

DURECT CORP  
Form SC 13G/A  
February 13, 2013

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G/A

**(Amendment No. 2)**

Under the Securities Exchange Act of 1934

**Direct Corporation**

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(Name of Issuer)

Common Stock

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(Title of Class of Securities)

266605104

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(CUSIP Number)

December 31, 2012

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(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

£ Rule 13d-1(b)  
S Rule 13d-1(c)  
£ Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1745 (12-02)

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names of reporting persons

i.r.s. identification no. of above persons (entities only)

1.

Gagnon Securities LLC

check the appropriate box if (b) S a group\*

2.

sec use only

3.

citizenship or place of organization

4.

Delaware Limited Liability Company

number of shares beneficially owned by each reporting person with:

5. sole voting power	0
6. shared voting power	4,014,113
7. sole dispositive power	0
8. shared dispositive power	4,014,113
9. aggregate amount beneficially	4,014,113

owned  
by each  
reporting  
person

- check box if the  
aggregate amount in  
**10.** row (9) excludes  
certain shares (See  
Instructions)

- percent  
of class  
represented  
**11.** by  3.95%  
amount  
in row  
(9)

- type of  
reporting  
**12.** person  **IA, BD**  
(See  
Instructions)

names of reporting  
persons

i.r.s. identification no.  
of above persons  
(entities only)

13.

Neil Gagnon

14. check  
the  
appropriate  
box if (a)  ~~£~~  
(b) S  
a  
group\*

sec use only

15.

citizenship or place of  
organization

16.

USA

number of shares	17. sole voting power	2,771,421
beneficially owned by	18. shared voting power	4,380,308
each reporting person with:	19. sole dispositive power	2,771,421
	20. shared dispositive power	4,439,233

21. aggregate 7,210,654  
amount  
beneficially  
owned  
by each

reporting  
person

check box if the  
aggregate amount in  
**22.** row (9) excludes  
certain shares (See  
Instructions)

percent  
of class  
represented  
**23.** by  7.09%  
amount  
in row  
(9)

type of  
reporting  
**24.** person  IN  
(See  
Instructions)

Item 1.

(a)  
Name of Issuer: Durect Corporation

(b) Address of Issuer's Principal Executive Offices: 10260 Bubb Road  
Cupertino, CA 95014

Item 2.

(a) Name of Person Filing: Gagnon Securities of Person LLC ("GS"), an investment adviser registered with the Securities Exchange Commission ("SEC") under the Investment Advisers Act of 1940, as amended, in its role as investment manager to several customer accounts, foundations, partnerships and trusts (collectively, the "Accounts") to which it furnishes investment advice, may be deemed to beneficially own 4,014,113 shares of the Issuer's Common Stock held in the Accounts. GS shares voting power and dispositive power with Neil Gagnon, the managing member and principal owner of GS, with respect to 3,197,355 shares of Common Stock held in the Accounts. GS shares voting and

dispositive power with certain persons other than Mr. Gagnon with respect to 816,758 shares of Common Stock held in the Accounts. GS expressly disclaims beneficial ownership of all securities held in the Accounts. No single client's interest as reported in the Accounts exceeds 5% of the Issuer's Common Stock.

In addition to the shares of Common Stock held in the Accounts over which Mr. Gagnon shares voting and/or dispositive power with GS, Mr. Gagnon may be deemed to beneficially own 4,013,299 shares of the Issuer's Common Stock in a private investment fund (the "Fund"), in personal accounts (the "Personal Accounts"), and in foundations, partnerships and trusts to which he furnishes investment advice (the "Other Accounts"). Mr. Gagnon has sole voting power and sole dispositive power with respect to 819,910 shares of Common Stock held in the Personal Accounts and 1,951,511 shares of



Common Stock held in the Fund, he shares voting power with certain persons other than GS with respect to 1,182,953 shares of Common Stock held in the Other Accounts and he shares dispositive power with certain persons other than GS with respect to 1,241,878 shares of Common Stock held in the Other Accounts. Except for Common Stock held in the Personal Accounts, Mr. Gagnon expressly disclaims beneficial ownership of all securities held in the Accounts, the Other Accounts and the Fund. No single client's interest as reported in the Accounts, the Personal Accounts, the Other Accounts or the Fund exceeds 5% of the Issuer's Common Stock.

(b) Address of Principal Business Office or, if none, Residence: 1370 Ave. of the Americas, Suite 2400 New York, NY 10019

(c) Citizenship: Gagnon Securities LLC: Delaware Limited Liability Company

Neil Gagnon: USA

(d) Title  
of Class Common Stock  
of  
Securities:

(e)  
CUSIP 266605104  
Number:

If this statement is filed  
pursuant to §§240.13d-1(b)  
or 240.13d-2(b) or (c), check  
whether the person filing is  
a:

(a)  Broker or dealer  
registered under section  
15 of the Act (15 U.S.C.  
78o).

(b)  Bank as defined in  
section 3(a)(6) of the  
Act (15 U.S.C. 78c).

(c)  Insurance company as  
defined in section  
3(a)(19) of the Act (15  
U.S.C. 78c).

(d)  Investment company  
registered under section  
8 of the Investment  
Company Act of 1940  
(15 U.S.C 80a-8).

(e)  An investment adviser in  
accordance with  
§240.13d-1(b)(1)(ii)(E);

(f)  An employee benefit  
plan or endowment fund  
in accordance with  
§240.13d-1(b)(1)(ii)(F);

(g)  A parent holding  
company or control  
person in accordance  
with §  
240.13d-1(b)(1)(ii)(G);

(h)  A savings associations  
as defined in Section  
3(b) of the Federal  
Deposit Insurance Act  
(12 U.S.C. 1813);

(i)  A church plan that is  
excluded from the

definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);

- Group, in accordance  
(j)  with §240.13d-1(b)(1)(ii)(J).

Item  
4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

Amount Gagnon Securities LLC: 4,014,113  
(a) beneficially owned: Neil Gagnon: 7,210,654

Gagnon Securities LLC: 3.95%  
(b) Neil Gagnon: 7.09%,

Percent of class: Calculation of percentage of beneficial ownership is based on approximately 101,711,379 outstanding shares as reported by the Issuer on its Form 8-K filed on December 16, 2012.

(c) Number of shares as to which the person has:

Sole power Gagnon Securities LLC: 0  
(i) to vote or to direct the vote: Neil Gagnon: 2,771,421  
Shared power to Gagnon Securities LLC: 4,014,113  
(ii) vote or to direct the vote: Neil Gagnon: 4,380,308  
(iii) Gagnon Securities LLC: 0

Sole power Neil Gagnon: 2,771,421  
to dispose  
or to direct  
the  
disposition  
of:  
Shared  
power to  
dispose or Gagnon Securities LLC: 4,014,113  
(iv) direct  
the Neil Gagnon: 4,439,233  
disposition  
of:

Item  
5 Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that  
as of the date hereof the reporting person has ceased  
to be the beneficial owner of more than five percent  
of the class of securities, check the following [ ].

Item 6 Ownership of More than Five Percent on Behalf of Another Person

The Accounts, the Personal Accounts, the Other Accounts and the Fund described above in Item 2 have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, securities held in their respective accounts. To the knowledge of the Reporting Persons, the interest in any such account does not exceed 5% of the class of securities. Except to the extent described herein, each Reporting Person disclaims

beneficial  
ownership of  
all such  
securities.

**Items**  
7 - Not  
9 - Applicable

Item  
10 Certification

The following certification shall be included if the statement is filed pursuant to §240.13d-1(c):

- (a) By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 8, 2013

Date

GAGNON SECURITIES LLC

/s/ Neil Gagnon

Signature

Neil Gagnon

Name/Title

February 8, 2013

Date

Neil Gagnon

/s/ Neil Gagnon

Signature

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

*NOTE:* Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. *See* §240.13d-7 for other parties for whom copies are to be sent.

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (See 18 U.S.C. 1001)