

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10627 / April 10, 2019

SECURITIES EXCHANGE ACT OF 1934
Release No. 85582 / April 10, 2019

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4039 / April 10, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19137

In the Matter of

ADAM C. DERBYSHIRE,

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO RULE 102(e) OF THE
COMMISSION'S RULES OF PRACTICE,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Adam C. Derbyshire (“Respondent”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.¹

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, and the findings contained in Section III.3 below, which are admitted, Respondent

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, temporarily suspend from appearing or practicing before it any attorney, accountant, engineer, or other professional or expert who has been by name . . . [p]ermanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

consents to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

III.

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

1. Derbyshire, age 53, of Raleigh, North Carolina, was the Chief Financial Officer and Executive Vice President for Finance and Administration of Salix Pharmaceuticals, Ltd. ("Salix") from the time he joined the company in 2000 until his resignation in 2014. Derbyshire obtained a Bachelor's degree in marketing from the University of North Carolina, Wilmington in 1988 and a Master of Business Administration from the University of North Carolina, Charlotte in 1990. Derbyshire is not and has not been licensed as a certified public accountant. He resigned from Salix on November 5, 2014, and is currently unemployed.

2. Salix is a Delaware that specializes in licensing, developing, and marketing pharmaceutical products for the treatment of gastrointestinal diseases. From 2001 to 2015, Salix was headquartered in Raleigh, North Carolina. Prior to being headquartered in Raleigh, it was headquartered in Palo Alto, California. During the relevant time period, Salix's common stock was registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 ("Exchange Act") and traded on the NASDAQ Stock Market, LLC under the symbol "SLXP." On April 1, 2015, Valeant Pharmaceuticals International, Inc. (n/k/a Bausch Health Companies Inc.) acquired Salix.

3. On April 4, 2019, the U.S. District Court for the Southern District of New York entered a Final Judgment by consent against Derbyshire, permanently enjoining him from violations of Section 17(a)(2) of the Securities Act of 1933, Section 10(b) of the Exchange Act, and Rule 10b-5(b) thereunder, and from aiding and abetting violations of Section 13(a) of the Exchange Act and Exchange Act Rule 13a-13. Securities and Exchange Commission v. Adam C. Derbyshire, Civil Action Number 1:17-cv-08891-ALC, in the United States District Court for the Southern District of New York. Derbyshire was ordered to pay \$494,836.13 in disgorgement of ill-gotten gains, plus \$63,698.25 in prejudgment interest thereon, and a civil penalty in the amount of \$494,836.13. He was also barred from serving as an officer or director of a public company for a period of five years from entry of the Final Judgment.

4. Among other things, the Commission's Complaint alleged that, from May 2013 through August 2014, Derbyshire knowingly or recklessly made material misrepresentations, concerning the amount of Salix products held in inventory by Salix's wholesaler customers, during Salix's quarterly earnings calls. The Complaint further alleged that Derbyshire knowingly or recklessly omitted material information from Salix's quarterly Reports on Form 10-Q for the first and second quarters of 2014. The Complaint also alleges that Derbyshire knowingly or recklessly provided substantial assistance to Salix in its failure to file truthful and correct quarterly reports for the first and second quarters of 2014 with the Commission.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Derbyshire's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Derbyshire is suspended from appearing or practicing before the Commission as an accountant.

B. After five (5) years from the date of this order, Derbyshire may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as an accountant.

By the Commission.

Vanessa Countryman
Acting Secretary