UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 76695 / December 18, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-17009

In the Matter of

ERIC E. SHEAR,
Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING 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 21C of the Securities Exchange Act of 1934 ("Exchange Act"), against Eric E. Shear ("Shear" or "Respondent").

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, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order ("Order"), as set forth below.
III.

On the basis of this Order and Respondent’s Offer, the Commission finds\(^1\) that:

**Summary**

1. This matter involves insider trading by Respondent in the securities of Pioneer Behavioral Health, Inc. (“PHC”) in advance of the May 24, 2011 announcement that Acadia Healthcare Company, Inc. (“Acadia”) had agreed to acquire PHC.

2. In or around the first half of April 2011, while working at PHC, Shear learned that Pioneer was about to engage in a significant transaction. Shear knew that he had a fiduciary duty to maintain this information in confidence.

3. On April 18, 2011, Shear placed trades in a family member’s brokerage account while in possession of material nonpublic information. As a result of his improper use of the insider information, Respondent generated gains of $2,968.

4. As a result of the conduct described above, Shear violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

**Respondent**

5. **Eric E. Shear**, age 53, resides in Jupiter, FL. During the relevant time, Shear was Director of Business Development at PHC and resided in Danvers, MA.

**Other Relevant Persons**

6. **Pioneer Behavioral Health, Inc.** was a Massachusetts company headquartered in Peabody, MA. It provided behavioral health services. Its common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act until after it was acquired by Acadia. PHC’s common stock traded on the American Stock Exchange (former ticker symbol PHC).

7. **Acadia Healthcare Company, Inc.** is an SEC reporting company incorporated in Delaware and headquartered in Franklin, TN. It provides behavioral health services. Its common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act. Acadia’s common stock is traded on NASDAQ Global Market under the ticker symbol ACHC.

8. **Individual A** is a member of Shear’s family. Individual A resided in Massachusetts during the relevant time period, and currently resides in Florida. Individual A

\(^1\) 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.
holds an individual retirement account at a brokerage firm. Individual A provided Shear with the login and password to this IRA account, for the purpose of permitting Shear to make trades in the account.

**Facts**

9. On or around January 31, 2011, Acadia’s Chief Executive Officer contacted PHC’s Chief Executive Officer to discuss Acadia’s proposed acquisition of PHC. That same day, the PHC CEO updated the PHC board of directors on the discussions with Acadia and the proposed acquisition. Discussions continued throughout the next few months. Negotiations culminated in the execution of a final agreement on May 23, 2011. The agreement was announced publicly on the morning of May 24, 2011.

10. Eric Shear worked at PHC throughout this period, as Director of Business Development. Through his employment at PHC, Shear learned in or around the first half of April 2011 of activities regarding a significant transaction affecting PHC. Shear knew that the information about the PHC transaction was material and nonpublic, and that he had an obligation to maintain the confidentiality of the information and to refrain from trading on it. Shear violated his fiduciary duty to PHC and PHC’s shareholders by trading while in possession of this information.

11. On April 14, 2011, after learning of the proposed transaction activities, Shear deposited $4,000 in Individual A’s individual retirement account. On April 18, 2011, Shear used Individual A’s login and password to access Individual A’s individual retirement account. Shear used the funds he had deposited on April 14 to purchase 2,000 shares of PHC common stock.

12. On May 23, 2011, PHC and Acadia executed the merger agreement. At 8:45 a.m. on May 24, 2011, PHC and Acadia issued joint press releases announcing that the companies had entered into a definitive merger agreement.

13. The market reacted positively to the news. The closing last sale price of PHC on the day of the announcement was $3.61, an increase of approximately 20% over the prior day’s close. Trading volume on the day of the announcement was 1.8 million shares, compared to PHC’s historical average daily volume of approximately 56,700 shares.

14. As of the close of market on May 24, 2011, the PHC shares purchased by Shear on April 18, 2011 had increased in value by $2,968.

15. Shear purchased PHC shares on April 18, 2011 while in possession of material, nonpublic information about activities regarding a significant transaction involving PHC. Shear had learned this information through his employment at PHC, and knew that he had a fiduciary duty to maintain the information in confidence and to refrain from trading on it. Shear violated his fiduciary duty to PHC and PHC’s shareholders by trading while in possession of this information.
16. As a result of the conduct described above, Shear violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

IV.

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Shear cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent shall, within 10 days of the entry of this Order, pay disgorgement of $2,968, which represents profits gained as a result of the conduct described herein; prejudgment interest of $416.28; and a civil money penalty in the amount of $2,968 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). 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;

(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:

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

Payments by check or money order must be accompanied by a cover letter identifying Eric Shear as a 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 Scott Friestad, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5010.
V.

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