



NEWS

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Trial Lawyers v. American Business, Again: The Case of Sealed Air Inc.

Plaintiffs' attorneys, seeking cash, go after a successful business three degrees separated from asbestos problem.

WASHINGTON — Trial lawyers strike again: A court case between plaintiffs' attorneys and a highly successful and innovative Fortune 500 company, Sealed Air Inc., is set to begin in Newark, New Jersey. At issue is Saddle Brook, N.J.-based Sealed Air's acquisition of Cryovac Inc., which was bought from another company that filed for bankruptcy due to asbestos claims.

Sealed Air, which is listed in Fortune Magazine's Platinum list of best American companies, manufactures Bubble wrap cushioning, Jiffy protective mailers, and Cryovac food packaging. Sealed Air acquired Cryovac from W.R. Grace in 1998, when expert reviews showed that Grace was solvent by a wide margin. On April 2, 2001 Grace filed for bankruptcy to handle asbestos-related claims against it.

Neither Sealed Air nor Cryovac deal now, nor have ever dealt, with asbestos. In a bizarre attempt to transfer wealth, attorneys seeking damages from the bankrupted Grace are now going after Sealed Air's Cryovac, which has weakened Sealed Air's value.

"This is another example of tort law run amok," said taxpayer advocate Grover Norquist, who heads Americans for Tax Reform and who has been a longtime proponent of tort reform. **"This case is like suing someone for buying a used car that had problems even Consumer Reports didn't know about."**

U.S. District Judge Alfred Wolin ruled on July 30 that he would not accept the good faith estimates of Grace's liabilities that a team of experts calculated at the time of the 1998 acquisition. Estimates as such are common and accepted in all kinds of business transactions, but the judge's ruling will set a precedent that unforeseen liabilities, that cannot be accounted for at the time of any acquisition, will be the responsibility of the new company – even decades down the line. **It is important to note that the Cryovac division of Grace had no dealings in asbestos.**

"Every time trial lawyers lash out at American businesses, entrepreneurs, consumers, workers, and the entire American economy suffer," continued Norquist. **"To sue a company for the liability of another company after an acquisition has been made is not only confusing – it is an avaricious display of the seediest side of the legal profession, and one that signals an immediate need for comprehensive tort reform at the local, state and federal levels."**

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who support tax simplification and oppose all federal and state tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org