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US Senator Charles Grassley raises Vertex stock profits issue with SEC chief

By **Beth Healy** | GLOBE STAFF JUNE 07, 2012

US Senator Charles Grassley, in a letter to the head of the federal Securities and Exchange Commission Thursday, said he is concerned about a recent dramatic jump in Vertex Pharmaceuticals Inc.'s stock price that followed overstated test data for a drug it's developing.

Grassley, an Iowa Republican, said it was a "potentially troubling issue for investors" that the Cambridge biotechnology company's stock's 55 percent boom on May 7 was based on results from clinical trial that Vertex later said were flawed.

At that time, the company said a small number of patients taking an experimental drug combination to treat cystic fibrosis showed remarkable improvement. But later that

month, the company said the results -- while still positive -- had been overstated, due to an outside vendor's mistake in interpreting data. In the interim, however, five Vertex executives and two corporate directors cashed in stock and options worth millions of dollars. Vertex said most of the sales were pre-planned.

Grassley cited the Globe's report on the overstated data and resulting profit by company officials in his letter to SEC

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