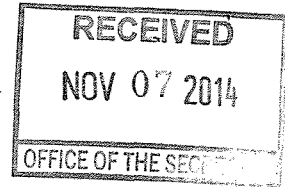


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



In the Matter of

NATURAL BLUE
RESOURCES, INC., JAMES
E. COHEN, AND JOSEPH
A. CORAZZI,

Respondents.

Administrative Proceeding

File No. 3-15974

**RESPONDENT CORAZZI'S MEMORANDUM OF POINTS AND AUTHORITIES IN
SUPPORT OF RESPONDENT CORAZZI'S MOTION FOR A MORE DEFINITE
STATEMENT AND/OR MOTION FOR SUMMARY DISMISSAL OF CHARGES
AGAINST RESPONDENT CORAZZI**

COMES NOW, Respondent, Joseph A. Corazzi, ("Corazzi"), by and through his undersigned attorneys, The Waggoner Legal Group, Robert M. Strumor and William J. Waggoner, and pursuant to the Securities and Exchange Commission's Rules of Practice ("Rule 201.154") submits Respondent Corazzi's Memorandum of Points and Authorities in Support of Respondent Corazzi's Motion for a More Definite Statement and/or Motion for Summary Dismissal of Charges Against Respondent Corazzi, as follows:

I.

BACKGROUND AND PROCEDURAL HISTORY

On July 16, 2014, the Securities and Exchange Commission (the "Commission"), filed its Order Instituting Cease-And-Desist Proceedings pursuant to Section 8A of the Securities Act of 1933, and Sections 15(b) and 21C of the Securities Exchange Act of 1934 and Notice of Hearing (the "Order"), which commenced this proceeding against Natural Blue Resources, Inc. ("Natural Blue"), James E. Cohen ("Cohen") and Joseph A. Corazzi ("Corazzi")

The Commission has filed the Division of Enforcement's Motion for Entry of Default and Imposition of Sanctions Against Respondent Natural Blue Resources, Inc. The Commission entered its Order to Show Cause on November 5, 2014, requiring Natural Blue to respond by November 14, 2014 or face sanctions and civil penalties. Therefore, Natural Blue may no longer be a party to this action.

The charges against Corazzi are that he willfully violated Section 17(a)(1) and 17(2) of the Securities Act, and Section 10(b) of the Exchange Act, and Rules 10b-5(a) and 10b-5(c) thereunder, which prohibit fraudulent conduct in connection with the purchase and sale of securities by engaging in a device, scheme and/or artifice to defraud and/or engaging in a transaction, practice and/or course of business which operated, or would have operated, as a fraud or deceit upon the purchaser.

The Commission has alleged that Natural Blue, Cohen and Corazzi violated these laws and regulations by creating and operating Natural Blue as a vehicle for Cohen and Corazzi to control and profit from the company, while failing to disclose their roles as *de facto* officers or their past criminal and regulatory violations to potential investors. The charge also claims that both Cohen and Corazzi knew or were reckless in not knowing that they committed deceptive acts in furtherance of this fraudulent scheme. See Section L. Violations, of the Order.

Respondent Corazzi timely filed his Answer of Respondent Joseph Corazzi (the "Answer") on August 18, 2014.

II.

RESPONDENT CORAZZI DID NOT VIOLATE SECTION 17 (a) OF THE SECURITIES ACT OF 1933

The Securities and Exchange Commission's (the "Commission") Order Instituting Administrative and Cease-And-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933n and Sections 15 (b) and 21 C of the Securities and Exchange Act of 1934 And Notice of Hearing of July 16, 2014 (the "Order") charges that Respondent charges that Respondent Corazzi violated Section 17 (a)(1) and Section 17 (a)(3) of the Securities Act of 1933 (the "Securities Act") and Section 10 (b) of the Securities Exchange Act of 1934 (the "Exchange Act")and Rules 10b-5 (a) and 10b-5 (c) promulgated thereunder.

It is important to note that Section 17 (a) of the Exchange Act applies only to the "offer or sale" of Securities and, provides in pertinent part:

"It shall be unlawful for any person in the offer or sale of securities or any security-based swap agreement by the use of any means or instruments of transportation or communication in Interstate commerce or use of mails, directly or indirectly-

(1) to employ and device, scheme, or artifice to defraud; or

(2) to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(3) to engage in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon the purchaser."

Respondent Corazzi is charged with violations of Section 17 (a)(1) and Section 17 (a)(2) and not Section 17 (a)(2), which we will not address here.

Respondent Corazzi in his Answer to the Order has admitted that he was a consultant to Natural Blue Resources, Inc. ("Natural Blue") through Natural Blue's agreement with JEC Corporation ("JEC"), however, Respondent Corazzi has denied that he was an officer, director or employee of Natural Blue. See Defendant Corazzi's Motion, Section II The Motion, P. 3 & 4.

It is Respondent Corazzi's position that he was not a person involved in the offer or sale of Natural Blue securities and, therefore, can have no liability under Section 17 (a)(1) or (a)(2) of the Exchange Act.

Based upon the witness interviews provided to the Defense by counsel for the Commission, it appears that Natural Blue's former President, Erik Perry, was the individual primarily responsible for soliciting both loans and equity investments for Natural Blue and not Respondent Corazzi. See Commission interview with "Stephen S." dated June 17, 2012 and Commission interview with "Susan S." dated June 27, 2012 and Commission interview with Rick J. dated as of February 7, 2014 all of which report detailed negotiations with the subjects and Natural Blue President Erik Perry, which resulted in the purchase of Natural Blue stock by the persons being interviewed.

It is important to note that there are no similar witness interviews which document similar offers or sale of securities by Respondent Corazzi. Because the Commission has insufficient evidence to establish that Respondent Corazzi participated in the offer or sale of Natural Blue's securities he can have no liability under Section 17 (a)(1) or Section 17 (a)(2) of the Exchange Act. See *Finkel v. Stratton Corp.*, 982 F. 2d 169, 174-175 (2d Cir. 1992) which held, in part, that Section 17 only applies to the "offer or sale of securities".

Therefore, the Commission should be required to amend the Order to make a more definite statement detailing its claims and specific transactions showing that Respondent Corazzi

was involved in the offer or sale of securities and, therefore, subject to Section 17 (a) of the Exchange Act or in the alternative dismiss the Section 17 (a) Exchange Act Charges against Respondent Corazzi.

III

RESPONDENT CORAZZI DID NOT VIOLATE SECTION 10 (b) OF THE EXCHANGE ACT OR RULES 10B-5 (a) or 10b-5 (c) THEREUNDER.

The Commissions' Order also charges that Respondent Corazzi violated Section 10 (b) of the Exchange Act and Rule 10b – (a) and (c) promulgated under the Exchange Act. Respondent Corazzi argues that only Natural Blue has potential liability under Section 10 and Rule 10b-5 because as argued herein under Section II of this Memorandum, Corazzi was not involved in the offer or sale of securities nor was he an officer, director, affiliate or control person of Natural Blue. The Commission charges that Respondent Corazzi failed to disclose his prior regulatory violation and was a *de facto* officer or director of Natural Blue.

The evidence will show that Respondent Corazzi did disclose his regulatory history to Natural Blue through its former President Toney Anaya and that if there was a failure to disclose Respondent Corazzi's regulatory history, it was Natural Blue's failure and not Respondent Corazzi's. See *Janus Capital Group, Inc. v. First Derivative Traders*, 131 S. Ct. 2296, 2302 (2011). In that case, the Court held that the only party that may be held liable for a false or misleading statement under Rule 10b-5 is "the person or entity with ultimate authority over the statement, including its content and whether and how to communicate it". Also see Section F, Paragraphs 22-29 of the Order, which alleges that Natural Blue failed to disclose Respondent Corazzi's prior regulatory history.

In the Commission interview of May 5, 2014 with "Steve R.", the witness stated that he had performed some legal work for Respondent Corazzi individually and not Natural Blue. He

also stated that Toney Anaya was the main guy at Natural Blue (referred to by the report as “NTUR”) and the only guy for day to day operations. The witness also stated that both he (“Steven R.”) and Toney Anaya were both aware of Corazzi’s and Cohen’s background in that they were not allowed to be an officer of a public company.

Respondent Corazzi’s assertions that he was not a *de facto* officer or director of Natural Blue and that former President Anaya was more than a mere figurehead at Natural Blue. In the Commission’s interview of June 25, 2014 with witness “Walter C.”, a CPA who had performed services for Natural Blue. In the interview, Walter C. stated the following with regard to the Natural Blue bank accounts:

“C. said that there were two bank accounts for NTUR, a payroll one and an operating one run by Anaya. C. said he made entries into the ledger but that he never signed checks due to internal controls compliance. C. said that M. was processing payroll through the Bank of America with Anaya’s approval. M. was the IT person, but it was Anaya who always disbursed the funds.”

Exchange Act Rule 16a-1 defines and “officer” to include:

“a company's “president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice-president of the issuer in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the issuer.”

In *SEC v. Prince*, 2013 WL 1831841 at *23 (D.D.C. May 2, 2013) held that Prince, an accountant, was not a *de facto* officer because although it was clear although that Prince exercised significant influence at the Company, he did not have authority to make or implement any policy decisions. The Court in deciding that Price was not a *de facto* officer, the Court stated at 136:

“ Thus, the Court concludes that the SEC did not prove by a preponderance of the evidence that Prince’s responsibilities were such that he was a de facto officer under 17 C.F.R. Sec. 240.3b-7 or 17 C.F.R. Sec. 240 16a-1 (f). The SEC has therefore failed to establish an essential element of Claims II, III, V, and VI.... ”

The Commission’s claims that Respondent Corazzi violated Section 10 of the Exchange Act and Rule 10b-5 must fail for the same reasoning as in *Prince, Supra*. Respondent Corazzi was never an officer or director of Natural Blue. See Answer of Respondent Corazzi to the Order, Par. 1-58 and did disclose his regulatory history to Natural Blue.

V.

CONCLUSION

For all of the foregoing reasons, Respondent Corazzi respectfully submits that he is entitled to a more definite statement of the charges against him as stated in the Commission’s Order or in the alternative to a summary dismissal of all charges if the Commission is unable to further clarify and detail the charges brought against Respondent Corazzi.

Respectfully submitted,

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By



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served on the following on this 6th day of November, 2014, in the manner indicated below:

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