

Saxena White P.A. Files Securities Fraud Class Action Against Eastman Kodak Company

BOCA RATON, FL—(August 14, 2020) - Saxena White P.A. has filed a securities fraud class action lawsuit in the United States District Court for the District of New Jersey against Eastman Kodak Company (“Kodak” or the “Company”) (NYSE: KODK), and certain of its executive officers, (collectively, “Defendants”) on behalf of all persons or entities who purchased or otherwise acquired Kodak common stock between July 27, 2020 and August 7, 2020, inclusive (the “Class Period”).

If you purchased Kodak common stock during the Class Period and wish to apply to be lead plaintiff, a motion on your behalf must be filed with the Court by no later than October 13, 2020. You may contact Lester Hooker (lhooker@saxenawhite.com), a Director of Saxena White P.A., to discuss your rights regarding the appointment of lead plaintiff or your interest in the class action. You may also retain counsel of your choice and need not take any action at this time to be a class member.

Kodak is a technology company that traditionally provides packaging, functional printing, graphic communications and professional services for businesses. On May 14, 2020, President Donald J. Trump signed an Executive Order delegating authority to the U.S. International Development Finance Corporation (“DFC”) to make loans under the Defense Production Act to increase supply chains in response to the COVID-19 outbreak. Following the order, Kodak negotiated with the DFC to receive a loan under this program. In June 2020, Company insiders purchased tens of thousands of the Company’s shares. Then on July 27, 2020, the Company awarded its Executive Chairman James Continenza (“Continenza”) 1.75 million stock options, and three other executives a total 135,000 stock options. The following day, Kodak and the DFC announced that Kodak would receive a \$765 million loan to produce drugs to treat COVID-19, the first loan made under the new government program.

In response to this announcement, Kodak’s stock price shot up over 1,000%, an increase of \$30.58 per share, from \$2.62 per share on July 27, 2020, to \$33.20 per share at the close of trading on July 29, 2020. Due to this massive increase, the pre-announcement stock purchases and stock options grants of insiders also skyrocketed in value. Continenza alone saw the value of his July 27 options grants increase to \$50 million in just 48 hours.

The Complaint asserts claims for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 against Kodak and certain of its executive officers. The action alleges that during the Class Period, Defendants misrepresented and failed to disclose material information pertaining to the Company’s business and operations, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants failed to disclose that the Company had granted Continenza and several other Company insiders millions of dollars’ worth of stock options, immediately prior to the Company publicly disclosing that it had received the \$765 million loan, which Defendants knew would cause Kodak’s stock to immediately increase in value once the deal was announced. In addition, while in possession of this material non-public information, Continenza and other Company insiders purchased tens of thousands of the Company’s shares immediately prior to the announcement, again at prices that they knew would increase exponentially once news of the loan became public.

On August 1, 2020, a *Reuters* article reported new details of the “unusual” 1.75 million option grant to Continenza, which “occurred because of an understanding” between Continenza and Kodak’s Board of Directors “that had previously neither been listed in his employment contract nor made public.”

In reaction to the news, Kodak’s stock price plummeted \$6.91 per share, to close at \$14.94 on August 3, 2020—a decline of over 34% per share.

Then on August 4, 2020, before the market opened, *CQ Roll Call* reported that U.S. Senator Elizabeth Warren submitted a letter to the SEC requesting an investigation of the deal and Kodak for apparent violations of securities laws and SEC regulations. Senator Warren’s letter stated that each Kodak insider stock purchase “made while the company was involved in secret negotiations with the government over a lucrative contract raises questions about whether these executives potentially made investment decisions based on material, non-public information derived from their positions.” On the same day, the *Wall Street Journal* reported that the SEC commenced an investigation into “how Kodak controlled disclosure of the loan, word of which began to emerge on July 27, 2020.” Additionally, the article stated that “[t]he SEC is also expected to examine the stock options granted to executives on July 27,” which “instantly became profitable” when Kodak’s government loan was announced.

On this news, the Company’s stock price dropped another \$0.54, or 4%, from \$14.94 per share on August 3, 2020, to \$14.40 per share on August 4, 2020.

The next day, it was reported that several Congressional committees sent a joint letter to Continenza seeking documents about the loan, insider trading, and stock options for their review of “DFC’s decision to award this loan to Kodak despite your company’s lack of pharmaceutical experience and the windfall gained by you and other company executives as a result of this loan” which raised “questions that must be thoroughly examined.”

Finally, in response to increasing public awareness and Congressional and regulatory scrutiny of Kodak’s fraudulent scheme, the DFC paused the deal. On August 7, 2020, after the market closed, the DFC announced, “On July 28, we signed a Letter of Interest with Eastman Kodak. Recent allegations of wrongdoing raise serious concerns. We will not proceed any further unless these allegations are cleared.”

On this news, the Company’s stock price declined \$4.15, or 28%, from \$14.88 per share on August 7, 2020, to \$10.73 per share on August 10, 2020.

You may obtain a copy of the Complaint and inquire about actively joining the class action at www.saxenawhite.com.

Saxena White P.A., with offices in Florida, New York, and California, concentrates its practice on prosecuting securities fraud and complex class actions on behalf of institutions and individuals. Currently serving as lead counsel in numerous securities fraud class actions

nationwide, the firm has recovered hundreds of millions of dollars on behalf of injured investors and is active in major litigation pending in federal and state courts throughout the United States.

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