



NEWS RELEASE

September 30, 2010
FOR IMMEDIATE RELEASE

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Lowney Asks Court for \$98 Million; Court Awards Him \$0

OLYMPIA—The Building Industry Association of Washington today scored an enormous victory when Thurston County Superior Court Judge Carol Murphy awarded liberal activist attorney Knoll Lowney ZERO damages in his politically motivated lawsuit against the association.

After alleging BIAW staff and unpaid, volunteer trustees “skimmed” and “embezzled” money and after spending three years and \$3 million pursuing the lawsuit against BIAW, Lowney’s only “victory” was the judge’s determination that BIAW had committed some paperwork and accounting procedure violations of the trust associated with BIAW’s retrospective ratings program, Return On Industrial Insurance (ROII).

The judge ruled the trust which handles ROII funds must provide an annual statement to beneficiaries. And BIAW can no longer co-mingle trust funds. This means BIAW simply has to set up a separate checking account for the trust. While the judge ruled the funds should not have been co-mingled, she found all of the trust money managed by BIAW (\$200 million) was accounted for—none of it was missing or improperly diverted.

The judge further ruled the earned interest BIAW retained from the trust funds was an asset of the trust, but because of the vast array of services BIAW provided the trust, which she called “substantial,” she found it to be insignificant. Again, she found no damage was done to the beneficiaries. In fact, the judge noted BIAW-MSC provides valuable services to the trust and the unpaid, volunteer trustees have done a good job representing and protecting the interests of beneficiaries. MSC simply has to bill the trust for these services, or change the contract.

So while the judge determined there were some technical, accounting procedure and paperwork trust violations, she denied all of the extreme “remedies” sought by Lowney and his plaintiffs (having an independent party oversee the trust, etc.) and awarded them no money because the minor violations resulted in no damages to beneficiaries.

“After dealing with Knoll Lowney for three years, and spending millions of dollars defending against his scurrilous accusations, BIAW is pleased a judge has ruled that Lowney did not deserve one penny,” said BIAW Executive Vice President Tom McCabe. “BIAW’s ROII program and the trust were set up by BIAW members, and continue to be run by BIAW members

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for the benefit of BIAW members,” said McCabe. “The BIAW members who volunteer to serve as trustees do an outstanding job representing the interests of the trust beneficiaries, and the judge acknowledged this. They will quickly respond to Judge Murphy’s ruling and do some things more formally in the future.”

“This is a huge victory,” said McCabe. “Lowney sought \$98 million and lost.”

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Known as the “champion of affordable housing,” the Building Industry Association of Washington is the largest trade association in Washington State, representing over 250,000 families and more than 11,000 member companies involved in the homebuilding business.