Legal & Practical Ramifications of Chinese Drywall

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Presenter
CHINESE DRYWALL

WHAT CAN BUILDERS DO?

A. Be responsive.
B. Investigate and inspect where possible.
C. Be prepared to educate homeowners.
OVERVIEW

I. HISTORY
II. WHAT IS CHINESE DRYWALL?
III. WHAT DOES CHINESE DRYWALL DO?
IV. WHAT CAN BUILDERS DO?
V. WHAT NEXT?
HILL WARD HENDERSON
ATTORNEYS AT LAW

HISTORY

OCTOBER 2005

BRANZ tests Chinese drywall for compliance with ASTM C36.
Knauff commissions Center for Toxicology and Environmental Health, LLC (CTEH) to analyze Chinese drywall.

CTEH concludes that odor is “natural” and that there are “no health risks” associated with the drywall.
HISTORY

- October 2005: BRANZ REPORT
- November 2006: KNAUF (CTEH) REPORT
- June 2008: FDOH receives first complaint
- October 2008: ENVIRON memorandum to FDOH
- December 2008: ENVIRON memorandum to FDOH
- January 2009: Litigation/FDOH report
- March 2009: Senate Bill 739 / House Bill 1977
April 7, 2009: Senator Bill Nelson requests that President Obama call for the resignation of CPSC Chairwoman, Nancy Nord.
HISTORY

CPSC Highlights involvement of additional agencies:
EPA
CDC
US DOH
ATSDR (Agency for Toxic Substance Disease Registry)

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EPA notifies Governor Crist of testing efforts.
WHAT IS CHINESE DRYWALL?

Drywall believed to be manufactured in the following Chinese cities:

- Shangdong Province
- Wuhu
- Dongguan
- Tianjin
- Taian
- Beijing
WHAT IS CHINESE DRYWALL?

Manufactured by:
Affiliates of Knauf Plasterboard Tianjin Company:

- Knauf Plasterboard Tianjin Co., Ltd.
- Knauf Plasterboard Wuhu Co., Ltd.
- Knauf Plasterboard Dongguan Co., Ltd.
WHAT IS CHINESE DRYWALL?

Additional manufacturers:

- Taishan Gypsum Co., Ltd.
- Beijing New Building Materials (BNBM; an entity owned by the Chinese government)
- Taian Taishan Plasterboard
- Tianjin Co.
WHAT IS CHINESE DRYWALL?

According to Port Import Export Reporting Service (PIERS):

• Chinese drywall unloaded in approximately 24 U.S. ports.
• 60% of all Chinese Drywall unloaded in Florida.
• CPSC has confirmed over 5.5 million sheets imported in 2006 alone.
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Drywall shipments from China

Since 2006, more than 550 million pounds of drywall were imported from China into the United States, enough to make tens of thousands of houses. Sixty percent of Chinese drywall came into Florida, through seven ports, including Port Manatee.

States importing at least 1 million pounds of drywall from China since Jan. 1, 2006.

<table>
<thead>
<tr>
<th>State</th>
<th>Number of pounds</th>
<th>Est. number drywall boards</th>
<th>Est. number of homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>FL</td>
<td>326,641,973 lbs.</td>
<td>3,630,000</td>
<td>36,000</td>
</tr>
<tr>
<td>CA</td>
<td>60,153,501 lbs.</td>
<td>668,000</td>
<td>7,000</td>
</tr>
<tr>
<td>CA</td>
<td>61,854,137 lbs.</td>
<td>777,000</td>
<td>8,000</td>
</tr>
<tr>
<td>MS</td>
<td>27,261,276 lbs.</td>
<td>305,000</td>
<td>3,000</td>
</tr>
<tr>
<td>TX</td>
<td>19,908,997 lbs.</td>
<td>221,000</td>
<td>2,000</td>
</tr>
<tr>
<td>SC</td>
<td>18,797,476 lbs.</td>
<td>209,000</td>
<td>2,000</td>
</tr>
<tr>
<td>NC</td>
<td>18,050,780 lbs.</td>
<td>201,000</td>
<td>2,000</td>
</tr>
<tr>
<td>NY</td>
<td>15,884,470 lbs.</td>
<td>176,000</td>
<td>1,800</td>
</tr>
<tr>
<td>GA</td>
<td>6,050,370 lbs.</td>
<td>67,000</td>
<td>670</td>
</tr>
<tr>
<td>WA</td>
<td>2,437,491 lbs.</td>
<td>27,000</td>
<td>270</td>
</tr>
<tr>
<td>PA</td>
<td>2,173,144 lbs.</td>
<td>24,000</td>
<td>240</td>
</tr>
<tr>
<td>NJ</td>
<td>1,520,760 lbs.</td>
<td>17,000</td>
<td>170</td>
</tr>
</tbody>
</table>

Post-Katrina New Orleans received the second-largest share of Chinese drywall, enough to make more than 6,500 homes. The majority came from manufacturer Knauf.

SOURCE: The Herald-Tribune analysis was done using records obtained from the Port Import Export Reporting Service, or PERS. PERS is the primary source of U.S. waterborne import-export trade data, and the company maintains individual records taken directly from ships’ manifests.

STAFF GRAPHIC / JENNIFER F. A. BORRESEN
Post-Katrina New Orleans received the second-largest share of Chinese drywall, enough to make more than 6,500 homes. The majority came from manufacturer Knauf.

<table>
<thead>
<tr>
<th>Port</th>
<th>Tonnage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port of Miami</td>
<td>115,098,962 lbs.</td>
</tr>
<tr>
<td>Port Everglades</td>
<td>81,927,644 lbs.</td>
</tr>
<tr>
<td>Port Canaveral</td>
<td>21,675,150 lbs.</td>
</tr>
<tr>
<td>Port of Tampa</td>
<td>51,064,831 lbs.</td>
</tr>
<tr>
<td>Port Manatee</td>
<td>9,916,962 lbs.</td>
</tr>
<tr>
<td>Port Jacksonville</td>
<td>110,200 lbs.</td>
</tr>
<tr>
<td>Pensacola</td>
<td>46,649,224 lbs.</td>
</tr>
<tr>
<td>Florida alone.</td>
<td></td>
</tr>
<tr>
<td>Orleans</td>
<td></td>
</tr>
<tr>
<td>NJ</td>
<td>1,520,760 lbs.</td>
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</table>

NJ 17,000 170

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June 22, 2009
(N=428 in 28 counties)

These data are self-reported and likely under-represent the true number of cases. Data will be updated on a weekly basis.

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WHAT DOES CHINESE DRYWALL DO?

- EMISSION OF SULFIDE GASSES
- Chinese Wallboard contains:
  - Carbon disulfide
  - Carbonyl sulfide
  - Dimethyl sulfide
WHAT DOES CHINESE DRYWALL DO?

Sulfide gasses have corrosive effect on metals and this corrosion is “classic” evidence of the presence of Chinese drywall.
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WHAT DOES CHINESE DRYWALL DO?

HEALTH IMPACT?
CHINESE DRYWALL

WHAT CAN BUILDERS DO?

A. Be responsive.
(You may not be able to prevent a lawsuit, but you can certainly invite one)
B. Investigate and inspect where possible.
C. Be prepared to educate homeowners.
QUESTIONS?
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