

The Blockchain Name-Change Game And Securities Fraud

The rape and pillage of the blockchain name-change game took on a whole new dimension with Kodak (KODK) this week. KODK was on the way to its second bankruptcy filing this decade (first one was January 2012). On January 9th it announced that it implement a “major blockchain initiative. This “initiative” would use digital ledgers to help photographers license and get paid for their work. The stock soared:



Notwithstanding whether or not this “block chain initiative” will ever generate meaningful profits for KODK, it turns out that insiders at the Company filed S-4’s with the SEC disclosing that they were awarded 10’s of thousands of “restricted stock units.” The problem with this? The RSU’s were awarded on January 8th, the day before the “blockchain” announcement was released on January 9th. The timing of this filing is quite curious.

The Company released its Q3 10-Q on November 8th. Revenues plunged 32% yr/yr for the 3rd quarter; operating income swung from \$ 15mm in Q3 2016 to a \$ 54mm loss in Q3 2017. The Company is dying on a vine. Ordinarily compensation stock in the form of RSU’s is awarded at the end of each quarter. The issuance of RSU’s is disclosed in the 10-Q. No mention whatsoever of management or employee stock compensation awards. No mention whatsoever in the MD&A of a plan to

incorporate “blockchain” in any part of the business model.

All of the above, in conjunction with the sudden disclosure of large quantities of free stock in the form of RSU’s the day before KODK’s “blockchain initiative” announcement tells me that this was a scheme hatched sometime well after the Q3 10-Q was filed by unscrupulous corporate executives who saw an opportunity to exploit the massive blockchain stock and cryptocurrency bubble.

In all probability, these insiders have likely arranged to hedge the gains on the underlying stock represented by the RSU’s using OTC derivatives underwritten by Wall Street banks. These would be derivatives structured in a way that would escape the requirement to disclose the transaction in an SEC filing. Instant profits on derivative stock that was awarded the day before news was released by the Company – news that upper management knew would send the stock to the moon.

Based on the black and white letter of the law, KODK upper management technically has not violated a strict interpretation of insider trading laws. However, 20 years ago it’s highly likely that, if lawsuits were pressed, KODK’s upper management and board of directors would have been prosecuted and convicted of insider trading.

Fast-forward to 2018, near the end of a stock and fraud bubble that is multiples of the one that occurred with dot.com’s in the late 1990’s, and everyone looks the other way including the NYSE, SEC and Justice Department.

It’s a good bet this “blockchain initiative” will never generate any meaningful profits for the Company. Most likely KODK is headed for a Chapter “22” filing before the end of this decade because bleeding cash profusely and it is mired in large pension and debt liabilities.

This is an example of the blatant fraud and corruption that accompanies the top of stock market bubble and the collapse of

a political and economic system. The blockchain and cryptocurrencies will not revolutionize life as we know it nor will they generate real economic wealth for anyone other than those in a position to exploit the greed and fear of missing out of the idiots who buy into the fairytale.

As expressed by Fred Hickey in his High-Tech Strategist newsletter, {Bitcoin/blockchain} “is the cherry on top of the world’s first truly global market bubble.”

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