

Press Release

SEC Charges Two Traders in Chile With Insider Trading

FOR IMMEDIATE RELEASE

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Washington D.C., Dec. 22, 2014— The Securities and Exchange Commission today charged two business associates in Chile with insider trading on nonpublic information that one of them learned while serving on the board of directors of a pharmaceutical company. The agency obtained a court order to freeze assets in the U.S. brokerage accounts used to conduct the trading.

The SEC alleges that Juan Cruz Bilbao Hormaeche exploited highly confidential information from CFR Pharmaceuticals S.A. board meetings at which a tender offer by Abbott Laboratories was discussed. In a U.S. brokerage account of which he is the beneficiary, Bilbao caused the purchase of millions of dollars' worth of American Depositary Shares (ADS) of CFR Pharmaceuticals on the basis of nonpublic information about progressing negotiations between the two companies. Bilbao used Tomás Andrés Hurtado Rourke to place the trades in the brokerage account, and Hurtado also purchased several hundred thousand dollars' worth of ADS in his own U.S. brokerage account. After Abbott Laboratories publicly announced a definitive agreement to acquire CFR Pharmaceuticals and commenced the tender offer, Bilbao and Hurtado tendered the ADS they purchased. They reaped approximately \$10.6 million in illicit profits.

"Bilbao abused his position on a company's board as he stockpiled ADS on the basis of inside information that a major payday was coming soon on those shares," said Karen L. Martinez, Director of the SEC's Salt Lake Regional Office.

The SEC's complaint filed in U.S. District Court for the Southern District of New York alleges that Bilbao violated Section Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 and Rules 10b-5 and 14e-3. The complaint also alleges Hurtado violated Sections 14(e) and 20(e) of the Exchange Act and Rule 14e-3. The complaint seeks disgorgement of ill-gotten gains plus prejudgment interest and financial penalties in addition to permanent injunctions against further violations of these provisions of the securities laws. Bilbao allegedly used an offshore entity to engage in the insider trading, and the SEC seeks to repatriate all illegal profits.

The SEC's investigation was conducted by William B. McKean and the litigation will be led by Daniel J. Wadley of the Salt Lake Regional Office.

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Related Materials

- [SEC complaint](#)

