



No. 1403 /21.02.2020

To: **Bucharest Stock Exchange**  
**Financial Supervisory Authority**  
- Financial Instruments and Investments Sector

**CURRENT REPORT**

**According to Law no. 24/2017 and F.S.A. Regulation no. 5/2018**

**Report date: 21.02.2020**

S.I.F. Transilvania S.A.

Headquarters: 2, Nicolae Iorga Street, Brasov 500057

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Tax registration code: RO3047687

Order number in the Trade Register: J08/3306/92

Registration number in the NSC Register: PJR 09 SIIR/080004

LEI Code (Legal Entity Identifier): 254900E2IL36VM93H128

Subscribed and paid-in share capital: RON 216,244,379.70

Regulated market on which the issued securities are traded: Bucharest Stock Exchange (ticker: SIF3)

**Important event to be reported: Criminal prosecution *in personam* against a member of the Supervisory Board**

In addition to the Current Report no. 1340/20.02.2020, and given the comments in the media regarding the situation of the Supervisory Board of S.I.F. Transilvania S.A., we would like to inform the shareholders and investors that, by Letter no. 1387/21.02.2020, we submitted to the Financial Supervisory Authority the letter received from the Brasov Police Inspectorate – the Economic Crime Investigation Service no. 684855/GS/13.02.2020, registered at S.I.F. Transilvania S.A. under no. 1387/21.02.2020, through which the situation of the **Criminal File no. 745/P/2015** is communicated, as follows:

**”... by the prosecutor’s ordinance dated 17.04.2019 it was ordered the continuation of the criminal prosecution *in personam* against Fratila Constantin, L.A. and D.M. for the offense of tax evasion, crime provided by art. 9 paragraph (1) letter. c), paragraph (2) of Law no. 241/2005 on the prevention and combating of tax evasion, respectively against S.C. for the complicity offense to the tax evasion offense, crime provided by art. 26 of the old Criminal Code in relation with art. 9 paragraph (1) letter c), paragraph (2) of Law no. 241/2005 on the prevention and combating of tax evasion...”**

We mention that these crimes refer to the activity of Fratila Constantin as administrator and vice-president of the Board of Directors of the Company COMCM S.A. Constanta, a subsidiary of S.I.F. Transilvania S.A. In actual fact, this subsidiary was devalued by the persons under criminal prosecution, S.I.F. Transilvania S.A. being systematically prevented by Fratila Constantin, directly and through the specialized security company, to participate in the works of the general meetings of shareholders where Fratila Constantin adopted decisions in a discretionary manner. In order to defend the interests in this subsidiary, over eighty civil lawsuits and four criminal complaints were filed, including the one pertaining to the Criminal File no. 745/P/2015 in which the **criminal prosecution *in personam*** against Fratila Constantin is carried out, as specified above.

These facts demonstrate why Fratila Constantin cannot be compatible with the capacity of member of the Supervisory Board of S.I.F. Transilvania S.A.

**All of the above call into question *the reputation, honesty and integrity* of Mr. Constantin Frățilă, necessary to hold the position of member of the Supervisory Board of S.I.F. Transilvania (art. 13 of the F.S.A. Regulation no. 1/2019), for which reason the F.S.A. was requested to analyze this new information in the light of the competences granted to this institution by the provisions of Law no. 74/2015, corroborated with the provisions of the F.S.A. Regulation no. 1/2019.**

The Company's Executive Board, by observing the laws governing S.I.F. Transilvania's activity, was obligated to notify the authorized bodies (including the Financial Supervisory Authority) when the company identified crimes committed in respect to the patrimony of S.I.F. Transilvania's subsidiaries, and informed the company shareholders and the capital market.

Fratila Constantin, by subordinating two members of the Supervisory Board of S.I.F. Transilvania – as resulting from their behavior during the meetings of the Supervisory Board, by blocking the Supervisory Board works, not ensuring the quorum of the meeting, tried to blackmail the members of the Executive Board and the members of the Supervisory Board to recognize him as a member of the Supervisory Board of SIF3, during the meetings of 03.02.2020 and 19.02.2020, the Board not being able to adopt any resolutions due to the lack of quorum, the two members of the Supervisory Board leaving the room at the request of Fratila Constantin.

As a result of the fact that the blackmail failed, Fratila Constantin, along with his family members and the companies he controls, together with two members of the Supervisory Board, respectively Marius Adrian Moldovan and Crinel Valer Andanut, requested the convening of a general meeting of shareholders to approve the commencement of a liability action against Mr. Mihai Fercala and Mr. Szabo Stefan - President of the Supervisory Board, invoking alleged damages brought to S.I.F. Transilvania and requesting the annulment of the resolution of the Supervisory Board whereby the current Executive Board members were granted a new mandate.

The alleged damage is represented by the value of the remuneration as member of the Supervisory Board, paid by S.I.F. Transilvania to Fratila Constantin, for the period of December 2014 - April 2017, period during which Mr. Constantin Frățilă did not perform within the Supervisory Board as a result of his revocation by the O.G.M.S. dated 11.08.2014; the O.G.M.S. Resolution was annulled by the court, and S.I.F. Transilvania was obligated to pay the remunerations not paid during the suspension period.

The remuneration paid is not a damage caused by the President of the Executive Board and the President of the Supervisory Board, because they were not the ones who revoked Mr. Fratila, but the company's general meeting of shareholders; the respective amount would have been paid anyway, had Mr. Fratila not been revoked, the amount representing an administrative expense. The alleged damage was not documented by anyone, anywhere, in any accounting records because there exists no such damage, such damage not being ascertained by neither the internal auditor, the financial auditor nor during the inspection performed by the F.S.A. within our company.

We inform our shareholders that these repeated requests of the Fratila group are attempts to remove the top managers of S.I.F. Transilvania and to appoint others that will make S.I.F. Transilvania S.A. accommodate the interests of the Fratila group, a group being criminally prosecuted and which hopes that S.I.F. Transilvania S.A. will withdraw the civil and criminal lawsuits for the recovery of the damages created by this group within S.I.F. Transilvania S.A.'s subsidiaries.

This is the reasoning for which the management of S.I.F. Transilvania S.A. is requesting the F.S.A. to observe the Articles of Incorporation of the company - art. 15, the F.S.A. Regulation no. 1/2019 and the provisions of Law no. 74/2015.

The F.S.A. does not respond to S.I.F. Transilvania S.A. following our repeated written requests- submitted with supporting documents, because the current management has challenged in

the competent courts a series of abusive decisions sanctioning the management, issued by the authority, decisions that have already been annulled by the High Court of Cassation and Justice, other decisions still being under legal proceedings.

Despite being aware of all these dysfunctions, had the F.S.A. taken the measures required by the law in a timely manner, the current state of affairs would have been avoided, state of affairs that creates serious damage to the interests of our shareholders and the image of S.I.F. Transilvania S.A., adversely affecting the capital market supervision activity, but especially the public image of the President of the Executive Board and of the other members of the management.

We leave it to our shareholders to decide for themselves whether S.I.F. Transilvania's management works in the interest of its shareholders, the general interest of the company or in the interest of the criminal group that questions Mr. Mihai Fercala and Mr. Szabo Stefan.

The published preliminary financial results, for the financial year 2019, the profit obtained, the increase of the net asset value per share, the increase of the trading prices, the reduction of the discount between the net asset value and the market price per share, all demonstrate that the management of S.I.F. Transilvania S.A. has a single goal, respectively to meet the general interest of the company and its shareholders, and that it complies *ad litteram* with the legislation applicable to Alternative Investment Funds Managers/ S.I.F. Transilvania S.A.

**Mihai Fercală**  
**Executive President/CEO**

**Ştefan Szitas**  
**Member of the Executive Board/Director**

**Marcus Valeriu Marin**  
**Compliance Officer**