to the
5 substance of Coopers & Lybrand's Summary of Conclusions as that document speaks
6 for itself. Prudential denies the remaining allegations of paragraph 81 of the
7 Complaint.
8

9 82. Prudential neither admits nor denies the allegations with respect to the
10 Coopers & Lybrand Report as that document speaks for itself. Prudential denies the
11 remaining allegations, including subparts, of paragraph 82 of the Complaint.
12

13 83. Prudential neither admits nor denies the allegations with respect to the
14 substance of the Coopers & Lybrand Report as that document speaks for itself.
15 Prudential is without knowledge or information sufficient to form a belief as to the
16 truth of the remaining allegations, including subparts, of paragraph 83 of the
17 Complaint, and therefore, denies the same.

18 84. Prudential neither admits nor denies the allegations with respect to the
19 substance of the Coopers & Lybrand Report as that document speaks for itself.
20 Prudential is without knowledge or information sufficient to form a belief as to the
21 truth of the remaining allegations, including subparts, of paragraph 84 of the
22 Complaint, and therefore, denies the same.
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24 85. Prudential denies the allegations of paragraph 85 of the Complaint.
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1 86. Prudential admits the City enacted the Ordinance on January 27, 1997.
2 Prudential neither admits nor denies the allegations with respect to the substance of
3 the ordinance as that Ordinance speaks for itself. Prudential is without knowledge or
4 information sufficient to form a belief as to the truth of the remaining allegations of
5 paragraph 86 of the Complaint, and therefore, denies the same.
6

7 87. Prudential neither admits nor denies the allegations with respect to the
8 Ordinance as that Ordinance speaks for itself. Prudential denies the remaining
9 allegations of paragraph 87 of the Complaint.

10 88. Prudential neither admits nor denies the allegations with respect to the
11 Ordinance as that Ordinance speaks for itself. Prudential denies the remaining
12 allegations of paragraph 88 of the Complaint.
13

14 89. Prudential denies the allegations in the first sentence of paragraph 89.
15 Prudential admits the allegations in the second sentence of paragraph 89. Prudential
16 denies the remaining allegations of paragraph 89 of the Complaint.

17 90. Prudential denies the allegations of paragraph 90 of the Complaint.

18 91. The allegation in the first sentence of paragraph 91 calls for a legal
19 conclusion to which no response is required. To the extent any such response is
20 required, however, Prudential denies the allegations in that sentence. Prudential
21 denies the remaining allegations of paragraph 91 of the Complaint.
22

23 92. Prudential denies the allegations, including subparts, of paragraph 92 of
24 the Complaint.

25 93. Prudential denies the allegations of paragraph 93 of the Complaint.
26

1 94. Prudential denies the allegations of paragraph 94 of the Complaint.

2 95. Prudential admits that it provided each of the plaintiffs with a copy of the
3 official Statement. Prudential is without knowledge or information sufficient to form
4 a belief as to the truth of the remaining allegations in paragraph 95 of the Complaint,
5 and therefore, denies the same.

6 96. Prudential denies the allegations of paragraph 96 of the Complaint.

7 97. Prudential admits the first sentence of paragraph 97 of the Complaint.
8 Prudential is without knowledge or information sufficient to form a belief as to the
9 truth of the remaining allegations of paragraph 97 of the Complaint, and therefore,
10 denies the same.

11 98. Prudential is without knowledge or information sufficient to form a belief
12 as to the truth of the allegations of paragraph 98 of the Complaint, and therefore,
13 denies the same.

14 99. Prudential admits that the bond proceeds were placed in escrow for the
15 benefit of the bondholders after the bonds were issued in September 1998. Prudential
16 is without knowledge or information sufficient to form a belief as to the truth of the
17 remaining allegations of the first sentence of paragraph 99 of the Complaint.
18 Prudential denies the remaining allegations of paragraph 99 of the Complaint.

19 100. Prudential denies the allegations in paragraph 100 of the Complaint.

20 101. Prudential is without knowledge or information sufficient to form a belief
21 as to the truth of the allegations of paragraph 101 of the Complaint, and therefore,
22 denies the same.

1 102. Prudential is without knowledge or information sufficient to form a belief
2 as to the truth of the allegations of paragraph 102 of the Complaint, and therefore,
3 denies the same.

4 103. Prudential admits that on or about February 1, 2000 the bonds were
5 downgraded. Prudential neither admits nor denies the allegations with respect to the
6 Standard & Poors Rating Report as that document speaks for itself. Prudential denies
7 the remaining allegations of paragraph 103.
8

9 104. Prudential is without knowledge or information sufficient to form a belief
10 as to the truth of the allegations of the first sentence of paragraph 104 of the
11 Complaint, and therefore, denies the same. Prudential admits that it contacted the
12 plaintiffs. Prudential denies the remaining allegations of paragraph 104 of the
13 Complaint.
14

15 105. Prudential is without knowledge or information sufficient to form a belief
16 as to the truth of the allegations of paragraph 105 of the Complaint, and therefore,
17 denies the same.

18 106. Prudential admits the allegations in paragraph 106 of the Complaint.

19 107. Prudential admits that the City Council passed a resolution at the
20 April 26, 2000 meeting. Prudential denies the remaining allegations of paragraph 107
21 of the Complaint.
22

23 108. Prudential admits that it contacted the bondholders with respect to the
24 City Council resolution. Prudential is without knowledge or information sufficient to
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1 form a belief as to the truth of the remaining allegations of paragraph 108 of the
2 Complaint, and therefore, denies the same.

3 109. Prudential denies the allegations of paragraph 109 of the Complaint.

4 110. Prudential is without knowledge or information sufficient to form a belief
5 as to the truth of the allegations of paragraph 110 of the Complaint, and therefore,
6 denies the same.

7
8 111. Prudential is without knowledge or information sufficient to form a belief
9 as to the truth of the allegations of paragraph 111 of the Complaint, and therefore,
10 denies the same.

11 112. Prudential denies the allegations of paragraph 112 of the Complaint.

12 113. Prudential denies the allegations of paragraph 113 of the Complaint.

13 114. Prudential denies the allegations of paragraph 114 of the Complaint.

14 115. Prudential admits that the City filed a complaint in an action styled City
15 of Spokane v. Walker Parking Consultants/Engineering Inc., et al., in the Superior
16 Court of the State of Washington for the County of Spokane. Prudential neither
17 admits nor denies the allegations with respect to the substance of the Complaint as that
18 document speaks for itself. Prudential denies the remaining allegations of paragraph
19 115 of the Complaint.

20 116. Prudential denies the allegations of paragraph 116 of the Complaint.

21 117. Prudential denies the allegations of paragraph 117 of the Complaint.

22 118. Answering paragraph 118 of the Complaint, Prudential realleges and
23 incorporates by reference all previous answers.
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1 119. Prudential denies the allegations of paragraph 119 of the Complaint.

2 120. The allegations of paragraph 120 of the Complaint call for legal
3 conclusions to which no response is required. To the extent any such response is
4 required, however, Prudential is without knowledge or information sufficient to form
5 a belief as to the truth of the remaining allegations of paragraph 120 of the Complaint,
6 and therefore, denies the same.
7

8 121. The allegations of paragraph 121 of the Complaint call for legal
9 conclusions to which no response is required. To the extent any such response is
10 required, however, Prudential is without knowledge or information sufficient to form
11 a belief as to the truth of the remaining allegations of paragraph 121 of the Complaint,
12 and therefore, denies the same.
13

14 122. Prudential is without knowledge or information sufficient to form a belief
15 as to the truth of the allegations of paragraph 122 of the Complaint, and therefore,
16 denies the same.

17 123. Prudential denies the allegations of paragraph 123 of the Complaint.

18 124. Prudential denies the allegations of paragraph 124 of the Complaint.

19 125. Prudential denies the allegations of paragraph 125 of the Complaint.

20 126. Prudential denies the allegations of paragraph 126 of the Complaint.

21 127. Answering paragraph 127 of the Complaint, Prudential realleges and
22 incorporates by reference all previous answers.
23

24 128. Prudential denies the allegations of paragraph 128 of the Complaint.

25 129. Prudential denies the allegations of paragraph 129 of the Complaint.
26

1 130. The allegations of paragraph 130 of the Complaint call for legal
2 conclusions to which no response is required. To the extent any such response is
3 required, however, Prudential is without knowledge or information sufficient to form
4 a belief as to the truth of the remaining allegations of paragraph 130 of the Complaint,
5 and therefore, denies the same.

6
7 131. The allegations of paragraph 131 of the Complaint call for legal
8 conclusions to which no response is required. To the extent any such response is
9 required, however, Prudential denies the allegations.

10 132. The allegations of paragraph 132 of the Complaint call for legal
11 conclusions to which no response is required. To the extent any such response is
12 required, however, Prudential denies the allegations.

13
14 133. Prudential denies the allegations of paragraph 133 of the Complaint.

15 134. Paragraph 134 does not set forth any allegations requiring an admission
16 or denial by Prudential.

17 135. Answering paragraph 135 of the Complaint, Prudential realleges and
18 incorporates all previous answers.

19 136. Prudential denies the allegations of paragraph 136 of the Complaint.

20 137. Prudential denies the allegations of paragraph 137 of the Complaint.

21 138. Prudential denies the allegations of paragraph 138 of the Complaint.

22 139. Prudential denies the allegations of paragraph 139 of the Complaint.

23 140. Prudential denies the allegations of paragraph 140 of the Complaint.
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1 141. Paragraph 141 does not set forth any allegations requiring an admission
2 or denial by Prudential.

3 142. Answering paragraph 142 of the Complaint, Prudential realleges and
4 incorporates by reference all prior answers.

5 143. The allegations of paragraph 143 of the Complaint call for a legal
6 conclusion to which no response is required. To the extent any such response is
7 required, however, Prudential denies the allegations of paragraph 143 of the
8 Complaint.
9

10 144. Prudential denies the allegations of paragraph 144 of the Complaint.

11 145. Prudential denies the allegations of paragraph 145 of the Complaint.

12 146. Paragraph 146 does not set forth any allegations requiring an admission
13 or denial by Prudential.
14

15 147. Prudential denies each and every prayer in the plaintiffs' prayer for relief.

16 **AFFIRMATIVE DEFENSES**

17 WHEREBY, as further answer to the claims asserted by the plaintiffs' Complaint,
18 Prudential asserts the following affirmative defenses:

19 A. The plaintiffs' Complaint fails to state a cause of action against
20 Prudential upon which relief can be granted.

21 B. Plaintiffs are barred by the statute of limitations from asserting some or
22 all of their allegations and causes of action.

23 C. Plaintiffs failed to mitigate their alleged damages, if any.

24 D. Plaintiffs' alleged damages, if any, were caused, or are attributable to,
25 their acts or omissions, or the acts or omissions of persons or entities other than
26 Prudential.

1 E. Prudential is not liable for any of the plaintiffs' alleged damages, if any,
2 under a theory of contributory or comparative negligence.

3 F. Plaintiffs have waived their right to assert the claims and causes of action
4 asserted in the Complaint.

5 G. Plaintiffs' are estopped from asserting the claims and causes of action
6 asserted in the Complaint.

7 H. Plaintiffs are barred by the doctrine of laches from asserting the claims
8 and causes of action asserted in the Complaint.

9 I. Plaintiffs have "unclean hands" and are precluded from asserting the
10 claims and causes of action asserted in the Complaint.

11 J. Plaintiffs' causes of action are not "ripe" for adjudication.

12 K. Plaintiffs have failed to plead their claims with particularity as required
13 by Fed.R.Civ.P. 9(b) or the Private Securities Litigation Reform Act.

14 L. Prudential did not know and in the exercise of reasonable care could not
15 have known of the facts by reason of which liability is alleged to exist.

16 M. Prudential incorporates by reference, as an affirmative defense, each of
17 its allegations and causes of action asserted against the City of Spokane in its cross-
18 claim, *see infra*.

19 PRAYER FOR RELIEF

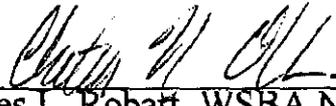
20 NOW, THEREFORE, having fully answered Plaintiffs' Complaint, defendant
21 Prudential respectfully requests and prays for the following relief:

- 22 1. For dismissal of Plaintiffs' Complaint with prejudice and without costs;
 - 23 2. For its attorneys' fees and costs; and
 - 24 3. For such other and further relief as the Court deems just and proper.
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DATED this 12th day of December 2001.

LANE POWELL SPEARS LUBERSKY LLP

By 

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