

FILED
SUPREME COURT
STATE OF WASHINGTON
8/7/2020 9:49 AM
BY SUSAN L. CARLSON
CLERK

Supreme Court No. 98756-4

SUPREME COURT
OF THE STATE OF WASHINGTON

JEAN AND MICHAEL REID,

Appellants,

v.

JULIE AND THOMAS CARNEY,

Respondents.

ANSWER TO PETITION FOR REVIEW

Mario A. Bianchi, WSBA #31742
Attorneys for Respondents
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TABLE OF CONTENTS

I. INTRODUCTION.....1

II. STATEMENT OF THE CASE.....2

III. ARGUMENT.....3

IV. CONCLUSION5

APPENDIX.....A-1 – A-24

TABLE OF AUTHORITIES

CASES

Housing Authority of King County v. Saylor, 87 Wn.2d 732,
557 P.2d 321 (1976)4
State v. Ashbaugh, 90 Wn.2d 432, 583 P.3d 1206 (1978).....4

RULES

RAP 13.4(a) 1
RAP 13.4(b)..... 1, 3, 5
RAP 13.4(b)(1)4
RAP 13.4(b)(2)4
RAP 13.4(b)(3)4

CONSTITUTIONAL PROVISIONS

Washington Const. Art. 1, § 224

I. INTRODUCTION

On March 10, 2020, the Court Administrator/Clerk of the Court of Appeals, Division 1, dismissed Michael and Jean Reids' appeal for repeated failure to follow the Court of Appeals' scheduling orders for perfecting the record on review.¹ *See* App. 2. On April 8, 2020, the Reids challenged the Court Administrator's dismissal of their appeal by filing a Motion to Modify Clerk's Ruling Dismissing Appeal. A three judge panel of the Court of Appeals, Division 1, properly reviewed the appropriateness of the Court Administrator's decision to dismiss the appeal, and on June 9, 2020 entered a summary Order Denying Motion to Modify (the "Decision"). *See* App. 3-4. The Order Denying Motion to Modify became the decision terminating review, subject to review by the Supreme Court consistent with RAP 13.4(a) and (b).

The Reids now petition this Washington Supreme Court to review the Court of Appeals' Decision denying the Reids' Motion to Modify the Court Administrator's dismissal of their case. However, the Court of Appeals' denial of the Reids' Motion to Modify, does not fit within the purview of RAP 13.4(b), and is not appropriate for review by the Supreme Court. Respondent Carneys respectfully request that this court deny the

¹ The circumstances that gave rise to the Court Administrator's dismissal of this case occurred well prior to the current health pandemic presently affecting our world.

Reids' petition for review.

II. STATEMENT OF THE CASE

This case concerns a dispute between former partners (the Reids and the Carneys) of a failed real estate development project located in Whatcom County. The parties' dispute came before the Honorable Deborra Garrett of the Whatcom County Superior Court in a bifurcated six day bench trial held in February and April 2019. At the conclusion of the trial, on July 19, 2019, the Court entered Findings of Fact and Conclusions of Law awarding the Carneys the real property and also awarding Carneys a Judgment against the Reids in the amount of \$210,927.00. App. 5-17. Thereafter, on August 16, 2019, the Court entered final Judgment including entering orders preventing Appellants from further interfering with the real estate development. App 18-24.

Unhappy with the result of the trial, the Reids appealed to Division 1 of the Court of Appeals. However, the Reids failed to comply with the established case schedule orders, including missing multiple deadlines for the filing of their Statement of Arrangements ("SOA") and Designation of Clerk's Papers. On March 10, 2020, the Court Administrator/Clerk denied the Reids' request for further extension and dismissed their appeal. App. 2.

On April 8, 2020, the Reids filed a Motion to Modify Clerk's Ruling Dismissing Appeal, which the Carneys opposed. A three judge panel of the

Court of Appeals, Division 1, properly reviewed the appropriateness of the Court Administrator's decision to dismiss the appeal, and on June 9, 2020 entered a summary Order Denying Motion to Modify (the "Decision"). App. 3-4. The Order Denying Motion to Modify is the decision terminating review, and it is from this terminating decision of the Court of Appeals that the Reids request review by this Supreme Court.

III. ARGUMENT

Rules of Appellate Procedure, 13.4(b) provides:

(b) Considerations Governing Acceptance of Review. A petition for review will be accepted by the Supreme Court only:

(1) If the decision of the Court of Appeals is in conflict with a decision of the Supreme Court; or

(2) If the decision of the Court of Appeals is in conflict with a published decision of the Court of Appeals; or

(3) If a significant question of law under the Constitution of the State of Washington or of the United States is involved; or

(4) If the petition involves an issue of substantial public interest that should be determined by the Supreme Court.

See RAP 13.4(b). The Court of Appeals' exercise of its discretion to deny the Reids' Motion to Modify simply does not qualify for review by the Supreme Court.

First, the Court of Appeals' Decision in this case is not conflict with

any decision of this Supreme Court (RAP 13.4(b)(1)), or with any published decision of the Court of Appeals (RAP 13.4(b)(2)). The Reids do not cite to any case in conflict with the Decision which requires this Supreme Court's intervention. The Decision in this case does not resolve a controversial legal issue on its merit, but rather dismisses the Reids' appeal for blatant and repeated failure to follow the rules necessary to provide the Court of Appeals with an appropriate record for review.

Second, the Court of Appeals' Decision does not present a significant question of law under the Constitution of the State of Washington or the United States which is appropriate for review by this Court. (RAP 13.4(b)(3)). Although the Reids offer a single summary sentence that "the right to appeal is a constitutional right," citing *State v. Ashbaugh*, 90 Wn.2d 432, 583 P.3d 1206 (1978), that constitutional right is only for criminal cases. See *Housing Authority of King County v. Saylor*, 87 Wn.2d 732, 557 P.2d 321 (1976), citing Washington Const. Art. 1, § 22. The right to a civil appeal, if it exists, is one granted by the legislature and permissibly allowed by court rules, not one of constitutional import. *Id.* In any event, the Court of Appeals' Decision in this case did not attempt to, nor resolve, the question of whether the Reids had a constitutional right of appeal. The Court of Appeals simply reviewed the Court Administrator's decision to dismiss the Reids' appeal for failure to follow court rules, and

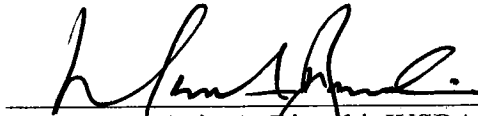
that the decision should not be modified.

Finally, the petition filed in this case does not concern an issue of substantial public interest that should be determined by this Supreme Court. This case involved a private business dispute between partners which was resolved in a bench trial through the straightforward application of long-established and uncontroversial contract, partnership, and tort laws, to the facts of this case. There is no public interest in either the facts of this case or the application of the law in this case, let alone with respect to the decision terminating review (summarily denying modification the Court Administrator's decision to dismiss the Reids' appeal).

IV. CONCLUSION

This case does not qualify for Supreme Court review under RAP 13.4(b). The respondent Carneys respectfully request that this Court deny the Reids' petition for review.

Respectfully submitted this 7th day of August, 2020



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CERTIFICATE OF SERVICE

I certify that on August 6, 2020, I caused a copy of the foregoing document to be served via first class U.S. mail, postage prepaid and email, to the following:

Michael Reid
P.O. Box 2178
Blaine, WA 98231
jeansdominoeffect@gmail.com

Jean Reid
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I certify that on August 6, 2020, I caused a copy of the foregoing document to be served via the Court of Appeals' appellate portal to the following:

Nathan L. McAlister
1313 E. Maple St., Suite 208
Bellingham, WA 98225-5708



Lee Brewer

RICHARD D. JOHNSON,
Court Administrator/Clerk

*The Court of Appeals
of the
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DIVISION I
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January 27, 2020

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CASE #: 80581-9-I

Michael Reid and Jean Reid, Appellants v. Julie Carney and Thomas Carney, Respondents

Counsel:

The following notation ruling by Richard D. Johnson, Court Administrator/Clerk of the Court was entered on January 24, 2020, regarding Appellant's Motion to Extend Time to File Report of Proceedings until February 28, 2020:

The appellants are responsible for the timely perfection of the record on appeal. The motion does not comply with RAP 9.5 (b) in that there is no affidavit from the court reporters. If all verbatim reports are not filed by 2-28-20, the case will be dismissed without further notice.

Sincerely,



Richard D. Johnson
Court Administrator/Clerk

HCL

*The Court of Appeals
of the
State of Washington*

RICHARD D. JOHNSON,
Court Administrator/Clerk

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March 10, 2020

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CASE #: 80581-9-I

Michael Reid and Jean Reid, Appellants v. Julie Carney and Thomas Carney, Respondents

Counsel:

The following notation ruling by Richard D. Johnson, Court Administrator/Clerk of the Court was entered on March 10, 2020, regarding Appellant's Motion to Amend Statement of Arrangements and Extend Time to File Report of Proceedings:

As the conditions of the January 24, 2020 ruling have not been met, the appeal is accordingly dismissed.

Please be advised a ruling by a Clerk "is not subject to review by the Supreme Court." RAP 13.3(e)

Should counsel choose to object, RAP 17.7 provides for review of a ruling of the Clerk. Please note that a "motion to modify the ruling must be served... and filed in the appellate court not later than 30 days after the ruling is filed."

Sincerely,



Richard D. Johnson
Court Administrator/Clerk

HCL

AZ

*The Court of Appeals
of the
State of Washington*

RICHARD D. JOHNSON,
Court Administrator/Clerk

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June 9, 2020

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CASE #: 80581-9-1

Michael Reid and Jean Reid, Appellants v. Julie Carney and Thomas Carney, Respondents

Counsel:

Please find enclosed a copy of the Order Denying Motion to Modify the Commissioner's ruling entered in the above case today.

The order will become final unless counsel files a petition for review within thirty days from the date of this order. RAP 13.4(a).

Sincerely,



Richard D. Johnson
Court Administrator/Clerk

enclosure

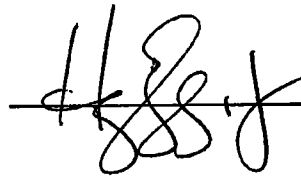
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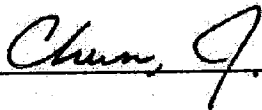
THE COURT OF APPEALS OF THE STATE OF WASHINGTON
DIVISION ONE

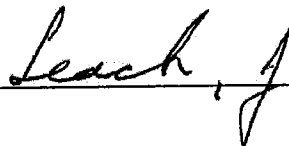
MICHAEL REID AND JEAN REID,)	No. 80581-9-1
)	
Appellants,)	
)	ORDER DENYING MOTION
v.)	TO MODIFY
)	
JULIE CARNEY AND THOMAS)	
CARNEY,)	
)	
Respondents.)	

Appellants, Michael Reid and Jean Reid, have filed a motion to modify the clerk's March 10, 2020 ruling denying discretionary review. The respondents, Julie Carney and Thomas Carney, have filed a response. We have considered the motion under RAP 17.7 and have determined that it should be denied. Now, therefore, it is hereby

ORDERED that the motion is denied.







SCANNED

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FNFLC 260
Findings of Fact and Conclusions of Law
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FILED
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WHATCOM COUNTY
WASHINGTON

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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
FOR WHATCOM COUNTY

12

MICHAEL REID and JEAN REID,
individually and on behalf of their marital
community,

13

14

Plaintiff,

15

16

vs.

17

JULIE CARNEY and THOMAS CARNEY,
individually and on behalf of their marital
community,

18

19

Defendant.

20

21

The background facts are described in the Court's Findings of Fact and Conclusions of Law re Existence and Termination of Partnership entered March 15, 2019 and incorporated into these Findings and Conclusions. Facts pertinent to the damages issues before the Court in the second portion of this trial are as follows.

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FINDINGS OF FACT, CONCLUSIONS OF LAW,
AND ORDER OF THE COURT

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FINDINGS of FACT

1. The claims in this case are based on the parties' agreement to work together to develop the Lincoln Road / Ramstead property. Their agreement was verbal; their financial transactions were complex and, for the most part, poorly documented; neither party kept an ongoing accounting of the transactions between the parties or the transactions of the partnership. These deficits have affected both parties' ability to sustain the burden of proof on their respective claims against each other, and require the Court to make reasonable inferences and estimates in determining the damages in this case.

2. The parties' relationship began with an agreement that Michael Reid would purchase the Lincoln Road property from Julie Carney. Memorialized in a Real Estate Purchase and Sale Agreement (REPSA), the transaction did not occur as planned, and the parties subsequently agreed that Reid and his wife would rent the property, making payments on it as they were able to do so, until they had paid the purchase price¹. This was memorialized in the only written agreement in the case, the rental agreement the parties signed in March 2001.

3. The Lincoln Road property had been purchased by Julie Carney and her husband in 1992. The property secured a loan, the balance of which was approximately \$198,000 in 2006. The evidence does not establish the loan balance or the market value of the property in 2001.² Based on the REPSA sale price and the balance on the mortgage then securing the property, the property, in its encumbered status, had a net value of 0 in 2001 and in 2006.

¹ I do not credit Jean Reid's testimony that Julie Carney also promised to pay the Reids \$50,000 on purchase of the property, as this would not have been commercially reasonable. Any such commitment would have been rendered moot, in any event, by the fact that a sales transaction did not occur.

² The Reids' contention that Carney did not tell them of any encumbrance on the property is inconsistent with their Complaint, which refers to an encumbrance. The mortgage was recorded and Jean Reid, as a real estate agent, would have been able to access the public record easily. To the extent that the issue is material, I find that the Reids were aware at least in general terms of the mortgage on the property in 2000.

1 4. The financial arrangements between the Reids and the Carneys were unusual. Between
2 approximately 2001 and 2005, Michael Reid, or Jean Reid on his behalf, made numerous
3 payments to Julie Carney. Most of these payments were reimbursements to Carney for the
4 Reids' living expenses, which Carney was paying for them, apparently in an effort to avoid
5 unfavorable exchange rates while the Reids were living in Canada. Several payments were made
6 toward the purchase of the property:

- 7
- 8 a. a payment of \$20,000 was made toward the property purchase in 2001 and
acknowledged in the rental agreement. This payment is undisputed³.
 - 9 b. Two payments totaling approximately \$35,475 were made in 2003, in Canadian
10 dollars. Discounting by 20%, the average discount rate over the years, the Court
estimates the payments at \$28,000 and credits that amount to Michael Reid.
 - 11 c. A payment of \$25,000 was made in September 2005, from a larger amount, \$60,000,
12 that Reid had transferred to Carney from funds he received for the sale of an
unrelated property. (The remaining \$35,000 was repayment to Carney for her
13 payment of the Reids' living expenses.)
 - 14 d. The remaining payments from Reid to Carney between 2001 and 2006 were
15 reimbursement for living expenses she had paid on his behalf.

16 5. In May 2006, Julie Carney and Michael Reid purchased a parcel of land contiguous to the
17 Lincoln Road property, calling it "Ramstead" after the family from whom they purchased it.
18 The price was \$155,000. Carney paid the purchase price and both parties took title as co-owners
19 of the Ramstead property.

20 6. Julie Carney took a loan of \$210,000 in May 2006. The proceeds net of loan costs were
21 \$203,000. \$155,000 of these funds paid for the purchase of the Ramstead property; \$20,000 was
22 distributed to Michael Reid, and \$28,000 was distributed to Julie Carney. The loan was made
23

24 ³ The agreement was that Michael Reid would pay \$23,000 with \$3000 to be spent on several repairs and
improvements, and \$20,000 to be credited toward the purchase price. This is confirmed in the one written
25 agreement between the parties, the 2001 rental agreement. I do not credit the Reids' contention that the full \$23,000
was paid toward the purchase of the property.

1 by PNC bank and secured by the Carneys' home in eastern Washington. This loan was an
2 obligation of the partnership.

3 7. Michael Reid and Julie Carney agreed to be equal partners in an effort to develop and
4 market the Lincoln Road and Ramstead parcels together as one property. They agreed to share
5 both the profits and the expenses of developing the property, including any debt incurred in the
6 process. I do not credit testimony that the parties agreed that Julie Carney would be solely
7 responsible for debt incurred against the property because that arrangement would not have been
8 reasonable or logical in the circumstances, and is inconsistent with the statements made by the
9 parties and their representatives.
10

11 8. Later in May 2006, Julie Carney took two loans in the amounts of \$315,000 and \$84,000.
12 \$198,000 of these funds was applied to paying off the loan against the Lincoln Road property.
13 \$84,000 was distributed equally, with most of Reid's share applied to reimbursement to Carney
14 for expenses, including the purchase of a truck, which she had paid on his behalf. The remaining
15 funds were applied to loan fees; to pay partnership expenses and/or to establish a partnership
16 bank account. The loans were in Julie Carney's name, but they were a partnership obligation.
17

18 9. Throughout this time, both parties believed that the combined Lincoln/Ramstead property
19 had a high commercial value and that its development and/or sale would yield funds more than
20 sufficient to pay all debts and expenses they had incurred.

21 10. In approximately August 2007, the parties took another loan against the property, from an
22 individual named Kevin Loveall. The loan was \$200,000 and the proceeds after loan costs were
23 \$192,000. Reid received \$35,000 of these funds; Carney received \$13,000; and the remaining
24 funds were deposited to an account at Peoples Bank.
25

A-8

1 11. Between 2006 and 2010, Julie Carney wrote checks totaling \$82,500. to Michael Reid:
2 \$40,000 in 2006; \$10,000 in 2007; \$8500 in 2008; \$13,000 in 2009; \$11,000 in 2010. Reflected
3 in Exhibits 69 through 74, these appear to be distributions to him to fund his living expenses,
4 based on the parties' correspondence at the time. The parties appear to have considered these
5 payments loans against the profits they anticipated on the sale of the property. However, the
6 checks were written on the account of Julie Carney and her husband.

7
8 12. Julie Carney may have received some payment from partnership assets during this time
9 period, beyond the distributions listed in these Findings, but the record of partnership expenses
10 and payments is not complete or organized. It is undisputed that Julie Carney was paying the
11 costs of debt service on a monthly basis during this time period.

12 13. In November 2009, Reid and Carney applied for a conditional use permit which would
13 permit more intensive development of the property, thus increasing its value. When their
14 application was denied by Whatcom County authorities, the parties agreed to appeal. They
15 obtained legal counsel and pursued an appeal that ultimately resulted in the issuance of the
16 conditional use permit they sought. The appeal was initiated during their partnership and was
17 pending when Michael Reid was dissociated from the partnership in November 2011.

18 14. The partnership incurred substantial development costs and legal expenses in the effort to
19 plan and obtain the permit to develop this property, and these are itemized later in these
20 Findings. Some of these costs were paid from the partnership funds account at Peoples Bank;
21 most were paid directly by Julie Carney.

22
23 15. At some point before or around 2009, the Reids stopped paying rent on their residence on
24 the Ramstead Property. Carney filed an unlawful detainer proceeding in the Whatcom County
25

1 Superior Court, seeking a writ of restitution and a judgment for unpaid rent⁴. This ultimately led
2 to Michael Reid's petition in bankruptcy, which the Court determined dissociated him from the
3 partnership. The parties stipulated that the dissociation date is November 7, 2011.

4 16. Despite their personal animosity, the Reids and the Carneys continued to pursue their
5 appeal in the land use case, authorizing their legal counsel and land use consultant to continue
6 that appeal in both their names. They ultimately prevailed on the appeal, and the requested
7 conditional use permit was issued in 2016.

8 17. Throughout their litigation in other cases and in the pretrial stages of this case, the parties
9 believed that the value of the property was between two million and four and a half million
10 dollars. This was based on their own informal assessments of the property and their discussions
11 with William Follis, who had performed an appraisal of the property in 2011.⁵ The record does
12 not indicate whether the parties believed this to be the value of the property in its developed or
13 undeveloped state.

14 18. Both parties presented evidence of the value of the partnership's sole asset, the
15 Lincoln/Ramstead property. The defendants' expert, Kevin Clarke, appraised the property in
16 light of local market conditions. He studied area markets and determined that demand is not
17 sufficient to support a facility of the size and type the parties contemplated, particularly in the
18 proposed location, which is not near medical and other necessary services. Comparing the value
19 of the finished project to other residential facilities on a per unit and per square foot basis, he
20
21

22 _____
23 ⁴ That matter, Whatcom County Superior Court Docket No. 10-2-03289-1, was later settled and dismissed, and still
24 later was joined with the instant case.

25 ⁵ Although the two appraisals done by Mr. Follis, in 2011 and 2018 respectively, were not admitted in evidence, the
testimony of both parties indicated that based on the appraisals, both parties believed that the value of the property
was within this range.

A-10

1 testified that the value of the finished project would be significantly less than the expenses of
2 building it. The Court credits this testimony based on the witness's qualifications, the logic of
3 his reasoning, and the lack of substantial rebutting evidence.

4 19. Based on his conclusions about the local market and the imbalance between building
5 costs and finished value for a large residential facility, Mr. Clarke testified that the highest and
6 best use of the property is not development under the conditional use permit, but as a residence
7 with associated acreage. He testified that the value of the full 15 acre property was
8 approximately \$295,000 in 2011 when the dissociation occurred.

9 20. While the Court credits Mr. Clarke's evidence and opinions regarding the market for a
10 facility like the one the parties planned, it does not fully accept his appraisal of the 2011 market
11 value of the combined properties. The Court believes that the purchase prices of the Lincoln
12 and Ramstead properties, in 2000 and 2006 respectively, should be reflected in the combined
13 properties' value in 2011. The Lincoln Road's price was \$179,900 in 2000 and the Ramstead
14 property price was \$155,000 in 2006. The Court takes judicial notice of the fact that real estate
15 values in the area rose dramatically between 2000 and 2008; dropped significantly in 2008; and
16 began to rise again in late 2009 and early 2010. The Court has also considered the testimony of
17 the parties' land use consultant, Bill Geyer, indicating that a conditional use permit generally
18 adds 20 to 35 percent to the value of a property. Based on all the evidence the Court finds that
19 the market value of the combined properties was \$450,000 in November 2011.

20 21. The Court does not find the evidence of a higher value to be persuasive. The plaintiffs'
21 proposed value is based on an interrogatory answer Julie Carney made in 2012 in another case,
22 when she, like the Reids, believed the value to be two million dollars; and on a 2017 offer to
23 purchase the property for \$4 million, subject to contingency studies. The Court does not believe
24
25

FINDINGS OF FACT, CONCLUSIONS OF LAW,
AND ORDER OF THE COURT

1 the offer to be indicative of the property's value, for several reasons. There was no followup to
2 the offer, which was later withdrawn; the broker involved testified that the potential buyer
3 withdrew the offer after failing to find an operator for the project. There is no evidence that the
4 buyer had experience or knowledge of real estate and local markets; no indication of negotiation
5 or even any discussion of the offer; and no evidence of a reason for the withdrawal other than the
6 broker's hearsay statement about the buyer's inability to find an operator for the project. These
7 facts are not consistent with a well considered, commercially reasonable offer.

8
9 22. The Court has valued the partnership's asset, the Lincoln/Ramstead property, at \$450,000
10 in November 2011. To determine the value of Michael Reid's interest in this partnership in
11 November 2011, the Court has considered his contributions to the partnership; the distributions
12 he received from the partnership; and the debts and expenses incurred by the partnership while
13 he was a partner.

14 a. Contributions. Michael Reid paid a total of \$73,000 into the partnership
15 between 2001 and 2005.

16 b. Distributions. The distributions described in Findings 6, 8, 10 and 11 total
17 \$179,500.

18 c. Partnership expenses. Partnership expenses shown in the record (Exhibits
19 62 – 68; 110; 239) are:

- 20 1) TSI fees: \$12,484 (\$7151 pre dissociation)
 - 21 2) Tembe fees: \$15,346
 - 22 3) Geyer fees: \$31,845 (\$12,695 pre-dissociation)
 - 23 4) Atty. Klinge fees: \$154,963 (\$24,000 pre-dissociation)
 - 24 5) Bredburg, Merit and Widener fees, 2010: \$14,523 (\$4600 pre-
25 dissociation)
 - 6) Freeland fees \$23,376 (\$16431 pre-dissociation)
 - 7) Other fees (Ex 68) \$1731 (\$1231 pre-dissociation)
 - 8) Birch Bay Water and Sewer: \$3000 (\$800 pre-dissociation)
- Total: \$242,765 (\$82,254 pre-dissociation)

d. Partnership debt. The partnership debt was \$806,000 in November 2011.
Those funds had been or would be allocated as follows:

1 Development expenses \$242,765
 2 Pay off Lincoln Rd. mortgage \$198,000
 3 Distributed to Reid: \$179,500
 4 Distributed to Carney: \$83,000
 5 Loan fees, PNC Bank (\$6000), Gildness loan (\$6700), Chicago Title (K.
 Loveall loan May 2007, \$7500): \$20,200
 6 Total \$723,465

7 The record does not contain evidence about the disposition of the funds
 8 remaining from the 2006-7 loans, which were about \$80,000, but does
 9 indicate that debt service costs began in mid 2006 and rose in 2007 when
 10 the \$200,000 Loveall loan was taken. It is logical to assume that the
 11 remaining funds from the 2006-7 loans, which were about \$80,000, were
 12 spent on debt service from mid 2006 through December 2007. Debt
 13 service expense is listed in subparagraph (e), below.

14 e. Michael Reid's share of partnership debt would be half of the expenditures
 15 for the partnership, and all of the funds allocated solely to him. His share is thus:

16 Development expenses
 17 50% of pre 11/7/11 expenses .5 x \$82,254 = \$41,127
 18 Lincoln Mortgage payoff (50%) .5 x \$198,000 = \$99,000
 19 Distributions to Reid (\$100%): \$179,500
 20 Loan fees (50%) .5 x \$20,200 = \$10,100
 21 Loan proceeds applied to debt service
 22 mid 2006 - Dec. 2007 (50%) .5 x 80,000 \$40,000
 23 Subtotal \$369,727

24 Debt service costs, at \$5300 per month, total \$249,100 for the period January 1,
 25 2008 through December 1, 2011. Reid's half of those costs is \$124,550.

26 Debt service costs \$124,550
 27 Subtotal (total liabilities) \$494,277

28 Reid is entitled to a credit of \$73,000 for the payments he made into the
 29 partnership, which were seen at the time as payments toward the purchase of 4610
 30 Lincoln Road.

31 Credit \$73,000
 32 Subtotal \$421,277

A-13

1
2 Michael Reid's share of the partnership debt in November 2011 was \$421,277.
3 His share of the asset was \$225,000. The final value of his partnership interest in
4 November 2011 was a negative amount: -\$196,277. This is the amount he would have
5 been entitled to receive had the partnership and its assets and liabilities been liquidated on
6 November 7, 2011.

7 23. Defendants paid Michael Reid a total of \$14,000 in payments of \$2000 over a period of 7
8 months in 2013. Defendants are awarded judgment for this amount, which shall be added to the
9 amount of the judgment entered herein. The total judgment is \$210,277.

10 24. Plaintiffs' Other Claims. The plaintiffs also contend that Julie Carney hired Jean Reid to
11 obtain financing for developing the project; that Reid worked forty hours a week, fifty weeks a
12 year, in this effort; and that Carney or the partnership violated the partners' duties; breached her
13 asserted verbal contract of employment, and violated the wage payment statute (RCW 49.48 and
14 RCW 49.46). At trial, Carney denied making such an agreement. The Court resolves the factual
15 issues against the plaintiff. In addition, the applicable statutes of limitation on these claims have
16 expired; see Conclusions of Law.

17 25. Defendants' Counter claims. The defendants claim that the plaintiffs failed to repay Julie
18 Carney for funds she loaned them; breached their fiduciary duties to the partnership by filing a
19 bankruptcy action to disrupt their efforts to rent the Lincoln Road property; committed fraud by
20 failing to disclose the true state of Michael Reid's finances, in order to induce Carney to loan
21 them funds for living expenses. The record evidence is not sufficient to sustain the burden of
22 proof on any of these claims.

23 Based on the foregoing Findings of Fact, the Court makes the following

24 CONCLUSIONS of LAW

25 1. The parties' agreement to develop the Lincoln Road property and later, the Ramstead
property, sharing equally in expenses, profits and responsibility for loan repayment, was a

1 partnership agreement, and the evidence of that agreement is sufficient to overcome the
2 presumption (RCW 25.05.065 (4)) that the property is separate property. The Lincoln Road
3 property was partnership property by May 2006 and remained so when Michael Reid's
4 partnership ended in November 2011.

5 2. Michael Reid was an equal partner from May 2006 until November 7, 2011. His interest
6 in the partnership on that date included a half share of the partnership's sole asset, real property
7 with a value of \$450,000, and a half share of the partnership liabilities that were current as of
8 November 2011. As described in Finding 22, the net value of Michael Reid's partnership share
9 was -- -\$196,277 (negative \$196,277) on November 7, 2011. Julie Carney is entitled to a
10 judgment in that amount, and in the amount described in Finding 23, above. The total judgment
11 awarded to defendant Carney is \$210,277.
12

13 3. Julie Carney is entitled to full ownership of the 4610 Lincoln Road property and the
14 Ramstead property, subject to the liens and encumbrances existing on those properties. Julie
15 Carney is responsible for satisfying all encumbrances against these properties.

16 4. Given the history of hostility between the parties in their various contacts in the past, the
17 Court entered an Order on July 9, 2019, in followup to a verbal Order made on June 14, 2019,
18 requiring both parties to refrain from contacting each other except through their respective legal
19 counsel. That Order should remain in effect until all proceedings in this case have ended and the
20 case is closed by order of this Court.
21

22 5. Prejudgment interest is not ordered, as the damages amounts were far from liquidated and
23 required detailed assessment and resolution of numerous issues of fact, regarding both
24 entitlement to damages and amounts of damages established by the evidence at trial.
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ORDER AND DECREE

Therefore, the Court enters JUDGMENT pursuant to CR 58 as follows.

1. The Court judicially decrees that Michael Reid was dissociated from the Lincoln Park Partnership as of November 7, 2011.

2. Judgment is awarded in favor of the defendants and against plaintiff Michael Reid in the amount of \$210,277.

3. All right and title to the Lincoln Park Real Estate is hereby quieted in Julie Carney, free from any claims of ownership or possession by the plaintiffs.

4. All lis pendens recorded against the Lincoln Park Real Estate in connection with this matter are hereby terminated and deemed removed from title.

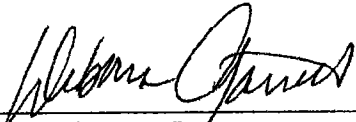
5. The Court orders an injunction preventing plaintiffs Michael and Jean Reid from interference with the defendant Carneys' exercise of full control of the Lincoln Park Real Estate, including the Carneys' efforts to develop and/or sell the real estate. Any action by the Reids attempting to interfere with the Carneys' ownership rights in the Lincoln Park Real Estate, including but not limited to any attempt to cloud title to the Lincoln Park Real Estate, shall be deemed a contempt of this Court and subject to terms as the Court deems reasonably appropriate.

6. This Court's Order of July 9, 2019, requiring Jean Reid, Michael Reid, Julie Carney and Thomas Carney to refrain from contacting each other except through their respective legal counsel, shall remain in effect, in the absence of any further Order from this Court, until all proceedings in this case have ended and the case is closed by order of this Court.

1 7. The defendants Carney shall supply the Court with a form of Final Judgment
2 consistent with this award, which award shall accrue post-judgment interest at the statutory
3 judgment rate now in effect.

4 8. Both parties shall bear their own legal costs and attorneys fees.

5 DATED this 19 day of July, 2019.

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8 _____
9 Deborra Garrett, Judge
10 Whatcom County Superior Court
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SCANNED 1

15-2-00660-2
JDDQT 266
Judgment and Decree Quietening Title
6346293



FILED IN OPEN COURT
8/16 20 19
WHATCOM COUNTY CLERK

By _____
Deputy

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IN THE SUPERIOR COURT IN FOR THE STATE OF WASHINGTON FOR
WHATCOM COUNTY

MICHAEL REID and JEAN REID,
individually and on behalf of their marital
community,

Plaintiffs,

v.

JULIE CARNEY and THOMAS CARNEY,
individually and on behalf of their marital
community,

Defendants.

NO: 15-2-00660-77

FINAL JUDGMENT UPON FINDINGS OF
FACT AND CONCLUSIONS OF LAW;
ORDER QUIETING TITLE TO REAL
PROPERTY AND EXTINGUISHING LIS
PENDENS AND FOR PERMANENT
INJUNCTION

(CLERK'S ACTION REQUIRED)

JUDGMENT SUMMARY

1. Judgment Creditors:	JULIE CARNEY and THOMAS CARNEY
2. Judgment Debtor:	MICHAEL REID
3. Principal Judgment Amount:	\$210,277.00
4. Interest	\$0.00 (No Pre-Judgment Interest)
5. Attorney's Fees	\$0.00
6. Costs	\$650.00 (Statutory Attorney's Fees & Recording Fees)
Total:	\$210,927.00

JUDGEMENT/ORDER

- 1

Nathan L. McAllister
Attorney at Law, P.S.
1313 E. Maple St. Suite 208
Bellingham, WA 98225
P. (360) 734-0338 F. (360) 685-4222

A-18

- 1 7. Principal Judgment Amount shall bear Interest at 12% per annum.
2 8. Attorney Fees, Costs, and Other Recovery Amounts shall bear interest at 12% per annum.
3
4 9. Attorney for Judgment Creditor: Nathan L. McAllister
5 Attorney at Law, P.S.
6 1313 E. Maple St., Suite 208
7 Bellingham, WA 98225
8 Tel: (360) 734-0338

7 ORDER

8 THIS MATTER having come before the Court upon the motion of Defendants, through
9 their attorney, Nathan L. McAllister, for entry of FINAL JUDGMENT UPON FINDINGS OF
10 FACT AND CONCLUSIONS OF LAW; ORDER QUIETING TITLE TO REAL PROPERTY
11 AND EXTINGUISHING LIS PENDENS AND FOR PERMANENT INJUNCTION, and it
12 appearing from the record that the Defendants are entitled to entry of FINAL JUDGMENT UPON
13 FINDINGS OF FACT AND CONCLUSIONS OF LAW; ORDER QUIETING TITLE TO
14 REAL PROPERTY AND EXTINGUISHING LIS PENDENS AND FOR PERMANENT
15 INJUNCTION consistent with those FINDINGS OF FACT, CONCLUSIONS OF LAW, AND
16 ORDER OF THE COURT filed on July 19, 2019, now, therefore:

17 IT IS ORDERED that the Defendants are awarded a Money Judgment as set forth above,
18 and further:

19 1. Title to the property commonly known as 4610 Lincoln Road and Ramstead and legally
20 described on Exhibit A (hereinafter the Lincoln Park Real Estate), is hereby quieted in Defendant
21 Julie Carney (subject to outstanding and enforceable liens and encumbrances), free and clear of any
22 claims to the property made by Plaintiffs Michael Reid and/or Jean Reid.

23 2. All Lis Penedns recorded against the Lincoln Park Real Estate are hereby terminated
24 and removed from title, effective August 27, 2019 unless Plaintiffs obtain
25 and file a supersedeas bond in the amount of \$210,000 on or before August 26, 2019.

JUDGEMENT/ORDER

RM
TS

RSY

Will be
Nathan L. McAllister
Attorney at Law, P.S.
1313 E. Maple St., Suite 208
Bellingham, WA 98225
P. (360) 734-0338 F. (360) 885-4222


222 *RTH*
except as provided in the lis pendens and except for pursuit of any appeal in this case,

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3. Plaintiffs Michael and Jean Reid are hereby enjoined from interfering with the Defendant Carneys' exercise of full control of the Lincoln Park Real Estate, including the Carney's efforts to develop and/or sell the same. Any action by the Reids attempting to interfere with the Carneys' ownership rights in the Lincoln Park Real Estate, including but not limited to, any attempt to cloud title to the Lincoln Park Real Estate, shall be deemed a contempt of this Court and subject to terms as the Court deems reasonably appropriate.


4. The protection order entered by this court on July 9, 2019 shall remain in full force and effect until the case is closed and dismissed or by further order of this Court.

Dated this 16 day of August, 2019

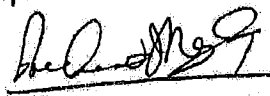


JUDGE DEBORRA GARRETT

Presented by:



Nathan L. McAllister, WSBA #37964
Counsel for Defendants Carneys

Approved as to form:


#22897

JUDGEMENT/ORDER

- 3

Nathan L. McAllister
Attorney at Law, P.S.
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A-20

EXHIBIT A (4 pages, including this page)

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BLOCK 8, "PLAT OF MAPLE LEAF PARK ADDITION TO BLAINE," WHATCOM
COUNTY, WASHINGTON, ACCORDING TO THE PLAT THEREOF, RECORDED IN
VOLUME 6 OF PLATS, PAGE 9, IN THE AUDITOR'S OFFICE OF SAID COUNTY AND
STATE. SITUATION IN WHATCOM (APNs on attached)

AND

PORTION OF BLOCK 3 AND ALL OF BLOCK 5-7, MAPLE LEAF PARK ADDITION
TO BLAINE, VOLUME 6/PAGE 9.

APNs: 4001163600880000, 401183390880000, 4001183550750000, 400118330070000,
4001183590060000, 4001183490400000, 4001183100880000

JUDGEMENT/ORDER

- 4

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Bellingham, WA 98225
P: (360) 734-0338 F: (360) 685-4222

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EXHIBIT "A"

Parcel A:

Lots 1 and 2, Block 3, Maple Leaf Park Addition to Blaine, Recorded in Volume 6 of Plats, Page 9, Records of Whatcom County, Washington.

Parcel B:

Lots 3 through 13, Block 3, Maple Leaf Park Addition to Blaine, Recorded in Volume 6 of Plats, Page 9, Records of Whatcom County, Washington.

Parcel C:

Lots 19 through 18, Block 3, Maple Leaf Park Addition to Blaine, Recorded in Volume 6 of Plats, Page 9, Records of Whatcom County, Washington.

Parcel D:

Lots 31 through 30, Block 3, Maple Leaf Park Addition to Blaine, Recorded in Volume 6 of Plats, Page 9, Records of Whatcom County, Washington.

Parcel E:

All of Blocks 5, 6 and Lots 1 through 22 and 31 through 34, Block 7, Maple Leaf Park Addition to Blaine, Recorded in Volume 6 of Plats, Page 9, Records of Whatcom County, Washington.

Parcel F:

Lots 23 through 30, Block 7, Maple Leaf Park Addition to Blaine, Recorded in Volume 6 of Plats, Page 9, Records of Whatcom County, Washington.

Parcel G:

Lots 35 and 36, Block 7, Maple Leaf Park Addition to Blaine, Recorded in Volume 6 of Plats, Page 9, Records of Whatcom County, Washington.

All situate in Whatcom County, Washington.

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EXHIBIT "A"

Tax Parcel Numbers:

Abbreviated Legal Description:	Lot 1, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 428022 0000
Abbreviated Legal Description:	Lot 2, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 425022 0000
Abbreviated Legal Description:	Lot 3, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 421022 0000
Abbreviated Legal Description:	Lot 4, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 419022 0000
Abbreviated Legal Description:	Lot 5, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 416022 0000
Abbreviated Legal Description:	Lot 6, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 413022 0000
Abbreviated Legal Description:	Lot 7, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 409022 0000
Abbreviated Legal Description:	Lot 8, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 406022 0000
Abbreviated Legal Description:	Lot 9, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 403022 0000
Abbreviated Legal Description:	Lot 10, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 399022 0000
Abbreviated Legal Description:	Lot 11, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 396022 0000
Abbreviated Legal Description:	Lot 12, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 392022 0000
Abbreviated Legal Description:	Lot 13, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 389022 0000
Abbreviated Legal Description:	Lot 14, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 386022 0000
Abbreviated Legal Description:	Lot 15, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 383022 0000
Abbreviated Legal Description:	Lot 16, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 380022 0000
Abbreviated Legal Description:	Lot 17, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 376022 0000
Abbreviated Legal Description:	Lot 18, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 373022 0000
Abbreviated Legal Description:	Lot 19, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 373007 0000
Abbreviated Legal Description:	Lot 20, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 376007 0000

EXHIBIT "A"
CONTINUED

Abbreviated Legal Description:	Lot 21, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 380007 0000
Abbreviated Legal Description:	Lot 22, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 383007 0000
Abbreviated Legal Description:	Lot 23, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 386007 0000
Abbreviated Legal Description:	Lot 24, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 389007 0000
Abbreviated Legal Description:	Lot 25, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 392007 0000
Abbreviated Legal Description:	Lot 26, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 396007 0000
Abbreviated Legal Description:	Lot 27, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 399007 0000
Abbreviated Legal Description:	Lot 28, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 403007 0000
Abbreviated Legal Description:	Lot 29, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 406007 0000
Abbreviated Legal Description:	Lot 30, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 409007 0000
Abbreviated Legal Description:	Lot 31 and 32, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 414007 0000
Abbreviated Legal Description:	Lot 33, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 419007 0000
Abbreviated Legal Description:	Lot 34, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 421007 0000
Abbreviated Legal Description:	Lot 35, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 425007 0000
Abbreviated Legal Description:	Lot 36, Block 8, Maple Leaf Park Addn to Blaine
Tax Parcel Number:	400118 428007 0000

Recorded in Volume 6 of Plats, Page 9, records of Whatcom County, Washington.

LASHER HOLZAPFEL SPERRY & EBBERSON

August 07, 2020 - 9:49 AM

Transmittal Information

Filed with Court: Supreme Court
Appellate Court Case Number: 98756-4
Appellate Court Case Title: Michael Reid and Jean Reid v. Julie Carney and Thomas Carney
Superior Court Case Number: 15-2-00660-2

The following documents have been uploaded:

- 987564_Answer_Reply_20200807094928SC718418_4563.pdf
This File Contains:
Answer/Reply - Answer to Petition for Review
The Original File Name was V1308245.PDF

A copy of the uploaded files will be sent to:

- jeansdominoeffect@gmail.com
- nathanmcallisteratty@gmail.com

Comments:

Sender Name: Lee Brewer - Email: brewer@lasher.com

Filing on Behalf of: Mario August Bianchi - Email: bianchi@lasher.com (Alternate Email: knudsen@lasher.com)

Address:
601 Union Street
Suite 2600
Seattle, WA, 98101
Phone: (206) 624-1230

Note: The Filing Id is 20200807094928SC718418