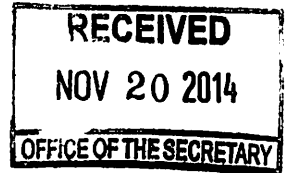


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING
File No. 3-15974

In the Matter of

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

Respondents.

**DIVISION OF ENFORCEMENT'S RESPONSE TO RESPONDENT JOSEPH A.
CORAZZI'S MOTION FOR MORE DEFINITE STATEMENT AND/OR MOTION
FOR SUMMARY DISMISSAL OF CHARGES AGAINST RESPONDENT CORAZZI**

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INTRODUCTION

Respondent Joseph Corazzi (“Corazzi”) moves the Court to order the Commission to amend the OIP¹ to include or clarify certain allegations supporting the charges against him. In particular, Corazzi contends that he has not been provided with sufficient support for the contention that he acted as a *de facto* officer or director of Natural Blue Resources, Inc. (“Natural Blue”) or that he was involved in the offer or sale of securities. Alternatively, in the event that the Commission cannot or does not amend the OIP as requested, Corazzi seeks summary disposition of the charges against him.

The Division submits that Corazzi’s Motion² should be denied for three independent reasons:

(i) The OIP provides more than sufficient detail of Corazzi’s role in the fraudulent scheme at the heart of this enforcement action and his participation in the offer or sale of securities. Under the Commission Rules of Practice, an Order Instituting Proceedings must provide, *inter alia*, the factual and legal basis of the hearing in enough detail to permit a specific response in an answer.³ The OIP here easily meets this standard, as it is replete with details concerning Corazzi’s role founding Natural Blue and his effective control over its operations. OIP §§ A., D.-J. Indeed, Corazzi has demonstrated his comprehension of, and his ability to respond to, the OIP by filing a

¹ The Order Instituting Proceedings (“OIP”) against Natural Blue, Cohen and Corazzi.

² In text, “Motion” refers to Corazzi’s Motion For More Definite Statement And/Or Motion For Summary Dismissal Of Charges Against Respondent Corazzi, together with his accompanying memorandum of points and authorities. Citations to the accompanying memorandum will use the term “Mov. Br.”

³ Corazzi does not appear to dispute that the OIP meets the remaining pleading requirements, which are discussed below.

detailed Answer of 58 paragraphs and 14 pages in length addressing, with specificity, each and every allegation and charge asserted against him.^{4 5}

(ii) Corazzi improperly filed his alternative request for summary disposition without first seeking leave of Court upon a showing of good cause. Even if he had filed such motion, Corazzi cannot demonstrate good cause for summary disposition, which is rarely granted and certainly not where, as here, there are significant disputes of material facts.

(iii) Corazzi not only fails to meet the standard for granting leave to file a motion for summary disposition, but also for summary disposition itself. The factual record here is in dispute, and Corazzi cannot demonstrate, based upon the facts pled in the OIP, that he is entitled to legal judgment in his favor.

FACTS

A. Corazzi's Role In The Fraudulent Scheme To Control And Profit From Natural Blue And His Participation In Offer Or Sale Of Securities

As alleged in the OIP, Corazzi is a recidivist who orchestrated a fraudulent scheme to control and operate a public company -- Natural Blue Resources, Inc. ("Natural Blue"). OIP §§ A., B., D., F. Together with Respondent James E. Cohen ("Cohen"), Corazzi ran the company for his personal economic benefit, receiving money and shares of stock at the expense of Natural Blue's operations, business prospects and profitability. OIP §§ A., D-J. Although Natural Blue designated various individuals as "Chief Executive Officer" during the relevant time period, the

⁴ Cohen and Corazzi are charged with violating Sections 17(a)(1) and 17(a)(3) of the Securities Act of 1933, 15 U.S.C. § 77q(a)(1) and 77q(a)(3), and Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. § 78j(b) and Rules 10b-5(a) and 10b-5(c) thereunder.

⁵ Moreover, since the institution of these proceedings, the Division has provided the bulk of its investigative file to Corazzi, with exception of recent interview notes (which the Division will provide shortly), privileged material, and attorney work product. Included in the production to date are testimony transcripts, witness interview notes, and other documents evidencing Corazzi's role in the Natural Blue fraud.

CEOs deferred to and/or were coerced into following the directives of Corazzi and Cohen. OIP §§ D-F, J; F.22.

Because Corazzi's disciplinary history prevented him from formally serving as an officer or director of a public company, Corazzi (along with Cohen) pressured Natural Blue's board of directors and executives into approving two consultancy agreements with JEC Corp., which was controlled by Cohen, so that he could exercise management control over Natural Blue without officially being employed as officers of the company. OIP § D.12. Corazzi previously served as CEO of a public company that was sued by the Commission for fraudulently overstating its assets. *See SEC v. Las Vegas Entertainment, et al.*, 2:02-cv-07852-JFW-FMO (C.D. Cal.), Lit. Rel. 17779 (October 9, 2002). In connection with that case, on October 24, 2002, the Commission obtained a final judgment against Corazzi that permanently enjoined him from violating the antifraud provisions of the federal securities laws, imposed a civil penalty of \$75,000, and permanently barred him from acting as an officer or director of a public company. OIP § B.3. As an end run around the Commission's officer and director bar, Corazzi utilized his "consultant" cover to run the operations and management of Natural Blue fraudulently as a *de facto* officer. OIP § A., D., E.

B. Corazzi Wielded Substantial Control Over Natural Blue And Directed Its Activities

The details of Corazzi's wide-ranging control of Natural Blue are set forth in the OIP. For instance, most, if not all, of the officers and directors appointed at Natural Blue were initially placed there by Corazzi and Cohen, who also later recommended additional individuals. OIP § D.11. The majority of those appointed to the board or hired as officers had significant preexisting business and/or social relationships with Corazzi or Cohen. OIP § D.13. Corazzi also directed Natural Blue's business activities. For instance, Corazzi pushed Natural Blue to change its focus from water sourcing and purification to the recycled steel business, an area in which Corazzi had

very little experience. OIP § E.16. Thereafter, in November 2009, Natural Blue entered into a separate Management Agreement with JEC Corp. to organize and manage a new steel subsidiary called Natural Blue Steel (“NBS”). OIP § E.16. NBS was purportedly created to purchase and resell recycled steel, predominantly through acquiring and demolishing abandoned buildings, and Corazzi and Cohen caused Natural Blue to install a business associate as president of NBS. OIP § E.16. Both the Advisory and Management agreements specified that JEC would provide services through Cohen and Corazzi. OIP § E.16.

Corazzi also was a ringleader in orchestrating a transaction that resulted in a complete change of control of Natural Blue. OIP § G; Anaya Tr. at 112-13. In January 2011, Natural Blue announced through a press release (the “January 2011 press release”) that it had entered into an agreement with Massachusetts-based Atlantic Acquisitions and its wholly-owned subsidiary, Atlantic Dismantling (collectively, “Atlantic”). OIP § G.30. The agreement resulted in a change of control of Natural Blue and, according to the January 2011 press release (as well as a subsequent release in February 2011), a dramatic change in its business prospects. OIP § G.30. According to the January 2011 press release, under the agreement, Atlantic was to assign tens of millions of dollars in Atlantic steel contracts to Natural Blue and to pursue future steel contracts on behalf of Natural Blue Steel Atlantic, LLC (NBS/Atlantic), a wholly-owned subsidiary to be formed by Natural Blue. OIP § G.34. Corazzi and Cohen arranged the Natural Blue/Atlantic transaction with virtually no input from Natural Blue’s management. OIP § G.32. The principals of Atlantic dealt exclusively with Cohen and Corazzi throughout the negotiations. OIP § G.32. Throughout the negotiations, and until the eve of closing, the Atlantic principals believed that Cohen and Corazzi were the people who ran Natural Blue. OIP § G.32.

Corazzi also participated in the offer or sale of Natural Blue securities, through private placement offers⁶ and through his control of Natural Blue, the ultimate purpose of which was to issue, induce or attempt to induce the purchase or sale of Natural Blue securities. OIP § B(3).

ARGUMENT

I. Commission Rule 200(b) Pleading Requirements Are Met, In Pertinent Part, Where The OIP Sufficiently Informs A Respondent Of The Nature Of The Charges So That He Or She May Adequately Prepare A Defense

As a preliminary matter, Corazzi's motion for a more definite statement is untimely. Rule 220(d) of the Commission's Rules of Practice permits that a "party may file *with* an answer a motion for a more definite statement[.]" 17 C.F.R. § 201.220(d) (*emphasis added*); compare to Fed. R. Civ. P. 12(e) (requiring that motion for more definite statement be made "before filing a responsive pleading.") While a Respondent has the right to answer the OIP and move for a more definite statement, the pleadings "must be filed contemporaneously." *In the Matter of Alchemy Ventures, Inc.*, SEC Release No. 702 (Apr. 27, 2012) (citing 17 C.F.R. § 201.220(d)). Here, Corazzi has not identified, nor has the Division located, any prior cases in which a motion for a more definite statement was filed later in time, after the OIP had been answered.

Should the Court nonetheless consider the merits of Corazzi's late-filed motion for a more definite statement, the Division submits that the pleading requirements under the Rules of Practice have been more than amply satisfied. The OIP is sufficient under Commission Rule 200(b) if it sets forth: (1) the nature of the hearing; (2) the legal authority and jurisdiction under which the hearing is held; (3) the factual and legal basis of the hearing in enough detail to permit a specific response in an answer; and (4) the nature of any relief or action sought. 17 C.F.R. § 201.200(b); *In*

⁶ In addition the facts pled in the OIP, *see* Declaration of Thomas J. Rappaport ¶¶ 3-5, filed contemporaneously herewith ("Rappaport Decl."); *see also* Investigative Testimony of Toney Anaya at 27-31 (describing Corazzi's direct solicitation of investors for Natural Blue) (relevant excerpts attached to Rappaport Decl. as Exhibit D).

The Matter of Park Financial Group, Inc., File No. 3-12614, Order Denying Motion for a More Definite Statement and Motion to Strike, June 29, 2007. As the Commission and numerous Law Judges have held, “the OIP must inform the respondent of the charges in enough detail to allow the respondent to prepare a defense, but it need not disclose to the respondent the evidence upon which the Division intends to rely.” *In the Matter of Rita J. McConville*, Rel. No. 2271, 2005 WL 1560276 at *14 (June 30, 2005) (affirming Law Judge’s denial of a motion for more definite statement); *see also Matter of Wolfson, et al.*, 103 S.E.C. Docket 1153, 2012 WL 8702983, at *1 (Mar. 28, 2012); *Matter of optionsXpress, Inc., et al.*, Rel. No. 710, 104 S.E.C. Docket 419, 2012 WL 8704501, at *2 (July 11, 2012) (denying motion because the Division met burden to inform “respondents of the charges against them so they can prepare a defense” and refusing to require Division to disclose evidence or theory of the case).

A. The OIP Contains Detailed Allegations Supporting The Fraud Charges Against Corazzi And Easily Meets Rule 200(b) Pleading Requirements

The OIP leaves no doubt as to the nature of the allegations against Corazzi. Despite being prohibited from serving as an officer or director of a public company, Corazzi schemed to do just that. Under the guise of serving as an independent “consultant,” Corazzi helped to form, induced investments in, operated, and controlled Natural Blue for his own personal benefit and at the expense of the company and its shareholders. *See* Division’s Opposition, *supra* Facts §§ A and B. The Division pleads these facts clearly and with a degree of specificity surpassing Rule 200(b)’s mandate. Among other things, the OIP sets forth that Corazzi was deeply involved in Natural Blue at its inception (OIP § A); engaged in business activities designed to cause the issuance, trading and /or purchase of Natural Blue securities (OIP § B.3); oversaw the company’s website (OIP § E.18); exerted significant influence over the appointment of Natural Blue officers and directors (OIP §§

D.11, D.13); directed Natural Blue to alter its business focus and thereafter installed one of his associates in a key position (OIP § E.16); and ultimately spearheaded a transaction that caused a change of control of Natural Blue (OIP §§ F.22, G.30).

Corazzi's contention -- that "There is not one supportable statement in the Commission's charges against Respondent Corazzi that would place Respondent Corazzi on notice of the factual basis for the Commissions [sic] charges" (Motion at 3) -- falls flat.

B. Corazzi Cannot Use His Motion To Obtain A Pre-Hearing Roadmap Of The Division's Case-In-Chief

It strains credulity to believe that Corazzi is genuinely unsure of the allegations and charges against him. Corazzi accurately describes the case against him in his Motion -- "The Commission has alleged that Natural Blue, Cohen and Corazzi . . . creat[ed] and operat[ed] 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." Motion at 2. And he specifically responds to each and every of the OIP's allegations pertinent to him in his lengthy and substantial Answer. *See, e.g.*, Answer ¶ 15 (denying participation in the offer or sale of securities); at ¶ 26 (denying he had a beneficial interest in Natural Blue stock issued in the names of other persons or entities); at ¶ 32 (denying he was a decision maker for Natural Blue and had authority over its business activities or finances). If a respondent is able to answer an order instituting proceedings adequately, a motion for a more definite statement should not be granted. *See, e.g., In the Matter of William Briggs*, Rel. No. 551, 65 S.E.C. Docket 1539, 1997 WL 679672 at *1 (Oct. 8, 1997) (denying motion for a more definite statement because the OIP contained enough information for the respondent to answer on the same day he filed the motion); *In the Matter of Marion Bass Securities Corp.*, Rel. No. 560, 66 S.E.C.

Docket 1059, 1998 WL 80220 at *1 (Feb. 9, 1998) (denying motion for more definite statement seeking details of Division's claims that securities were excessively marked up); *In the Matter of Richard H. Morrow*, Rel. No. 463, 58 S.E.C. Docket 2537, 1995 WL 104242 at *2 (March 9, 1995) (denying motion for more definite statement, despite the pleading's lack of "specific allegations of the 'who, what and where' variety"); *McConville*, 2005 WL 1560276 at *14; *Park Financial, supra*.

The Division also has provided Corazzi with the investigative record, which is replete with testimony and documentary evidence supporting the charges against Corazzi. Although he is not entitled to a roadmap of this evidence, a sampling of it readily belies Corazzi's claimed ignorance:

- Toney Anaya, former Chairman and CEO of Natural Blue (and former Governor of New Mexico) testified that Corazzi solicited him to join Natural Blue and that Cohen informed him that Cohen and Corazzi had formed the company. *See* Rappaport Decl. at Exhibit D (Anaya Tr. at 49).
- Anaya testified that it was very difficult for him to discharge his duties as CEO because Cohen and Corazzi behaved as though Natural Blue "was their company and they were going to run the company." *Id.* Notably, Paul Vuksich – who served briefly as counsel after Natural Blue went public -- testified about his observation that Anaya "relied heavily on input from Jim Cohen and from Joe Corazzi to guide him in the performance of his role as the CEO." *See* Rappaport Decl. at Exhibit E (Vuksich Tr. at 40).
- Anaya testified that potential candidates for Natural Blue's board of directors were recommended by Corazzi and Cohen. *See* Rappaport Decl. at Exhibit D (Anaya Tr. at 54).
- Anaya testified that Corazzi solicited investments in Natural Blue at the time the company was formed, *id.* (Anaya Tr. 29-30), and after it changed its focus to the steel business. *Id.* (Anaya Tr. 27-28, 30-31).
- Anaya and Erik Perry, who succeeded Anaya as Chairman and CEO of Natural Blue, both testified that the Atlantic deal was orchestrated and negotiated by Corazzi. *See* Rappaport Decl. at Exhibits D (Anaya Tr. at 112-13, 117) and F (Perry Tr. at 69, 73-75, 79). Indeed, Perry noted that he spoke to Anaya only once prior to becoming CEO and was told by Corazzi and Cohen that they were putting the Atlantic deal together and that Anaya would step aside. *See* Rappaport Decl. at Exhibit F (Perry Tr. at 79).

- Both Vuksich and Natural Blue's former CFO, Walter Cruickshank, advised the Division that Corazzi was involved in preparing Natural Blue's 10-Q and 10-K filings. See Rappaport Decl. at Exhibits E (Vuksich Tr. at 43-46) and G (Cruickshank notes at 3).

Corazzi is not confused. Rather, he is attempting to use his Motion to ferret out the evidence against him and to force the Division to put on its case prior to the hearing. However, the function of a motion for a more definite statement is not

. . . . [t]o provide respondents with general discovery, nor are they entitled to disclosure of evidence. Briefly, a respondent is entitled to be given notice in the proceedings against him sufficient to inform him of the nature of the charges he will be called on to meet so that he may adequately prepare his defense. No greater particularity is required.

In the Matter of First Jersey Securities, Inc., 1979 SEC Lexis 2432 (Aug. 21, 1979). See also *In the Matter of Rajat K. Gupta*, File No. 3-14279, Order on Motion and Setting Prehearing Conference, May 2, 2011; *In the Matter of Edward D. Jones et al.*, Rel. No. 534, 63 S.E.C. Docket 1013, 1996 WL 731357 at *1 (Dec. 9, 1996) (denying motion for more definite statement); *In the Matter of Gail G. Griseuk*, Rel. No. 440, 57 S.E.C. Docket 1386, 1994 WL 485047 at *1 (Aug. 31, 1994):

The standard for assessing whether the Order is legally sufficient is whether it informs the Respondent of the nature of the charges so that he/she can prepare a defense. The Order does that. It is hard for me to understand how the Order could be any more specific without requiring the Division to try its case before the hearing.

The Court's ruling *In the Matter of MGSJ Securities, Inc., et al.*, Rel. No. 570, 68 S.E.C. Docket 609, 1998 WL 758113 (Oct. 21, 1998) is instructive here. In that case, the respondents filed a motion for a more definite statement seeking "what the purported misrepresentations and omissions were, when they were made, who heard or saw them made, how or why they were false or misleading, or what securities were purchased or sold in reliance upon any misrepresentation or omission." *Id.* at *1. The Court denied the motion, noting that "[t]he Commission's case law has

established that a respondent is entitled to be sufficiently informed of the charges so that he or she may adequately prepare a defense, but a respondent is not entitled in advance of the hearing to disclosure of the evidence on which the Division intends to rely.” *Id.*

Corazzi here too improperly seeks evidentiary support for allegations that are sufficiently pled in the OIP. He asks the Court to require the OIP to be amended to “state with particularity each instance in which [the Division] alleges that [Corazzi] acted as a de facto officer or director of Natural Blue” (Motion at 4) and to “detail[] its claims and specific transactions showing that Respondent Corazzi was involved in the offer or sale of securities” Mov. Br. At 4-5. As the Court ruled in *MGSI Securities*, Corazzi is plainly not entitled to the disclosure of evidence and has been “sufficiently informed of the charges so that he . . . may adequately prepare a defense.”

MGSI Securities, Inc. supra.

II. Corazzi Has Not Properly Sought Leave To File His Alternative Motion For Summary Disposition, And He Should Not Now Be Granted Leave Because He Cannot Show Good Cause

The Court should not consider Corazzi’s alternative motion for summary disposition because he did not seek leave of court or demonstrate good cause prior to filing it. The Commission’s Rules of Practice permit a party to make a motion for summary disposition after a respondent has filed an answer and the Division has made documents available for inspection and copying. 17 C.F.R. § 201.250(a). However, where the Division has yet to present its case in chief, a motion for summary disposition shall be made only with leave of the hearing officer. *Id.* As the Commission noted in promulgating Rule 250, such leave shall be granted only upon a showing of “good cause.” 60 Fed. Reg. 32738, 32768 (Rule 250’s adopting Comments, June 9, 1995).⁷

⁷ The Division notes that the parties jointly submitted a proposed pre-hearing schedule that has not yet been entered by the Court. The proposed schedule included a due date for summary disposition motions. In so doing, the Division did not intend to agree to waive Rule 250’s requirement that a respondent seek leave before filing such a

Where the litigation involves disputes concerning material facts, the Commission has stated that summary disposition should neither be sought nor granted:

Motions for disposition prior to hearing may provide particular benefits in regulatory proceedings[,] [but] [e]nforcement . . . proceedings in which a motion for disposition prior to hearing would be appropriate are likely to be less common. Typically, enforcement . . . proceedings that reach litigation involve genuine disagreement between the parties as to material facts. Where a genuine issue as to material facts clearly exists as to an issue, it would be inappropriate for a party to seek leave to file a motion for summary disposition or for a hearing officer to grant the motion.

60 Fed. Reg. at 32767.⁸

The Commission also has made clear that its summary disposition procedures are more limited than summary judgment in federal court. 60 Fed. Reg. at 32768. In contrast to the typical private litigation (to which the Federal Rules of Civil Procedure typically pertain), SEC cases commence after an investigation, an opportunity by the potential respondent to make a Wells submission presenting reasons against the initiation of an action, and the Commission's review and approval of the charges and relief sought in an initial pleading. 60 Fed. Reg. at 32768. In light of these and other reasons, "the circumstances where summary disposition prior to hearing could be appropriately sought or granted will be comparatively rare." 60 Fed. Reg. at 32768.

Even if Corazzi had sought leave of court prior to requesting summary disposition, he cannot demonstrate good cause that such a motion ought to be heard. It is eminently evident on the face of Corazzi's Motion that his request for summary disposition is based on material factual contentions that are entirely disputed by the Division. Corazzi is right about one thing -- the fraud charges against him must fail if, indeed, he did not serve as a *de facto* officer or director of Natural

motion or that he demonstrate good cause. Rather, the Division simply intended to agree upon a briefing schedule for summary disposition motions, in the event that such motions were properly sought and authorized.

⁸ The Commission has noted that summary disposition is most appropriate in "follow-on" and Exchange Act Section 12(j) proceedings. *In the Matter of Diane M. Keefe et al.*, Corrected Order Remanding Proceedings at n.4, Exchange Act Release No. 61928 (Apr. 16, 2010).

Blue and had no nexus to the offer, sale or purchase of its securities, as he contends. Mov. Br. at 5.⁹ But just as Corazzi points to evidence in the investigative record purportedly supporting his case, the record contains contrary evidence that, in the Division's view, is much more compelling. *See supra* at 8 (evidence demonstrating that Corazzi schemed to operate Natural Blue as a *de facto* officer or director and that he participated in the offer or sale of securities). A motion for summary disposition is not the appropriate mechanism through which to adjudicate material factual disputes.

The Court should not consider Corazzi's alternative motion for summary disposition. Corazzi did not properly seek leave prior to filing it and, even if had done so, Corazzi cannot demonstrate good cause.

III. Even If The Court Considers Corazzi's Request For Summary Disposition, It Should Be Denied Because It Does Not Meet The Standard For Such Relief

A motion for summary disposition under Commission Rule 250 should be denied unless "there is no genuine issue with regard to any material fact and the party making the motion is entitled to a summary disposition as a matter of law." 17 C.F.R. § 201.250(b). Commission Rule

⁹ Corazzi also argues that the charges should be dismissed because he disclosed his disciplinary history "to Natural Blue through its former President Toney Anaya and if there was a failure to disclose [that] history, it was Natural Blue's failure and not Respondent Corazzi's." In support of this argument, Corazzi cites *Janus Capital Group, Inc. v. First Derivative Traders*, 131 S. Ct. 2296, 2302 (2011) for the proposition 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." Mov. Br. At 5. Corazzi misunderstands the law. The Supreme Court's ruling in *Janus* applies to charges that are based upon material misrepresentations and omissions under Exchange Act Section 10(b) and Rule 10b-5(b) thereunder. Two district courts and Chief Administrative Law Judge Brenda Murray also have applied *Janus* to Securities Act Section 17(a)(2) claims. *See SEC v. Perry*, 2012 WL 1959566, at *8 (C.D. Cal. May 31, 2012); *SEC v. Kelly*, 817 F. Supp. 2d 340, 345 (S.D.N.Y. 2011); *In the Matter of John P. Flannery & James D. Hopkins*, AP File No. 3-14081, 2011 WL 5130058, at *35 (Oct. 28, 2011) (Initial Decision), *appeal to Commission pending*. The charges against Corazzi, however, are based upon scheme liability under Exchange Act Section 10(b) and Rules 10b-5(a) and (c) thereunder, and Securities Act Sections 17(a)(1) and 17(a)(3). Corazzi's fraudulent scheme to create and operate Natural Blue as a vehicle to control and profit from the company went beyond misrepresentations and omissions.

250 also requires that the facts of the pleadings against whom the motion is made be taken as true.

17 C.F.R. § 201.250(a).¹⁰

Corazzi has not met the standard for summary disposition. As discussed above, Corazzi seeks final disposition based upon disputed, material facts. In doing so, he freely flouts the requirement that the facts pled in the OIP be taken as true. Assuming, as he must, the truth of the Division's allegations, Corazzi cannot demonstrate that he is entitled to summary disposition as a matter of law. If it is taken as true that Corazzi schemed to create and operate Natural Blue as a vehicle to control and profit from the company, while failing to disclose his role as a *de facto* officer or past regulatory violations to potential investors, then Corazzi is liable for engaging in a fraudulent scheme under Sections 17(a)(1) and 17(a)(3) of the Securities Act, and Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) thereunder.

¹⁰ Rule 250(a) permits the consideration of facts outside of the pleadings that are modified by stipulations or admissions made by the party against whom summary disposition is sought, by uncontested affidavits, or by facts officially noticed. 17 C.F.R. § 201.250(a). Corazzi has not offered any such materials.

Conclusion

The Division respectfully requests that the Court deny the Motion For More Definite Statement And/Or Motion For Summary Dismissal Of Charges Against Respondent Corazzi. The OIP provides sufficient detail of Corazzi's role in the fraudulent scheme and his participation in the offer or sale of securities, and these allegations are amply supported in the investigative record provided to Corazzi. As to Corazzi's alternative request for summary disposition, it should be denied because he has not properly sought leave of court or demonstrated good cause for the consideration of such relief. Further, neither good cause nor the standard for summary disposition can be met: Corazzi invokes basic disputes of material fact and has not demonstrated that he is entitled, based upon undisputed facts, to summary disposition as a matter of law.

Respectfully submitted,

DIVISION OF ENFORCEMENT

By its attorneys,



Rua M. Kelly, Senior Trial Counsel
Mayeti Gametchu, Assistant Regional Director,
Office of Compliance Inspections and
Examinations

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Dated: November 19, 2014

Certificate of Service

I certify that on November 19, 2014, in addition to filing the same with the Secretary of the Commission, I caused true and correct copies of the foregoing **Division Of Enforcement's Response To Respondent Joseph A. Corazzi's Motion For More Definite Statement And/Or Motion For Summary Dismissal Of Charges Against Respondent Corazzi** to be served on the following parties and other persons entitled to notice by overnight mail and electronic delivery to the following addresses:

The Honorable Carol Fox Foelak
Administrative Law Judge
Office of Administrative Law Judges
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Maranda E. Fritz, Esq.
Thompson Hines LLC
335 Madison Avenue, 12th Floor
New York, NY 10017
Counsel for James E. Cohen

Robert M. Strumor, Esq.
Waggoner Legal Group
529 W. San Francisco Street
Santa Fe, NM 87501
Counsel for Joseph A. Corazzi



Mayeti Gametchu

DECLARATION OF THOMAS J. RAPPAPORT

I, Thomas J. Rappaport, pursuant to 28 U.S.C. § 1746, hereby declare that:

1. I am an attorney employed by the Securities and Exchange Commission (“Commission”) in the Division of Enforcement (“Division”). I have worked in the Commission’s Boston Regional Office since 1986, and my duties include, among other things, investigating possible violations of the federal securities laws and assisting in litigation. Among the matters I have worked on is the Division’s investigation concerning Natural Blue Resources, Inc. (“Natural Blue”).

2. During its investigation, the Division obtained records from Bank of America and Fidelity Transfer Company, which, among other things, indicated that Joseph A. Robinson, Jr. of Abingdon, Virginia invested money in Natural Blue. The bank records (see copy attached hereto as Exhibit A) show that Mr. Robinson wired \$10,000 to Natural Blue in May 2010, and the transfer agent records (see copy attached hereto as Exhibit B) show that 100,000 shares of Natural Blue stock were issued to him in July 2010. Also during the investigation, I sent an investor questionnaire to Mr. Robinson, which he completed and returned.

3. On October 20, 2014, my colleague, Rua Kelly, and I called and spoke to Mr. Robinson. During our telephone conversation, Mr. Robinson stated that, in or about May 2010, he had been part of a group of approximately 15 investors who attended a presentation concerning Natural Blue at a bank in Richlands, Virginia. According to him, Joseph Corazzi and James Cohen traveled to Richlands and made a PowerPoint presentation describing Natural

Blue's business operations and soliciting investments in Natural Blue stock. They also distributed to the investors in attendance written materials concerning Natural Blue. According to Mr. Robinson, he invested \$10,000 in Natural Blue stock as a result of the solicitation by Mr. Corazzi and Mr. Cohen.

4. Several days later, Mr. Robison called and introduced me to John M. McCall, another Natural Blue shareholder, who was present with him. He then handed the telephone to Mr. McCall. Mr. McCall, who resides in Richlands, Virginia, said that he, together with friends and family members, also had attended the presentation described by Mr. Robinson at which Joseph Corazzi and James Cohen solicited investments in Natural Blue stock. According to Mr. McCall, it was he who organized that meeting shortly after returning from Florida, where he had met with Mr. Corazzi and Mr. Cohen to discuss Natural Blue.

5. Among the investors that Mr. McCall mentioned as having attended the presentation by Mr. Corazzi and Mr. Cohen in Richlands were Dan B. Tolley and Carl R. ("Randy") Bolling. The Bank of America statement for Natural Blue's account for May 2010 (Exhibit A) reflects the receipt of wire transfers of \$20,000 and \$2,500 from Mr. Tolley and Mr. Bolling, respectively. The transfer agent records from Fidelity Transfer Company (Exhibit B) reflect the issuance of 200,000 and 25,000 Natural Blue shares to Mr. Tolley and Mr. Bolling, respectively, on July 9, 2010.

6. During its investigation of Natural Blue, the Division also obtained a copy of an email message with an attached spreadsheet (attached hereto as Exhibit C), which was sent by Natural Blue's Chief Financial Officer, Walter Cruickshank, to its Chief Executive Officer, Toney Anaya, and to Mr. Cohen and Mr. Corazzi as well. A copy also was sent to Mr. McCall.

The email message is dated June 24, 2010, and concerns monies received by Natural Blue from a private placement of its stock. The spreadsheet lists as investors in the private placement various persons identified by Mr. Robinson and Mr. McCall as having attended the presentation by Mr. Corazzi and Mr. Cohen, together with the amounts they invested (“purchase amount”) and number of shares they purchased comport with the bank and transfer agent records in Exhibits A and B.

7. Attached hereto as Exhibit D is an excerpt from the transcript of the November 29, 2012 investigative testimony of Toney Anaya.

8. Attached hereto as Exhibit E is an excerpt from the transcript of the June 23, 2014 investigative testimony of Paul Vuksich.

9. Attached hereto as Exhibit F is an excerpt from the transcript of a February 27, 2013 interview of Erik Perry.

10. Attached hereto as Exhibit G is an excerpt from the notes of a June 25, 2014 interview of Walter Cruickshank.

I declare under penalty of perjury that the foregoing is true and correct.



Thomas J. Rappaport

November 18, 2014
Boston, Massachusetts

NATURAL BLUE RESOURCES, INC (DE)

Page 2 of 4
 Statement Period
 05/01/10 through 05/31/10
 E0 P PA 0A 47
 Enclosures 0
 Account Number [REDACTED]

Thank you for banking with us. With the balances in your accounts, there is no monthly maintenance fee for your Business Advantage account this month.

Deposits and Credits

| Date Posted | Amount (\$) | Description | Bank Reference |
|-------------|-------------|---|----------------|
| 05/18 | 20,000.00 | Wire Type:Wire IN Date: 100518 Time:1051 Et Trn: [REDACTED] Orig:Dan Tolley OR ID: [REDACTED] Snd Bk:Suntrus T Bank ID:061000104 | [REDACTED] |
| 05/18 | 10,000.00 | Wire Type:Wire IN Date: 100518 Time:1416 Et Trn: [REDACTED] Orig:Joseph A Robinson ID: [REDACTED] Snd Bk:Bra Nch Banking And Trust Comp ID:0160 | [REDACTED] |
| 05/20 | 10,000.00 | Wire Type:Wire IN Date: 100520 Time:0958 Et Trn: [REDACTED] Orig:G.W. Mccall Jr. ID: [REDACTED] Snd Bk:Compas S Bank ID:062001186 Pmt Det:Contact: Phyllis Lopez OR Kathy Swoverland, Wire Fr.Gw Mccall | [REDACTED] |
| 05/20 | 2,500.00 | Wire Type:Wire IN Date: 100520 Time:1038 Et Trn: [REDACTED] Orig:C.R. Bolling ID: [REDACTED] Snd Bk:First Sentine L Bank ID: [REDACTED] | [REDACTED] |
| 05/28 | 10,000.00 | Deposit | [REDACTED] |

**Withdrawals and Debits
Checks**

| Check Number | Amount (\$) | Date Posted | Bank Reference |
|--------------|-------------|-------------|----------------|
| 1004 | 1,500.00 | 05/19 | [REDACTED] |

Other Debits

| Date Posted | Amount (\$) | Description | Bank Reference |
|-------------|-------------|--|----------------|
| 05/18 | 12.00 | Wire Transfer Fee | [REDACTED] |
| 05/18 | 12.00 | Wire Transfer Fee | [REDACTED] |
| 05/20 | 1,500.00 | Wire Type:Wire Out Date:100520 Time:1640 Et Trn: [REDACTED] Bnf:Enso Steel Company Llc ID: [REDACTED] Bnf Bk:Jpm Organ Chase Bank, NA ID: [REDACTED] Pmt Det:01100520 006237Nn | [REDACTED] |
| 05/20 | 10,000.00 | NM Tlr transfer to Chk 1842 Banking Ctr Bank Of America Santa Fe [REDACTED] NM Confirmation# [REDACTED] | [REDACTED] |
| 05/20 | 25.00 | Wire Transfer Fee | [REDACTED] |
| 05/20 | 12.00 | Wire Transfer Fee | [REDACTED] |
| 05/20 | 12.00 | Wire Transfer Fee | [REDACTED] |



| Total Issued | | | 804,469 | Total Canceled | 804,469 |
|--------------|--------|-------------|------------|----------------|-----------|
| D00137 | 752100 | ROBINSON JO | 100,000 | | 7/09/10 R |
| [REDACTED] | | | | | |
| D00137 | 849800 | TOLLEY DAN | 200,000 | | 7/09/10 R |
| [REDACTED] | | | | | |
| D00137 | 101784 | BOLLING C R | 25,000 | | 7/09/10 R |
| Total Issued | | | [REDACTED] | | |



SEC-FTC-E-0000207



From: Walter Cruickshank [REDACTED]
Sent: Thursday, June 24, 2010 2:26 PM
To: toney@anayalaw.com; 'Jim Cohen'; 'Joe'
CC: john.mccall07@gmail.com
Subject: John asked me confirm - Monies received on second private placement (\$62,500)
Attachments: New Investor list with shares.pdf



| Natural Blue Delaware Private Placement | | | | |
|---|---------------------------|---------|-----------------|---------|
| | Name | Address | Purchase Amount | Shares |
| | 2Q 2010 | | | |
| 05/18/10 | Tolby | | \$20,000.00 | 200,000 |
| 05/18/10 | Joseph A Robinson, Jr | | \$10,000.00 | 100,000 |
| 05/20/10 | G.W. McCall, Jr. | | \$10,000.00 | 100,000 |
| 05/20/10 | G.R. Bolling | | \$2,500.00 | 25,000 |
| 05/28/10 | Technep Enterprises, Inc. | | \$10,000.00 | 25,000 |
| 06/04/10 | Sam & Priscilla McCall | | \$10,000.00 | 100,000 |
| | | | \$62,500.00 | |
| | Pending | | | |
| | John McCall | | \$10,000.00 | 100,000 |
| | Joseph Winston McCall | | \$10,000.00 | 100,000 |

C:\Documents and Settings\Walter Cruickshank\My Documents\Monthly Closings\NBR\2010\0610\New Investor list with shares

1 Q. So that's something that occurred after
2 you were in office?

3 A. That's correct.

4 Q. Now, at the time that you took office with
5 Natural Blue, was it engaged in any way in the steel
6 or metals recycling business?

7 A. That was not -- no. That did not occur
8 until later in the progression of the company. We
9 tried the Echo Wave; that was being run by one of
10 the members of the board of directors of Natural
11 Blue, a fellow by the name of Samir, S-A-M-I-R,
12 Bursan, B-U-R-S-A-N, and he was one of the original
13 board members. There were five board members. He
14 was one of them.

15 He and an associate of his, Daryl,
16 D-A-R-Y-L, Kim, K-I-M, who was also on the board of
17 directors, they were recommended to be on the board
18 of directors because of their involvement with the
19 technology of Echo Wave.

20 Daryl Kim had a relationship with somebody
21 in Korea that owned the technology and they brought
22 it to Mr. Cohen. Mr. Cohen brought it to the board,
23 Mr. Cohen, Sr. There's also a Cohen, Jr., but --
24 who was involved, but Cohen, Sr., and they brought
25 that technology to us.

1 And as I said, there were other green
2 companies that we had been looking at, that were
3 presented at that particular first board meeting
4 that as an individual and from my background I
5 really appreciated that the company was going to be
6 going into green -- green-type companies, various
7 ones that were tried and none of them were
8 successful. Different reasons for each one of them.

9 But as the company progressed and nothing
10 was coming to pass, then I was presented and the
11 board was presented with the opportunity of going
12 into the steel building dismantling.

13 This was during the recession, and there
14 were a lot of empty buildings, big buildings from
15 automobile dealers and many others all over the
16 country that were being vacated, could be bought
17 inexpensively relatively speaking, and the company
18 could then turn to the recycling of steel buildings.

19 A plan was developed by -- a financing
20 plan was developed by Mr. Corazzi and Mr. Cohen, Sr.
21 We went to New York. They had planned a trip to New
22 York, Corazzi and Cohen, Sr., to meet with
23 investors, investment houses, brokerage firms,
24 including one, and I'll try to remember the name.
25 One -- one large company that had several billions

1 of dollars to invest, and I attended that particular
2 presentation. They had made other presentations
3 without me. And the individuals the presentation
4 was given to, it was going to be a fairly large deal
5 to allow the buying and demolishing and selling of
6 the steel, the recycled steel; That funding
7 ultimately never materialized, and I honestly can't
8 tell you why, but it didn't. The company -- the
9 consultants then continued to look for other
10 building -- other steel building opportunities.

11 A company -- in the meantime, a company
12 had been formed as these presentations are being
13 made of Natural Blue Steel and that was a subsidiary
14 a wholly owned subsidiary of Natural Blue Resources.

15 And Natural Blue Steel, the president of
16 that entity was a gentleman by the name of Robert
17 Hunt out of Arizona, and he was -- he then went out
18 to look for -- he had a number of opportunities in
19 the steel business that he claimed he could bring to
20 the company.

21 And he had been working with Mr. Corazzi
22 and Mr. Cohen, Sr., and so he was installed as
23 president of Natural Blue Steel to get the steel
24 part of the company moving because that seemed to be
25 a good opportunity. They -- there was a contract

1 that Mr. Hunt brought to the company in Louisiana.
2 That subsequently turned out to be a nightmare for
3 Natural Blue Resources in that Mr. Hunt and
4 Mr. Cohen and -- Mr. Hunt on the one side; Mr. Cohen
5 and Mr. Corazzi on the other simply could not work
6 together.

7 I was left trying to find a middle ground
8 to have them work together to get this one project
9 in Louisiana to come to fruition, and it ultimately
10 did, but to the best of my knowledge, it didn't
11 have revenue flowing from it and if there was,
12 it was never reported to -- to Natural Blue
13 Resources.

14 I kept insisting on getting reports. I
15 would never get them from either Corazzi or Cohen,
16 who had by then kind of taken over that project, and
17 Mr. Hunt was constantly calling me complaining about
18 it.

19 That project was finalized in -- the
20 formal reports that I got was that it had lost money
21 and that other investors that had been brought in,
22 friends of Mr. Corazzi, had lost money in the
23 process, and I could never get them to provide me
24 with the proper accounting, and I'll come back to
25 that theme several times.

1 BY MS. KELLY

2 Q. Can I stop you for one second.

3 A. Sure.

4 Q. Who was it -- you mentioned investors that
5 were being solicited that were friends with Corazzi
6 and Cohen. Were you involved in soliciting
7 investors at all?

8 A. No.

9 Q. Who was responsible for that?

10 A. Corazzi, Cohen, Sr., and then there was
11 a -- another board member. As I was recalling all
12 of this in preparation to come here and last night
13 and this morning, it's the only board member's name
14 who will come to me but not right now. He's from
15 West Virginia.

16 He searched for a short period of time.
17 He solicited investors for Natural Blue Resources.
18 Jim Murphy was involved initially. This was going
19 back to when the company was formed. If I recall,
20 there was a total of about 3.4 million that was
21 raised for Natural Blue Resources initially.

22 And Mr. Murphy was paid a consulting fee
23 to bring over investors. I didn't know he was going
24 to be paid a consulting fee. This was prior to my
25 coming onboard, but subsequently he submitted a bill

1 of, like, 60 or \$80,000 and we wound up paying it,
2 but Jim Murphy, Joseph Corazzi, Jim Cohen, Sr., to
3 the best of my knowledge. I was never sitting in
4 the room when they were making phone calls or
5 visiting with anybody. And the other board member
6 from West Virginia, who I will think about here in a
7 minute, and there may have been others, but those
8 are the individuals that I recall.

9 Now, when the transaction in -- in
10 Louisiana was pulled together and the company was
11 pretty short on cash, and at that time Mr. Corazzi
12 advised me that he had solicited an individual, a
13 friend of his, an acquaintance of mine from
14 Albuquerque, New Mexico, a fairly famous attorney in
15 his time from Albuquerque that he had solicited
16 somewhere in the order of 50 or \$60,000 from him.

17 Q. What was the attorney's name?

18 A. William Machiondo, M-A-C-H-I-O-N-D-O. If
19 he did or -- if he did, I don't know for sure. The
20 money never flowed into Natural Blue Resources.

21 BY MR. RAPPAPORT

22 Q. So just going back to Mr. Machiondo for a
23 minute. Mr. Corazzi solicited the investment from
24 him?

25 A. That's what he told me.

1 Q. He told you, but you don't know one way or
2 the other whatever occurred?

3 A. That's correct. That's correct. He told
4 me later that he was -- he told me at the time that
5 Mr. Machiondo, you know, he might -- he might
6 argue -- Mr. Corazzi may argue with the choice of my
7 use of solicitation, but he did tell me at the time
8 that Machiondo had agreed to invest money in the --
9 in the Louisiana project and they expected that one
10 to turn a profit fairly quickly.

11 Subsequently Mr. Corazzi advised me
12 that -- when I kept pressing for records verbally,
13 the -- one of the several reasons that I had wanted
14 to get out of the company, but that was a principal
15 reason. I could never get financial records from
16 Corazzi or Cohen.

17 Cohen had recommended the CFO, and he
18 subsequently wound up leaving just shortly before I
19 did. The CFO did, but the -- and even after,
20 after I stepped down and I was trying to help the
21 new CEO reconstruct records.

22 Q. Was that Mr. Cruikshank that departed?

23 A. The CFO, correct. That's correct.
24 Walter. But the -- but back to Mr. Machiondo, when
25 the project failed to show any profits allegedly,

1 and I don't know if it did or didn't, Mr. Corazzi
2 told me that he was very concerned about confronting
3 Mr. Machiondo because Mr. Machiondo has made his
4 living as a criminal defense attorney and
5 representing some very high-profile folks and that
6 he and Mr. Corazzi were concerned about facing Mr.
7 Machiondo. I don't know if that's true or not or
8 whether that was just being told to me for my
9 benefit.

10 The -- there was another point I was going
11 to make about that particular project. Oh, the year
12 that I stepped down, I technically stepped down
13 in -- January the 24th.

14 And, again, I apologize. I didn't have a
15 lot of files I could go back to refresh my memory.
16 It was either 210 or 211. I think it was 210 when
17 I -- January 24th, 2010. I'll say that subject to
18 clarifying it if I need to.

19 Q. It's 2011, I believe.

20 A. 2011. Okay. Okay. And prior to that,
21 there was -- so it would have been in 210. About
22 the summer of 210 I learned almost by coincidence
23 that there had been another transaction that had
24 been entered into for a steel demolition building in
25 February or March of 210 and it involved a steel

1 agreement that 80,000 of it would go into their
2 stock and \$200,000 of it would be a loan.
3 So fast-forward to December, and I'm probably
4 juggling stuff here, but fast-forward to the summer
5 and late into 2010. I tried negotiating a
6 settlement with Samir and Daryl, but most of it with
7 Samir, whereby they would pay back the \$200,000
8 loan. They would return the stock.

9 Natural Blue Resources would sign off,
10 would relinquish any claim to the -- to the Echo
11 Wave -- Echo Wave. They would have the one plant
12 that we had bought for 400,000. They would get the
13 truck.

14 We weren't going to be able to do anything
15 with this squabble going on and technology was
16 advancing from all around us and so I -- with the
17 approval of the board, I was trying to get us out of
18 the Echo Wave, but I was also trying to get \$200,000
19 back and I was trying to get the stock back. I
20 think they were issued 4 million -- 4 million
21 shares.

22 And we were pretty close to an agreement
23 and then as I could piece it together, Jim Cohen,
24 Sr., got involved in Florida. They were all in the
25 same hometown. He and Daryl Kim and Samir in his

1 conversation.

2 BY MS. KELLY

3 Q. Where was that? I'm sorry to interrupt.

4 A. It's close to -- it's one of the addresses
5 that we were using for Natural Blue Resources.

6 BY MR. RAPPAPORT

7 Q. Is it in the Orlando area, generally?

8 A. Yeah, I was going to say it was in the
9 Orlando area, but the -- at any rate, as a result of
10 that involvement, everything fell apart and I could
11 never finalize that transaction.

12 I was also trying to clean up a couple of
13 other matters and trying to position the company to
14 function under a different umbrella with different
15 management and transition it into something that may
16 succeed.

17 I had talked to two of the attorneys. One
18 of them an SEC lawyer, Jehu, J-E-H-U, Hand from
19 California. Steve Rountree, R-O-U-N-T-R-E-E. No D.
20 Steve Rountree.

21 Steve was by -- by then the general
22 counsel for the company. Jehu was also advising the
23 company and when Walter Cruikshank left, Steve --
24 Jehu Hand became the CFO in the interim.

25 Through them I reached out to them, how

1 can we salvage things, how can we advance things,
2 how can we get the company moving beyond Cohen and
3 Corazzi. I talked to Paul Pelosi, trying to figure
4 out an exit plan for the company to survive and an
5 exit plan for me. Jehu Hand knew of a gold mining
6 firm in Nevada that was looking for a publicly
7 traded company. That, unfortunately, didn't
8 materialize.

9 There was another company that Steve and
10 Jehu brought to me, a company in Florida that was in
11 the luxury boat construction business. I looked
12 into that. That was right in the start of the
13 recession and felt that that probably was not a good
14 business for the company to be in as people were
15 spending -- as the rich people were spending less
16 and less on those kinds of items.

17 The -- giving you the broad -- the broad
18 scenario, the 30,000-foot level answer to your
19 question, that's the kind of role I was playing.
20 The day-to-day management was really in these other
21 entities and my overseeing them.

22 The individual that -- from the outset,
23 and I'll come back to just before my assuming the
24 CEO position, I was already seeing really and I
25 mentioned it in an e-mail to the board early on and

1 Jim Cohen got very upset at me, Sr., for having
2 mentioned that in my e-mail. I didn't see the harm
3 at the time. I didn't see the reason for him being
4 upset, but as I was involved with him more and more
5 and as I appear here before you today, it was
6 evident later why he didn't like that -- my use of
7 the word.

8 But I sent an e-mail to the company that
9 from the way things were -- to the board that the
10 way things were operating, that Jim Cohen was
11 basically the chief operating officer and with input
12 from -- from Joe Corazzi with Pelosi being the
13 president, but everything was being managed on the
14 ground by Jim Cohen, Sr., and it's really the way it
15 continued through thick and thin.

16 When I had this confrontation over the
17 steel building sale through the separate company
18 with Cohen, it -- and in my mind and in conversation
19 with the other board member at the time, trying to
20 figure out how to extricate the company from both
21 Corazzi and Cohen to see where to move forward,
22 Cohen got extremely irate with me and separately
23 at -- Daryl Kim was still on the board at the time.
24 He and then subsequently Paul Whitford.

25 But Cohen -- Daryl reported to me later.

1 I wasn't present. It was a face-to-face discussion
 2 between or confrontation between Cohen, Sr., and
 3 Daryl and then Cohen basically had the same
 4 confrontation with me over the telephone, and I can
 5 only tell you about his call to me, but it was –
 6 Daryl Kim reported basically the same conversation
 7 that he had had face-to-face with Cohen where he was
 8 screaming and advising me that I was not going to
 9 force him out of the company; that he and Corazzi
 10 had formed the company; that it was their company
 11 and that I simply wasn't going to get rid of him.

12 And I reminded him it wasn't his company;
 13 that he – none of his – with the exception of very
 14 little money, none of his money had gone in as
 15 investments and that we had the obligation to the
 16 shareholders and I needed to find a way to get this
 17 company back on its feet.

18 But throughout the whole process, I think
 19 that summed it up in their minds and certainly in
 20 reality that they formed the company. It was their
 21 company and they were going to run the company, and
 22 it was very, very difficult to – to act in that
 23 environment.

24 At the very beginning, he told Corazzi, he
 25 said, I see what's happening, and this was before I

1 officially took over as CEO, and I said I can't
 2 function in this kind of an environment and here's
 3 what I see, that you and Cohen and particularly
 4 Cohen, Sr., controls everything. You recommended
 5 the board members. You recommend what goes on. You
 6 don't want to take an official position. Cohen is
 7 basically running the company. He isn't responsive
 8 to me, and he said, well, don't do anything rash.

9 And he had Cohen call me one evening, and
 10 we must have spent – and I could probably even get
 11 the date because it was – my wife and I went to a
 12 birthday party for my youngest daughter.

13 Her and her family at the time lived in
 14 Santa Fe, and I got the call as we got to the party
 15 and by the time the conversation was over with, the
 16 party was over, so – but it was Cohen convincing me
 17 to stay onboard, and we had verbal agreements, none
 18 of which was ever lived up to, but, again, I felt
 19 some solace in that – in that Pelosi was still
 20 involved.

21 And then he and Cohen had – and Corazzi
 22 had major run-ins, and it was very difficult to tell
 23 at the time who was – because Pelosi had a very
 24 emotional up and down and he – he could get
 25 extremely violent in his language, and he was

1 ultimately convinced by Cohen that they had been
 2 associates because one of Pelosi's other firms that
 3 he consulted for on Wall Street had invested money
 4 in Cohen's company, Blue Earth Solutions, so there
 5 was that relationship. And I think to this day they
 6 still – they still argue but they still get
 7 together. Pelosi used to stay at Cohen's house and
 8 he may still stay at his house.

9 I agreed that night to go ahead and stay
 10 on with the understanding how things were going to
 11 flow, and I looked back – I've looked back many
 12 times and wished I had just gone ahead and declined
 13 that day, but I didn't. I had declined to stay on
 14 but then he talked me back into it.

15 Q. Did you say that that conversation with
 16 Mr. – I think you said Corazzi took place before
 17 you actually came onboard officially?

18 A. Yeah.

19 Q. You had agreed to come on as CEO and
 20 chairman but hadn't actually taken the reins at that
 21 point?

22 A. I believe, and I hope I'm not – have my
 23 dates out of sequence. It was either that early
 24 September of that first year or it may have been the
 25 second year after I had already been on a year, and

1 I don't know if I ever made any notes. And I'm
 2 thinking – as I respond to your question, I'm
 3 thinking that it was the first – before I
 4 officially came onboard, but it may have been the
 5 year after that. If that becomes crucial, I will
 6 try to recollect that.

7 But it was a lengthy conversation, and my
 8 daughter's birthday is in early September and I was
 9 thinking it was before I came onboard, but it may
 10 have been the year after because by then there had
 11 been a history; that would have made more sense, but
 12 I'm thinking it was before I came onboard because I
 13 was already seeing the handwriting on the wall.

14 Q. During the time you were CEO and chairman
 15 of Natural Blue, was that a full-time occupation or
 16 did you also pursue your legal practice or other
 17 business interests?

18 A. No, it was not a full-time operation. It
 19 was – or assignment, and I took it on with that in
 20 mind, with that understanding because I still had my
 21 law, and it was, again, with the understanding that
 22 others would be doing the day-to-day management and
 23 I would have an oversight responsibility.

24 Q. Can you tell me, did Natural Blue
 25 Resources have annual meetings of the shareholders

1 while you were involved with it?
 2 A. We did not.
 3 Q. Did the bylaws provide that there be such
 4 meetings?
 5 A. They did.
 6 Q. And so how were the officers and directors
 7 of the company chosen or elected?
 8 A. At that first board meeting, that's when
 9 the – the board was chosen, appointed, accepted.
 10 They appointed the officers at that point in time.
 11 Subsequently –
 12 Q. I'm sorry. Who appointed?
 13 A. The board.
 14 Q. There was an existing board?
 15 A. The board that showed up that – that day
 16 at the – in – I get the tenor of your question.
 17 The board that showed up that particular day when I
 18 attended in Florida, close to Orlando, it was the
 19 five initial board members of – that got appointed
 20 that day, myself, Jim Murphy, the – Samir Bursan,
 21 Daryl Kim, and there was a fifth.
 22 And whether there had been a meeting of
 23 Datameg prior to that, and I'm missing that link
 24 right now, whether there had been a board meeting of
 25 Datameg, too, it's an interesting question as I

1 ponder it right now, but I – I don't recall just
 2 how that initial board was – what the authority was
 3 for appointing that initial board.
 4 Q. Okay.
 5 A. And whether Mr. Murphy had taken some
 6 action with – through Datameg. I'm sorry. I can't
 7 answer that.
 8 Q. Following the initial appointments and
 9 that group of directors, as vacancies occurred and
 10 new people were brought on, what was the process for
 11 choosing the directors and officers?
 12 A. The board. The board – whatever board
 13 was in existence at the time. The names would be
 14 brought to us by Cohen, Sr., and Corazzi. There
 15 were quite a number of vacancies, but there were
 16 only a couple of appointments that were made over
 17 the – I'm recalling Paul Whitford, and I'm
 18 embarrassed for myself. The gentleman from West
 19 Virginia who stayed on for only a short period of
 20 time.
 21 Q. Was that McCall?
 22 A. McCall. John McCall, my goodness
 23 gracious. John McCall. And I'm trying to think of
 24 anybody else that – many of the positions were left
 25 vacant. At one time I was the only board member,

1 and it was during that time that I really wanted to
 2 step aside but wasn't sure what to do about it.
 3 Q. Well, you mentioned that the replacement
 4 board members, as there were vacancies and new
 5 people were brought onto the board, that they would
 6 be brought by Mr. Cohen and Mr. Corazzi?
 7 A. Correct.
 8 Q. Was that in all instances or predominantly
 9 how the new board members were found?
 10 A. I'm only recalling – the initial board
 11 was recommended by them. The – McCall and
 12 Whitford – Whitford had been an advisor to Corazzi
 13 in the past as a lawyer and a CPA. He was
 14 recommended and McCall was recommended by Cohen and
 15 Corazzi. He had been raising money for the company.
 16 And I – right now I don't recall if there
 17 were any other board members. I'm not recalling
 18 any. There may have been, but both of those were
 19 brought by – in the case of Whitford by Corazzi and
 20 in the case of McCall by both Corazzi and Cohen, Sr.
 21 Q. And how were they presented? Was it
 22 here's a suggestion or we want this person to be on
 23 the board?
 24 A. As recommendations. It wasn't a demand.
 25 It was recommendations. And certainly Mr. – they

1 both had credible credentials. Whitford and I
 2 became closest friends in terms of discussing what
 3 was going on with Natural Blue, and McCall, I had a
 4 relationship with him. I wouldn't say we
 5 developed – would not say we developed into
 6 friends, as well. I would not classify it as close
 7 friends. Certainly, we were friendly.
 8 I don't recall any others. They were
 9 recommended to us and on the face they – I think
 10 when Whitford was recommended, I think at that time
 11 I was the only board member.
 12 Q. Was there any other independent process
 13 for selecting or finding new board members or was
 14 this just, basically, the way it worked during the
 15 time you were there?
 16 A. There was not an independent structure.
 17 Q. There wasn't a search committee –
 18 A. No, sir.
 19 Q. – or some equivalent?
 20 MS. KELLY: I just need to step out
 21 for about two minutes.
 22 MR. RAPPAPORT: We've been going for a
 23 while. Do you want to take a short break at this
 24 point?
 25 THE WITNESS: It's up to you.

1 Q. So that's something that occurred after
2 you were in office?
3 A. That's correct.
4 Q. Now, at the time that you took office with
5 Natural Blue, was it engaged in any way in the steel
6 or metals recycling business?
7 A. That was not -- no. That did not occur
8 until later in the progression of the company. We
9 tried the Echo Wave; that was being run by one of
10 the members of the board of directors of Natural
11 Blue, a fellow by the name of Samir, S-A-M-I-R,
12 Bursan, B-U-R-S-A-N, and he was one of the original
13 board members. There were five board members. He
14 was one of them.
15 He and an associate of his, Daryl,
16 D-A-R-Y-L, Kim, K-I-M, who was also on the board of
17 directors, they were recommended to be on the board
18 of directors because of their involvement with the
19 technology of Echo Wave.
20 Daryl Kim had a relationship with somebody
21 in Korea that owned the technology and they brought
22 it to Mr. Cohen. Mr. Cohen brought it to the board,
23 Mr. Cohen, Sr. There's also a Cohen, Jr., but --
24 who was involved, but Cohen, Sr., and they brought
25 that technology to us.

1 And as I said, there were other green
2 companies that we had been looking at, that were
3 presented at that particular first board meeting
4 that as an individual and from my background I
5 really appreciated that the company was going to be
6 going into green -- green-type companies, various
7 ones that were tried and none of them were
8 successful. Different reasons for each one of them.
9 But as the company progressed and nothing
10 was coming to pass, then I was presented and the
11 board was presented with the opportunity of going
12 into the steel building dismantling.
13 This was during the recession, and there
14 were a lot of empty buildings, big buildings from
15 automobile dealers and many others all over the
16 country that were being vacated, could be bought
17 inexpensively relatively speaking, and the company
18 could then turn to the recycling of steel buildings.
19 A plan was developed by -- a financing
20 plan was developed by Mr. Corazzi and Mr. Cohen, Sr.
21 We went to New York. They had planned a trip to New
22 York, Corazzi and Cohen, Sr., to meet with
23 investors, investment houses, brokerage firms,
24 including one, and I'll try to remember the name.
25 One -- one large company that had several billions

1 of dollars to invest, and I attended that particular
2 presentation. They had made other presentations
3 without me. And the individuals the presentation
4 was given to, it was going to be a fairly large deal
5 to allow the buying and demolishing and selling of
6 the steel, the recycled steel; That funding
7 ultimately never materialized, and I honestly can't
8 tell you why, but it didn't. The company -- the
9 consultants then continued to look for other
10 building -- other steel building opportunities.
11 A company -- in the meantime, a company
12 had been formed as these presentations are being
13 made of Natural Blue Steel and that was a subsidiary
14 a wholly owned subsidiary of Natural Blue Resources.
15 And Natural Blue Steel, the president of
16 that entity was a gentleman by the name of Robert
17 Hunt out of Arizona, and he was -- he then went out
18 to look for -- he had a number of opportunities in
19 the steel business that he claimed he could bring to
20 the company.
21 And he had been working with Mr. Corazzi
22 and Mr. Cohen, Sr., and so he was installed as
23 president of Natural Blue Steel to get the steel
24 part of the company moving because that seemed to be
25 a good opportunity. They -- there was a contract

1 that Mr. Hunt brought to the company in Louisiana.
2 That subsequently turned out to be a nightmare for
3 Natural Blue Resources in that Mr. Hunt and
4 Mr. Cohen and -- Mr. Hunt on the one side; Mr. Cohen
5 and Mr. Corazzi on the other simply could not work
6 together.
7 I was left trying to find a middle ground
8 to have them work together to get this one project
9 in Louisiana to come to fruition, and it ultimately
10 did, but to the best of my knowledge, it didn't
11 have revenue flowing from it and if there was,
12 it was never reported to -- to Natural Blue
13 Resources.
14 I kept insisting on getting reports. I
15 would never get them from either Corazzi or Cohen,
16 who had by then kind of taken over that project, and
17 Mr. Hunt was constantly calling me complaining about
18 it.
19 That project was finalized in -- the
20 formal reports that I got was that it had lost money
21 and that other investors that had been brought in,
22 friends of Mr. Corazzi, had lost money in the
23 process, and I could never get them to provide me
24 with the proper accounting, and I'll come back to
25 that theme several times.

1 A. They were not part of the investment
2 group. They are the individuals that brought the
3 investment group, and I'm assuming here today that
4 that's the group that I keep referring to, the
5 meeting in New York.

6 Q. I see. And do you have a recollection as
7 to what -- approximately what percentage -- well,
8 let me express it differently.

9 Was the potential sale to the investment
10 group to be a minority or majority ownership of the
11 shares of Natural Blue Steel?

12 A. As I recall at the time -- as I recall
13 today, the transaction at the time contemplated that
14 the investment group would have the majority
15 ownership of the company.

16 And it was expressed -- if that's the same
17 one that I'm thinking about, it was expressed to me
18 at the time that it could result in the individual
19 share prices going up to anywhere from one to \$3 a
20 share because of the value that was being placed on
21 the steel buildings that they were looking at --
22 they were recommending that the company purchase,
23 but they couldn't do it without -- the presentation
24 to the investment group, if that's the same one, but
25 an investment group in New York was for them to put

1 in enough money to buy up all of the buildings that
2 were available and just stockpile them before
3 anybody else could get into the business and,
4 basically, have the market on the majority of steel
5 buildings in this country that were being abandoned,
6 and the investment group that I referred to, the
7 presentation in New York, liked the idea.

8 Q. Just before I move on, I promise I will,
9 with regard to Mr. Cohen and Mr. Corazzi, when is
10 the last time you've had any contact with Mr. Cohen?

11 A. It's been a long, long time. It's been
12 several months. I'm thinking it may have been a
13 year or more. Mr. Corazzi, I have not had
14 communications with him with respect to Natural
15 Blue.

16 Two or three months ago he contacted one
17 of my associates on one of the land transactions
18 that I mentioned that we had been looking at having
19 him help with the financing in Northern New Mexico,
20 Angel Fire.

21 And I called one of my associates, Art
22 Trujillio, on that project to find out if that was
23 still a viable project because we had somebody out
24 of Florida that may be interested in it.

25 Art called me and asked if I could send

1 Joe the updated information on this project. I
2 e-mailed it to Joe and -- with an e-mail note saying
3 if there really is interest and you want to talk
4 about it, either give me or Art a call and neither
5 one of us ever heard back from him, so that was --

6 Q. And prior to that what was your last
7 contact with Mr. Corazzi?

8 A. I haven't talked to him since -- I'm
9 trying to think. In 2011, probably the summer of
10 2011.

11 Q. Have you engaged in any business
12 relationship or transactions with either of those
13 individuals, Cohen and Corazzi, since you left
14 Natural Blue?

15 A. No, I have not.

16 Q. Okay. Well, I want to move on now to
17 the --

18 A. Let me just add to that last answer.

19 Q. Sure.

20 A. The contact that I had with Corazzi, like
21 I say, maybe through the summer or the middle of
22 2011 was to try to get any input I could from him in
23 terms of why weren't -- because I knew he was
24 continuing to stay, he and Cohen were continuing to
25 stay in touch with the management of Natural Blue

1 Resources, trying to find out why the SEC filings
2 hadn't been made and that was -- and usually the
3 response was I don't know what's going on with those
4 knuckleheads, meaning the new management, and then I
5 just stopped calling him.

6 Q. I want to move on now to the relationship
7 that was formed between Natural Blue Resources and
8 Atlantic? And, again, I'm using the term "Atlantic"
9 to refer to either Atlantic Dismantling or Atlantic
10 Acquisitions or both together as the case may be.

11 Could you again briefly describe how that
12 association came about?

13 A. That -- that was brought to my
14 attention -- the relationship with Atlantic
15 Dismantling was brought to my attention by --
16 initially by Joe Corazzi.

17 Jim Cohen, Sr., may have been involved in
18 the initial discussion, I don't know, but Corazzi
19 was the main contact that I had on this initially
20 and then subsequently Cohen, Sr., was involved in
21 several discussions.

22 They told me -- initially they told
23 me -- Joe told me, Corazzi, of an opportunity to
24 manage a project that Atlantic Dismantling had in
25 Louisiana and we would get a fee for managing and

1 overseeing that project, and I said, well, bring me
2 a proposal and we'll take a look at it. It
3 subsequently evolved before he brought me a proposal
4 on the over – the management of the contract. He
5 then asked to meet with me on one of his trips to
6 New Mexico.

7 I met him in a hotel in Albuquerque, and
8 he showed me some documents that proposed the
9 transaction whereby Atlantic Dismantling, and I'll
10 just refer to it as Atlantic, that Atlantic would
11 bring substantial revenue to – to Natural Blue
12 Resources.

13 They had financing for quite a number of
14 projects that they had. They had 35 projects under
15 contracts. Those would be brought into Natural Blue
16 Steel.

17 They had been working with the successful
18 venture capitalist by the name of Eric Ross; that
19 they would be – they would like to take over
20 Natural Blue Resources and bring in management.

21 And we wouldn't have to put any money out.
22 We didn't have any money. We would just have to
23 issue new shares to the new – to these individuals
24 that we would be bringing in.

25 Q. Now, just let me interrupt for a moment.

1 All of this was told to you by Mr. Corazzi, is that
2 correct?

3 A. Initially at that setting.

4 Q. Right.

5 A. Then subsequently there were conversations
6 with Cohen and Corazzi. Sometimes on a conference
7 call; sometimes individually on a call.

8 Q. And did these conversations that you've
9 just referred to involve also people from Atlantic
10 or was it only Cohen and Corazzi and Cohen
11 initially?

12 A. No. It subsequently involved discussions
13 with Erik Perry from Atlantic and Joseph Montalto
14 from Atlantic, and I – I believe – strongly
15 believe that – that at least one of the
16 conversations Sal Montalto, M-O-N-T-A-L-T-O.

17 Q. There's a Sal Tecce, T-E-C-C-E, and
18 there's a Joseph Montalto, Sr., as well as a Joseph
19 Montalto, Jr.

20 A. Well, I must be confusing them. It was
21 the – there was a Sal on that one phone call.

22 Q. There's a Sal Tecce who was part of the
23 Atlantic Group. If you think that it was someone
24 other than that, I defer to your recollection.

25 A. No. I'm pretty sure it was Sal, but at

1 another point in time, several points in time Joseph
2 Montalto, Jr., referred to his father, Joseph
3 Montalto, Sr., and I honestly don't remember if I
4 ever talked to Joseph, Sr., on the telephone. But
5 there were discussions with Montalto, Jr., and Erik
6 Perry as the transaction was being put together and
7 some phone calls, some e-mail exchanges as the
8 agreement was being negotiated.

9 Q. And when was this subject first broached
10 by Mr. Corazzi?

11 A. Initially the management contract was
12 probably in the September 2010 time frame that.
13 Evolved to late – I'd say sometime in October into
14 early November into possibly doing the bigger deal
15 of having them buy us out or merging or whatever the
16 transaction would ultimately evolve into and so that
17 would have been late – the bigger deal would have
18 been in late October, early November 2010.

19 Q. Let me ask you this: Was there ever a
20 point at which Mr. Cohen or Mr. Corazzi or both
21 overtly tried to oust you from your positions at
22 Natural Blue Steel either by threats or persuasion?

23 A. Not that I – none that came to my
24 mind – none that came to my attention. I mean, –

25 Q. Well, that's what I mean.

1 A. No. No. The closest was when I described
2 a couple of times before, whether this would have
3 been in the late summer, early fall of 2010 when I
4 was having the problems after I found out about the
5 other steel deal that they had not run through
6 Natural Blue Resources.

7 And I had already put Corazzi on –
8 suspended his contract and he was no longer
9 providing services, that Cohen, Sr., then he and I
10 exchanged some harsh words, and the closest that
11 came to that was this is my company. I formed it.
12 Joe and I formed it. It's our company and nobody is
13 going to push us aside.

14 That could have been a threat that I was
15 going to be ousted or whatever. If somebody else
16 could have come in and taken over, they wouldn't
17 have had to oust me. If somebody credible would
18 have stepped up at as CEO, I would have stepped out.

19 Q. The suspension of Mr. Corazzi as a
20 consultant, did you say that was a written
21 communication or was that just verbal?

22 A. It was verbal.

23 Q. So there is no record in the –

24 A. No.

25 Q. – as far as you know in the company

THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)
) File No. B-02723-A
NATURAL BLUE RESOURCES, INC.)

WITNESS: Paul Vuksich
PAGES: 1 through 63
PLACE: Securities and Exchange Commission
44 Montgomery, Suite 2800
San Francisco, California 94104
DATE: Monday, June 23, 2014

The above-entitled matter came on for hearing,
pursuant to notice, at 8:45 a.m.



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1 entry there at the very top that says, you know,
2 "Transmission." The entry is May 7th of 2009. And it
3 says here that there are e-mails to Murphy, Cohen, and
4 Anaya. And then a telephone conference with Murphy and
5 Cohen. But there's no reference to Anaya being on the
6 call.

7 Do you recall whether by May of 2009 you were,
8 you know, still communicating sort of more primarily with
9 Cohen at that point? I mean, does it make sense to you
10 why you would be sort of e-mailing stuff to Anaya, but
11 that he wouldn't be on the call at that point, it would
12 just be Murphy and Cohen. I'm just trying to get the
13 context there. If you can, you know, with privilege,
14 answer the question, obviously.

15 A I don't remember the conversation, but Jim
16 Cohen was actively involved with guiding these
17 transactions -- or this transaction.

18 Q I wanted to then direct your attention to an
19 entry that's on page 35 and this has to do with
20 preparation of Directors' packets for the Orlando
21 meeting. If you look down at the entry for July 29, it
22 says, "Preparation of Director packets for Orlando
23 meeting." And you refer here to transmitting e-mails on
24 that subject, it looks like, to James Cohen, Senior, and
25 Bill McPhearson. And I just wanted to ask you, do you

1 recall whether Cohen, Senior, and McPhearson were
2 organizing and running the Board of Directors meeting?
3 Do you have any recollection as to why they were the
4 point of contact for the Board of Directors meeting?

5 A Blue Earth Solutions was hosting this meeting
6 and Orlando is where Blue Earth Solutions is located. I
7 think that Bill McPhearson was maybe a QuickBooks guy --
8 I'm not sure. I remember the name, but I can't remember
9 exactly what was his role. But Jim Cohen was hosting
10 this thing.

11 This is where the dinner took place that I
12 talked about, where I met Mrs. Cohen.

13 Q Okay. So I want to ask you to turn at this
14 point to page 40, which is -- there are a couple of
15 entries that refer to Anaya. So I just want to direct
16 your attention to the entry on August 27th, 2009.
17 There's a reference here to transmitting e-mails to Toney
18 Anaya regarding balance sheet liabilities and there's
19 also a reference just above that to an e-mail request for
20 information on the balance sheet with regards to Anaya.

21 To the best of your recollection, was
22 MyFilesAnywhere system still up and running at that
23 point?

24 A Yes, I believe it was. I've given you a
25 document that is a record of what the access codes were.

1 And if that date is the same as this date, then it was up
2 and running.

3 Q I'm just wondering, you know, you were counsel
4 to Datameg and obviously very knowledgeable about their
5 -- you know, all of their inner workings, but why would
6 Anaya be going to you to get information about the
7 balance sheet, rather than going directly to the auditors
8 or to Kim McIntosh? Do you have any idea why that would
9 be?

10 A Yeah, I was intimately involved with the
11 accounting. Kim and I were a team that worked together
12 to do this.

13 Q Okay. Did you get a sense -- what was your
14 sense of Mr. Anaya's business acumen?

15 A I think that he relied -- my impression was
16 that he relied heavily on input from Jim Cohen and from
17 Joe Corazzi to guide him in the performance of his role
18 as the CEO.

19 Q What's your basis for saying that?

20 A Well, the -- I think that Mr. Anaya, in terms
21 of my interactions with him were that he was, you know,
22 quite competent and quite thorough in performance of
23 matters such as, you know, watching the bank accounts,
24 diligence as another attorney as to documents and things
25 like that. But in terms of the deals and operating and

1 moving forward, I think he relied heavily on particularly
2 Mr. Cohen.

3 Q Was it your sense that Mr. Anaya had had any
4 real experience working with either public companies or
5 just sort of -- you know, in corporate transactions?

6 A Well, that's hard to say, because Mr. Anaya's
7 building -- name is on the building of the New Mexico's
8 Securities and Exchange Commission equivalent. So, I
9 don't know what that means, but in terms of business
10 acumen, he probably has that. But in terms of synergy,
11 getting deals, putting deals into this newly-directed
12 company, that didn't -- those deals were coming from Jim
13 Cohen. And, potentially, from Joe Corazzi. I think that
14 Joe Corazzi and the Governor had some longer relationship
15 than does Jim Cohen with the Governor, but I don't know
16 that.

17 Q So, if you turn to the next page, page 41,
18 there's -- there's a reference here to a heated
19 discussion with Cohen. There's also a heated exchange,
20 reflects with Joe with M -- I'm assuming and you'll
21 correct me if I'm wrong -- is Joe Corazzi. Those are
22 both in September of '09.

23 To your recollection, was there any particular
24 subject that was causing strain with Cohen and Corazzi at
25 Natural Blue? Again, without going into any discussions

1 that might be privilege.

2 A A strain between them?

3 Q Was there -- not between Cohen and Corazzi, but
4 was there any subjects that were causing conflict, you
5 know, the kind of conflict that's reflected in these
6 bills as between Cohen and Corazzi and Natural Blue
7 Resources? Was there any subject that was, you know,
8 hotly disputed or contentious or -- I'm just wondering if
9 you can shed any light on why you'd be having sort of
10 heated -- which I assume, you know, are angry or, you
11 know, dramatic discussions with Cohen and Corazzi at that
12 time?

13 A The heated discussion, it was not a focus about
14 them. At some point, I learned through, I think, Jim
15 Murphy that there was some kind of a consulting contract
16 for acquiring steel businesses or something that was
17 unsatisfactory as to him and as to -- and I think as to
18 Paul Pelosi. But as to this discussion, this was a
19 matter about -- they had replaced Kim, I think, with
20 Walter Cruickshank, I think, at this point, and they
21 wanted her to do some additional work and she wasn't
22 being paid and I was told by, I think, Toney Anaya to
23 come up with a settlement agreement with her. "Kim, you
24 do this a little bit more and we'll pay you this." And
25 so I did a standard settlement and release agreement

1 after taking a quick look at the North Carolina law in
2 the area and drafted an agreement that I thought would
3 give -- was in accordance with North Carolina labor law
4 and give her the opportunity to seek counsel before she
5 entered into it.

6 Because she and I had a long, hard working
7 relationship together and I didn't want to be in a
8 position of taking advantage of her. So I -- and I had
9 an ethical obligation, I felt, under California
10 professional obligations and under similar obligations in
11 North Carolina and the law in North Carolina. So I
12 drafted it and there was some blow-back from that.

13 Q And then there's some reference above that to
14 Joe Corazzi and talking about -- in which it sounds like
15 this is part and parcel that, you know, a telephone
16 conference with Anaya and Joe, where you're getting Kim
17 and others cooperation to file an amended 10(q).

18 So a completely different question, which was
19 did Corazzi have involvement, to your recollection, with
20 the filing of the -- you know, the reports with the SEC?

21 A There was one instance, I think, at the time of
22 the change in control. There became a dispute about --
23 with Walter Cruickshank about when the effective date was
24 of the change in control. I had cleared the change of
25 control date with the auditors, to make sure that --

1 trying to make it the best day in terms of financial
2 accounting. And so we did it on the 30th of June. And
3 then Mr. Cruickshank said that it should be July 1, which
4 was going to require a complete amendment of the 10(q)
5 that had been filed.

6 And I remember having a telephone conversation
7 -- a long one with Joe Corazzi and Mr. Cohen about what
8 the 10(q), when it was re-drafted, because there were
9 going to be financial changes that had to be made, some
10 of the language and what not that was in there. They
11 wanted it amended, cleaned up, reduced, and some of it
12 had to do with things that may not have been relevant
13 going forward, but were relevant when the company was
14 operating as technologies. So they wanted some of that
15 cleaned up.

16 And at this point, somebody was going to have
17 to sign it when they put in that amendment. So we talked
18 about it and made some modifications. And I think that
19 ultimately Toney Anaya signed that document.

20 Q There's a reference in here --

21 A I'm sorry -- I'm sorry. Are you talking about
22 page -- oh, I'm sorry. I was looking at the PV numbers.
23 Okay. Forty-three, I've got it.

24 Q Yeah, it's PMV-35.

25 A Right.

1 Q And then there's a number "43" below that. I'm
2 just wondering about an entry here -- there's actually
3 two -- several entries referring to a discussion between
4 yourself and it either says, "Jim and Joe." or "Cohen and
5 Corazzi." On September 23rd, it looks like there's a
6 conference with Jim and Joe regarding the 10(q).
7 Similarly, there's a discussion on September 29 with Jim
8 and Joe about Form 10(q)(a), 10/5, a discussion with
9 Cohen and Corazzi regarding Q-2.

10 Do you recall -- you know, was it the same
11 issues that were in the meeting, the discussions about
12 the 10(q) at that time, or was there a particular reason
13 that Cohen and Corazzi were so heavily involved -- it
14 looks like -- with this particular filing?

15 A Yeah. The filings that I had done -- or the
16 company had done -- failed to pick a change in the table
17 structure that the Commission had put forth for 10(q)s.
18 And so, the Commission wrote a letter to us and said,
19 "You need to refile these."

20 So, we reorganized -- the auditors didn't pick
21 it up. I didn't pick it up. The auditors -- I mean, so
22 we had -- I had to reorganize the table. This time, I
23 think, that the other attorneys were on board. So -- but
24 they asked me to -- because I had the main oar with this
25 when they were initially filed. I undertook to

1 reorganize the numbers with the auditors into the
2 appropriate table format. No numbers were changed.
3 Nothing changed financially. It may be this means in
4 here that there was some kind of an involvement by Cohen
5 and Corazzi about certain of the textual matters that
6 were in there.

7 But that's my best recollection.

8 Q And then just -- one of the last entries in
9 here, on this page, is on October 7th. There's a
10 reference here to a preparation of a revised PDF
11 addressing issues of Cohen and Corazzi. You know, again,
12 without asking you to go into privileged discussions, do
13 you recall what you meant by "issues of Cohen and
14 Corazzi"? Was it issues about them or issues raised by
15 them?

16 A It was probably not about them, but about
17 issues that they raised about the 10(q), but I don't
18 recall.

19 Q Sitting here today, you don't specifically
20 recall?

21 A I don't specifically recall.

22 Q Now, just -- you had made reference to a
23 meeting. If you want to just put that aside for right
24 now, I might come back for a few questions about it. But
25 if you want to put that aside, the court reporter can

1 provide you with Exhibit 175, which is another document
2 that came from your production to the SEC. It's just a
3 two-page document that has at the top, "Natural Blue
4 Agenda," and then on the second page, there's a
5 handwritten flow chart there.

6 (SEC Exhibit No. 175 was
7 marked for identification.)

8 BY MS. KELLY:

9 Q Is this a document that's familiar to you?

10 A It is.

11 Q So just looking at Exhibit 175, do you have a
12 recollection as to who ran this meeting, if there was a
13 person running the meeting?

14 A I'd say Jim Cohen.

15 Q What makes you say that?

16 A He was hosting the meeting. It was in one of
17 the names here -- I think it's Samir was in his office,
18 in the conference room. I think that he drafted this
19 agenda sheet that you see. And he spoke at some length
20 about some of the transactions that are indicated on this
21 agenda item. So he had a large participation in this.

22 Q You said -- you mean Cohen -- you said Cohen,
23 you thought drafted it and Cohen was the person who was
24 sort of spoke at length?

25 A Yes.

1 Q And there's a reference here to -- there's --
2 I'm just directing your attention to the first page. It
3 says, "Board of Directors." There's "Toney A., Paul P.,
4 and Jim M," are on there, who I assume are Toney Anaya,
5 Paul Pelosi, and Jim Murphy.

6 Did you know anything at that time about Samir
7 B. or Daryl K.?

8 A These two, I've met at the Orlando meeting for
9 the first time. One was involved in a retail business of
10 some sort and the other one was involved with technology
11 -- computers or something. I say that because Natural
12 Blue had a Net Symphony. When they were deciding what to
13 do, they had Net Symphony in North Carolina ship them the
14 technology that we had, which were these chewing gum size
15 computers that were used for testing voice-over IP
16 networks. So they would deliver to that office.

17 Q Just almost not immediately below that, but
18 just a couple bullet points down, it says, "Segregation
19 of roles, CEO, President, Treasurer, Secretary, CFO," et
20 cetera.

21 Do you recall any discussion in that portion of
22 the meeting about what Cohen and/or Corazzi's role would
23 be at the company?

24 A Not in terms of becoming an officer or
25 fulfilling a role as an officer. I don't recall that.

1 Q By the time of this Board meeting, did you know
2 that Cohen had some kind of criminal history?

3 A No.

4 Q Were you aware of any limitation on Cohen's
5 ability to be an officer by that point in time?

6 A No.

7 Q Of a public company?

8 A No.

9 Q The same question for Corazzi: Were you aware
10 of any limitation on his ability to be an officer at that
11 point in time of a public company?

12 A No.

13 Q So, was there ever any explicit discussion at
14 this Board meeting of what Cohen and Corazzi's role was
15 going to be at the company?

16 A Well, no. They were major shareholders then --
17 now -- of Natural Blue, the reorganized company. But
18 Cohen was -- seemed to be staying -- was talking about
19 deals and they're on the next page, these deals that he
20 was going to bring. He talked about deals that he was
21 bringing to the table.

22 Q So let's go to the next page for a moment. Do
23 you know who drafted this flow chart?

24 A Yes.

25 Q Who?

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UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION

File No. B-02723-A

In the Matter of: |
NATURAL BLUE RESOURCES, INC. |

VIDEOCONFERENCE INTERVIEW OF
WITNESS: ERIK H. PERRY

PAGES: 1-166
PLACE: SECURITIES AND EXCHANGE COMMISSION
Boston District Office
33 Arch Street
23rd Floor
Boston, MA 02110-1424
and
STERLING OFFICE SERVICES
2A Saborna Street
1000 Sofia, Bulgaria
DATE: Wednesday, February 27, 2013



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1 MR. PERRY: I don't know "bullet trade,"
 2 but are you talking about a -- are you talking about
 3 a -- not a bullet trade, a --
 4 No. It's not bullet. There's another
 5 term for it. Are you talking about the guy that we
 6 gave a hundred thousand dollars to to try to make --
 7 try to make money?
 8 MS. KELLY: I think -- if I'm -- let's --
 9 we'll go -- why don't we go back to that? Why don't
 10 we go back to that? We can -- we can move along.
 11 MR. PERRY: No. Let's get the right name.
 12 MS. KELLY: Yeah. I just -- what -- what
 13 I'm wondering about is if that's a term that you
 14 ever used or if that's a type of sort of investment
 15 product that you're familiar with, if that's a -- if
 16 it's a term you're familiar with.
 17 MR. PERRY: No. But I -- maybe you're
 18 not -- maybe you're asking me about something that
 19 I'm -- no, I'm not familiar with "bullet trade."
 20 Platform -- platform? I want to start the
 21 word with P. Why am I saying "platform"?
 22 MS. KELLY: It's okay. It's okay. If you
 23 think of it, we can go back.
 24 MR. PERRY: This guy Mike -- this guy
 25 Mike -- this guy Mike from the mortgage industry

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1 approached us with a deal with a platform trade
 2 because we were looking for money.
 3 And I said, hey, we need to make money.
 4 He said, well, to make money, you need to
 5 invest a hundred thousand. And you're going to get
 6 back 600,000.
 7 MS. KELLY: Who's Mike --
 8 MR. PERRY: And I didn't understand --
 9 MS. KELLY: Wait. Who's Mike -- Mike
 10 what? What's his last name?
 11 MR. PERRY: He never invested in Atlantic.
 12 Joe Montalto would have the information.
 13 We invested -- Atlantic invested a hundred
 14 thousand dollars in this because if it had worked,
 15 we were going to have the money to buy San Benito
 16 without my parents' involvement.
 17 And it didn't work. So Atlantic lost a
 18 hundred thou -- Atlantic lost a hundred thousand
 19 dollars on that. And I don't know if that's what
 20 you're asking me about, but I don't -- I'm not
 21 familiar with the term "bullet trade."
 22 MS. KELLY: Okay. So let's -- I may come
 23 back to ask you a couple more questions about
 24 investors in Atlantic, but just in the interest of
 25 time, I want to make sure we move on to -- to

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1 Natural Blue, get through some questions about that.
 2 Tell me about how you first heard about
 3 Natural Blue, and just walk us through a little bit
 4 how that opportunity presented itself.
 5 MR. PERRY: One of my -- one of my -- not
 6 associates. One of my customers in the mortgage
 7 business was a guy named Kevin Malone. He lives in
 8 Connecticut or Florida. And in my dialing for
 9 dollars mode, trying to raise money for Atlantic to
 10 buy these facilities, I reached out to him.
 11 And I said, hey, Kev. You want to invest
 12 50 to a hundred? You want to invest some money? We
 13 need some money for Atlantic.
 14 And he said, well, I don't have any money,
 15 but you can talk to these guys. They've got some
 16 money.
 17 So they got me on the phone with Joe
 18 Corazzi and/or Jim Cohen. I don't know who first.
 19 One or the other was first.
 20 And then whoever it was says, well, you
 21 have to talk to my partner and me.
 22 So we set it up for the following day. I
 23 talked to the -- I talked to them both at the same
 24 time. I believe this was probably in September.
 25 Maybe August, maybe September.

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1 So I talked to them. I told them all
 2 about Atlantic, what our plan was.
 3 And they ended the conversation with
 4 saying, well, we'll -- well, we'll get back to you.
 5 So within 24 to 72 hours, they got back to
 6 me and said, we can't lend you any money, but we
 7 have an idea where your company can work with our
 8 company together. We can -- we can join forces and
 9 work together.
 10 And I'm not sure exactly when this first
 11 contact came, but shortly thereafter, Joe Corazzi
 12 and I talked on a daily basis about their plan.
 13 And I dismissed it at first. At first, I
 14 dismissed it because they weren't going to give us
 15 any money, and I was so gung-ho to just -- I didn't
 16 want to get -- I didn't want any headaches. I just
 17 wanted to -- I just wanted to get money because what
 18 we were doing was going to make money. I wanted to
 19 just get over the hurdle so we could have our own
 20 money and stop borrowing money.
 21 But he stayed -- he stayed diligent. And
 22 so we -- he kept talking.
 23 So then he wanted to have a conference,
 24 videoconference call on the computer, teleconference
 25 with a computer thing so that he could show us and

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1 show Joe and Sal what his plan was.
 2 So this was on Saturday morning --
 3 MS. KELLY: Sorry. I just need to stop
 4 you for one second.
 5 What was Joe Corazzi's role with Natural
 6 Blue, and what was Cohen's role with Natural Blue?
 7 Do you know?
 8 MR. PERRY: Kevin's role is no role at all
 9 in Natural Blue. Kevin's -- Kevin's role was no
 10 role at all in Natural Blue.
 11 MS. KELLY: I'm sorry. I said "Cohen."
 12 MR. PERRY: Joe Corazzi and Jim Cohen.
 13 MS. KELLY: Yeah.
 14 MR. PERRY: Yeah. Jim -- Joe -- Jim Cohen
 15 and Joe Corazzi were advisors, quote/unquote,
 16 "advisors" to Natural Blue. The way Joe Corazzi --
 17 I'm going to try to -- I'm going to try to exactly
 18 verbalize it.
 19 They were brought in to clean up the mess
 20 at Natural Blue is how he put it. They were brought
 21 in to clean up the mess. Natural Blue's CEO was
 22 then a Toney Anaya, the former governor of New
 23 Mexico.
 24 One of their board members or former board
 25 members was Paul Pelosi. He's the son of Nancy

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1 Pelosi, who's a bigwig in the Democratic National
 2 Party.
 3 He was -- he dropped some big names to me.
 4 I checked everybody out on the Internet. Everybody
 5 looked good. And so I --
 6 And so he said that he was brought in to
 7 clean up the mess there because there was some --
 8 there were some issues. And he pretty much had
 9 cleaned everything up, and now he was putting in a
 10 plan to make a lot of money with Natural Blue
 11 because there was a way for us to make a lot of
 12 money in Natural Blue.
 13 And he said with his steel supplier, a guy
 14 named Jim Jackson, who he said could supply steel to
 15 Natural Blue at -- you know, at a discounted rate,
 16 as many -- as many tons of steel as we could buy,
 17 his quote was somewhere between 310 and \$340 a ton,
 18 and we could sell it to the Chinese or any other
 19 buyer for 400 or 410 or \$420 a ton.
 20 And we could buy as much as we could -- as
 21 much as we wanted every month. And the Chinese were
 22 importing millions of tons of steel a month.
 23 And he said this would be perfect with
 24 that because that was going to be generated
 25 overseas. That steel was going to be generated

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1 overseas, and some steel was going to be generated
 2 out of Louisiana.
 3 And that would be perfect with your
 4 company generating steel in the United States. So
 5 we would have steel being supplied by Jim Jackson,
 6 we'd have steel being supplied by Atlantic, and all
 7 being sold overseas. And all of the money would be
 8 flowed through Natural Blue Resources. And the
 9 company would turn huge profits, and the -- and the
 10 stock would be worth a fortune.
 11 I Cliff-noted that for you, but you
 12 probably know everything I just told you. So I'm --
 13 I'm just trying to give you -- maybe you don't. I'm
 14 trying to give you exactly how it happened.
 15 So he -- he then -- he then had a
 16 videoconference with Joe, Sal, myself, himself, Jim
 17 Cohen and my father because my father at that point
 18 was the largest investor in Atlantic Dismantling.
 19 My father was getting a little frustrated.
 20 Not frustrated but -- yeah. He wasn't so frustrated
 21 yet because he is a good guy. My father's -- I'm
 22 his son. Of course he's a good guy. I mean he's
 23 the best.
 24 But he was very patient with -- as a
 25 father would be with his son. He was very patient

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1 because he believed me, and he knew that I was
 2 telling him what I believed, and I believed that the
 3 Atlantic thing was going to be fine.
 4 So I had him on the conference call with
 5 everybody. Conference lasted about an hour, and Joe
 6 laid out very clearly how he had an inside track for
 7 a steel supplier by the name of Jim Jackson and how
 8 much steel he could get.
 9 He also had -- he also had this company at
 10 NTUR that needed a product, needed to make some
 11 money, needed to put some money through because
 12 there was nothing being generated. He needed to
 13 make some money and join forces with Atlantic, a
 14 functioning demolition company, you know.
 15 Cash poor or not, a functioning demolition
 16 company in the United States doing a lot of business
 17 would be very good for everything, and all together,
 18 it would make it -- it would be much easier for me,
 19 hence for us as NTUR to borrow funds. It would be
 20 much easier for us to get support from the stock
 21 investors. It would be much easier to borrow money
 22 from banks. Be much easier for us to change our --
 23 our borrowers from private entities to banks and so
 24 forth. That's the picture he painted.
 25 And so we had that conference. And I

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1 loved it. I was hook, line and sinker. I believed
 2 it. I believed everything about the relationship
 3 between how symbiotic and it was going to work. And
 4 in retrospect, it's horrendous, but I believed it at
 5 the time. My father believed it too.
 6 Sal and Joe were much less enamored with
 7 the NTUR idea. And they were, that same day, headed
 8 into Boston to see the lawyer Keith Carroll for a
 9 big law firm in Boston he works for, that I don't
 10 know how much money Atlantic spent on lawyer's fees,
 11 but it had to be exorbitant, to go and settle some
 12 law problem down in San Benito.
 13 Somehow they had been thrown off the job
 14 in San Benito. So I'm going to say this is late
 15 September/early October that this conference
 16 happened. I'm guessing, but phone records and
 17 computer records will show when that conference
 18 happened. I'm close.
 19 So they were -- they weren't so interested
 20 in Atlantic joining forces with Natural Blue. They
 21 went into Boston.
 22 And then I was on pins and needles later
 23 that afternoon wondering how the court -- how the
 24 court thing went and how the resolution was going to
 25 be with the lawyer. And we waited.

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1 We didn't find out until Monday or
 2 Tuesday. But the court thing at that point went
 3 well, so then we were allowed to start working again
 4 and make money.
 5 But the NTUR thing went to the back burner
 6 at that point. It went to the back burner for -- I
 7 don't know -- two, three, four weeks.
 8 Corazzi, however, kept calling me. He was
 9 a real friendly guy.
 10 I said, Joe, I don't -- I don't think
 11 these guys are going to come around. I don't -- I
 12 don't think they -- I don't think they like the idea
 13 of being a public company.
 14 And he stayed on it. He stayed on me. He
 15 stayed on them. And I stayed on Sal and Joe.
 16 I said, guys, we can always do the NTUR
 17 thing. We can always go -- we can always do the
 18 NTUR thing. It's probably a -- it's probably a good
 19 idea.
 20 So those phone calls with Joe and I, and
 21 he's sniffing out if -- if -- if Corazzi and his
 22 cohorts were real, continued through November and
 23 December. And we put a bigger -- we put a bigger
 24 picture together. Not only would we bring on
 25 Atlanta, we would also bring on Eric Ross and Bob

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1 Christoph as members of the team at NTUR.
 2 Eric Ross is for Watch Harbor -- Watch
 3 Harbor -- Watch Harbor down in New York. Watch
 4 Harbor Asset Management down in New York City. Very
 5 nice guy. Very trustworthy guy.
 6 And he advanced Atlantic 40 grand. He had
 7 been associated through Sal somehow. Some contact
 8 down in New York had got him to Sal.
 9 But Eric -- Eric took a shine to me and
 10 only stayed involved with Atlantic because of me.
 11 He would have -- he would have not -- he would
 12 have -- I'm sure he wishes I didn't work at Atlantic
 13 because he would have walked away from Sal and Joe
 14 after the first meeting if I hadn't -- if I hadn't
 15 been -- if I hadn't been around.
 16 So we hit it off, and he invested 40 grand
 17 at one point in Atlantic.
 18 MS. KELLY: I want to stop you for one
 19 second. Sorry. Just one second.
 20 You said that you had been sniffing around
 21 with Cohen and Corazzi to sort of make sure that
 22 they were the real deal.
 23 Did you do any kind of diligence on Cohen
 24 and Corazzi at that point?
 25 MR. PERRY: Yeah. I didn't like it. I

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1 didn't like it on Cohen at all, but I was mostly
 2 talking to Corazzi --
 3 MS. KELLY: What do you mean, you didn't
 4 like it?
 5 MR. PERRY: -- and Corazzi had --
 6 MS. KELLY: Like what do you mean you
 7 didn't like it?
 8 MR. PERRY: Cohen had -- Cohen -- Cohen
 9 had been to jail. Cohen had been -- he had done
 10 something with the government, SEC. He had some
 11 problems with the SEC before.
 12 But they came off as sweethearts on the
 13 phone. And it wasn't their fault or they were -- it
 14 was all -- it was all -- it was all crap.
 15 And I didn't talk to Cohen so much. To be
 16 fair, I knew Cohen was a little dirty. Doesn't mean
 17 he was stupid, though. I mean, it didn't mean that
 18 he didn't have a real deal, didn't mean --
 19 MS. KELLY: But I mean, did you -- when
 20 you found out this bad stuff about Cohen, I mean,
 21 did you tell the other people at Atlantic that, you
 22 know, this -- they had this kind of --
 23 MR. PERRY: Of course.
 24 MS. KELLY: -- checkered past?
 25 MR. PERRY: Of course, of course. They

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1 told me, I think. I either told them or they told
 2 me. I Googled that guy. I think Joe -- I think Joe
 3 Montalto said, I Googled that guy. He's bad news.
 4 And so I mean, we tabled it for a while.
 5 But Corazzi's a real sweetheart. And --
 6 and to be honest with you, he made us believe he
 7 really had something. This Jim Jackson, in his
 8 mind, I think he thinks was real.
 9 Jim Jackson was supposed to supply steel.
 10 We were going to do all the -- the plan at NTUR
 11 should have worked. I'll get to that. It just
 12 didn't once -- once -- I mean nothing was
 13 functioning. So --
 14 MS. KELLY: Can -- I also want to
 15 understand, are you -- it sounds from your
 16 description that you're basically just dealing with
 17 Cohen and Corazzi at Natural Blue.
 18 Were you dealing with Anaya or any other
 19 of the officers there at Natural Blue? And why did
 20 these guys have so much pull there?
 21 MR. PERRY: To be fair, in retrospect --
 22 and again, this wasn't my opinion at the time. I
 23 was a starry-eyed believer in -- in -- I was a
 24 starry-eyed believer still of Montalto and Tecce,
 25 and I was a starry-eyed believer in Corazzi. And I

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1 stayed a starry-eyed believer in Corazzi for a
 2 while.
 3 To be fair in retrospect, I think Toney
 4 Anaya just wanted to get out with his reputation
 5 intact. I think he just wanted somehow to escape
 6 the nightmare of NTUR because it was a nightmare.
 7 There was nothing but bills. There was nothing but
 8 lawsuits. There was no income at all. There was
 9 nothing in the hopper that was going to make any
 10 money at NTUR.
 11 And -- and I was not aware of that at all
 12 until after I became the CEO. And so in retrospect,
 13 in my first and only conversation with Toney Anaya
 14 prior to me becoming CEO, it was a two-and-a-half-
 15 hour conference call in January, in mid-January.
 16 And up until that point, Corazzi and Cohen
 17 had just said, hey, we're putting this deal
 18 together. We got Anaya in place before and -- and
 19 if we put this deal together and everything comes
 20 together correctly, Toney will of course step aside
 21 because he'll see that this is an opportunity for
 22 his company to make money.
 23 Toney was just adamant about me paying
 24 some of his small bills that he had incurred as CEO,
 25 some New Mexico water bill, something else, with

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1 whatever money I could generate from income from our
 2 projects. You know, as soon as we had some money,
 3 that he wanted me to pay these bills with it.
 4 And this conference -- again, we're
 5 skipping ahead. This telephone call was long. It
 6 was in January. And it was basically Toney Anaya
 7 saying, well, okay. I'm going to move aside. The
 8 new regime is going to come in.
 9 And a day or two prior to that or a week
 10 prior to that, I was going to become the C -- Cohen
 11 and Corazzi informed me I was going to be the CEO.
 12 And I was flattered. I was like really?
 13 I'm going to be the CEO? I mean, I'm not qualified
 14 at all to be the CEO, in my mind, but I'm a smart
 15 guy. I'll make it work. It's going to look great.
 16 Great. I'll go be the CEO.
 17 Wow, what a -- what a phoenix rise from
 18 the ashes I've made, from being an absolute -- you
 19 know, from falling on my face in the real estate
 20 market to now I'm CEO of a public company, and we're
 21 going to do big things. So -- that's just stupid,
 22 just -- just stone -- stone stupid.
 23 MS. KELLY: Well, so when you -- when the
 24 deal was consummated between Atlantic and Natural
 25 Blue, I take it the management put together press

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1 releases to sort of announce to the world that this
 2 deal had happened. Were you involved with putting
 3 together the press releases?
 4 MR. PERRY: Yeah. Just the wording. I
 5 mean, I basically was -- embarrassing -- I needed
 6 guidance. And I really had -- I really was guided
 7 by Corazzi and/or Cohen on what to say and when to
 8 say it and, to some degree, maybe Pelosi at that
 9 point.
 10 I don't know when Pelosi came into the
 11 equation. I think he was on the -- I think he was
 12 on the conference call when we -- when Toney
 13 Anaya -- when Toney Anaya agreed to -- to step down.
 14 But the day-to-day -- the day-to-day
 15 announcements, you know, okay. What do I do next?
 16 Well, guys, we don't have any money. You know, when
 17 I got the checkbook from Toney Anaya, there was no
 18 money in it.
 19 And instantly, there were debts to pay.
 20 There was lawsuits in Georgia or South Carolina.
 21 There was a lawsuit -- there was a lawsuit out of
 22 Arizona. There was not humong -- not enormous
 23 lawsuits, but big enough to bother when you have no
 24 money. They were big enough to bother.
 25 So we had to make press releases to

WITNESS INTERVIEW NOTES FORM FOR FILING

Notes taken by: Jason Farrell

Investigation Name & Number: Motural Blue Resources, Inc. (B-02723)

Name(s) of Witness(s): Walter Cruickshank

Date of Interview: 6/25/14 telephone interview

After filling this out, please paper clip it to the interview notes and place this form and the attached notes in the "Incoming Investigative Mail" bin. Thank you

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BOSTON REGIONAL OFFICE



Cruickshank said there were two bank accounts for NTUR, a payroll one and an operating one run by Anaya. Cruickshank said he made entries into the ledger but that he never signed any checks due to internal controls compliance. Cruickshank said that McPherson was processing payroll through Bank of America with Anaya's approval. McPherson was the IT person, but it was Anaya who always disbursed the funds. Cruickshank said that in the beginning when NTUR was being set up, Cohen was directing McPherson and he was kept out of the loop. Cruickshank said that McPherson worked simultaneously for NTUR and Blue Earth Solutions. Cruickshank said that Anaya had asked him for financial records each quarter and that he always gave them to Anaya through email.

Cruickshank said that he resigned in August 2010 because he was not being paid anymore. He said that he had got to a boiling point because there was always push back on every issue with Anaya and Cohen. Cruickshank said there was always a lack of communication within the company structure. Cruickshank said he received push back when he asked questions and challenged ideas. Cruickshank said that one day Corazzi was in the office and Cohen introduced him to Corazzi. Cruickshank said that he and Corazzi did not get along well.

Cruickshank said that he had electronically sent the financials to Jehu Hand per Anaya's instructions. The paper files were in his office when he resigned and he showed McPherson where they were. Cruickshank said that he does not know for sure where the paper files ultimately went. He never instructed McPherson to do anything with them. Cruickshank also stated that Cohen knew where the paper files were located.

Cruickshank stated that the attorneys, auditors, and he were involved in preparing NTUR's 10-Q and 10-K filings with the SEC. Cruickshank said that Corazzi was to trying to raise capital so he was always seeking financial information from Cruickshank regarding the 10 Qs. Corazzi wanted to relay the financial information to possible investors. Cruickshank said that Corazzi was bothering him to get the filings done. Cruickshank said that he had prior experience with SEC filings from other companies that he was involved with in the past.

Cruickshank stated that Cohen came to him one day with concerns about NTUR security purchase agreements. Cohen wanted to make sure he received them all and none were outstanding. Cruickshank said Corazzi and Cohen both offered these security purchase agreements to potential investors. Cruickshank stated that Cohen set up a system for incoming security purchase agreements and he would handle the new NTUR stock certificates from Fidelity Transfer and he or Corazzi would distribute them to investors.

Cruickshank described Cohen's role at NTUR. Cohen spoke with Anaya a lot, set up the company, set up QuickBooks, asked him to be the CFO, and was involved with much of the day to day operations. He said that Cohen never received instructions from anybody. Cohen attended board meetings. The day to day management included himself, Cohen, Anaya, and McPherson. Cruickshank said there was always a lack of

DIVISION OF ENFORCEMENT

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November 19, 2014

By Overnight Mail

Mr. Brent Fields
Office of the Secretary
Securities & Exchange Commission
100 F Street, N.E.
Washington DC 20549

Re: *In the Matter of Natural Blue Resources, Inc., James E. Cohen, and Joseph Corazzi, Respondents*
Administrative Proceeding File No. 3-15974

Dear Secretary Fields:

Attached please find an original and three copies of the Division's Response to Respondent Joseph A. Corazzi's Motion for More Definite Statement and/or Motion for Summary Dismissal of Charges Against Respondent Corazzi.

Please do not hesitate to contact us should you have any questions. Thank you.

Very truly yours,


Rua M. Kelly

cc: Maranda Fritz (counsel for Respondent Cohen) (by electronic mail)
Robert Strumor (counsel for Respondent Corazzi) (by electronic mail)