

### LITIGATION

---

The prospect of litigation arising from Y2K-related failures has been discussed since the Committee's first hearing. Both Chairman Bennett and Vice-Chairman Dodd recognized that the Y2K problem represents an attractive target for abusive lawsuits.

From the beginning, various sectors of industry told us they are hesitant to disclose and exchange information about their Y2K readiness information that would help others in the remediation process because they fear lawsuits if their disclosures prove inaccurate.

With the support of the White House, and in cooperation with the Senate's Judiciary Committee, Chairman Bennett and Vice-Chairman Dodd introduced S. 2392, the Year 2000 Information Readiness and Disclosure Act. The Act encourages the disclosure and exchange of information about the Year 2000 computer problem by limiting the liability of companies that provide good faith Y2K disclosure. S. 2392 was signed into law on October 19, 1998.

As the 105<sup>th</sup> Congress came to an end, it became clear that disclosure of Year 2000 readiness information is only one part of the problem. Many businesses are likely to have Y2K-related failures. Since our economic sectors are inextricably intertwined, one company's inability to fulfill its business contracts opens it and all the companies that depend upon it to liability. The result is a litigation domino effect, which allows the Y2K failure of one company to topple all of its business partners. A broad range of businesses and individuals will suffer some kind of economic injury, and many will undoubtedly seek recourse by filing lawsuits.

In 1999, the Committee plans to work together with the Senate's Judiciary and Commerce Committees in considering legislative proposals that would provide limited liability protection in Y2K-related matters. The Committee plans to hold hearings on the Y2K litigation issue in order to gather facts to assist the Congress in making any decisions on such legislative proposals.