

Monroe Rubber & Gasket Co., Inc.

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Chairman Franks, Ranking Member Nadler and Members of the Subcommittee, thank you for inviting me to testify today. My name is Mike Carter, and I'm the President of Monroe Rubber & Gasket Co.

Monroe Rubber & Gasket is a small family business founded in 1975. As our name suggests, we handle rubber products, hose, and gaskets. The largest buyers of our products are end users, including paper mills and chemical plants. We have two facilities, one in Monroe, Louisiana and a second in El Dorado, Arkansas. Combined, these two locations employ twenty five people.

Although the economic downturn has certainly impacted our business, we've been generally fortunate and are in a position where we desperately need to hire four to six new employees. Maybe more. I can't bring new staff on, though, until I'm certain that my company's future is secure. We're currently facing hundreds of asbestos claims, and asbestos litigation may force us to close our doors.

Before talking about the asbestos claims against Monroe Rubber & Gasket, I'd like to say that I have deep sympathy for the victims of asbestos related diseases. These conditions are real, painful, and sometimes fatal. Those who are genuinely responsible for the injustice that's been done to so many workers and their families throughout the country deserve to pay for the sickness they've caused, even though dollars alone probably won't ever make their victims whole. I firmly believe, though, that the claims against Monroe Rubber & Gasket are without merit.

I received the first of what would soon become a staggering number of asbestos lawsuits in March, 2002. Suits came in over the next six years or so, and by 2008 I had a thick stack of them in my office. All told, there were 104 separate suits that named a total of 2,223 individual plaintiffs. I was shocked. I was overwhelmed. How could Monroe Rubber & Gasket be named in so many suits even though we *never* manufactured any kind of asbestos product?

I'd like to repeat that: Monroe Rubber & Gasket never manufactured an asbestos product. I did order an asbestos-containing product from its manufacturer after a customer requested it by name, and I resold it to that customer along with other Monroe Rubber & Gasket products that did not contain asbestos. It was a sheet material that included encapsulated asbestos, and it came into my shop as a finished product. We sometimes cut gaskets from that finished product, but I had the air quality in our shop tested for our own safety. We found that there was no harmful dust in the air, and it's worth noting that not a single one of the Monroe Rubber & Gasket employees who dealt with that product has filed a lawsuit or for worker's compensation as a result. Monroe participates in a buying co-operative with about 60 other small rubber and gasket

companies, some of whom also bought and re-sold sheets with encapsulated asbestos. To the best of my knowledge, their situation is the same as ours, which is to say that none of their workers has ever alleged an asbestos injury.

It was awhile before why this was all happening dawned on me, but I eventually figured it out. Most of the lawsuits that name Monroe Rubber & Gasket have been filed by or on behalf of individuals who worked in paper mills that bought our products. I'm a rubber guy, but I know that parts of the paper making process involve extremely high heat. And I've learned that paper plants, especially older paper plants, sometimes contained asbestos that was used as an insulator or in machinery.

As the major manufacturers of asbestos and the most dangerous asbestos products went bankrupt and became impossible to sue, Johns Manville and similar companies, the lawyers started looking for new businesses to target. I'm a small business, but the trial attorneys came after me when there was no one else left to suck money from.

Today, many of the lawsuits filed against Monroe Rubber & Gasket have been dismissed, but 29 are pending. I fear that more could come at any time. All told, we're still facing over 500 asbestos claims. Many of the remaining plaintiffs were paper mill maintenance workers who were exposed to asbestos insulation and asbestos in machinery. Their lawyers don't care what damage they do to businesses like mine that didn't make asbestos products and, I believe, didn't injure their clients. They just care about finding someone to sue now that they can't go after the bankrupt companies. And a lot of the claims against us have been dismissed after plaintiffs acknowledged during depositions that they never worked with our gaskets. Again, I don't think the gaskets we sold hurt anyone, ever, but why would someone who never touched a gasket sue us? Why would a lawyer put our name on a complaint knowing their client never worked with our products? I can only assume that they were looking for quick settlements, and that's sickening.

Once I realized how unjust the suits against us are, I started making trips to Baton Rouge and Washington, DC to raise awareness of abusive asbestos litigation. Our story is compelling, and unfortunately it's not unique. Elected officials I've met and testified before said that they want to do something about bad asbestos lawsuits. But as I appear before you today, not one thing has been done to help Monroe Rubber & Gasket.

I have no idea what will happen down the road, but this may be my last opportunity to come before you and plead Monroe Rubber & Gasket's case. I recently spoke with the attorney who is handling our suits, and there will be a status conference at the end of the month. He expects that a few claims will be set for trial. While I sincerely believe that no one is suffering from an asbestos disease caused by my company, trials are a risk and there's a chance that we'll lose. If that happens, both of our locations will probably have to shut down. We have insurance, of course, but it's not enough to pay a big trial award.

What I do know, after dealing with asbestos litigation for nearly a decade, is that our litigation system is terribly broken. Somewhere along the way, asbestos suits stopped

being about holding the businesses most responsible for asbestos diseases accountable and turned into a corrupt feeding frenzy. It's a mess that sucks in and threatens to destroy small businesses like mine.

The economy is slow, unemployment is high, and I think it's time for our elected officials to step up and help small businesses across American do away with abusive lawsuits. If you refuse to act, my employees may lose their jobs. Even if Monroe Rubber and Gasket survives these lawsuits, other businesses unfairly caught up in asbestos litigation won't. If Monroe Rubber & Gasket is bankrupted, you can be sure that the trial bar will find someone to sue in my place.

I sincerely hope you'll act in any way you can to protect the victims of lawsuit abuse.