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Hon. Edward F. Shea

FILED IN THE
U.S. DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON
JAN 09 2002
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, Plaintiff, vs. 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; CITIZEN'S REALTY COMPANY, a Washington corporation; LINCOLN INVESTMENT COMPANY OF SPOKANE, A Washington corporation; RPS MALL, L.L.C., a Washington limited liability company; RPS II, L.L.C., a Washington limited liability company;	NO. CS-01-0127-EFS ANSWER OF WALKER PARKING CONSULTANTS AND ENGINEERS TO AGIC COMPLAINT IN INTERVENTION

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RWR MANAGEMENT, INC., a Washington)
corporation; d/b/a R. W. ROBIDEAUX and COM-)
PANY; CITY OF SPOKANE, WASHINGTON, a)
first-class charter city of the State of Washington;)
SPOKANE PUBLIC PARKING DEVELOPMENT)
AUTHORITY, an unregistered Washington cor-)
poration doing business as RIVER PARK SQUARE)
PARKING,)
Defendants.)

Defendants, Walker Parking Consultants, through counsel, answer the Plaintiff Intervener Asset Guarantee Insurance Company's ("AGIC") Complaint In Intervention (for the purpose of this Answer referred to as "the Complaint") in the consolidated matters of Nuveen Quality Income Mutual Fund, Inc., et al v. Prudential Securities, Inc., et al, No. CS-01-0127, and U.S. Bank Trust National Association v. Prudential Securities, Inc., et al, No. CS-01-0128 as follows:

I. JURISDICTION AND VENUE

1. For answer to Paragraph 1 of AGIC's Complaint, Defendant admits that this Court has jurisdiction over AGIC's claims in intervention alleged to arise under the Securities Exchange Act of 1934. Defendant denies the remainder of Paragraph 1.

2. For answer to Paragraph 2 of AGIC's Complaint, Defendant admits that venue lies with this Court.

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II. PARTIES

3. For answer to Paragraph 3 of AGIC's Complaint, Defendant admits that AGIC is an insurer of municipal bonds with its offices in New York, New York. Defendant is without sufficient information to admit or deny the remainder of Paragraph 3 and therefore denies the same.

4. For answer to Paragraph 4 of AGIC's Complaint, Defendant admits the same.

5. For answer to Paragraph 5 of AGIC's Complaint, Defendant admits it is incorporated in Michigan with the principle place of business in Indianapolis, Indiana. Defendant admits that it has done business in the State of Washington.

6 - 17. For answer to Paragraphs 6 through 17 of AGIC's Complaint, Defendant is without sufficient information to admit or deny and therefore denies the same.

III. GENERAL ALLEGATIONS APPLICABLE TO ALL CLAIMS FOR RELIEF

18. For answer to Paragraph 18 of AGIC's Complaint, Defendant admits or denies as set forth above.

19. For answer to Paragraph 19 of AGIC's Complaint, Defendant is without sufficient information so as to admit or deny the allegations of this Paragraph regarding the source of this litigation (there are many different lawsuits that have been filed in both State and Federal Court), or the nature of the bonds issued as alleged, how they were to be "retired", or what the status of garage revenues is, and therefore denies same. Defendant further affirmatively states that it was not involved in any bond sale or purchase.

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20. For answer to Paragraph 20 of AGIC's Complaint, Defendant admits that AGIC has brought claims against the Defendant in this action, seeking relief as set forth in AGIC's Complaint. Defendant denies that AGIC has either relied on any work performed by Walker Parking Consultants for the City of Spokane, or that it incurred any damages. Defendant denies the remainder of the Paragraph.

IV. WRONGFUL CONDUCT ON THE PART OF THE DEFENDANTS

21. For answer to Paragraph 21 of AGIC's Complaint, Defendant denies the same. Defendant further affirmatively states that it was not involved in the issuance of the Bonds.

22. For answer to Paragraphs 22 and 23 of AGIC's Complaint, Defendant is without sufficient information to admit or deny and therefore denies the same.

23. For answer to Paragraph 24 of AGIC's Complaint, Defendant is without sufficient information to admit or deny and therefore denies the same.

24. For answer to Paragraph 25 of AGIC's Complaint, Defendant admits that it issued a Feasibility Analysis on June 14, 1996. Defendant admits that it issued certain calculations 1995 that may or may not have been incorporated in an analysis performed by Ernst & Young. Defendant denies that it issued a "report" in 1995. Defendant denies AGIC's description of the so-called "Walker/Ernst & Young Report" as inaccurate. Defendant is without sufficient information to admit or deny the remainder of the Paragraph and therefore denies the same.

26. For answer to Paragraph 26 of AGIC's Complaint, Defendant is without sufficient information to admit or deny that the OS was false or misleading and therefore denies the same.

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Defendant further affirmatively asserts that it did not prepare or participate in the preparation of the OS. Defendant denies the remainder of that Paragraph as inaccurate.

27. For answer to Paragraph 27 of AGIC's Complaint, Defendant is without sufficient information to admit or deny and therefore denies the same.

28. For answer to Paragraph 28 of AGIC's Complaint, Defendant denies that any cash flow projections in its feasibility analysis were grossly inflated. Defendant is without sufficient information to admit or deny and therefore denies the remainder of the Paragraph.

29. For answer to Paragraph 29 of AGIC's Complaint, Defendant is without sufficient information to admit or deny and therefore denies the same.

30.-34. For answer to Paragraphs 30 through 34 of AGIC's Complaint to the extent that AGIC's Complaint alleges that the OS is misleading pursuant to any action taken by Walker Parking Consultants, Defendant denies the same. Defendant is without sufficient information to admit or deny the remainder of the Paragraph and therefore denies the same.

35. For answer to Paragraph 35 of AGIC's Complaint, Defendant was not in any way involved in the preparation of the POS or the OS and therefore is without sufficient information to admit or deny the allegations of the Paragraph, and therefore denies the same.

36. For answer to Paragraph 36 of AGIC's Complaint, Defendant was not in any way involved in the preparation of the POS and OS and therefore is without sufficient information to admit or deny the allegations of the Paragraph, and therefore denies the same.

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37. For answer to Paragraph 37 of AGIC's Complaint, was not involved in any way in the issuance of the bonds and therefore Defendant lacks sufficient information to admit or deny the allegations of the Paragraph, and therefore denies the same.

38. For answer to Paragraph 38 of AGIC's Complaint, Defendant admits that Walker Parking Consultants issued a financial feasibility analysis and two update reports dated April 22, 1998 and June 29, 1998. Defendant denies the remainder of the Paragraph.

39. For answer to Paragraph 39 of AGIC's Complaint, Defendant denies the same. Walker further affirmatively asserts that the information used in the feasibility analysis was provided to it by third parties, at the direction of the City of Spokane, and that the information did not originate with Walker Parking Consultants.

40. For answer to Paragraph 40 of AGIC's Complaint, Defendant denies that Walker knowingly issued any false information in the feasibility analysis, or even that any of the information in any work performed by Walker Parking Consultants was "false". Defendant lacks sufficient information to admit or deny the remainder of the Paragraph and therefore denies the same.

41. For answer to Paragraph 41 of AGIC's Complaint, Defendant was not involved in the City's decision to hire Auble & Associates and Daniel Barrett to provide analysis with respect to the garage, and therefore lacks sufficient information upon which to admit or deny those allegations, and therefore denies same. Defendant lacks sufficient information to admit or deny any knowledge of the City's state of mind, and lacks sufficient information to admit or deny the remainder of the Paragraph and therefore denies the same.

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42. For answer to Paragraph 42 of AGIC's Complaint, Defendant is without sufficient information to admit or deny and therefore denies the same.

43. For answer to Paragraph 43 of AGIC's Complaint, Defendant is without sufficient information to admit or deny and therefore denies the same.

44. For answer to Paragraph 44 of AGIC's Complaint, Defendant is without sufficient information to admit or deny and therefore denies the same.

45. For answer to Paragraph 45 of AGIC's Complaint, Defendant is without sufficient information to admit or deny and therefore denies the same.

46. For answer to Paragraph 46 of AGIC's Complaint, Defendant is without sufficient information to admit or deny and therefore denies the same.

47. For answer to Paragraph 47 of AGIC's Complaint. Defendant is without sufficient information to admit or deny and therefore denies the same.

48. For answer to Paragraph 48 of AGIC's Complaint, Defendant is without sufficient information to admit or deny and therefore denies the same.

V. FIRST CLAIM FOR RELIEF: VIOLATION OF SECTION 10(B) OF THE 1934 ACT (15 U.S.C. §78J) AND OF SEC RUL 10B-5 PROMULGATED THEREUNDER) ASSERTED AGAINST ALL DEFENDANTS); VIOLATION OF SECTION 20(A) OF THE 1934 ACT (15 U.S.C. §78T(A) (ASSERTED AGAINST ALL DEFENDANTS)

49. For answer to Paragraph 49 of AGIC's Complaint, Defendant admits or denies as set forth in the proceeding Paragraphs in answer to AGIC's Complaint and incorporates them herein by reference.

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50-58. For answers to Paragraph 50 through 58 of AGIC's Complaint, Defendant denies the same.

VI. SECOND CLAIM FOR RELIEF: VIOLATION OF THE SECURITIES OF WASHINGTON, RCW 21.20.430(1); 21.20.430(7) (ASSERTED AGAINST ALL DEFENDANTS)

59. For answer to Paragraph 59 of AGIC's Complaint, Defendant admits or denies as set forth in the proceeding Paragraphs in answer to AGIC's Complaint and incorporates them herein by reference.

60-76. For answer to Paragraphs 60 through 76 of AGIC's Complaint, Defendant denies same.

VII. THIRD CLAIM FOR RELIEF: FRAUD AND/OR AIDING AND ABETTING FRAUD (ASSERTED AGAINST ALL DEFENDANTS)

77. For answer to Paragraph 77 of AGIC's Complaint, Defendant admits or denies as set forth in the proceeding Paragraphs in answer to AGIC's Complaint and incorporates them herein by reference.

78-82. For answer to Paragraphs 78 through 82 of AGIC's Complaint, Defendant denies the same.

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VIII. FOURTH CLAIM FOR RELIEF: NEGLIGENT MISREPRESENTATION (ALL DEFENDANTS)

83. For answer to Paragraph 83 of AGIC's Complaint, Defendant admits or denies as set forth in the proceeding Paragraphs in answer to AGIC's Complaint and incorporates them herein by reference.

84-86. For answer to Paragraphs 84 through 86 of AGIC's Complaint, Defendant denies the same.

AFFIRMATIVE DEFENSES

Having fully answered AGIC's Complaint herein, and as Affirmative Defenses thereto, Defendant Walker Parking Consultants/Engineers, Inc., states:

1. AGIC fails to set forth a claim upon which relief may be granted;

2. Any losses allegedly suffered by Plaintiffs herein were due to the acts or omissions of parties, persons or entities over which this answering Defendant had no control;

3. This litigation is frivolous as to this answering Defendant;

4. The failure of any and all elements of fraud must be approved by the Plaintiff as alleged against this answering Defendant;

5. Estoppel and/or waiver; intervening/superseding acts of others; statute of limitations; losses claimed were based upon market factors over which this Defendant had no control;

6. Res judicata and/or collateral estoppel;

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7. This Defendant is not jointly and/or severally liable for any of the losses claimed by Plaintiff;

8. Economic loss rule;

9. Scienter; and

10. This answering Defendant reserves the right to amend this answer to include additional affirmative defenses as discovery continues.

WHEREFORE, Defendant Walker Parking Consultants/Engineers, Inc. prays for the following:

1. Dismissal of Plaintiff Intervener AGIC's claims against it, with prejudice;

2. An award of this Defendant's attorney's fees and costs incurred in investigating and defending this action; and

3. For such other and further relief that this court determines is just and equitable under the circumstances.

DATED this 9th day of January, 2002.

EVANS, CRAVEN & LACKIE, P.S.

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I hereby certify that on the 9th day of January, 2002, a true and correct copy of the foregoing was mailed, postage prepaid, to:

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CERTIFICATE OF SERVICE

I hereby certify that on the 9th day of January, 2002, a true and correct copy of the foregoing was personally served the following counsel of record, at their office addresses listed below, by leaving a copy of same with the receptionist:

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