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Who Controls the Club? The Azul Azul Case and the Future of Sports Ownership

Abstract: *This article examines the tension between corporate-law formalism and the functional principle of "decisive influence" in international sports law. Through the case of Azul Azul, the company that operates Chile's Universidad de Chile football club, it traces how an investment fund structure was used to obscure club control, and how global sports jurisprudence and financial regulation are converging on a single standard: substance over form.*

1. Introduction

In July 2026, Michael Clark stood before a Chilean court to face six criminal charges connected to one of the country's largest financial scandals in years.[1] The businessman had spent nineteen months as the de facto controller of Azul Azul S.A., the company that operates the professional football arm of Universidad de Chile, without ever directly holding a single share in it.

The mechanism was a private investment fund. Tactical Sport, created by fund manager Sartor to hold Azul Azul's shares, controlled 63% of the club's stock. On 13 December 2024, weeks after Chile's Financial Market Commission (CMF) revoked Sartor's authorization to operate following a separate fraud investigation, Clark acquired 90% of Tactical Sport's investment quotas for roughly US$5.7 million. He did not buy Azul Azul shares. He bought control of the fund that held them, becoming, in effect, the club's controller without ever appearing as its shareholder.

The CMF was not persuaded by the distinction. Days after the acquisition, the regulator signalled that Clark's purchase may have triggered a mandatory tender offer obligation, treating the fund-quota purchase as economically equivalent to a direct share purchase.[2]

Clark's defence rested on an elegant formalism: a Private Investment Fund is simply a separate pool of assets held for investors, not a legal person in its own right. A change in the fund's unit-holders is therefore categorically different from a change in the company's shareholders. The fund still owned the shares; only the people behind the fund had changed. Why, Clark's lawyers asked, should that trigger the same disclosure and offer obligations as a direct acquisition?

[1] Michael Clark faced formalization proceedings in Santiago in July 2026 on charges arising from the broader "Caso Sartor" investigation, including false information, disloyal administration, incompatible negotiation, and fraud by omission of a mandatory tender offer, under Chile's Economic Crimes Law (Ley No. 21.595).

[2] Comisión para el Mercado Financiero (CMF), public communications regarding the Tactical Sport transaction, December 2024, questioning whether the acquisition constituted an indirect change of control of Azul Azul S.A. triggering tender offer obligations under Chile's Ley de Mercado de Valores (Ley 18.045), Título XXV.

The question outgrew its own timeline. In January 2026, a Clark-appointed director acquired a further 21.4% of Azul Azul directly, pushing the Clark-aligned bloc to roughly 85% of the club and drawing fresh CMF scrutiny over whether the two men were acting in concert.[3] By April 2026, Clark had resigned the presidency. By July, prosecutors had charged him with six offences under Chile's Economic Crimes Law, including fraud through omission of a mandatory tender offer, the same legal question the CMF had raised eighteen months earlier, now recast as a criminal allegation. Days before his formalization hearing, Clark reversed the original Tactical Sport transaction entirely, unwinding the deal that had made him controller in the first place.[4]

The doctrinal question Clark's structure raised, however, had already outgrown Chilean law. It reflects a global regulatory collision that sports law arguably resolved a quarter-century before Chilean securities regulators caught up to it.

2. The Doctrinal Problem: Form vs. Substance

Clark's position rested on a genuine and long-standing principle of corporate law: control is a matter of legal title, not economic reality. Some Chilean academics were sympathetic to this reading, warning that a functional-control standard, applied without clear statutory footing, risked expanding a regulator's discretion beyond what the law had actually authorised.

The CMF's counter-position, that substance should govern over form, is not a novel one. It mirrors takeover regulation in several major jurisdictions: the UK Takeover Code's treatment of concert parties, India's SEBI framework for indirect acquisitions, and the US SEC's beneficial-ownership rules all extend takeover obligations to control acquired through intermediary vehicles.[5] Chile's vulnerability was narrower than a wrong answer, it was the absence of an equally explicit textual basis for reaching acquisitions structured through fund wrappers, which let a formalist defence survive far longer than it should have.

3. How Sports Law Resolved This Problem

International sports arbitration confronted this exact question decades earlier. In 1999, the Court of Arbitration for Sport (CAS) decided ENIC plc v UEFA, a case brought after the same investment group acquired stakes in both AEK Athens and Slavia Prague.[6] CAS upheld UEFA's integrity-of-competition rule by framing the question functionally: control of a club turns on who can materially affect its key decisions, not on the legal form the ownership takes.

That functional standard has only hardened since. UEFA's current multi-club ownership rule, Article 5 of its club competition regulations, prohibits any individual or entity

[3] In January 2026, José Ramón Correa Díaz, a director of Azul Azul appointed by Clark, acquired a 21.44% stake in the company through Romántico Viajero SpA. The CMF subsequently questioned whether an undeclared “acuerdo de actuación conjunta” (concerted-action agreement) existed between Correa Díaz and Clark.

[4] On 29 July 2026, shortly before his formalization hearing, Clark, through Inversiones Antumalal, notified the CMF that the December 2024 acquisition of Tactical Sport quotas had been rescinded.

[5] See the UK Takeover Code's “acting in concert” provisions (Rule 9); the Securities and Exchange Board of India's (SEBI) Substantial Acquisition of Shares and Takeovers (SAST) Regulations 2011, regulation 3, on indirect acquisitions; and the US Securities and Exchange Commission's beneficial ownership rules under Section 13(d) of the Securities Exchange Act of 1934.

[6] CAS 98/200, ENIC plc v Union des Associations Européennes de Football (UEFA), award of 20 August 1999

from exercising "control or decisive influence" over more than one club in the same UEFA competition.[7] In May 2024, UEFA's Club Financial Control Body issued guidance identifying four indicators of decisive influence: holding 30% or more of a club's shares, providing 30% or more of its financial support, holding governance or board positions, and arranging repeated player transfers between related clubs.[8]

Three 2025 CAS awards tested that standard under real pressure. Drogheda United FC v UEFA confirmed that UEFA's 1 March compliance deadline was validly adopted and left no room for late fixes.[9] FK DAC 1904, A.S. v UEFA dismissed a Slovak club's appeal over governance overlap with a Hungarian club, rejecting arguments that family ties across the two clubs fell short of decisive influence.[10] And Crystal Palace FC v UEFA, the most closely watched of the three, upheld UEFA's demotion of Palace from the Europa League to the Conference League after businessman John Textor's overlapping stakes in Palace and Olympique Lyonnais were found to breach the rule, even though Palace argued Textor had no real say in the club's decisions.[11] CAS disagreed: decisive influence is assessed by the capacity to exercise it, not proof that it was actually used.

Across all three cases, the message was consistent. International sports law abandoned formalism a long time ago. The test it applies now is functional, forward-looking, and structural, exactly the standard the CMF was reaching for in the Azul Azul case, without the express statutory language to fall back on.

4. Global Regulatory Convergence

The same functional standard is now propagating through domestic law by several distinct routes. International federations increasingly look past legal structure to identify who actually controls a club, moving faster on this question than most national corporate law has. National regulators, in turn, are converging on similar tests through different instruments.

Portugal took the most rigid formal approach: Law No. 39/2023 sets a 5% "qualifying holding" threshold, above which no person may simultaneously hold an interest in two clubs competing in the same domestic competition, a stricter, brighter line than UEFA's own qualitative test.[12] Brazil's approach predates all of this: the Pelé Law, enacted in 2000 partly in response to the ENIC case itself, bars any individual or company from holding simultaneous interests in two clubs contesting the same competition.[13] Spain has taken a different route entirely, using La Liga's Economic Control system, in place since 2013, to constrain the financial engineering that ownership overlaps typically enable, without a specific ownership-percentage rule aimed at multi-club structures.[14] The UK's Premier League relies on its Owners' and Directors' Test, under which the threshold for "Control" was lowered from

[7] Article 5, UEFA Champions League Regulations (and equivalent Article 5 provisions in the UEFA Europa League and UEFA Europa Conference League Regulations), 2025/26 cycle.

[8] UEFA Club Financial Control Body (CFCB) First Chamber, interpretative guidance on the multi-club ownership rule, May 2024.

[9] CAS 2025/A/11495, Drogheda United FC v UEFA.

[10] CAS 2025/A/11566, FK DAC 1904, A.S. v UEFA.

[11] CAS 2025/A/11604, Crystal Palace Football Club v UEFA, Nottingham Forest Football Club & Olympique Lyonnais, award of 11 August 2025.

[12] Law No. 39/2023 of 4 August (Portugal), Article 16, establishing a 5% qualifying-holding threshold above which simultaneous interests in two competing clubs are prohibited.

[13] Lei 9.981/2000 (Brazil), commonly known as the "Pelé Law," prohibiting simultaneous participation of an individual or company in the share capital of two or more clubs contesting the same competition.

[14] La Liga's Economic Control system has operated since 2013, imposing spending limits calculated against club revenue; it is a financial-sustainability mechanism rather than an ownership-disclosure rule targeted specifically at multi-club structures.

30% to 25% as part of a 2023 reform package, still current today.[15]

Chile went furthest of all. Law 21.824, passed in the wake of the Azul Azul crisis and published in mid-2026, imposes an absolute prohibition on multi-club ownership, with no percentage threshold and no exceptions, alongside new transparency duties requiring clubs to disclose their beneficial owners, with the CMF and Chile's National Sports Institute sharing oversight.[16] Where Portugal, Brazil, and the Premier League all still work through thresholds, Chile chose to remove the question of degree entirely.

5. Conclusion

Multi-club ownership has proliferated since roughly 2015, City Football Group, RedBird Capital, Fenway Sports Group, and John Textor's Eagle Football among the more visible examples, often using layered legal vehicles that make beneficial ownership genuinely difficult to trace from the outside. Clark's structure was not a novel invention. It was a smaller-scale, higher-stakes version of a strategy sophisticated investors have used globally for years.

What has changed is that the doctrinal gap Clark's structure exploited is closing, on more than one front simultaneously. The 2025 CAS awards make clear that no fund wrapper or nominee arrangement can shield an investor from disclosure and ownership-integrity rules once a competition's governing body is looking. And in Chile specifically, the closing of that gap did not arrive through doctrine alone: it arrived through a criminal prosecution, one that reframed the same OPA-avoidance question the CMF first raised in December 2024 as an allegation of fraud, and through a legislature that decided the fund-wrapper question was no longer worth litigating case by case.

For club lawyers, compliance officers, and the next generation of sports M&A practitioners, the lesson from Azul Azul is not really about one investor's structure. It is that the space between legal title and functional control, once a reliable place to operate, is disappearing in real time, in courtrooms, in CAS awards, and now in statute books that used to lag a decade behind the industry they regulate.

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[15] Premier League Owners' and Directors' Test (Section F, Premier League Handbook); the threshold defining "Control" was lowered from 30% to 25% as part of reforms approved by Premier League clubs.

[16] Ley 21.824 (Chile), amending Ley 20.019 on Sociedades Anónimas Deportivas Profesionales, published 2026, establishing an absolute prohibition on multi-club ownership and new beneficial-ownership transparency obligations, with oversight shared between the CMF and the Instituto Nacional de Deportes (IND).