

this regard, should serve as an example for the nation.

With the spirit of cooperation, and innovative reutilization reflected in this effort, I have no doubt that the DTRC will continue to contribute not only to the maritime high technology sector of Anne Arundel County and the State of Maryland, but also to our nation's technological advancement into the 21st Century.

SHOOTING DOWN THE BANKRUPTCY LOOPHOLE

Mr. LEVIN. Mr. President, I am very disappointed that the Senate majority leader brought up the bankruptcy reform bill and then immediately filed for cloture on the bill. If this week's cloture motion had passed, debate would have been blocked and relevant amendments designed to reform the bankruptcy system would have been prohibited from being offered.

I was planning to offer an amendment that would have prevented one abuse of the bankruptcy system. My amendment was very straightforward. It would have prohibited manufacturers, distributors and dealers of firearms from discharging debts which are firearm related incurred as a result of judgments against them based on fraud, recklessness, misrepresentation, nuisance, negligence, or product liability.

Currently, under the Bankruptcy Code, such persons and companies are able to evade responsibility and "take advantage of the system." That's what Lorcin Engineering Co., a manufacturer of cheap handguns, told Firearms Business it was doing when it filed for Chapter 11 bankruptcy protection in 1996. At the time, Lorcin was one of the chief manufacturers of "Saturday Night Specials" or "junk guns" and in 1998, their inexpensive semiautomatic pistol was number two on the list of guns traced to crime scenes by ATF. Lorcin's low quality guns, which caused innumerable deaths because of their cheap construction and easy availability, were the basis of more than two dozen product liability lawsuits. Once Lorcin decided they could not defend their practices against the multiple liability claims filed against them, they decided to protect themselves by using the bankruptcy system to settle these lawsuits for pennies on the dollar and be exempted from an additional lawsuit filed by the city of New Orleans.

Lorcin was able to evade judgments by filing for bankruptcy, and other manufacturers are lining up in bankruptcy court to follow their lead. Davis Industries, another manufacturer of Saturday Night Specials, has also sought refuge in bankruptcy court, perhaps hoping to dismiss the wrongful-death and personal injury suits filed against them by individuals and the multiple lawsuits filed against them by local governments.

Currently, there are eighteen categories of debt that are nondischarge-

able under the Bankruptcy Code. The Code makes certain debts nondischargeable when there is an overriding public purpose. One specific example is the nondischargeability of debt incurred by a debtor's operation of a motor vehicle while legally intoxicated. This addition to the Bankruptcy Code demonstrates Congress' unwillingness to allow debtors to escape debts created by illegal and improper conduct. Debts for death or personal injury resulting from unsafe firearms and their negligent distribution should also be nondischargeable under the Bankruptcy Code. Like debts incurred by drunk driving, Congress must send a message that it will not permit debtors to escape debts incurred by improper conduct.

I urge the Senate to begin a reasonable debate on bankruptcy reform that truly address the abuses of the system. I ask unanimous consent to have printed in the RECORD, an article from the New York Times, showing the link between some gun manufacturers and the abuse of the bankruptcy system.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, June 24, 1999]
LAWSUITS LEAD GUN MAKER TO FILE FOR
BANKRUPTCY

(By Fox Butterfield)

In the first sign of the impact of the growing number of municipal lawsuits against the gun industry, a well-known manufacturer of handguns has filed for bankruptcy protection, raising concern among city officials across the country that other firearms companies may also use bankruptcy to try to avoid the suits.

The bankruptcy filer, Davis Industries, one of a group of companies in suburban Los Angeles that are controlled by a single family and its friends, produces Saturday night specials, cheap handguns favored by criminals. Davis is one of the 10 largest makers of handguns, and studies have found that its products tend to be characterized by a short "time to crime"—that is, a remarkably brief period between sale and the point at which they show up as weapons used in criminal acts.

In another indication of the pressure created by the municipal lawsuits, Bob Delfay, president of the gun industry's largest trade association, says he plans to propose an unusual conference with senior law-enforcement officials, representatives of the National Rifle Association and executives of gun companies to discuss how the industry and government might curb trafficking by people who buy firearms on behalf of criminals and juveniles.

It is unclear precisely what measures Mr. Delfay, of the National Shooting Sports Foundation, has in mind to stop these so-called straw purchases. But any proposals by the gun companies for greater government regulation or industry self-policing of sales and marketing practices would be a substantial departure from the manufacturers' insistence that they are already sufficiently regulated by thousands of laws.

Only last week, Mr. Delfay's group took over a more conciliatory gun-industry organization, the American Shooting Sports Council, which had been trying to open negotiations with lawyers for some of the cities suing the firearms makers. In an interview, Mr. Delfay insisted that his idea for a con-

ference was not intended to open the way for a settlement.

So far, 22 counties and cities, including Chicago, Los Angeles and Detroit, have sued the gun makers, accusing them of failing to include enough safety devices or negligently marketing their guns in ways that enable criminals and juveniles to buy them. The suits seek damages for extra police and hospital costs resulting from gun violence, but more important, city officials say, they want to force the gun companies to accept greater regulation of the way they design, manufacture and distribute their products.

More cities are expected to file suit soon, and lawyers familiar with the issue say New York is close to becoming the first state to bring such a suit. "If New York comes into this, and there are more suits, at some point soon a critical mass will be reached where the costs alone of defending these suits are going to eat up the gun companies," said John Coale, a lawyer in Washington who is representing New Orleans and several other cities that have sued.

Mr. Coale, one of the Castano Group of lawyers who were active in suing the tobacco industry—the group is named for a friend of several of them who died of a tobacco-related disease—estimated that the cigarette companies had spent \$600 million a year defending themselves against the states. "The gun companies simply can't afford it," he said, since they are so much smaller and sales of guns have been flat or declining for a decade.

"So if you get too many cities and states suing," Mr. Coale said, "the manufacturers will go into bankruptcy protection. And the day that happens, the suits stop and it is lose-lose for everybody."

Davis Industries, of Chino, Calif., filed for bankruptcy reorganization in the Federal bankruptcy court in nearby Riverside on May 27, said Alan Stomel, a lawyer who represented creditors in the unrelated 1996 bankruptcy of Lorcin Engineering, another of the gun makers controlled by the same owners as Davis Industries and known as the Ring of Fire companies (because their locations form a ring around Los Angeles).

"Bankruptcy is a very useful negotiating tool," Mr. Stomel said, "and predictably the more suits that are filed, the more these gun companies are going to file for bankruptcy."

A spokesman for Davis Industries, who declined to give his name, confirmed that the company had filed for bankruptcy. "We do what we got to do" in response to the suits, the spokesman said. "I'm sure other companies will do the same thing."

Mr. Stomel said Davis Industries faced several problems: the municipal lawsuits, wrongful-death and personal-injury suits by individuals, a messy argument between the two owners, Jim and Gail Davis, who were recently divorced, and a bill that is expected to pass the California Legislature that would bar the manufacture of cheap handguns.

A lawyer for one of the cities suing the gun makers said bankruptcy "is going to be a huge pain" because it will require much more time and expense for the cities, limit the amount of damages they may collect and, perhaps most important, put the litigation in Federal bankruptcy court. Bankruptcy judges, the lawyer said, are more likely to act favorably to the gun companies than urban juries in state courts.

But Paul Januzzo, general counsel for Glock Inc., one of the largest handgun makers, said it was unlikely that the older, more established, mostly Eastern firearms companies would turn to bankruptcy.

"We are confident we can win the suits, if we have a number of companies litigating together," Mr. Januzzo said.

Lawsuits, he added, are nothing new to the industry. "It would be an unusual gun company that doesn't have a dozen lawsuits a year against it," he said. "This is America."