Board of the CMF revokes authorization of existence for Sartor AGF, appoints liquidator of the company

With the aim of safeguarding the interests of fund participants, the Commission named officer Fernando Pérez Jiménez as Sartor's liquidator.

The suspension of contributions to, withdrawals from, and payments derived from Sartor-managed funds still stands.

December 20, 2024 – Through an agreement during Ordinary Session No. 423 held in December 19, 2024, the Bord of the Financial Market Commission (CMF) decreed the revocation of the authorization of existence given to Sartor Administradora General de Fondos S.A. and appointed CMF officer Fernando Pérez Jiménez as Sartor's liquidator.

In its Resolution, the Commission reveals concluding background information on Sartor AGF not carrying out its functions with the diligence set forth in Article 17 of the **Single Fund Act** from the moment its business model starts consisting of a pattern based on the use of funds under the firm's management in significant proportions as financing vehicles for entities related to Sartor's directors and majority shareholders.

This led to investment decisions and operating schemes between funds that constitute a situation of manifest negligence in Sartor's management pursuant to Article 19 of the Single Fund Act. Specifically, Article 19 states that the CMF "(…) shall revoke the manager's authorization of existence (…) when investigations carried out reveal its management is conducted fraudulently or with manifest negligence."

Furthermore, and with the aim of safeguarding the interests of participants in these funds, the Board of the CMF designated staff member Fernando Pérez Jiménez as liquidator of Sartor AGF. Pérez will have all authority and powers necessary to wind up the fund manager, including a sale of its assets, vested upon him. This means, in practice, that Pérez shall take on the functions normally given to the entity's general manager and board of directors.

Supervisory Process

It is worth noting that the CMF's decision to revoke an authorization of existence is explicitly stated in the Single Fund Act as part of the supervisory powers it has regarding general fund managers. Said decision is taken within a prudential administrative measure to protect the legal assets given to a manager, i.e., safeguard their contributors' best interests, but also on the urgency to act in protection of such legal assets.

The Commission, as the State's entity in charge of supervising banks, securities and insurance, can take these decisions expressly and exceptionally regarding general fund managers pursuant to Article 19 of the Single Fund Act, as well as on other affairs within these markets. The situations detected by the CMF in the exercise of its supervisory powers allowed, as stated earlier, to identify a business model based on direct or indirect investments on securities issued by parties related to Sartor's directors and majority shareholders.

Such pattern reveals a manifestly negligent fund management which disregards the funds' own best interests, as well as those of its contributors, to use said equity as investment vehicles for Sartor's majority shareholders. This means, in practice, the existence of other particular interests different from obtaining the best results for funds and their participants.

Sartor's lack of information about the quality of its loan portfolio, which is backed by promissory notes worth CLP 59 billion representing debt from firms linked to Sartor's directors and/or controllers. The firm itself admitted this. Furthermore, as of the date of this agreement by the board of the CMF, Sartor AGF has not provided satisfactory evidence on the liquidation of its debt instruments ultimately issued by related parties. As a result, these assets jeopardize the goal of ensuring the funds' best interests and those of their participants and still remain an integral part of said funds' portfolios.

Invoices worth USD 9 million in the Facturas USD, Táctico Perú and Projection Investment Funds lapsed between November 15 and December 6, 2024 due to not being paid by related firms and were transferred to the "Outstanding Receivables" asset account for each fund, meaning they are in arrears. One key aspect of the firm's action plan was decreasing debt with related parties by paying such obligations on their due date – something that has not materialized as evidenced by the facts described.

As well as the decision taken by the Board today, the Resolutions issued on November 15 and December 6, 2024 decreeing suspensions for contributions and payments deriving from withdrawal requests filed as of November 15, 2024 are still in effect.

To safeguard fund contributors' best interest, the suspension of investing resources obtained from liquidating assets in the portfolios of said funds or from any other source also remains effective. These amounts shall be invested only in Type 1 fund shares not managed by nor linked to entities related, currently or in the past, to Sartor, its shareholders, directors, and managers.

Liquidator's Profile

Fernando Pérez is the current head of the Directorate of Financial Client Complaints Directorate at the Commission. He holds a Law degree and a master's degree in Criminal Law with a specialization in Economic Criminal Law of the University of Chile. Pérez began his career in 1986 as an attorney of the Prosecutors' Office for Insurance at the former Superintendence of Securities and Insurance (SVS). Into the 2000s, Pérez led the Area of Investor and Insured Parties Protection, where he remained until the integration between the SVS and the former Superintendence of Banks and Financial Institutions (SBIF).

In 2021, Pérez took over as head of the Director of Financial Client Complaints, which processes presentations and complaints and supervises products and services offered to financial clients, i.e., insured parties, depositors, investors, and clients at large. Back in 2003, Fernando Pérez was appointed liquidator of the Le Mans Life Insurance Company, then part of the Inverlink Consortium, as decreed that year by the former Superintendent of the SVS.

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