



***United States Attorney
Southern District of New York***

**FOR IMMEDIATE RELEASE
NOVEMBER 2, 2010**

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**MANHATTAN U.S. ATTORNEY CHARGES FRENCH DOCTOR
FOR INSIDER TRADING SECURITIES FRAUD**

*Allegedly Illegal, Inside Tips At Time of Fatality And Other
Problems In Clinical Drug Trial Allow Hedge Fund To Avoid \$30
Million In Trading Losses*

PREET BHARARA, the United States Attorney for the Southern District of New York, and JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced today the arrest of YVES BENHAMOU, a citizen and resident of France, on charges of engaging in an insider trading scheme in which he used his dual roles as an adviser on a clinical drug trial and as a private, paid consultant to provide material, nonpublic information about the drug trial's progress to a portfolio manager of a hedge fund group (the "Hedge Fund"). The Hedge Fund then used that information to avoid approximately \$30 million in losses.

Manhattan U.S. Attorney PREET BHARARA said: "Benhamou is alleged to have abused his position as a medical doctor by illegally tipping off a hedge fund so it could reap a \$30 million windfall. As charged, by profiting from his sensitive position and providing the hedge fund an unfair advantage, Benhamou undermined the integrity of the securities market and sold out his employer. This Office, along with the FBI and the Securities and Exchange Commission, will continue to pursue professionals of all stripes whose greed motivates them to corrupt the market and betray the companies they advise."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK said: "Dr. Benhamou was the quintessential insider, providing

non-public information about the company for which he worked to a hedge fund holding millions of shares in the company. Insider information about the clinical trials of Albuferon was invaluable to the hedge fund, but passing it along wasn't fair, and it wasn't legal."

According to the two-count criminal Complaint filed in Manhattan federal court late yesterday:

YVES BENHAMOU is a citizen of France and a medical doctor with an expertise in hepatitis treatment. During the scheme, BENHAMOU worked for Human Genome Science, Inc. ("HGSI"), on a steering committee (the "Steering Committee") that oversaw the clinical trial of Albuferon, a drug being tested for its potential to treat the liver disease Hepatitis C. HGSI was a biopharmaceutical company, whose common stock is quoted on the NASDAQ under the ticker symbol HGSI. At the same time that BENHAMOU served as a member of the Steering Committee and worked for HGSI, in exchange for a stream of payments, BENHAMOU consulted with hedge funds and other investors who purchased and sold securities in the healthcare sector, including the Hedge Fund.

From November 2007 through January 2008, a co-conspirator ("CC-1") worked for the Hedge Fund as a portfolio manager for healthcare funds with the authority to cause the Hedge Fund to sell its shares of HGSI.

On multiple occasions, as a result of his position on the Steering Committee, BENHAMOU had access to certain non-public information about serious adverse events during the clinical trial of Albuferon, including information about a fatality and the occurrence of lung disease in another patient. BENHAMOU communicated with CC-1 immediately after receiving the information when it was still not public. As a result of those communications, CC-1 then directed a trader at the Hedge Fund to sell the Fund's shares in HGSI.

By selling more than 6 million shares of HGSI before disclosure was made to the public about certain adverse events, the Hedge Fund avoided losses totaling approximately \$30 million.

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BENHAMOU, 50, of Neuilly-sur-Seine, France, was arrested yesterday afternoon in Boston, Massachusetts, and is expected to be presented this morning before a U.S. Magistrate Judge in Boston federal court.

BENHAMOU is charged with one count of conspiracy to commit securities fraud and one count of securities fraud for his role in the insider trading scheme. He faces a maximum sentence of five years in prison on the conspiracy charge and 20 years in prison on the securities fraud charge.

Mr. BHARARA praised the efforts of the Federal Bureau of Investigation. He also thanked the Securities and Exchange Commission for its assistance in the investigation. He added that the investigation is continuing.

Assistant U.S. Attorneys PABLO QUIÑONES and REED BRODSKY are in charge of the prosecution.

The charges contained in the Complaint are merely accusations and the defendant is presumed innocent unless and until proven guilty.

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