



CMF sanctions former director of Blanco y Negro S.A. for breach of duty to refrain

- *The Board fined Paul Fontaine UF 2,000 for selling the corporation's shares while in possession of inside information on its financial statements.*

June 18, 2020 – The Board of the Financial Market Commission (CMF) sanctioned former Blanco y Negro S.A. (B&N, for its Spanish acronym) director Paul Fontaine **with a fine of UF 2,000 for breaching the duty to refrain** established in Article 165 of Law No. 18,045 on the Securities Market.

According to [Resolution No. 3,087](#), Paul Fontaine, in his capacity as director of B&N, sold shares of that corporation while being aware of the financial statements as of June 30, 2018 which were approved by its Board of Directors. Said financial statements were not available to the public at the date of the transactions. Therefore, the sanctioned individual breached the duty to refrain, consisting of the prohibition to acquire or dispose, for himself or for third parties, directly or through other persons, of the securities about which he possesses inside information.

The resolution dismissed the intention of insider trading, since the reason for the transaction was the consideration that the shares were no longer useful for the purpose of advancing his position on the Board of Directors. This explanation was consistent with the rest of the background information on the docket.

Article 165 of the Securities Market Law states that any person who, by virtue of their post, position, activity, or relationship with an issuer of securities or the persons referred to in Article 166 of said Law who possesses privileged information, must keep it confidential. This information may not be used for their own benefit or that of others, nor may they acquire or dispose of, for themselves or for third parties, directly or through other persons, the securities on which they possess said information.

The Commission's resolution notes that the conduct of the sanctioned party must be considered extremely serious. It affects some of the most predominant legal assets that are jealously guarded by regulation, such as transparency and equity in the stock market, preventing transactions with asymmetrical information.

Area of Communications, Education, and Image – Financial Market Commission (CMF)

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