

Kodak's Bankruptcy Bill: \$125 Million and Climbing

Eastman Kodak Co. retirees are taking a pounding in the company's bankruptcy, as their medical benefits and insurance coverage came to an end Jan. 1.

Between a pay freeze and big layoffs, Kodak workers similarly have been whacked hard.

But since Kodak filed for bankruptcy a year ago this week, legions of accountants, lawyers and consultants have made out pretty well.

To date, more than two dozen separate law firms, accounting firms and other outfits associated with the Rochester, N.Y.-based company's bankruptcy have submitted billing statements totaling nearly \$125 million, according to a Rochester (N.Y.) Democrat and Chronicle analysis.

"That doesn't shock me," said Martha L. Salzman, assistant professor of accounting and law at the State University of New York at Buffalo. "Bankruptcy's expensive."

Kodak filed for bankruptcy protection Jan. 19, 2012.

When it comes to major American corporations and their bankruptcies, "expensive" can take on whole new connotations. Enron spent more than \$1 billion on attorneys, financial advisers and other professionals for its bankruptcy. Lehman Brothers Holdings Inc., which filed for bankruptcy protection in 2008, ultimately paid its attorneys and advisers in excess of \$850 million.

And the American Airlines bankruptcy has to date topped \$200 million in various bills and expenses.

"A modern Chapter 11 case is just hugely expensive," said Robert Rock, senior counsel with the bankruptcy practice at Albany law firm Tully Rinckey PLLC. "It goes in proportion to the size of the company and the complexity of the debt structure."

Given that Kodak is a large international collection of interrelated companies, the mounting bills come as no surprise, Rock said.

The meter continues to run on Kodak's bankruptcy legal bills. The monthly billing statements submitted to U.S. Bankruptcy Court to date generally run through November. Kodak has said it expects to emerge from bankruptcy in the first half of 2013, meaning there could be several more months of multimillion-dollar billing statements.

Every dollar Kodak spends on bankruptcy professionals is a dollar less that otherwise could have been used on shoring up its operations, repaying creditors or enriching shareholders.

However, such a trained legal team also is key to trying to turn a bankrupt company around and negotiate settlements, said MaryAnn Monforte, clinical assistant professor of accounting at Syracuse University's Whitman School of Management.

"You can't have the internal management do it," said Monforte. "Theoretically that's how

Kodak got where it is today."

In a statement, Kodak said its bankruptcy is "a large and complex case that requires skilled professionals to not only represent the company, but its creditors as well.

"Chapter 11 has also, of course, provided an opportunity to streamline the company's organization and reduce its cost structure, positioning it for emergence as a strong and sustainable enterprise."

Nearly 20 percent of the professional bills to date, or roughly \$22 million, come from New York City firm Sullivan & Cromwell LLP, the primary law firm representing Kodak in the bankruptcy. And a firm like Sullivan & Cromwell does not come cheap.

In November alone, its most recent monthly statement, the firm billed Kodak a total of \$3.9 million in fees. That includes 21 separate law partners, billing at \$1,150 an hour, working more than 900 hours on the case, as well as dozens of associates and non-legal personnel — billing anywhere from \$110 to \$850 an hour — doing a total of close to 4,000 hours.

The committees representing creditors' and retirees' interests also racked up sizable bills — expenses that have to be borne by Kodak. That \$3.2 million bill includes legal services from Arent Fox LLP and Haskell, Slaughter, Young & Rediker LLC; financial advising from Zolfo

“A truly client oriented and outstanding organization.”

Cooper! highly recommend Anthony J. Kuhn and the Attorneys at Tully Rinckey for any military legal . I am extremely happy with the results since I got the best possible outcome out of my case. You can expect to be treated with great attention, care and respect. Anthony was my lawyer during my case and contacted me regularly and answered all my questions. This is the type of care and attention my case received through out the process. I was extremely excited when Anthony secured me a complete victory out of my case. To also give you the back ground on my case, I was recommended to be administratively separated under article 14-12c. The case turned out to be very complicated and frustrating. I am very grateful to have found this law firm to help me with my case. All of my calls, inquiries were returned competently and very quickly. I was always kept in the knowing of even if there hadn't been any new updates. It truly felt and is a law firm that puts the customer's satisfaction as his top priority. A truly client oriented and outstanding organization. Thanks for a magnificent job! D.R. on on Attorney Anthony Kuhn, Esq.

Prior results do not guarantee similar outcomes.

“He took on this case with vigor and ZERO FEAR of the government!”

"LITERALLY THE BEST MONEY I EVER SPENT!!!! The USAF charged my son with Article 92, Violate General Order and Article 128, Simple Assault. I spoke to many attorneys who said to me, "Your son will be convicted of the Simple Assault because putting lotion on someone's face is considered an assault as it is an unwanted touch." They all wanted me to work on a plea deal with the government that ended with my son being discharged, spending time in the brig and having a federal conviction for the rest of his life. Knowing that this just didn't warrant a federal conviction, bad conduct discharge and time in the brig, I was on a search to find an attorney who would look at this case for what it was: a couple of 19-21 year-old immature young men horse playing. I was looking for someone who would say something different; someone who would be able to look at the case from more than one view. When I spoke to Mr. Rinckey, I thought I was going to get the same ole speech, but to my surprise, I IMMEDIATELY felt at ease and I knew right then that he was going to be my attorney (not sure if he knew it at this time). He took on this case with vigor and ZERO FEAR of the government! He wanted them to know that this was NOT going to go away with any plea deal! And he went to work! Then, LITERALLY 2 DAYS BEFORE trail the government added an additional charge, which was Article 134, Unlawful Entry. Mr. Rinckey stayed focused, developed a plan, and off to trail we went. He was so prepared, calm and at ease. I remember him saying to me, "I am ready to try this case." And yesterday – 14 APR 2016 – my son was found NOT GUILTY on ALL CHARGES AND SPECIFICATIONS!!! Yesss!!! You know, it's always hard to find money for an attorney, but I learned one thing with this case. Although I thought we couldn't afford an attorney, the truth of the matter was that we couldn't afford NOT TO HAVE an attorney. I only wish I had found Mr. Rinckey sooner, but that's okay. I have found my ATTORNEY for life," Y.W. on Founding Partner on Greg Rinckey, Esq.

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He attacked my matter with the determination, attentiveness and professionalism that I would expect;

"Attorney Anthony Kuhn was able to negotiate the dismissal of involuntary administrative separation proceedings against me and arrange for me to voluntarily retire. After a second GOMOR was permanently filed in my personnel file, the Army informed me that I was facing involuntary separation. After missing my window to rebut the proceedings, I called Anthony Kuhn for assistance and he assured me that he would do everything in his power to negotiate a dismissal and voluntary retirement. He attacked my matter with the determination, attentiveness and professionalism that I would expect from a seasoned attorney and fellow combative Veteran. He made it clear from the start that he was personally vested in my matter. As a Sergeant Major and former client, I enthusiastically and unequivocally recommend Attorney and Veteran Anthony Kuhn to any fellow service member or Veteran with a pending Military Law matter," P.W. on Attorney Anthony Kuhn

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