

SEC Obtains Final Judgments Against Mass.-Based Company and Senior Officers

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Securities and Exchange Commission v. Bio Defense Corporation, et al., No. 1:12-cv-11669 (D. Mass. filed Sept. 10, 2012)

The Securities and Exchange Commission has obtained final judgments against a Mass.-based company and five former senior executives and consultants, all of whom the agency [charged in 2012](#) with defrauding company investors out of \$26 million.

The SEC's September 2012 [complaint](#) alleged that Bio Defense Corp., which was purportedly in the business of building and selling machines that irradiated mail to destroy biological agents like anthrax, offered and sold unregistered securities to investors for over six years. The complaint also alleged that Michael Lu, Jonathan Morrone, and Z. Paul Jurberg told investors that Bio Defense was not paying its officers and employees. In reality, as alleged, the company's largest expense during those six years was the millions of dollars it paid to Lu, Morrone, Jurberg, and other employees. Some of the compensation paid to Lu went to a company he controlled called May's International Corp. The complaint further alleged that, in 2008, Bio Defense, Lu, Morrone and Jurberg hired Brett Hamburger, who had been convicted of securities fraud, and Anthony Orth, a self-described "marketer," to access "boiler room" firms to sell Bio Defense securities overseas in exchange for as much as 75% of investor proceeds.

The final judgments, entered on September 6, 2019:

- Permanently enjoin Bio Defense, Michael Lu, Jonathan Morrone, Paul Jurberg, Anthony Orth and Brett Hamburger from violating the antifraud provisions of Section 17(a) of the Securities Act of 1933; Bio Defense, Lu, Morrone, Orth and Hamburger from violating the antifraud provisions of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder; Lu, Morrone, Jurberg, Orth and Hamburger from violating the broker-dealer registration provisions of Section 15(a) of the Exchange Act, and Bio Defense, Lu, Morrone, Jurberg and Orth from violating the securities offering registration provisions of Section 5 of the Securities Act
- Permanently bar Lu, Morrone, Jurberg and Orth from serving in senior positions at public companies
- Order Bio Defense, Lu, Morrone, Jurberg, Orth and Hamburger to pay disgorgement, prejudgment interest, and civil monetary penalties of \$37,475,717, \$1,399,156, \$1,398,961, \$1,327,325, \$1,458,734, and \$954,407, respectively
- Order relief defendant May's International to pay disgorgement and prejudgment interest of \$791,143

The final judgments against Morrone, Jurberg, Orth, and Hamburger were entered after the court granted summary judgment in favor of the SEC, and the judgments against Bio Defense, Lu, and May's International were entered by default. The court's entry of the final judgments resolves this litigation in its entirety.

The SEC strongly encourages investors to check the backgrounds of people selling them investments by using the search tool on the agency's [Investor.gov website](#) to quickly identify whether the professionals are currently registered