

Kodak deal with US government to produce pharmaceuticals appears to be on hold

An agreement between the US government and Kodak to develop generic drug ingredients appears to be on hold, after the US International Development Finance Corporation tweeted that “recent allegations of wrongdoing raise serious concerns.”

“We will not proceed any further unless these allegations are cleared,” the agency tweeted, without specifying what the allegations were.

Kodak said Friday it was conducting an internal review of recent activity by the company in connection with a \$765 million loan it would receive under the Defense Production Act to produce pharmaceuticals. The company’s stock price surged in the days before the deal was announced, *CBS News* reported, leading Sen. Elizabeth Warren (D-MA) to call for the Securities and Exchange Commission to investigate whether there were any instances of insider trading.

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.

– DFCgov (@DFCgov) August 7, 2020

Kodak, best known for its camera and film equipment, said it planned to create a new business arm called Kodak Pharmaceuticals to make ingredients that have “lapsed into chronic national shortage.” Kodak CEO Jim Continenza told *The*

Wall Street Journal that he expected pharmaceuticals to become 30 to 40 percent of the company's business. The company's plans included production of ingredients for drugs such as hydroxychloroquine, according to *The Wall Street Journal*. President Trump has touted hydroxychloroquine as a possible treatment for COVID-19, despite evidence that the anti-malaria drug has been ineffective against the virus.

Rep. Maxine Waters (D-CA), chair of the House Financial Services Committee and other Democrats sent a letter to DFC head Adam Boehler August 4th asking why the agency was supporting a loan for Kodak, "an organization that was on the brink of failure in 2012 and was unsuccessful in its previous foray into pharmaceutical manufacturing, in its efforts to develop the capacity to produce up to 25 percent of domestic pharmaceutical components." The committee is asking to see all communications concerning the loan.

A Kodak spokesperson declined to comment Saturday.

<https://www.theverge.com/2020/8/8/21360020/kodak-deal-government-pharmaceuticals-coronavirus-hydroxychloroquine>