

Kodak Execs Seek Millions in Unsecured Claims

Some Eastman Kodak Co. top executives have joined the ranks of suppliers, communities and individuals saying the bankrupt company owes them big bucks.

In recent days, a handful of Kodak leaders have submitted claims as unsecured creditors. CEO Antonio M. Perez on June 22 entered three claims totaling \$18.8 million — one for \$1.3 million, one for \$1.4 million and one for more than \$16 million. Company co-President Philip Faraci on June 18 put in a claim for \$348,000 and one for \$2.7 million. And Chief Diversity and Community Affairs Officer Augustin Melendez on June 22 submitted a claim for \$102,000.

Numerous retired Kodak bigwigs also have filed personal claims against the company, including Edgar Greco, who was vice president and general manager of office imaging when he retired in 1994 and who now has unsecured creditor claims of \$1.2 million; and retired corporate vice president Robert LaPerle, who spent more than 32 years with the company and today also has a \$1.2 million claim.

Those claims have joined the long and growing list of those who say they personally should be in line for a cut, if and when the Rochester-based printing and imaging company is ever able to pay back its many unsecured creditors. Unlike banks and other lending institutions, unsecured creditors typically do not have claims to any collateral for what they're owed.

The unsecured creditors claims list now contains more than 3,300 separate claims, including roughly \$50 million that Hong Kong digital camera manufacturer AOF Imaging Technology Ltd. says it is owed, \$1 million in claims from Rochester Gas & Electric, and \$588,000 worth of claims by Rochester sheet metal manufacturing firm AJL Manufacturing.

Kodak spokesman Christopher Veronda said the bulk of those Kodak executive and retired executive claims deal with particular pension obligations for which upper management is eligible.

The company, with its Chapter 11 bankruptcy protection filing in January, eliminated its Kodak Excess Retirement Income Plan and Kodak Unfunded Retirement Income Plan — a pair of supplemental pension plans for highly compensated retirees. Unlike the standard Kodak Retirement Income Plan, whose assets are held in a separate trust, the KERIP and KURIP were paid for directly out of company assets. When Kodak filed for Chapter 11 bankruptcy on Jan. 19, it notified retirees receiving KERIP and KURIP benefits that they were eligible to file claims as unsecured creditors.

Such unsecured creditor claims by current and former executives are not uncommon in a company bankruptcy, as former executives collecting severance or current executives who have deferred compensation all would have unsecured claims, said John C. Ninfo II, who retired recently after 20 years as a U.S. Bankruptcy Court judge for the Western District of New York.

And those claims by company executives can be seen “as a healthy thing in reorganization

cases,” said Robert J. Rock, senior bankruptcy attorney with Albany-based law firm Tully Rinckey PLLC. “It suggests that the executives are invested in the reorganization effort and have a tangible benefit if the reorganization is successful.”

More such executive and retired executive claims could be coming soon. The deadline for filing claims regarding unpaid pension plans is July 17.