

**Companies co-founded by
Nancy Pelosi son charged with
securities fraud as huge green
scam exposed**



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By Elizabeth Harrington -

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The [Securities and Exchange Commission](#) ([SEC](#)) charged a company cofounded by [Paul Pelosi Jr.](#) with fraud on Wednesday after learning that two convicted criminals were running the business.

[Paul Pelosi Jr.](#), the son of House Minority Leader Nancy Pelosi (D., Calif.), was the president and chief operating officer of [Natural Blue Resources Inc.](#), an investment company he cofounded that focuses on “environmentally-friendly” ventures.

The [SEC](#) charged four individuals with fraud, including former New Mexico [Gov. Toney Anaya](#), and suspended trading in the company’s stock. [Pelosi](#) owned over 10 million shares in the company in 2009.

The [SEC](#) said Wednesday the company was “secretly controlled” by [James E. Cohen](#) and [Joseph Corazzi](#), both of whom had previous fraud convictions. [Corazzi](#) violated federal securities laws and was barred from acting as an officer or director of a public company. [Cohen](#) was previously incarcerated for financial fraud.

[Cohen](#) and [Corazzi](#) said they were “outside consultants,” but according to the [SEC](#), they actually controlled [Natural Blue](#)’s business decisions “without disclosing their past brushes with the law to investors.” The pair made hundreds of thousands of dollars off the company.

“[Cohen](#) and [Corazzi](#) concealed their involvement through a so-called ‘consulting’ agreement, but their influence over the issuer spread much further,” said Andrew J. Ceresney, director of the SEC’s Enforcement Division. “Investors in [Natural Blue](#) had a right to know who was running the company behind the scenes.”

The [SEC](#) suspended trading in [Natural Blue](#) stock. A notice filed in the Federal Register on Wednesday by Jill M. Peterson, assistant secretary of the [SEC](#), revealed that the company has not filed any periodic reports, which are required by law, with the [SEC](#) in four years.

“It appears to the [Securities and Exchange Commission](#) that there is a lack of current and accurate information concerning the securities of [Natural Blue Resources, Inc.](#) because it has not filed any periodic reports since the period ended September 30, 2010,” Peterson said, in the order announcing suspension of trading.

[Cohen](#), [Corazzi](#), [Anaya](#), and Erik Perry, a former executive at [Natural Blue](#), were all charged with federal fraud violations. [Anaya](#), who was Governor of New Mexico from 1983 to 1987, and Perry “misled investors by failing to disclose that [Cohen](#) and [Corazzi](#) were running the company in spite of their criminal or disciplinary histories,” the [SEC](#) said.

["Natural Blue"](#) and its officers attempted an end-run around the rules designed to prevent recidivists from getting their hands on the controls of public companies," said Paul Levenson, director of the SEC's Boston Regional Office.

"While [Natural Blue](#) was ostensibly led by [Anaya](#) and subsequently Perry, management decisions made by [Cohen](#) and [Corazzi](#) resulted in no revenues or viable business operations for the company," the [SEC](#) said. "[Anaya](#) and Perry each deferred to [Cohen](#) and [Corazzi](#) in derogation of their responsibilities."

The [SEC](#) said [Natural Blue](#) made "various material misrepresentations about the company, its contracts, and its anticipated revenue in a February 2011 press release as well as on a website and verbally to investors."

There is some dispute over Paul Pelosi's current connection to the company.

The New Mexico Office of the Secretary of State Business Service Division currently lists [Natural Blue](#) as a company "not in good standing," with [Pelosi](#) listed as its president.

[Pelosi](#) cofounded the company in 2009. The [SEC](#) said [Natural Blue](#)'s mission is to "create, acquire, or otherwise invest in environmentally-friendly companies, including an initiative to locate, purify, and sell water recovered from underground aquifers in New Mexico and other areas with depleting water resources."

According to Bloomberg Businessweek, [Pelosi](#) served as president and chief operating officer of [Natural Blue Resources,](#)

[Inc.](#) until January 11, 2010. Joseph Montalto is listed as the current president.

However, the Mountain View Telegraph cited [Pelosi](#) as [Natural Blue](#)'s president last year, and [Anaya](#) was still leading the company as chairman and CEO at this time.

[Pelosi](#) and [Natural Blue Resources](#) could not be reached for comment.

[Anaya](#) will be barred from participating in any penny stock company for at least five years, and fined an amount to be determined later. Perry also settled with the [SEC](#), agreeing to pay \$150,000 fine, and permanently banned from serving as an officer or director of a public company and from participating in any offerings of penny stock.