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## **The Enforcement Committee of the Autorité des Marchés Financiers fines a company engaged in a recovery plan for having concealed its difficulties, and its executive corporate officers (and their companies) for breaches of insider dealing regulations**

In its decision of 17 April 2019, the Committee handed down fines to Montaigne Fashion Group, the company's former Chairman and CEO, Mr Edouard Hubsch, and its former Deputy Chief Executive Officer in charge of Communication, Mr Philippe Gellman, for amounts of €90,000, €250,000 and €180,000 respectively. It also imposed fines on three companies related to the corporate officers, Jekiti Mar Capital, Financière du Phœnix and SCI Plainville, for amounts of €75,000, €225,000 and €10,000.

### **Deficient financial disclosure by an issuer engaged in a recovery plan**

The breaches of disclosure rules noted by the Committee have the common feature of concealing from the public the serious difficulties faced at the time of the facts by Montaigne Fashion Group, a company specialised in women's fashion and now in compulsory liquidation.

Montaigne Fashion Group waited until 27 April 2015 to disclose to the public the information, known to insiders as of 14 October 2014, relating to the failure to pay an

instalment of the recovery plan adopted within the framework of its court-ordered receivership, meaning that it breached its obligation of disclosing any inside information as soon as possible.

Moreover, the company reported misleading information in its news releases of 29 December 2014 and 20 February 2015, suggesting that there was no difficulty in the execution of the recovery plan and concealing the seriousness of its financial difficulties.

The Committee considered that these failings committed by Montaigne Fashion Group were attributable to its executive corporate officers, Messrs Hubsch and Gellman.

### **Insider dealing regulations breached by the executive corporate officers and their companies**

The Enforcement Committee also fined the executive corporate officers of Montaigne Fashion Group and three other companies for insider trading offences which also occurred within the context of Montaigne Fashion Group's difficulties.

The Committee thus considered that by selling Montaigne Fashion Group shares on behalf of the companies to which they were linked, the two executive corporate officers had used the inside information that they possessed on account of their positions, relating to the failure to pay the recovery plan instalment in October 2014 and/or the subsequent filing of a request to terminate the recovery plan, made on 23 February 2015 by the commissioner in charge of execution of the plan.

Finally, the companies linked to the managers failed in their obligation of declaring their trading in the securities of Montaigne Fashion Group to the AMF, this failing also being attributed to Messrs Hubsch and Gellman.

An appeal may be lodged against this decision.

#### About the Enforcement Committee

The Enforcement Committee, which is made up of judges and professionals, has total freedom to make decisions. It can impose sanctions on any person or company whose practices contravene laws and regulations that fall within the jurisdiction of the AMF. It ratifies settlement agreements signed by the Secretary General and respondents. And it takes part in the AMF's educational efforts by clarifying financial regulations when explaining its decisions.

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