

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9864 / July 10, 2015

SECURITIES EXCHANGE ACT OF 1934
Release No. 75420 / July 10, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16684

<p>In the Matter of</p> <p>Gerard Boudreault</p> <p>Respondent.</p>
--

**ORDER INSTITUTING
CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933 AND SECTION
21C OF THE SECURITIES EXCHANGE
ACT OF 1934, MAKING FINDINGS,
IMPOSING REMEDIAL SANCTIONS AND
A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Gerard Boudreault (the “Respondent” or “Boudreault”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

SUMMARY

This is an insider trading case in which Gerard Boudreault traded on the basis of material nonpublic information ahead of a June 20, 2013 public announcement by Idenix Pharmaceuticals, Inc. ("Idenix") that the U.S. Food and Drug Administration ("FDA") had placed a hold on clinical trials for IDX 20963, a Hepatitis C treatment drug that Idenix was developing. Boudreault served as a consultant to Idenix for the clinical trials for IDX 20963 and knew when he sold his shares that the FDA did not view IDX 20963 favorably. Idenix's stock price dropped more than 30% on the announcement, and Boudreault sold virtually all of his Idenix holdings before the announcement to avoid losses of approximately \$18,400.

RESPONDENT

Gerard Boudreault, age 52, is a North Weymouth, Massachusetts resident. Boudreault is the President and owner of Drug Development Resources ("DDR"), a Cambridge, Massachusetts-based company he founded in 2001, which provides drug development and commercialization consulting services to biopharmaceutical companies.

OTHER RELEVANT ENTITY

Idenix, a Delaware corporation, is headquartered in Cambridge, Massachusetts. At all relevant times, Idenix's common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and was traded on the NASDAQ Global Market. Idenix was acquired in a 2014 tender offer by Merck and is now a wholly-owned subsidiary of Merck.

FACTS

1. Boudreault's relationship with Idenix began in August 2011. At that time, DDR entered into a Services Agreement with Idenix in which DDR agreed to provide Idenix with consultancy services related to drug development and commercialization. The Services Agreement, which Boudreault signed as the company's President, expressly prohibited DDR's employees from using Idenix confidential information except in connection with services provided to Idenix. Thus, Boudreault owed a duty of confidentiality to DDR and Idenix.

2. As DDR's principal contact with Idenix, Boudreault was chiefly responsible for managing clinical trial materials and ensuring that study drugs were timely available in appropriate quantities at clinical trial sites. To carry out his duties and responsibilities, Boudreault had an office at Idenix's headquarters.

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

3. In 2013, DDR – and in turn, Boudreault – were retained to provide services to Idenix on a developmental drug to treat Hepatitis C known as IDX 20963. On May 20, 2013, Idenix filed with the FDA an Investigational New Drug Application seeking agency approval for IDX 20963. Boudreault was aware of the application filing and that the FDA had until June 20, 2013 (the “application deadline”) to complete its initial review of the application.

4. While Idenix was waiting for the FDA to complete its application review, Boudreault worked with various Idenix personnel to prepare the materials for IDX 20963’s planned clinical trials. Assuming FDA approval, the clinical trials were scheduled to begin on June 24, 2013.

5. On June 13, 2013, the FDA contacted certain Idenix personnel and informed them that, while the Agency’s review of the application was ongoing, it wanted to have a teleconference with Idenix on June 19, 2013 to discuss its review of IDX 20963. Boudreault knew that this teleconference was scheduled for June 19.

6. Boudreault understood the FDA’s request for a teleconference before the application deadline indicated that the FDA would likely place a hold on, or at least delay, clinical trials for IDX 20963.

7. Moreover, on June 17, 2013, Boudreault received a series of emails from Idenix employees in which they indicated that the clinical trial materials for IDX 20963 were released and ready to be shipped, but that no shipments could occur until the results of the June 19 FDA call were known. For example, on June 17, 2013, an Idenix employee emailed Boudreault “Drug [20963] is available for POC² but should we wait until the FDA call on Wednesday [June 19] . . . agree?” Boudreault replied, “that is our plan.”

8. On June 19, 2013, various Idenix personnel participated in the FDA call concerning IDX 20963. On that call, the FDA informed Idenix personnel that they were placing a hold on clinical trials for IDX 20963. While Boudreault did not participate in the call, he never received an instruction from any Idenix personnel to ship the clinical trial materials and, in turn, proceed with the clinical trials.

9. On June 20, 2013, at approximately 10:25 a.m. EST, Boudreault accessed his personal brokerage account through a DDR laptop computer while at Idenix’s headquarters. At that time, he liquidated all of his Idenix holdings (7,580 shares) in his personal brokerage account. Boudreault’s sale of his entire Idenix position was the single largest trade he had placed in his personal brokerage account since at least June 2009.

10. A few minutes later, Boudreault accessed an IRA account in his name, again from the same DDR laptop computer while at Idenix’s headquarters. At that time, Boudreault sold 5,000 Idenix shares, which represented over 40% of his total Idenix holdings in that account.

11. On June 20, 2013, after the market closed, Idenix announced publicly that the FDA had placed a hold on clinical trials for IDX 20963 pending additional pre-clinical safety

² The term “POC” stands for Port of Call, which is a type of shipment method.

information regarding the drug. Idenix's stock price subsequently dropped approximately 30% to \$3.68 per share. By selling his shares, Boudreault avoided losses of approximately \$18,400.

VIOLATIONS

12. As a result of the conduct described above, Boudreault knowingly or recklessly sold his Idenix shares on the basis of material, nonpublic information, and in so doing, breached a duty of trust and confidence that he owed to DDR and Idenix. Accordingly, Boudreault violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Section 17(a) of the Securities Act.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Respondent cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.
- B. Respondent shall, within ten days of the entry of this Order, pay disgorgement of \$18,405.00, which represents losses avoided as a result of the conduct described herein and prejudgment interest of \$846.04 to the Securities and Exchange Commission, for transfer to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3). Respondent shall, within ten days of the entry of this Order, pay a civil money penalty in the amount of \$18,405.00 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. § 3717. Payment must be made in one of the following ways:
 - (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;³
 - (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
 - (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

³ The minimum threshold for transmission of payment electronically is \$1,000,000. For amounts below the threshold, respondents must make payments pursuant to option (2) or (3) above.

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

- C. Payments by check or money order must be accompanied by a cover letter identifying Boudreault as Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Antonia Chion, Associate Director, Division of Enforcement, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-5720.

- D. It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary