



MAR 14 2014

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**ORIGINAL**

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Attorneys for Respondents

**BEFORE THE ARIZONA CORPORATION COMMISSION**

In the matter of:

Catharon Software Corporation, a Delaware corporation,

Betsy A. Feinberg and Michael A. Feinberg,  
husband and wife,

Respondents.

**DOCKET NO. S-20905A-14-0061**

**ANSWER TO TEMPORARY  
ORDER TO CEASE AND  
DESIST AND NOTICE OF  
OPPORTUNITY FOR HEARING  
AND  
REQUEST FOR HEARING**

**Respondents' Answer**

Respondents Catharon Software Corporation ("Catharon"), Betsy A. Feinberg, and Michael A. Feinberg, answer the Temporary Order to Cease and Desist and Notice of Opportunity for Hearing ("Notice") of the Securities Division ("Division") of the Arizona Corporation Commission as follows.

No Catharon participant has lost money. Respondents deny the implication that Arizona securities laws applied. Respondents deny that they have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act"). If found to have violated any law, Respondents' violation was unknowing and an act of omission. At all times, Respondents acted in good faith.

Respondents' answers correlate to the paragraph numbers in the Notice.

**Respondents request a hearing.**

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**I.**  
**JURISDICTION**

1. Deny.

**II.**  
**RESPONDENTS**

2. Admit.

3. Admit.

4. Admit.

5. Admit.

6. Admit.

7. Paragraph 7 contains no allegations against Respondents.

**III.**  
**FACTS**

8. Deny.

9. Deny.

10. Admit.

11. Are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 11.

12. Are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 12.

13. Are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 13.

14. Deny the summary and affirmatively state that any such document speaks for itself.

15. Deny the summary and affirmatively state that any such document speaks for itself.

16. Deny.

17. Admit.

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**Material Misrepresentations And Omissions In CATHARON's 2013 Offering Materials**

18. Deny the summary and affirmatively state that any such documents speak for themselves.

**1. Ownership Of The Patents and Rights To the VADelta Technology**

19. Deny.

20. Deny the summary and affirmatively state that any such documents speak for themselves.

21. Deny the summary and affirmatively state that any such documents speak for themselves.

22. Deny the summary and affirmatively state that any such documents speak for themselves.

23. Deny the summary and affirmatively state that any such documents speak for themselves.

24. Deny the summary and affirmatively state that any such documents speak for themselves.

25. Deny the summary and affirmatively state that any such documents speak for themselves.

26. Deny the summary and affirmatively state that any such documents speak for themselves.

27. Deny the summary and affirmatively state that any such documents speak for themselves.

28. Deny the summary and affirmatively state that any such documents speak for themselves.

29. Deny the summary and affirmatively state that any such documents speak for themselves.

30. Deny.

31. Deny the summary and affirmatively state that any such documents speak for themselves.

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- 1           32.   Deny the summary and affirmatively state that any such documents speak  
2 for themselves.
- 3           33.   Deny the summary and affirmatively state that any such document speaks  
4 for itself.
- 5           34.   Deny.
- 6           35.   Deny the summary and affirmatively state that any such documents speak  
7 for themselves.
- 8           36.   Deny the summary and affirmatively state that any such document speaks  
9 for itself.
- 10          37.   Deny the summary and affirmatively state that any such document speaks  
11 for itself.
- 12          38.   Deny the summary and affirmatively state that any such document speaks  
13 for itself.
- 14          39.   Deny the summary and affirmatively state that any such document speaks  
15 for itself.
- 16          40.   Deny the summary and affirmatively state that any such document speaks  
17 for itself.
- 18          41.   Deny the summary and affirmatively state that any such document speaks  
19 for itself.
- 20          42.   Deny the summary and affirmatively state that any such document speaks  
21 for itself.
- 22          43.   Deny the summary and affirmatively state that any such document speaks  
23 for itself.
- 24          44.   Deny the summary and affirmatively state that any such document speaks  
25 for itself.
- 26          45.   Deny the summary and affirmatively state that any such document speaks  
27 for itself.

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1           46.   Deny the summary and affirmatively state that any such document speaks  
2 for itself.

3           47.   Deny the summary and affirmatively state that any such document speaks  
4 for itself.

5           48.   Deny the summary and affirmatively state that any such document speaks  
6 for itself.

7                           **2.    CATHARON'S Undisclosed Agreement To Share 50% Of Any**  
8                           **Profits Derived From The VADelta Technology With FD.**

9           49.   Deny the summary and affirmatively state that any such documents speak  
10 for themselves

11          50.   Deny the summary and affirmatively state that any such document speaks  
12 for itself.

13          51.   Deny the summary and affirmatively state that any such documents speak  
14 for themselves.

15          52.   Deny the summary and affirmatively state that any such documents speak  
16 for themselves.

17          53.   Deny the summary and affirmatively state that any such document speaks  
18 for itself.

19          54.   Deny the summary and affirmatively state that any such document speaks  
20 for itself.

21                           **3.    CATHARON'S Schedule For Launching VADelta Into The Market**

22          55.   Deny.

23          56.   Deny the summary and affirmatively state that any such document speaks  
24 for itself.

25          57.   Deny the summary and affirmatively state that any such document speaks  
26 for itself.

27          58.   Deny the summary and affirmatively state that any such document speaks  
28 for itself.

- 1           59.   Deny.
- 2           60.   Deny.
- 3           61.   Deny.
- 4           62.   Deny the summary and affirmatively state that any such document speaks  
5 for itself.
- 6           63.   Deny the summary and affirmatively state that any such documents speak  
7 for themselves.
- 8           64.   Deny.
- 9           65.   Deny.
- 10          66.   Deny the summary and affirmatively state that any such document speaks  
11 for itself.
- 12          67.   Deny.
- 13          68.   Deny the summary and affirmatively state that any such document speaks  
14 for itself.
- 15          69.   Deny the summary and affirmatively state that any such documents speak  
16 for themselves.
- 17          70.   Deny.
- 18          71.   Deny.
- 19               **4.    CATHARON'S Financial Statements**
- 20          72.   Deny the summary and affirmatively state that any such document speaks  
21 for itself.
- 22          73.   Deny.
- 23          74.   Deny the summary and affirmatively state that any such documents speak  
24 for themselves.
- 25          75.   Deny the summary and affirmatively state that any such documents speak  
26 for themselves.
- 27          76.   Deny the summary and affirmatively state that any such documents speak  
28 for themselves.



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**VIII.**

**TEMPORARY ORDER**

**Cease and Desist from Violating the Securities Act**

1. Deny and oppose the Order.

**IX.**

**REQUESTED RELIEF**

1. Deny and oppose the requested relief.

**X.**

**HEARING OPPORTUNITY**

1. **Respondents requested a hearing.**

**AFFIRMATIVES DEFENSES**

1. Respondents allege that the Division's Notice fails to state a claim upon which relief may be granted against the Respondents.
2. Respondent alleges that other persons or entities may be responsible for the acts complained of in the Notice.
3. Respondents are not lawyers or securities experts.
4. No Catharon participant has lost money.
5. At all times, Respondents acted truthfully, in good faith, legally, and for the best interests of Catharon.
6. Respondents relied upon Rule 506 of Regulation D, Code of Federal Regulations, Title 17, §230.506.
7. Pursuant to ARS 44-1999(A), Respondents had no knowledge of or reasonable grounds to believe in the existence of the facts by reason of which the liability of the controlled person is alleged to exist.
8. Pursuant to ARS 44-1999(B), Respondents acted in good faith and did not directly or indirectly induce the act underlying the action.
9. The allegations of the Notice are barred by the statute of limitations.

