



## **CMF sanctions directors of Blanco y Negro S.A. for breaches of rules on related party transactions**

November 12, 2019

The Board of the Financial Market Commission (CMF) sanctioned seven directors and former directors of Blanco y Negro S.A. (B&N, for its Spanish acronym) for infractions to Article 147 of Law No. 18,046 on Corporations. Said law establishes the requirements and the applicable procedure for approving transactions with related parties in listed corporations.

Article 147 states that a listed corporation may only enter into transactions with related parties when they are intended to contribute to the corporate interest and are adjusted in price, terms and conditions to those prevailing in the market at the time of their approval. It also establishes the procedure that must be followed for the approval of this type of operations.

According to [Exempt Resolution No. 7600](#) of November 8, 2019, the Investigation Unit carried out a sanctioning procedure. It found the existence of infractions to the procedure to carry out operations with related parties regarding a series of loans granted to Blanco y Negro S.A. by the Parinacota Private Investment Fund between 2015 and 2017. This investment fund is related to B&N director Yakob Aníbal Mosa Shmes.

The referred loans, which have the condition of being transactions with related parties in accordance with the Law on Corporations, would not have been evaluated or approved by the Board of Directors of Blanco y Negro S.A. as per the procedure established in Article 147.

The sanctioning resolution states the seriousness of the detected infringements, since the procedure defined by the Law on Corporations for the approval of operations with related parties is mandatory for the company, its directors, and its executives. This procedure sets requirements for directors to disclose the interest involved in a given operation, directors'

knowledge of that interest, and the analysis of the conditions under which those operations are to be held. Such regulations were not fully complied with regards to the loans taken out by Blanco y Negro S.A.

According to the information gathered during the investigation, as well as the analysis of discharges and evidence submitted during the sanctioning process, the Board of the CMF decided to impose the following sanctions:

- **Yakob Aníbal Mosa Shmes:** A UF 500 fine for fiscal benefit. In his capacity as Chairman of the Board and involved director, he did not lead the board of Blanco y Negro S.A. to approve various loans granted to the company by a related entity, the Parinacota Private Investment Fund. He also participated in the celebration of those operations without such approval.
- **Paul Fontaine Benavides:** A UF 400 fine for fiscal benefit for having approved in a Board of Directors meeting an operation with a related party without basing the decision in the terms required by Article 147 of Law No. 18,046. Furthermore, he also attended the celebration of other loan operations granted to Blanco y Negro S.A. by a related entity, without these having been submitted to the approval of the company's Board of Directors.
- **Leonardo Battaglia Castro:** A UF 100 fine for fiscal benefit for having approved in a Board of Directors meeting an operation with a related party without basing the decision in the terms required by Article 147 of Law No. 18,046. Furthermore, he also attended the celebration of other loan operations granted to Blanco y Negro S.A. by a related entity, without these having been submitted to the approval of the company's Board of Directors.
- **Leonidas Vial Echeverría, Alejandro Zúñiga Droguett, Pablo Acchiardi Lagos, and Pablo Morales Ahumada:** Censure sanctions for having approved in a Board of Directors meeting an operation with a related party without basing the decision in the terms required by Article 147 of Law No. 18,046.

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