

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

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SECURITIES AND EXCHANGE COMMISSION,		)	
		)	
Plaintiff,		)	
		)	
v.		)	
		)	Case No.
SUSAN L. DUBUC		)	
		)	
		)	
Defendant.		)	
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**COMPLAINT**

Plaintiff Securities and Exchange Commission (“the Commission”) alleges the following against defendant Susan L. Dubuc (“Dubuc”), and hereby demands a jury trial:

**PRELIMINARY STATEMENT**

1. This case involves unlawful insider tipping and trading by Dubuc and certain relatives of Dubuc in the stock of Ariad Pharmaceuticals, Inc. (“Ariad”), a company based in Massachusetts engaged in the business of developing and marketing drugs to treat cancer. In September and October 2013, in her capacity as an employee of Ariad, Dubuc obtained material, nonpublic information concerning Ariad’s communications with the United States Food & Drug Administration (“FDA”) about the safety profile of Ariad’s only FDA approved drug, Iclusig. Shortly thereafter, Dubuc tipped her relatives and caused them to sell 235 shares of Ariad stock in advance of Ariad’s public announcement on October 9, 2013, that the company would be pausing enrollment in continuing Iclusig clinical trials. Ariad’s stock price declined after the announcement. By trading in advance of the October 9, 2013 announcement, Dubuc’s relatives avoided approximately \$2,888.10 in losses.

2. By knowingly or recklessly engaging in the conduct described in this Complaint, Dubuc violated Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

### **JURISDICTION**

3. The Commission brings this action pursuant to Sections 21(d) and 21A of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u-1]. The Commission seeks a permanent injunction against Dubuc, enjoining her from engaging in the acts, practices and courses of business alleged in this Complaint, disgorgement of all profits, prejudgment interest, civil monetary penalties, and such other and further relief as the Court may deem just and appropriate.

4. This Court has jurisdiction over this action pursuant to Sections 21(d)(1), 21(e) and 27 of the Exchange Act [15 U.S.C. §§78u(d)(1), 78u(e), 78aa]. Venue is proper in this District because Dubuc’s acts and practices alleged herein occurred primarily in Massachusetts, Dubuc resides in Massachusetts, and Ariad is located in Massachusetts.

5. In connection with the conduct described in this Complaint, Dubuc directly or indirectly made use of the means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange.

### **DEFENDANT**

6. **Susan L. Dubuc** is a resident of Malden, Massachusetts. From November 2010 to September 2014, Dubuc was employed at Ariad. Specifically from January 2013 to September 2014, Dubuc held the title Associate Director of Pharmacovigilance and Risk Management and, in that capacity, supervised Ariad’s collection and reporting of adverse event information to the FDA.

**RELEVANT ENTITY**

7. **Ariad Pharmaceuticals, Inc.** (“Ariad”) is a Delaware company with a principal place of business in Cambridge, Massachusetts. Ariad describes itself as an oncology company engaged in the business of developing and marketing drugs to treat cancer. During the relevant time period, Ariad was in the process of obtaining approval of and commencing marketing and distribution of Iclusig, a drug that was approved by the FDA as a second line option for the treatment of adult patients with certain types of leukemia. Ariad’s common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act. Ariad is quoted under the symbol “ARIA” on the NASDAQ Global Select Market.

**FACTUAL ALLEGATIONS**

**I. Ariad’s October 9, 2013 Announcement**

8. At 8:30 a.m. on October 9, 2013, Ariad issued a press release stating that the incidence of “serious arterial thrombosis” (blood clots developing in arteries) in Iclusig-treated patients had increased upon a review of 24-month clinical data as compared to the previous rate of incidence identified in 11-month clinical data. In connection with this news, Ariad stated that “patient enrollment in all clinical studies is being paused, and subject to agreement with the FDA, will be resumed with anticipated changes in dose and other modifications. In concert with this action, the FDA placed a partial clinical hold on all new patient enrollment in clinical trials of Iclusig.”

9. Companies like Ariad are routinely the subject of published reports by stock analysts who evaluate companies as investment opportunities and make recommendations to investors about whether to buy, sell, or hold a particular company’s securities. A number of

analysts responded to the October 9, 2013, announcement by decreasing Ariad revenue estimates.

10. After the October 9, 2013 announcement, Ariad's stock price declined 66%; from \$17.14 per share at the close of the previous day to \$5.83 per share at market close on October 9.

**II. Dubuc's Access to Material, Non-Public Information in Advance of Ariad's October 9, 2013 Announcement**

11. On September 27, 2013, Dubuc learned that the FDA had requested a face-to-face meeting with Ariad personnel on October 2, 2013 to discuss "continued occurrence of adverse reactions observed" with Iclusig. In preparation for the October 2, 2013 meeting, Dubuc helped assemble data responsive to FDA requests, including data related to arterial thrombotic adverse events. On October 2, during Ariad's meeting with the FDA, Dubuc received information about the FDA's review of certain Iclusig patient data and responded to follow-up requests from Ariad's management.

12. The communications between Ariad and the FDA regarding the safety profile of Iclusig constituted material nonpublic information in part because, among other things, they resulted in Ariad pausing the clinical development of its only FDA-approved drug.

13. In recognition that communications between Ariad and the FDA about Iclusig constituted material nonpublic information, on October 4, 2013 Ariad implemented a company-wide "black-out" period that prohibited company employees and related persons from trading in Ariad securities. Dubuc received an email on October 4 alerting her of the "black-out" period and informing her that Ariad "intends to make a public announcement next week."

**III. Dubuc Tips Her Relatives in Advance of Ariad's October 9, 2013 Announcement in Breach of Her Duties to Ariad**

14. On the morning of October 8, 2013, Dubuc spoke to her relatives via telephone.

During the telephone call, Dubuc provided her relatives with material, nonpublic information regarding Ariad's anticipated negative announcement. Approximately ten minutes after the telephone call, one of Dubuc's relatives placed a call to their broker to enter into an unsolicited trade order to sell 235 shares of Ariad stock, which constituted the relatives' entire holdings in the account at that time. The shares were sold for \$4,127.96.

15. Dubuc's relatives sold their Ariad stock on the basis of material nonpublic information that Dubuc received in the course of her employment by Ariad. By selling their Ariad stock on October 8, 2013, Dubuc's relatives avoided a loss of approximately \$2,888.10, which they would have incurred if the sales had taken place after the announcement on October 9, 2013.

16. At all relevant times, Dubuc was an employee of Ariad who had a duty to Ariad and its shareholders not to trade, or direct others to trade, in the company's securities while in possession of material nonpublic information about Ariad. Dubuc was subject to Ariad's insider trading policy, which prohibited disclosing material, nonpublic information to outsiders who then trade in Ariad stock based on that information. The policy also explicitly prohibited trading in Ariad stock by Dubuc's family members when they were in possession of material nonpublic information.

17. Dubuc knew or recklessly disregarded that tipping of relatives was in breach of a fiduciary duty to Ariad and its shareholders.

18. Dubuc knew or recklessly disregarded that the information she misappropriated from Ariad was material and nonpublic.

**FIRST CLAIM FOR RELIEF**  
**(Violation of Section 10(b) of the Exchange Act and Rule 10b-5)**

19. The Commission repeats and incorporates by reference the allegations in

paragraphs 1–18 of the Complaint as if set forth fully herein.

20. The information described in paragraphs 11 and 12 was material and nonpublic and considered by Ariad to be confidential. Ariad had policies and procedures protecting confidential information.

21. Dubuc learned of the material nonpublic information described in paragraphs 11 and 12 during the course of her employment with Ariad.

22. Dubuc tipped her relatives to trade in the stock of Ariad based on the material nonpublic information described in paragraph 11.

23. As alleged herein, Dubuc directly or indirectly, singly or in concert, by the use of the means and instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities, intentionally, knowingly or recklessly: (a) employed or is employing devices, schemes or artifices to defraud; (b) made or is making untrue statements of material fact or omitted or is omitting to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or (c) engaged or is engaging in acts, practices or courses of business which operate as a fraud or deceit upon other persons.

24. By reason of the foregoing, Dubuc has violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

### **PRAYER FOR RELIEF**

WHEREFORE, the Commission requests that this Court:

A. Enter a permanent injunction restraining Dubuc, as well as her agents, servants, employees, attorneys, and other persons in active concert or participation with her, from directly

or indirectly engaging in the conduct described above, or in conduct of similar purport and effect, in violation of Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5];

- B. Require Dubuc to disgorge the ill-gotten gains, plus prejudgment interest;
- C. Order Dubuc to pay an appropriate civil penalty pursuant to Section 21A of the Exchange Act [15 U.S.C. §78u-1];
- D. Retain jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered; and
- E. Award such other and further relief as the Court deems just and proper.

**DEMAND FOR JURY TRIAL**

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Commission demands a jury trial in this action of all issues so triable under the claims in this Complaint.

Respectfully submitted,

/s/ Deena R. Bernstein

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