



Insights

Victor Dias Vieira Clementino and Sergio de Aguiar Discuss FriCon's Situation with Reorg

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Frigorífico Concepción (FriCon) has been facing allegations of accounting fraud in connection to its relationship with Brazil's trading partners Betampex and Nostro Beef and has seen its ratings recently downgraded by Fitch which has been attributed to the company's lack of financial transparency and weakened governance.

Kobre & Kim's Victor Dias Vieira Clementino and Sergio de Aguiar sat down with Reorg to explain how creditors should start proactively safeguarding their interests.

Mr. Dias Vieira Clementino advises creditors to take three critical steps: "First, they need to investigate and map out Frigorífico Concepción's assets, identifying the jurisdictions where these assets are located and understanding the enforcement options available. Second, they should identify the decision-makers behind the company and check for any existing third-party claims or breach of duty allegations, ensuring they know who to negotiate with and what kind of conversations to prepare for. Third, creditors should determine if the allegations of fraud could trigger a default event under the indenture and whether that would allow them to accelerate the maturity date and begin bond enforcement."

Mr. de Aguiar explained that: "Considering the allegations of fraud, Frigorífico Concepción should conduct internal investigations and provide more transparency to creditors and the market regarding the loans to Brazilian companies. Evidence of compliance might help restore market confidence, and the new audit committee announced by Frigorífico Concepción during the [latest] operational call seems an important step in that direction."

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