

**UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING
File No. 3-15974**

**RECEIVED
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In the Matter of

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

Respondents.

**DIVISION OF ENFORCEMENT'S DESIGNATION OF
ROBERT M. DAINES AS EXPERT WITNESS AND RULE 222(b) STATEMENT**

The Division of Enforcement ("Division") hereby designates Robert M. Daines as an expert witness in the above-captioned matter in accordance with Rule 222 of the Commission's Rules of Practice and the Court's Order dated December 5, 2014.

Professor Daines has over 15 years of experience researching and instructing law and business students in the area of corporate governance and related specialties.

Professor Daines is the Pritzker Professor of Law and Business, and the Co-Director of the Rock Center for Corporate Governance at Sanford Law School and teaches courses in corporate governance, corporate law, mergers and acquisitions, corporate finance, and the law and economics of complex transactions. He also is a Professor of Finance (by courtesy appointment) at the Stanford Graduate School of Business.

In addition to his academic post with Stanford, Professor Daines is a Senior Consultant with Compass Lexecon, an international economics consulting firm that will be assisting Professor Daines in this matter. Compass Lexecon serves government, law firm, and corporate clients, and specializes in the analysis of complex economics, financial, and securities issues. His *curriculum vitae* is attached to this submission.

Nature of Expert Testimony

The Division intends to proffer Professor Daines's expert testimony in one or more of the following areas:

- Corporate governance and accountability in public corporations, including direct and indirect control of corporations (including through stock ownership and allocation of corporate stock, and direct and indirect control of financial records, accounting, and corporate funds), setting strategy and agendas, selection and supervision of professional service providers, review and revision of corporate filings, mechanisms through which corporations gather information to make business decisions and comply with applicable laws, and ways in which corporations act on information;
- Corporate structure and the roles and duties of officers and directors of publicly traded companies;
- Process by which officers and directors typically are selected for publicly traded companies;
- Process and effect of reverse mergers on private companies;
- Corporate changes of control, including circumstances and transactions giving rise to changes of control, their effect on corporate structure and governance, and

the roles and positions of individuals who typically have authority to effect corporate changes of control;

- Solicitation of (and communication with) investors, capital raises, private placements, identification of acquisition targets and other investments, and consummation of corporate transactions; and

- Corporate activities undertaken by Respondents James E. Cohen and Joseph A. Corazzi on behalf of Respondent Natural Blue Resources, Inc. ("Natural Blue"), including without limitation those alleged in the Order Instituting Administrative And Cease And Desist Proceedings Pursuant To Section 8A Of The Securities Act of 1933 And Sections 15(b) And 21C Of The Securities Exchange Act Of 1934, with a view to assessing whether those activities, taken together, are typically within the purview of officers and/or directors.¹

Statement of Expert's Qualifications

Professor Daines is an internationally distinguished scholar with over 15 years of experience researching and instructing in the areas of corporate governance, corporate law, mergers and acquisitions, corporate finance, and the law and economics of complex transactions. Since 2004, he has served as the Pritzker Professor of Law and Business with Stanford Law School, the Co-Director of the Rock Center on Corporate Governance, and a Professor (by courtesy appointment) of Finance with the Stanford Graduate School of Business. Prior to joining Stanford, Professor Daines was a Professor of Law with New York University School of Law from 1997 to 2004. In 2001, Professor Daines

¹ The Division will not seek to elicit testimony from Professor Daines as to whether Respondents Cohen and Corazzi, in fact, engaged in the conduct alleged by the Division. Rather, Professor Daines will opine as

served as a Visiting Professor with Yale Law School, and in 1999 he was a Visiting Olin Fellow with Columbia Law School. Professor Daines has lectured widely on the subject of corporate governance to a variety of U.S. and international audiences.

In August 2013, Professor Daines joined Compass Lexecon as a Senior Consultant. Compass Lexecon is an international business and economic consulting firm that provides consulting services to law firm, corporate, and government clients in a broad spectrum of matters including securities and financial markets, accounting, and corporate governance. Prior to joining Compass Lexecon, Professor Daines was affiliated with Cornerstone Research, another consulting firm. Professor Daines has served as an expert witness in numerous cases involving corporate structure and governance, mergers and acquisitions, and complex transactions.

Prior to beginning his academic and consulting work, Professor Daines was an investment banker with Goldman Sachs & Company where he advised firms on bank and bond financings.

Professor Daines graduated, *magna cum laude*, with a B.S. in Economics and a B.A. in American Studies from Brigham Young University. He received his J.D. from Yale Law School.

Statement of Expert's Publications

Professor Daines has authored numerous publications in the areas of law and finance, including the following recent articles:

to whether such alleged activities would typically be undertaken by corporate officers and/or directors.

- Robert Daines, Grant Richard McQueen and Robert J. Schonlau, Right on Schedule: CEO Option Grants and Opportunism, (working paper) (July 18, 2014).
- Robert M. Daines and Olga Koumrian, Merger Lawsuits Yield High Costs and Questionable Benefits, New York Times Dealbook, June 8, 2012.
- Robert M. Daines and Tyler Shumway, Pornography and Divorce (7th Annual Conference on Empirical Legal Studies Paper) (June 4, 2012).
- Robert M. Daines and Charles M. Jones, Truth or Consequences: Mandatory Disclosure and the Impact of the 1934 Act (draft working paper) (May 2012).
- Robert M. Daines and Olga Koumrian, Recent Developments in Shareholder Litigation Involving Mergers and Acquisitions. March 2012 Update, Cornerstone Research, 2012.
- Robert M. Daines, Ian D. Gow and David F. Larcker, Rating the Ratings: How Good Are Commercial Governance Ratings?, 98 Journal of Financial Economics 439 (2010).
- Robert M. Daines and Charles Jones, Mandatory Disclosure, Information Asymmetry and Liquidity: The Effect of the 1934 (working paper) (2010).
- Robert M. Daines and Michael Klausner, *Economic Analysis of Corporate Law*, in The New Palgrave Dictionary of Economics, Lawrence E. Blume & Stephen Durlauf, eds., New York: Macmillan, 2nd ed., 2008.
- Robert M. Daines and Davina Drabkin, PeopleSoft Finally Accepts Oracle's Offer(B), Stanford: Stanford Graduate School of Business, 2006.
- Robert M. Daines and Davina Drabkin, Oracle's Hostile Takeover of PeopleSoft(A), Stanford: Stanford Graduate School of Business, 2006.
- Robert M. Daines, The Good, the Bad, and the Lucky: CEO Pay and Skill, Stanford Lawyer, Spring 2005, p. 41.
- Robert M. Daines, Vinay B. Nair and Lewis A. Kornhauser, The Good, The Bad, And The Lucky: CEO Pay and Skill, University of Pennsylvania Institute for Law and Economics, Research Paper Series (2005).
- Robert M. Daines & Michael Klausner, Agents Protecting Agents: An Empirical Study of Takeover Defenses in Spinoffs, Stanford University Law School. Working Paper (December 16, 2004).
- Robert M. Daines, Do classified boards affect firm value? Takeover defenses after

the pill (revise and resubmit, *Journal of Financial and Quantitative Analysis*).

- Robert M. Daines, *The Incorporation Choices of IPO Firms (Initial Public Offerings)*, 77 *New York University Law Review* 1559-1611 (2002).
- Robert M. Daines, *Does Delaware Law Improve Firm Value?*, 62 *Journal of Financial Economics* 525-558 (2001) (*All Star Paper*)
- Robert M. Daines & Michael Klausner, *Do IPO Charters Maximize Firm Value? Antitakeover Protection in IPOs*, 17 *Journal of Law, Economics, & Organization* 83 (2001).
- Robert M. Daines, *Is There a Delaware Premium?*, 21 *Corporate Board* 22-26 (May/June 2000).
- Robert M. Daines & Scott Naatjes, *Measuring Legal Change*, (working paper) (1997).
- Robert M. Daines & Jon Hanson, *The Corporate Law Paradox: The Case for Restructuring Corporate Law (Book Review of The Economic Structure of Corporate Law, by Frank H. Easterbrook and Daniel R. Fischel)*, 102 *Yale Law Journal* 577-637 (1992).

Statement of Expert's Prior Testimony

Professor Daines has testified as an expert in the following cases.

- *Starr International Company, Inc., et al. v. The United States*, deposition and trial testimony (2014)
- *United States v. BP Exploration & Production, Inc., et al.*, Penalty Phase, United States District Court, Eastern District of Louisiana, deposition (2014)
- *Allergan, Inc., et al., v. Valeant Pharmaceuticals International, Inc. et al.*, United States District Court, Central District of California, Southern Division, Santa Ana, deposition (2014)
- *R. Mancuso v. The Clorox Company et al.*, Superior Court of California, County of Alameda, deposition (2013)
- *In re Intermec, Inc. Shareholder Litigation*, Superior Court of Washington in and for Snohomish County, deposition (2013)

- *In the matter of the application of The Bank of New York Mellon et al.*, Supreme Court of The State of New York, County Of New York, deposition and trial testimony (2012-13)
- *N. Gordon, on behalf of herself and all others similarly situated v. Symantec Corporation*, Superior Court of the State of California, County of Santa Clara, deposition (2012)
- *In re Refco, Inc. Securities Litigation*, U.S. District Court for Southern District of New York, deposition (2012)
- *In re McAfee, Inc. Shareholder Litigation*, Superior Court of California, County of Santa Clara, deposition (2012)
- *Brady and O'Brien v. UBS Financial Services, Inc. and Greater Southwestern Funding Corp.*, United States District Court, Northern District of Oklahoma, deposition (2012)
- *Paley and Word Diamond v. Radar Networks et al.*, Superior Court of California, County of San Mateo, deposition (2012)
- *Salina-Spavinaw Telephone Company v. George K. Baum Advisors et al.*, deposition (2012)
- *Securities and Exchange Commission v. Alfred S. Teo, Sr., et al.*, United States District Court, District of New Jersey deposition and trial testimony (2011)
- *In re Professional Satellite and Communication, LLC bankruptcy: Nancy Wolf, Trustee v. Nayna Networks, Inc. et al.*, deposition (2011)
- *Industrial Technology Ventures, LP v. Pleasant T. Rowland Revocable Trust et al.*, United States District Court, Western District of New York, deposition (2011)
- *NACCO Industries v. Applica, Harbinger Capital Partners et al.*, Delaware Chancery Court, deposition (2010)
- *In re Mentor Corporation Shareholder Litigation*, Superior Court of California, County of Santa Barbara, deposition (2010)
- *In re Payment Card Interchange Fee and Merchant Discount Antitrust Litigation*, United States District Court, Eastern District of New York, deposition (2010)
- *Cisco Systems v. JR Rivers*, arbitration testimony (2010)
- *ING USA Annuity v. J.P. Morgan Securities, Inc.*, Superior Court of Georgia,

deposition (2009)

- *Omnicare, Inc. v. UnitedHealth Group, Inc.*, United States District Court, Northern District of Illinois, deposition (2008)

- *In re National Century Financial Enterprises, Inc. Investment Litigation*, United States District Court, Southern District of Ohio, deposition (2008)

Dated: Boston, Massachusetts
January 7, 2015

Respectfully submitted,

DIVISION OF ENFORCEMENT

By its attorneys,



Rua M. Kelly, Senior Trial Counsel
Mayeti Gametchu, Assistant Regional
Director
Thomas J. Rappaport, Senior Counsel
Boston Regional Office
33 Arch Street, 23rd Floor
Boston, MA 02110
(617) 573-8941 (Kelly)
(617) 573-8921 (Gametchu)
(617) 573-4590 (Fax)
Email: kellyru@sec.gov

Exhibit A

Robert M. Daines
curriculum vitae

January 2015

Robert M. Daines

Employment	Stanford Law School <ul style="list-style-type: none"> • Pritzker Professor of Law and Business; Professor of Finance - Graduate School of Business (by courtesy) • Co-Director of the Rock Center for Corporate Governance at Stanford 	2004-
	NYU School of Law Professor of Law	1997-04
	Yale Law School Visiting Professor	2001
	Columbia Law School Visiting Olin Fellow	1999
	Goldman Sachs & Company Associate in Leveraged Finance Advised firms on high-yield bond and bank financings, acquisition finance and project finance in emerging markets.	1993-97
	Hon. Ralph K. Winter, United States Court of Appeals for the Second Circuit Law Clerk	1992-93

Teaching	Corporate Law, Corporate Governance, Mergers and Acquisitions, Corporate Finance, Deals: the Law and Economics of Complex Transactions, International Deals, Going Global: Advising Clients in Global Economy. Awarded Stanford Law School's JBH Award for Excellence in Teaching
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Education	Yale Law School <ul style="list-style-type: none"> ▪ Postgraduate research on property and tort reform 	1993
	Yale Law School (J.D.) <ul style="list-style-type: none"> ▪ John M. Olin prize for best paper on law, economics and public policy ▪ Lead and Executive Editor, Yale Journal on Regulation 	1989-92
	Brigham Young University <ul style="list-style-type: none"> ▪ BS Economics, BA American Studies - University Honors, Highest Distinction ▪ Student body President 	1985-89, 1982-83

Professional

- Current or former: Member, NASDAQ Stock Market Review Council; Chair of the Corporate and Securities Law section of the American Law and Economics Association; Chair of the Law and Economics Section of the Association of American Law Schools; Program Committee for Conference on Empirical Legal Scholarship.
- Referee for the Journal of Finance; Journal of Financial Economics, Journal of Law and Economics; Journal of Law, Economics and Organization; Financial Management; Journal of Legal Studies; and the American Law and Economics Review.

Research & Publications

1. Robert Daines, Grant Richard McQueen and Robert J. Schonlau, Right on Schedule: CEO Option Grants and Opportunism, (working paper) (July 18, 2014).
2. Robert M. Daines and Olga Koumrian, Merger Lawsuits Yield High Costs and Questionable Benefits, New York Times Dealbook, June 8, 2012.
3. Robert M. Daines and Tyler Shumway, Pornography and Divorce (7th Annual Conference on Empirical Legal Studies Paper) (June 4, 2012).
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9. Robert M. Daines and Davina Drabkin, PeopleSoft Finally Accepts Oracle's Offer(B), Stanford: Stanford Graduate School of Business, 2006.
10. Robert M. Daines and Davina Drabkin, Oracle's Hostile Takeover of PeopleSoft(A), Stanford: Stanford Graduate School of Business, 2006.

11. Robert M. Daines, The Good, the Bad, and the Lucky: CEO Pay and Skill, Stanford Lawyer, Spring 2005, p. 41.
12. Robert M. Daines, Vinay B. Nair and Lewis A. Kornhauser, The Good, The Bad, And The Lucky: CEO Pay and Skill, University of Pennsylvania Institute for Law and Economics, Research Paper Series (2005).
13. Robert M. Daines & Michael Klausner, Agents Protecting Agents: An Empirical Study of Takeover Defenses in Spinoffs, Stanford University Law School. Working Paper (December 16, 2004).
14. Robert M. Daines, Do classified boards affect firm value? Takeover defenses after the pill (revise and resubmit, Journal of Financial and Quantitative Analysis).
15. Robert M. Daines, The Incorporation Choices of IPO Firms (Initial Public Offerings), 77 New York University Law Review 1559-1611 (2002).
16. Robert M. Daines, Does Delaware Law Improve Firm Value?, 62 Journal of Financial Economics 525-558 (2001) (*All Star Paper*)
17. Robert M. Daines & Michael Klausner, Do IPO Charters Maximize Firm Value? Antitakeover Protection in IPOs, 17 Journal of Law, Economics, & Organization 83 (2001).
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January 2015

Robert M. Daines

Expert Testimony

Starr International Company, Inc., et al. v. The United States, U.S. Court of Federal Claims, deposition and trial testimony (2014)

United States v. BP Exploration & Production, Inc., et al, Penalty Phase, United States District Court, Eastern District of Louisiana, deposition (2014)

Allergan, Inc., et al., v. Valeant Pharmaceuticals International, Inc. et al., United States District Court, Central District of California, Southern Division, Santa Ana, declaration and deposition (2014)

R. Mancuso v. The Clorox Company et al., Superior Court of California, County of Alameda, deposition (2013)

In re Intermec, Inc. Shareholder Litigation, Superior Court of Washington in and for Snohomish County, deposition (2013)

In the matter of the application of The Bank of New York Mellon et al., Supreme Court of The State of New York, County Of New York, deposition and trial testimony (2012-13)

N. Gordon, on behalf of herself and all others similarly situated v. Symantec Corporation, Superior Court of the State of California, County of Santa Clara, deposition (2012)

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In re McAfee, Inc. Shareholder Litigation, Superior Court of California, County of Santa Clara, deposition (2012)

Brady and O'Brien v. UBS Financial Services, Inc. and Greater Southwestern Funding Corp., United States District Court, Northern District of Oklahoma, deposition (2012)

Paley and Word Diamond v. Radar Networks et al., Superior Court of California, County of San Mateo, deposition (2012)

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Securities and Exchange Commission v. Alfred S. Teo, Sr., et al., United States District Court, District of New Jersey deposition and trial testimony (2011)

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Industrial Technology Ventures, LP v. Pleasant T. Rowland Revocable Trust et al., United States District Court, Western District of New York, deposition (2011)

NACCO Industries v. Applica, Harbinger Capital Partners et al., Delaware Chancery Court, deposition (2010)

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Barbara, deposition (2010)

In re Payment Card Interchange Fee and Merchant Discount Antitrust Litigation, United States District Court, Eastern District of New York, deposition (2010)

Cisco Systems v. JR Rivers, arbitration testimony (2010)

ING USA Annuity v. J.P. Morgan Securities, Inc., Superior Court of Georgia, deposition (2009)

Omnicare, Inc. v. UnitedHealth Group, Inc., United States District Court, Northern District of Illinois, deposition (2008)

In re National Century Financial Enterprises, Inc. Investment Litigation, United States District Court, Southern District of Ohio, deposition (2008)

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING

In the Matter of

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

File No. 3-15974

Respondents.

Certificate of Service

I certify that on January 7, 2015, 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 Designation of Robert M. Daines as Expert Witness and Rule 222(b) Statement** 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

Joseph Corazzi (*pro se*)

[REDACTED]
[REDACTED]

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

Thomas J. Rappaport
Thomas J. Rappaport



**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Boston Regional Office
33 Arch St., 23rd Floor
Boston, MA 02110-1424
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DIVISION OF ENFORCEMENT

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January 7, 2015

By Fax and 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:

Relative to the above Administrative Proceeding, enclosed please find an original and three copies of the Division's Exhibit List, Witness List, and Designation of Expert Witness Robert M. Daines and Rule 222(b) Statement.

Very truly yours,

Stephanie DeSisto
Paralegal

cc: Honorable Carol Fox Foelak (by electronic mail)
Maranda Fritz (counsel for Respondent Cohen) (by electronic and overnight mail)
Joseph Corazzi, *Pro Se* (by electronic and overnight mail)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Boston Regional Office
33 Arch Street, 23rd Floor
Boston, Massachusetts 02110-1424



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DESIGNATION

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