

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
Plaintiff,	:	
	:	
v.	:	Civil Action No.
	:	
EDWARD HENDERSON and	:	
PAUL DESJOURDY,	:	
	:	
Defendants.	:	

**COMPLAINT**

Plaintiff U.S. Securities and Exchange Commission (the “Commission”) alleges that:

**SUMMARY**

1. From no later than April 2011 through June 2011, Defendants Edward Henderson and Paul Desjourdy engaged in a fraudulent kickback and market manipulation scheme involving the common stock of Symbollon Pharmaceuticals, Inc. (“SYMBA”) in violation of the federal securities law.
2. Desjourdy, the President of SYMBA, made a series of illegal kickback payments to a purported corrupt hedge fund representative to induce the hedge fund representative to buy SYMBA common stock with the hedge fund’s money. The kickbacks consisted of cash payments directed by Desjourdy to the hedge fund representative and disguised as payments pursuant to a bogus consulting agreement. Desjourdy and the hedge fund representative created the consulting agreement as a means for carrying out the scheme.
3. Henderson introduced Desjourdy to the hedge fund representative knowing that the purpose of the introduction and subsequent meetings and discussions was to arrange and carry

out an arrangement whereby Desjourdy would enter into a funding/kickback agreement with the hedge fund representative.

4. Henderson introduced Desjourdy to the hedge fund representative with the understanding that Henderson would receive a portion of the kickback agreed to and paid by Desjourdy to the hedge fund representative.

5. Desjourdy and Henderson participated in this scheme in order to obtain money from the representative's hedge fund, to enrich themselves, and in an effort to generate the appearance of interest in SYMBA, induce public purchases of its stock, and ultimately increase the stock's trading price.

6. As a result of the conduct described in this Complaint, the Defendants violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. Unless restrained and enjoined, they are reasonably likely to continue to violate the federal securities laws.

7. Based on these violations the Commission seeks: (1) a permanent injunction restraining and enjoining the Defendants from violating the federal securities laws; (2) an order directing the Defendants to pay civil monetary penalties; (3) disgorgement of Defendants' ill-gotten gains, plus prejudgment interest; (4) an order barring Defendant Desjourdy from acting as an officer or director of a public company; and (5) an order barring the Defendants from participating in any offering of a penny stock.

#### **AUTHORITY AND JURISDICTION**

8. The Commission brings this action pursuant to enforcement authority conferred by Section 21 of the Exchange Act [15 U.S.C. § 78u].

9. This Court has jurisdiction over this action pursuant to Sections 21 and 27 of the

Exchange Act [15 U.S.C. §§ 78u & 78aa]. The District of Massachusetts is the proper venue for this action under Section 27 of the Exchange Act [15 U.S.C. § 78aa] because many of the Defendants' acts and transactions constituting violations of the Exchange Act took place in the District of Massachusetts.

10. The Defendants, directly or indirectly, made use of the means and instrumentalities of interstate commerce, or of the mail in connection with the acts, practices, and course of business alleged herein.

### **DEFENDANTS**

11. Edward Henderson, age 69, resides in Lincoln, Rhode Island. Henderson holds himself out as "promoter" or "finder" with respect to small companies who are seeking venture capital or other sources of funding.

12. Paul C. Desjourdy, age 49, resides in Medfield, Massachusetts. Desjourdy is, or has been at various times, the President, CEO, CFO, General Counsel, Treasurer and a Director of SYMBA. Desjourdy has been a licensed certified public accountant in Massachusetts since 1986 and an attorney and active member of the Massachusetts bar since 1989.

### **RELATED ENTITY**

13. Sybollon Pharmaceuticals, Inc. ("SYMBA"), a Delaware corporation formerly known as Sybollon Corp., with its principal place of business in Medfield, Massachusetts, is engaged in the development and commercialization of proprietary iodine-based agents and antimicrobials. Its common stock is currently quoted on OTC Pink under the symbol "SYMBA." Its common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act.

14. SYMBA's stock is a "penny stock" as defined by the Exchange Act. At all times relevant to this Complaint, the stock's shares traded at less than \$5.00 per share.

**THE FRAUDULENT SCHEME**

15. On or about May 6, 2011, Desjourdy met with an individual who purported to be a Boston-based representative of a major hedge fund (the “hedge fund representative”). In fact, the hedge fund representative was a Special Agent of the Federal Bureau of Investigation working in an undercover capacity. Desjourdy and the hedge fund representative discussed and agreed upon a scheme whereby the representative’s hedge fund would purchase \$5 million of SYMBA common stock in return for the payment of a kickback to the hedge fund representative. Desjourdy and Henderson participated in this scheme in order to obtain money from the representative’s hedge fund, to enrich himself, and in an effort to generate the appearance of interest in SYMBA, induce public purchases of its stock, and ultimately increase the stock’s trading price.

16. Henderson arranged for the meeting between Desjourdy and the hedge fund representative knowing that the purpose of the introduction and subsequent meetings and discussions was to arrange and carry out an arrangement whereby Desjourdy would enter into a funding/kickback agreement with the hedge fund representative.

17. Henderson introduced Desjourdy to the hedge fund representative with the understanding that Henderson would receive a portion of the kickback agreed to and paid by Desjourdy to the hedge fund representative.

18. During their discussions the undercover Special Agent told Desjourdy that as a representative of the hedge fund he owed a fiduciary duty to the fund and that, as a result, it was imperative that his employer and the fund not become aware of the kickback arrangement. Desjourdy and the purported hedge fund representative also discussed structuring the transaction

into smaller, so-called "tranches," so that it would avoid detection by the hedge fund's compliance personnel and by securities regulators. Also, in order to conceal the nature of the transaction, Desjourdy agreed to make the kickback payments to the representative through a shell corporation. Desjourdy executed a purported "consulting agreement" between SYMBA and the shell corporation to create the false appearance that the kickback payments were compensation for consulting services.

19. On or about May 9, 2011, pursuant to a subscription agreement between SYMBA and the representative's hedge fund, the hedge fund agreed to purchase 180,000 restricted shares of SYMBA common stock for \$18,000. On that same date, SYMBA and the shell corporation entered into a consulting agreement prepared by Desjourdy. On May 9, 2011, \$18,000 was wired by the hedge fund representative to the bank account of SYMBA for the restricted stock purchase. On May 10, 2011, the shell corporation sent an invoice for consulting services rendered to SYMBA and later on that same day, SYMBA sent a wire for \$9000 to the shell corporation's bank account, representing the payment on the phony invoice and therefore the 50% kickback.

20. On or about May 16, 2011, pursuant to an amendment to the May 9 stock subscription agreement between SYMBA and the representative's hedge fund, the hedge fund agreed to purchase an additional 250,000 restricted shares of SYMBA common stock for \$30,000. On that same date, SYMBA and the shell corporation entered into a consulting agreement prepared by Desjourdy. On May 20, 2011, \$30,000 was wired by the hedge fund representative to the bank account of SYMBA for the restricted stock purchase. On May 24, 2011, the shell corporation sent an invoice for consulting services rendered to SYMBA and later on that same day, SYMBA sent a wire for \$15,000 to the shell corporation's bank account, representing the payment on the

phony invoice and therefore the 50% kickback.

21. On or about May 20, 2011 the hedge fund representative wired a payment of \$7300.00 to Henderson, which included his share of the kickback of the SYMBA arrangement. Payment of the kickback for the SYMBA was made pursuant to a phony consulting agreement that Henderson helped create.

22. On or about June 7, pursuant to an amendment to the May 9 stock subscription agreement between SYMBA and the representative's hedge fund, the hedge fund agreed to purchase an additional 400,000 restricted shares of SYMBA common stock for \$60,000. On that same date, \$60,000 was wired by the hedge fund representative to the bank account of SYMBA for the restricted stock purchase. In June, 2011, the shell corporation sent an invoice for consulting services rendered to SYMBA and later on that same day, SYMBA sent a wire for \$30,000 to the shell corporation's bank account, representing the payment on the phony invoice and therefore the 50% kickback.

**FIRST CLAIM FOR RELIEF**

**Violations of Section 10(b) of the Exchange Act and Rule 10b-5**

(Against Desjourdy and Henderson)

23. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 - 22.

24. From April 2011 through June 2011, the Defendants, directly and indirectly, by use of the means and instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly, willfully and recklessly employed devices, schemes and artifices to defraud.

25. By reason of the foregoing, Desjourdy and Henderson, singly or in concert, directly or

indirectly, violated, and unless enjoined will again violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b) and Rule 10b-5, 17 C.F.R. § 240.10b-5.

**PRAYER FOR RELIEF**

**WHEREFORE**, the Commission respectfully requests a Final Judgment that:

**I.**

Permanently enjoins Desjourdy, Henderson, their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

**II.**

Orders Desjourdy and Henderson to disgorge the ill-gotten gains they received as a result of their violations of the federal securities laws and to pay prejudgment interest thereon.

**III.**

Orders Desjourdy and Henderson to pay civil money penalties pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

**IV.**

Issues an Order barring Desjourdy and Henderson from participating in any offering of penny stock, pursuant to Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), for the violations alleged in this Complaint.

**V.**

Issues an Order pursuant to Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), barring Desjourdy from serving as an officer or director of a public company.

**VI.**

Granting such other and further relief as the Court may deem just and proper.

Dated: Boston, Massachusetts  
December 1, 2011

On behalf of the Commission,

/s Martin F. Healey  
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Michelle Giard Draeger (ME Bar No. 8906)  
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