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Warren Calls on SEC to Investigate Potential Insider Trading Before Announcement of Trump Administration's \$765 Million COVID-19 Deal with Kodak

Kodak's Chairman appears to have purchased substantial amounts of company stock in late June while the deal was being secretly negotiated; Day before public announcement, Kodak trading volume jumped to almost eight times the average

Washington, DC - United States Senator Elizabeth Warren (D-Mass.), member of the Senate Committee on Banking, Housing, and Urban Affairs, sent a letter urging U.S. Securities and Exchange Commission (SEC) Chairman Jay Clayton to investigate potential insider trading that occurred prior to the Trump administration's public announcement of a Defense Production Act deal with Eastman Kodak Co. (Kodak) to produce generic drug ingredients in response to the novel coronavirus disease 2019 (COVID-19) pandemic.

"There were several instances of unusual trading activity prior to the announcement, raising questions about whether one or more individuals may have engaged in insider trading or in the unauthorized disclosure of material, nonpublic information regarding the forthcoming \$765 million loan awarded under the Defense Production Act," **wrote Senator Warren.**

According to analysts, there was an unusual trading pattern in Kodak stock that began prior to the public announcement of the deal. The day before the public announcement, trading volume in Kodak stock was almost eight times higher than the daily average and the company's stock rose approximately 20 percent. On the day the deal was officially announced, the stock rose by over 200 percent - and the day after it rose by more than 300 percent. Individuals who purchased the stock prior to the announcement earned an extraordinary return.

News reports indicate that there may be an explanation for the unusual trading behavior - with Kodak sharing non-public information about the loan with news outlets on a non-embargoed basis, and those outlets tweeting or posting online about the news prior to the public announcement. But if this is the case, it is not clear why, after this inadvertent disclosure, Kodak did not promptly, fully, and publicly disclose the information as required by SEC rules. In addition, Kodak's chairman and another member of Kodak's board of directors appear to have purchased substantial amounts of company stock last month, ahead of the public announcement, at a time when Kodak and the Trump administration were negotiating the deal in secret.

"The purchase of stock by Mr. Continenza and Mr. Katz 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, and whether that material, non-public information was potentially derived from their positions as executive chairman and board member respectively," **wrote Senator Warren.**

Given concerns about these unusual and questionable trades, Senator Warren asked the SEC to investigate which individuals or corporate entities made the large trades in Kodak stock prior to the public announcement, if they were aware of any disclosure of

nonpublic information that could have led to possible insider trading, to what extent they were privy to any nonpublic information and how they got it, if they deliberately or inadvertently shared information with anyone inside or outside of Kodak who was not authorized to have the information, and if Kodak complied with all relevant requirements that the company promptly and fully disclose all information once there was a selective, inadvertent disclosure.

Senator Warren wrote that this series of examples of questionable trading activity during the Trump administration has become a pattern that deserves further scrutiny from the SEC. Senator Warren previously [wrote](#) to Chairman Clayton regarding potential insider trading related to defense industry stocks or commodities in advance of the Administration's attacks in Iran, [Navient Corporation stock trades](#) in advance of Education Department announcements, and potential insider trading by [Commerce Secretary Wilbur Ross](#), and several other questionable incidents.

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