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IN THE UNITED STATES BANKRUPTCY COURT
IN AND FOR THE DISTRICT OF ARIZONA

In Re) In Proceedings Under
PALATIAL INVESTMENT CORP,) Chapter 11
Debtor.) Case No. 2:15-BK-08730 EPB
DISCLOSURE STATEMENT

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23 **EXHIBITS**

- 24 1. Exhibit A - Amendment to Schedule B
- 25 2. Exhibit B - Plan of Reorganization

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I. INTRODUCTION

On July 14, 2015, Palatial Investment Corp filed a voluntary petition for Chapter 11 relief in the United States Bankruptcy Court for the District of Arizona.

This Disclosure Statement (hereinafter "Disclosure Statement") is filed pursuant to 11 U.S.C. §1125 and is intended to provide the holders of claims and interest with adequate information about the Debtor and the Plan so as to enable the creditors to make an informed judgment as to their acceptance or rejection of the Plan.

II. DEFINITIONS

As utilized in this Disclosure Statement, and in the Plan of Reorganization (hereinafter "Plan") which accompanies this Disclosure Statement, the following definitions apply to the following terms:

1. "Adequate information" means information that would enable a hypothetical reasonable investor typical of holders of claims or interest of the Debtor's estate, to make an informed judgment about the Debtor's Plan of Reorganization.

2. "Allowed and Approved Claim" shall mean as to disputed claims, a timely filed Proof of Claim pursuant to an Order of the Court setting a bar date to which that claim should be filed and no objection to the claim having been filed. If a proof of claim is filed or an objection to a claim is filed, said claim will be allowed to the extent ordered by the Court. Claims scheduled and not designated as disputed, contingent or unliquidated shall be deemed allowed for the amount stated in the schedules.

3. "Bankruptcy Code" shall mean the Bankruptcy Code as set forth in Title 11 of the United States Code.

1 4. "Bankruptcy Court" shall mean the United States Bankruptcy Court for the
2 District of Arizona.

3 5. "Confirmation of the Plan" shall mean the entry of an order by the
4 Bankruptcy Court confirming the Plan of Reorganization in accordance with §1129 of
5 the Bankruptcy Code.
6

7 6. "Consummation of the Plan" means the accomplishment of all things required
8 or provided for under the terms of the Plan.
9

10 7. "Court" shall mean the United States Bankruptcy Court for the District of
11 Arizona.

12 8. "Creditors" shall mean all persons holding claims for secured and unsecured
13 obligations, liabilities, demands or claims of any nature whatsoever against the Debtor
14 arising at any time prior to confirmation of the Plan and administrative creditors.
15

16 9. "Debtor" shall mean the petitioner in the above-captioned Bankruptcy case.

17 10. "Disclosure Statement" shall mean this Disclosure Statement (hereinafter
18 "Disclosure Statement") filed in this case approved, after notice and a hearing by the
19 Court as being in conformity with §1125 of the Bankruptcy Code.
20

21 11. "Effective date" shall be the date that an Order is entered by the U.S.
22 Bankruptcy Court confirming the Debtor's Plan of Reorganization in accordance with
23 §1129 of the Code.

24 12. "Petition" means to original Chapter 11 Petition filed by the Debtor.
25

26 13. "Plan" shall mean the Plan of Reorganization accompanying this Disclosure
27 Statement as it may be amended, modified and/or supplemented pursuant to which the
28 Debtor proposes payment in whole or in part of creditors' claims.

1 14. "Plan distribution date" shall be established as fifteen (15) days after an
2 Order is entered by the U.S. Bankruptcy Court confirming the Debtor's Plan of
3 Reorganization and every 180 days thereafter until all assets of this estate are fully
4 liquidated.
5

6 15. All other terms not specifically defined by this Disclosure Statement shall
7 have the meaning as designated in §101 of the Bankruptcy Code or, if not contained
8 therein, their ordinary meaning.
9

10 III. DISCLAIMER

11 Any representations concerning the Debtor's Plan other than as set forth herein
12 are unauthorized. This Disclosure Statement is designed to provide information the
13 Debtor deems material, important and necessary for its creditors to arrive at an informed
14 decision in exercising their right to accept or reject the Plan. **YOU SHOULD**
15 **THEREFORE NOT RELY ON ANY OTHER INFORMATION,**
16 **REPRESENTATIONS OR INDUCEMENTS IN ASSESSING THE MERITS OF**
17 **THE DEBTOR'S PLAN OTHER THAN THE INFORMATION CONTAINED IN**
18 **THIS DISCLOSURE STATEMENT.**
19
20

21 The Debtor expressly does not warrant nor represent that there are no
22 inaccuracies in the following Disclosure Statement although the information provided is
23 accurate to the best of its knowledge, information and belief. Approval of the Disclosure
24 Statement does not constitute certification by the Court that the Disclosure Statement is
25 without inaccuracies. Finally, the attorneys for the Debtor have not made any
26 independent evaluation as to the accuracy of the information contained herein other than
27 to ascertain that the information contained herein is generally consistent with
28

1 information provided by the Debtor. Notwithstanding the foregoing, the Debtor believes
2 that the information contained herein is correct and accurate and complies with the
3 requirements of the Bankruptcy Code.
4

5 **IV. DEBTOR'S BACKGROUND, EVENTS LEADING TO CHAPTER 11**
6 **BANKRUPTCY FILING AND OPERATIONS UNDER CHAPTER 11**

7 Palatial Investment, Inc., is a Nevada corporation. The principals of Palatial are
8 Kim Korthuis and Kip Korthuis (brothers). Kim Korthuis is a retired law enforcement
9 officer with the National Park Service. Kip Korthuis is a firefighter with the City of
10 Boulder, Colorado.

11 The primary original purpose of the corporation was to purchase residential
12 units, remodel the units and sell the units for a profit.
13

14 In 2013, Palatial entered into several Joint Venture Agreements with Desert
15 Mirage (Tony Olson) wherein Desert Mirage would set up "hard money" loans for the
16 rehabilitation of the properties. Two properties were sold under this original
17 arrangement: 28225 N. 65th Lane and 77 E. Missouri (pre-petition).
18

19 At the time the Chapter 11 was filed in this case, Palatial owned three (3)
20 properties: 1) 3138 W. Silver Sage Lane, Phoenix, Arizona 85083; 2) 5032 W. Electra
21 Lane, Glendale, Arizona 85310; and 3) 5797 E. Canyon Ridge Drive, #8, Cave Creek,
22 Arizona 85331.
23

24 The original "hard money" loan was refinanced and the Lender became Azben
25 Limited, LLC. The Chapter 11 was filed to stop a pending non-judicial foreclosure
26 action on July 14, 2015. On July 20, 2015, Azben Filed for stay relief and requested an
27 expedited hearing. Palatial timely filed a Response to the stay relief motion. The stay
28

1 relief motion was resolved by Stipulation and Order of the Court wherein one (1)
2 property was immediately surrendered (stay relief by Stipulation on the Electra Lane
3 property) and a bar date established for the sale of the other two (2) properties.
4
5 Although the Court approved a sale of the Silver Sage Lane property on January 11,
6 2016, the transaction did not close. All three (3) residential units were lost in
7 foreclosure.

8 Assisting Palatial during this time period was a company known as EastWest
9 Secured Developments, LLC, (an Arizona limited liability company). The original
10 members of EastWest Secured Developments, LLC were Todd Johnson, DJ Martin, Eric
11 Loiselle and Brian Loiselle. On December 30, 2016, by (“Articles of Amendment”) the
12 sole member of EastWest Secured Developments, LLC became Brian Loiselle.
13

14 On August 31, 2016, Palatial filed its Amendment to Schedule B to describe
15 various claims against third parties; a copy of that Amendment is attached hereto as
16 **Exhibit “A.”** On January 30, 2017, the Court approved the Application to Appoint
17 Brian Weinberger as special counsel to pursue the collection of any and all of the assets
18 contained on **Exhibit “A”**, as well as to object to the Proof of Claim filed by EastWest
19 Secured Developments, LLC against this estate in the sum of \$448,666.67. The Chapter
20 11 Plan which accompanies this Disclosure Statement, will be a liquidating plan of all
21 assets of the estate and a distribution to creditors, with allowed claims, pursuant to the
22 distribution provisions of the Bankruptcy Code.
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1 **V. VOTING**

2 **A. Ballots and Voting Deadline.**

3 A ballot to be used for voting to accept or reject the Plan is enclosed with this
4 Disclosure Statement and mailed to creditors entitled to vote. A creditor must (1)
5 carefully review the ballot and instructions thereon; (2) execute the ballot; and, return it
6 to the address indicated thereon by the deadline in order to be considered for voting
7 purposes. The Bankruptcy Court has directed that, in order to be counted for voting
8 purposes, ballots for the acceptance or rejection of the Plan must be received no later
9 than the date established by the Bankruptcy Court, with a copy being provided to the
10 following address: Allan D. NewDelman, P.C., 80 East Columbus Avenue, Phoenix,
11 Arizona 85012. The enclosed Ballot states the Court established deadline in which all
12 ballots must be filed with the Court and copies provided to Debtor's counsel.
13
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16 **B. Creditors Entitled to Vote.**

17 Any creditor of the Debtor, whose claim is impaired under the Plan is entitled to
18 vote if it has an undisputed, non-contingent and liquidated scheduled claim or it has
19 filed a Proof of Claim on or before the last date set by the Bankruptcy Court for such
20 filings. Any claim as to which an objection has been filed (and such objection is still
21 pending) is not entitled to vote, unless the Bankruptcy Court temporarily allows the
22 claim in an amount which it deems proper for the purpose of accepting or rejecting the
23 Plan upon Motion by the creditor whose claim is subject to any objection. Such motion
24 must be heard and determined by the Bankruptcy Court prior to the date established by
25 the Court to confirm the Plan. In addition, a creditor's vote may be disregarded if the
26
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1 Bankruptcy Court determines that the creditor's acceptance or rejection was not solicited
2 or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

3 C. Definition of Impairment.
4

5 Under §1124 of the Bankruptcy Code, a class of claims or equity interests is
6 impaired under a Plan or Reorganization unless, with respect to each claim or equity
7 interest of such class, the Plan:

8 Except as provided in Section 1123(a)(4) of this title, a class of
9 claims or interests is impaired under a plan unless, with respect to each
10 claim or interest of such class, the plan –

11 (1) leaves unaltered the legal, equitable, and contractual
12 rights to which such claim or interest entitles the holder of
such claim or interest;

13 (2) notwithstanding any contractual provision or
14 applicable law that entitles the holder of such claim or
15 interest to demand or receive accelerated payment of such
claim or interest after the occurrence of a default --

16 (A) cures any such default that occurred before or
17 after the commencement of the case under this title, other
18 than a default of a kind specified in Section 365(b)(2) of
this title;

19 (B) reinstates the maturity of such claim or interest
20 for any damages incurred as a result of any reasonable
21 reliance by such holder on such contractual provision of
such applicable law; and,

22 © compensates the holder of such claim or interest
23 for any damages incurred as a result of any reasonable
24 reliance by such holder or such contractual provision or
such applicable law; and

25 (D) does not otherwise alter the legal, equitable, or
26 contractual rights to which such claim or interest entitles
27 the holder of such claim or interest.
28

1 D. Classes Impaired Under the Plan.

2 Creditors holding claims or interests in **Class 2** are impaired under the Plan and
3 are eligible, subject to the limitations set forth above, to vote to accept or reject the
4 Plan. Creditors holding claims in **Classes 1, and 1A**, are not impaired under the Plan
5 and are not entitled to vote with respect to acceptance or rejection of the Plan. Such
6 creditors will be paid in accordance with the provision of the Plan. See, 11 U.S.C.
7 §1126(f). Creditors in **Classes 3 and 4** are either disputed and/or are non-voting classes
8 and are not entitled to vote for acceptance or rejection of the Debtor's Plan of
9 Reorganization.
10

11 E. Votes Required for Class Acceptance.

12 The Bankruptcy Code defines acceptance of a Plan by a class of creditors as
13 acceptance by holders of two-thirds in dollar amount and by a majority in number of the
14 claims of that class which actually cast ballots for acceptance or rejection of the Plan,
15 i.e., acceptance takes place only if two-thirds in amount and a majority in numbers of
16 the creditors actually voting cast their ballots in favor of acceptance.
17

18 **SINCE MAIL DELAYS MAY OCCUR, IT IS IMPORTANT THE**
19 **BALLOT OR BALLOTS BE MAILED OR DELIVERED WELL IN ADVANCE**
20 **OF THE DATE SPECIFIED. ANY BALLOTS RECEIVED AFTER THIS DATE**
21 **MAY NOT BE INCLUDED IN ANY CALCULATION TO DETERMINE**
22 **WHETHER THE DEBTOR'S CREDITORS HAVE VOTED TO ACCEPT OR**
23 **REJECT THE PLAN.**
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1 **THIS IS A SOLICITATION BY THE PROPONENT ONLY AND IS NOT**
2 **A SOLICITATION BY THE PROPONENT'S ATTORNEY OR ACCOUNTANT,**
3 **AND THE REPRESENTATIONS MADE HEREIN ARE THOSE OF THE**
4 **PROponent AND NOT OF THE PROPONENT'S ATTORNEY OR**
5 **ACCOUNTANT, EXCEPT AS OTHERWISE INDICATED. THE RECORDS**
6 **SUBSEQUENT TO THE FILING OF THE PETITION FOR**
7 **REORGANIZATION HAVE BEEN KEPT BY THE DEBTOR-IN-POSSESSION**
8 **AND MONTHLY FINANCIAL REPORTS HAVE BEEN SUBMITTED BY THE**
9 **DEBTOR-IN-POSSESSION FROM TIME TO TIME SINCE THE FILING OF**
10 **THE PETITION. WHILE EVERY REASONABLE EFFORT HAS BEEN MADE**
11 **TO ENSURE THE ACCURACY OF THE MONTHLY REPORTS, THEIR**
12 **ACCURACY CANNOT BE GUARANTEED.**
13
14

15
16 **VI. GENERAL INFORMATION AND DISCLOSURE**

17 **Utilizing the Standards of A.C. Williams**

18 **Sources of information.**

19 Information relating to financial matters has been taken from the records of the
20 Debtor. Information of a legal nature has been provided by the counsel of record.
21

22 **Current Condition of Debtor.**

23 Debtor continues to operate and manage its various assets.

24 **The Accounting Process.**

25 The accounting process is conducted using generally accepted accounting
26 principles. Accounting information is furnished by the Debtor.
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Inventory and Asset Description.

See Article XII.

Future Management.

Management of Debtor's affairs will remain with the Debtor.

The Anticipated Future of Debtor's Affairs.

The funds needed to comply with the Debtor's Plan of Reorganization shall come from the liquidation of all assets of the estate as duly scheduled in the original schedules and all amendments thereto.

Incidents which led to the filing of the Chapter 11.

See ARTICLE IV of this Disclosure Statement.

Disclaimer regarding the information given.

See ARTICLE III of this Disclosure Statement.

Amount of claims scheduled.

See ARTICLES VII AND VIII.

The estimated return to the creditors if liquidated.

See ARTICLE XII and ARTICLE XIII.

A copy of the proposed plan.

See **Exhibit "B"** attached hereto.

VII. FINANCIAL INFORMATION

Administrative Claims.

These claims consist of the expenses of administration of the estate including attorney fees for Debtor's counsel, Debtor's Special Counsel and any unpaid fees to the U.S. Trustee

1 Unsecured Claims.

2 As reflected in the schedules and amended schedules filed by the Debtor, Debtor
3 has unsecured claims in the sum of \$346,674.37, including a claim to Eastwest Secured
4 Development in the sum of \$208,000.00. On April 7, 2016, EastWest Secured
5 Developments LLC filed an unsecured claim for \$448,666.67, thus doubling its alleged
6 claim. An objection to this claim will be filed. The Debtor's Chapter 11 Plan of
7 Reorganization will be a liquidation of all assets and the payment of allowed claims in
8 the order of priority as established by the Bankruptcy Code. The Liquidating Plan may
9 not be sufficient to pay all allowed claims in full.
10

11 Secured Claims.

12 The schedules reflected secured debt in the amount of \$1,652,784.03. However,
13 the collateral for the secured claims have been foreclosed and, under Arizona law, no
14 deficiency balances remain. There are no secured creditors under the Plan.
15

16 Tax Claims.

17 The schedules reflect a tax claim to the Maricopa County Treasurer. The
18 Maricopa County Treasurer has filed a Proof of Claim. However, all real property of
19 this estate has been foreclosed. Under Arizona law, real estate taxes "runs with the
20 land" and there will be no claims in favor of the Maricopa County Treasurer.
21

22 Child Support Claims.

23 As reflected in the schedules filed by the Debtor, there are no domestic support
24 orders against the Debtor.
25
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1 **VIII. SUMMARY OF THE PLAN OF REORGANIZATION**

2 The Plan provides for 5 classes of claims with 1 subclass to be paid or
3 administered in the following manner:
4

5 **Administrative Claim (Class 1).**

6 These claims are for the expenses of administration of the estate, including
7 attorneys' fees for Debtor's counsel and to the U.S. Trustee, if any. The total fees
8 incurred by the Debtor as of March 31, 2017, is \$54,249.56, subject to an offset against
9 the retainer of \$9,310.00, to which \$44,939.56 will be paid under the Plan. Debtor
10 believes, at the time that the Debtor's Chapter 11 Plan is confirmed, that there will an
11 additional administrative expense claim in the approximate amount of \$5,000.00. This
12 claim shall be paid in cash on the "Plan Distribution Date" unless otherwise agreed to
13 between the Debtor and the administrative creditor. **(This class is not impaired.)**
14

15 **Secured Claim (Class 1A) Debtors' Special Counsel.**

16 The allowed and approved professional fees to Debtor's Special Counsel, Brian
17 Weinberger, had and/or will be paid pursuant to an appropriate Application for an
18 Allowance of an Administrative Expense Claim. **(This class is not impaired.)**
19

20 **Unsecured Claims (Class 2).**

21 All allowed and approved claims under this Class shall be paid from the
22 liquidation of estate assets. **(This class is impaired).** Class 2 shall be made up of the
23 following creditors with allowed claims:
24

<u>Creditor Name</u>	<u>Claim No.</u>	<u>Claim Amount</u>
Jenning Strouss & Salmon		\$22,956.13
	Total:	<u>\$22,956.13</u>

1 Disputed Claims (Class 3).

2 Class 3 shall consist of those claim(s) in which the Debtor marked as disputed on
3 their schedules or amended schedules to which an objection has been filed. Upon final
4 adjudication of the claim and in the event that any such claim becomes proven and/or
5 allowed by the Court, the creditor shall be paid as a member of Class 2. **(This class is**
6 **not impaired and/or no claim will exist in this Class).** Class 3 shall be made up of the
7 following creditor(s):
8

<u>Creditor Name</u>	<u>Claim No.</u>	<u>Claim Amount</u>
AAM, LLC	NC	Unknown
Azben Limited LLC	1	Withdrawn (Dkt 190)
Desert Realty	NC	° Unknown
EastWest Secured Developments LLC	4	\$448,666.67
I-17 and Dynamite		\$ 2,340.00
Canyon Ridge HOA		\$ 2,048.00
	Total:	<u>\$453,054.67</u>

17 Debtor's Equity Interest (Class 4).

18 The equity owners of the Debtor, Kim Korthuis and Kip Korthuis shall receive a
19 distribution after the liquidation of all assets of the estate and only after all creditors of
20 the estate holding allowed claims are paid in full. **(This class is impaired but is non-**
21 **voting as all holders of claims in Class 4 are insiders, as defined by the Bankruptcy**
22 **Code).**
23

24 **IX. DISPUTED CLAIMS**

25 The Debtor reserves the right to verify and object to any proof of claim.
26 Payment of disputed claims shall be made only after agreement has been reached
27
28

1 between the Debtor and the Creditor or upon the order of the Court. Any and all
2 objections to proofs of claim will be filed within thirty (60) days of the Effective Date of
3 this plan or will be waived.
4

5 **X. EXECUTORY CONTRACTS**

6 Any executory contract or lease will be deemed rejected. There are no known
7 “executory contracts.”
8

9 **XI. DOMESTIC SUPPORT OBLIGATIONS**

10 The Debtor does not have any ongoing Court ordered support obligations.

11 **XII. MEANS OF EXECUTION/PROJECTION**

12 The funds necessary for the satisfaction of approved and allowed claims will be
13 derived from the Debtor's liquidation of estate assets, including the recovery of damages
14 in any pending or contemplated civil litigation.
15

16 **XIII. CHAPTER 7 LIQUIDATION ANALYSIS**

17 Pursuant to the provisions of the Bankruptcy Code providing for Court approval
18 of a Plan of Reorganization, Debtor is required to pay creditors at least as much as
19 creditors would receive in a Chapter 7 liquidation case, after costs of administration and
20 the liquidation of the Debtor's assets. The Plan of Reorganization is a “Liquidation
21 Plan.”
22

23 **XIV. DEFAULT**

24 The Debtor's failure to comply with the provisions of a confirmed Plan shall
25 constitute a default. Any creditor that alleges a default must first provide a detailed
26 statement of the alleged default and provide the Debtor with a sixty (60) day right to
27 cure. If the Debtor disputes the alleged default, Debtor shall bring such matter to this
28

1 Court's attention within said sixty (60) day period. No action shall be taken until ruled
2 upon by the Court. Any Notice of Default must be sent in writing to both the Debtor
3 and the Debtor's counsel.
4

5 If the default is not timely cured, or as may be extended by the Court, creditor(s)
6 may pursue any remedy provided by the state or federal law.

7 **XV. CLOSING OF CASE**

8 The Debtor may seek a final decree and an Order closing this case upon the
9 conclusion of all administrative matters and provided that the Debtor has commenced
10 payments required to be made pursuant to the Plan of Reorganization.
11

12 **ALL CREDITORS SHALL REMAIN BOUND BY TERMS AND**
13 **CONDITIONS SET FORTH IN THE DEBTOR'S CHAPTER 11 PLAN OF**
14 **REORGANIZATION. NO CREDITOR SHALL BE ALLOWED TO TAKE ANY**
15 **COLLECTION ACTION AGAINST THE DEBTORS AS LONG AS THE**
16 **DEBTORS REMAINS IN COMPLIANCE WITH HIS CHAPTER 11 PLAN OF**
17 **REORGANIZATION.**
18

19 **XVI. TAX CONSEQUENCES**

20 Neither the Debtor nor their lawyer can make any statements with regard to the
21 tax consequences of the Plan on any of the creditors. Each creditor in this case, when
22 analyzing the Plan, should consult with its own professional advisors to determine
23 whether or not acceptance of the Plan by the creditor will result in any adverse tax
24 consequences to the creditor.
25
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1 **XVII. IMPLEMENTATION AND CONSUMMATION OF PLAN**

2 The terms of the Plan subsequent to confirmation shall bind the Debtor, any
3 entity acquiring property under the Plan, and creditor or claimant, whether or not such
4 creditor or claimant has accepted the Plan. All property of the estate shall vest in the
5 Debtor and shall be free from attachment, levy, garnishment or execution by creditors
6 bound by the Plan.
7

8 It shall be the obligation of each creditor participating under the Plan to keep the
9 Debtor advised of its current mailing address. In the event any payments tendered to
10 creditors are mailed, postage prepaid, addressed (1) to the address specified in the
11 Debtor's schedules and statement, (2) to the address specified in any proof of claim filed
12 by a creditor or claimant herein or (3) to the address provided by any such creditor or
13 claimant for purposes of distribution, and if subsequently the Post Office returns such
14 distribution due to a lack or insufficiency of address or forwarding address, the Debtor
15 shall remit the same to the Registry of the Clerk of the Court, as "unclaimed funds."
16 The Plan may be modified subsequent to confirmation and before substantial
17 consummation of the Plan under such circumstances as may warrant such under §1123
18 of the Bankruptcy Code. Any holder of a claim or interest that has been previously
19 accepted or rejected a confirmed Plan, shall be deemed to have accepted or rejected any
20 subsequently modified Plan unless the holder of such claim or interest changes its
21 acceptance or rejection of the Plan within the time fixed by the Court.
22 acceptance or rejection of the Plan within the time fixed by the Court.
23
24

25 **XVIII. QUARTERLY FEES AND REPORTS**

26 Debtor shall continue to pay quarterly fees to the U.S. Trustee System until such
27 time as a Final Decree has been entered in this matter by the Court, closing this Chapter
28

1 11 proceeding. Debtor shall continue to file monthly operating reports until such time
2 as the Court enters an Order confirming this Chapter 11 Plan of Reorganization. At
3 such time, Debtors shall cease filing monthly operating reports and shall begin filing 90
4 day reports. These 90 day reports shall be filed until such time as a Final Decree has
5 been entered in this matter by the Court, closing this Chapter 11 proceeding.
6

7 **XIX. RETENTION OF JURISDICTION**

8 The Bankruptcy Court will retain jurisdiction over this case for purposes of
9 determining the allowance of claims or objections to claims. The Court will also retain
10 jurisdiction for purposes of fixing allowances for compensation and/or for purposes of
11 determining the allowability of any other claimed administrative expenses. The Court
12 will also retain jurisdiction for the purpose of establishing bar dates and making a
13 determination with respect to all disputed claims. Finally, the Court shall retain
14 jurisdiction for purposes of determining any dispute arising from the interpretation,
15 implementation or consummation of the Plan and to implement and enforce the
16 provisions of the Plan. Notwithstanding anything to the contrary contained herein, the
17 Debtor shall not be bound by estoppel, the principles of res judicata or collateral
18 estoppel with respect to any term or provision contained herein in the event the Plan is
19 not confirmed.
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23 **XX. REPRESENTATION**

24 No representations concerning the Debtor are authorized by the Debtor other
25 than as set forth in this statement. Any representation or inducement made to secure
26 your acceptance which is other than as contained in this statement should not be relied
27 upon by you in arriving at your decision, and such additional representations and
28

1 inducements should be reported to counsel for the Debtor, who, in turn, shall deliver
2 such information to the Bankruptcy Court for such action as may be deemed
3 appropriate.
4

5 **XXI. CONCLUSION**

6 It is respectfully submitted that Debtor have given every thought to the complex
7 problems confronting them, and, with the assistance of counsel, have devised and
8 formulated this Plan with the hope that the equitableness of the Plan will be considered
9 by the creditors. It is sincerely hoped that all creditors will join in and consent to the
10 Plan so that they, as well as the Debtor, will receive the maximum results.
11

12 DATED this 17 day of May, 2017.

13 
14 ALLAN D. NEWDELMAN, P.C.

15 /s/ Allan D. NewDelman

16 Allan D. NewDelman
17 Attorney for Debtor

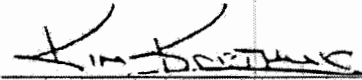
18 COPY of the foregoing mailed
19 this 17 day of May, 2017, to:

20 Christopher J. Pattock, Esq.
21 U. S. Trustee's Office
22 230 N. First Avenue - Suite 204
23 Phoenix, Arizona 85003

24 
25 by: Carol M. Prieur
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APPROVED:


Kim Korthuis



Kip Korthuis

EXHIBIT “A”

1 Allan D. NewDelman, Esq. (004066)
2 ALLAN D. NEWDELMAN, P.C.
3 80 East Columbus Avenue
4 Phoenix, Arizona 85012
5 Telephone: (602) 264-4550
6 Facsimile: (602) 277-0144
7 Email: anewdelman@adnlaw.net
8 Attorneys for Debtor

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IN THE UNITED STATES BANKRUPTCY COURT
IN AND FOR THE DISTRICT OF ARIZONA

10 In Re:) In Proceedings Under
11) Chapter 11
12)
12 PALATIAL INVESTMENT CORP) Case No. 2:15-bk-08730 EPB
13)
13 Debtor.) AMENDMENT TO SCHEDULE B
14)

15 Debtor, Palatial Investment Corp., by and through undersigned counsel, Allan D.
16 NewDelman, and pursuant to Bankruptcy Rule 1009(a), hereby amends Schedule B to
17 include the following:

19 **No. 33. Claims against third parties, whether or not you have file a lawsuit
or made a demand for payment:**

- | | | |
|----|---|--------------|
| 21 | 1. Tony Olson/Desert Mirage Real Estate Investment LLC (Loan) | |
| 22 | (Through September 2016 @ \$694.47/mo) | \$ 92,470.23 |
| 23 | 2. Tony Olson | |
| 24 | (Rents - unjust enrichment) | \$ 63,000.00 |
| 25 | 3. Brian Loiselle; Eastwest Secured Development LLC; Todd Johnson, Brandy Blank | |
| 26 | (Contract) | \$ 84,846.63 |

- 1 4. Brian Loiseau; Eastwest Secured
2 Development LLC; Todd Johnson,
3 Brandy Blank
(Contract) \$200,821.00
- 4 5. Brian Loiseau; Eastwest Secured
5 Development LLC; Todd Johnson,
6 Brandy Blank
(Contract) \$335,205.00
- 7 6. Brian Loiseau; Eastwest Secured
8 Development LLC; Todd Johnson,
9 Brandy Blank, James Usher
(Contract) \$ 80,000.00
- 10 7. Brian Loiseau; Eastwest Secured
11 Development LLC; Todd Johnson
12 Brandy Blank
(Contract) \$110,000.00
- 13 8. Brian Loiseau; Eastwest Secured
14 Development LLC; Todd Johnson
15 Brandy Blank, Vacation Stay LLC
(Unjust enrichment) \$ 84,69500
- 16 9. Brian Loiseau; Eastwest Secured
17 Development LLC; Todd Johnson
18 Brandy Blank, Vacation Stay LLC
(Unjust enrichment) \$ Unknown
- 19 10. Upon information provided by Eastwest Secured Developments LLC (Docket
20 118, dated March 16, 2016), Debtor has an interest in the following assets
21 described in Exhibit "1" attached hereto and incorporated herein by reference.
22 DATED this 31 day of August, 2016.

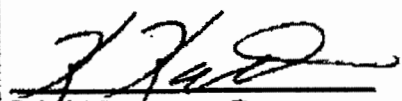
ALLAN D. NEWDELMAN, P.C.

/s/ Allan D. NewDelman
Allan D. NewDelman
Attorney for Debtors

Approved as to form and content:

Kim Korthuis
Palatial Investment Corp.
By: Kim Korthuis

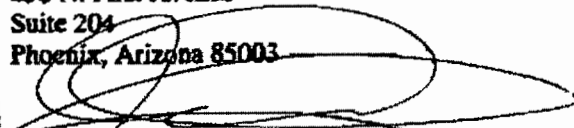
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Palatial Investment Corp.
By: Kip Korthis

COPY of the foregoing mailed
this 31 day of August, 2016, to:

U. S. Trustee's Office
230 N. First Avenue
Suite 204
Phoenix, Arizona 85003




/s/ Carol M. Pricer
By: Carol M. Pricer

EXHIBIT “1”

Case 2:15-bk-08730-EPB Doc 172 Filed 08/31/16 Entered 08/31/16 14:55:57 Desc
Main Document Page 4 of 6

Case 2:15-bk-08730-EPB Doc 201 Filed 05/17/17 Entered 05/17/17 11:54:14 Desc
Main Document Page 26 of 41



Breen Olson & Trenton, LLP

Legal Analysis Strategic Thinking

February 26, 2016

Mr. Allan NewDelman
ALLAN D. NEWDELMAN, P.C.
80 East Columbus Ave.
Phoenix, AZ 85012
anewdelman@adnlaw.net
(602) 264-4550
Attorney for Palatial Investment Corp.

Re: Demand to Include Assets

Dear Mr. NewDelman,

As we previously discussed, there are three assets Palatial Investment Corp. ("Palatial") has that should be included in their Bankruptcy Estate:

- 1) A \$100,000.00 Promissory Note from James Usher to Palatial;
- 2) A \$70,000.00 Promissory Note from Eastwest Secured Developments, LLC ("EWSD") to Palatial; and
- 3) A stock issuance letter authorizing Palatial to acquire 250,000 shares of SMFI restricted common stock.

Upon information and belief, we thought you were aware of these assets, which is why I mentioned filing a Motion to Compel in our discussion on February 23. However, as you stated you were not aware of these assets, this letter serves the purpose of informing you of said assets to allow you to properly vet them and amend the schedules accordingly per Bankruptcy Rule 1009(a).

Therefore, this is our formal demand that you amend the schedules as necessary to include these assets. If the Bankruptcy Court is not aware of these assets by Friday, March 11, 2016, we will file our Motion to Compel for the addition of these assets.

The \$100,000.00 Promissory Note from James Usher to Palatial

Attached (Exhibit 1) is a promissory note executed by James Usher on May 15, 2014, to Palatial Investment, Corp. for \$100,000.00. The purpose of the note was to "purchase real property to upgrade and immediately refinance and/or resell for

Tucson	Phoenix	San Diego
4720 N. Oracle Rd, Suite 100	4425 N. 24 th Street, Suite 150	2150 Fourth Avenue
Tucson, AZ 85705	Phoenix, AZ 85016	San Diego, CA 92101
520-742-0808	602-732-7272	619-544-0669

Case 2:15-bk-08730-EPB Doc 118-1 Filed 03/16/16 Entered 03/16/16 17:45:35
Desc Exhibit A_20160225_Demand Letter Page 1 of 2

Case 2:15-bk-08730-EPB Doc 172 Filed 08/31/16 Entered 08/31/16 14:55:57 Desc
Main Document Page 5 of 6

Case 2:15-bk-08730-EPB Doc 201 Filed 05/17/17 Entered 05/17/17 11:54:14 Desc
Main Document Page 27 of 41

profit." Mr. Usher gave "a security interest in the property described as ... 28225 North 65th Lane, Phoenix, AZ 85083." This note was due on or before August 20, 2014, and we believe this note has not been paid.

The \$70,000.00 Promissory Note from EWSD to Palatial

Attached (Exhibit 2) is a promissory note executed by Brian Loisel (on behalf of EWSD) on April 29, 2015, to Palatial Investment Corporation for \$70,000.00. The purpose of this note was "in connection with the purchase on Real Properties: Electra, Silver Sage and Canyon Ridge of \$70,000.00 made by Holder to the Company on said date. The Seller was not able to perform." A security interest was not given. This note was due on or before January 5, 2016.

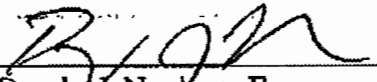
The 250,000 Shares of Restricted Common Stock in SMFI

Attached (Exhibit 3) is a stock transfer letter signed by DJ Martin (on behalf of Blue River Equity, LLC) on October 25, 2015, to Kim Korthuis on behalf of Palatial Investments, Inc. The stock transfer letter describes an April 2014 agreement that Palatial made with Spray for Health Pharmaceuticals, LLC ("SMFI") and intends to direct Blue River Equity to issue 250,000 shares of SMFI restricted common stock to Palatial. The price of SMFI stock as of 4:00 pm Arizona time on February 24, 2016 is 11 cents.¹

I thank you for your time and cooperation.

Thank you.

Sincerely,



Douglas J. Newborn, Esq.
Breen Olson & Trenton, LLP
Attorney for Eastwest Secured Developments, LLC

¹ Source: <http://www.otcmarkets.com/stock/SMFI/quote>.

BreenOlsonTrenton.com

EXHIBIT “B”

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8 Attorneys for Debtor

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In Re) In Proceedings Under
PALATIAL INVESTMENT CORP,) Chapter 11
Debtor.) Case No. 2:15-bk-08730 EPB
) PLAN OF REORGANIZATION
) DATED: May 17, 2017

Debtor, Palatial Investment Corp, hereby submits its Plan of Reorganization in accordance with 11 U.S.C. §1121(a).

I. DEFINITIONS

As utilized in this Plan of Reorganization, (hereinafter "Plan") and in the Disclosure Statement (hereinafter "Disclosure Statement") which accompanies this Plan of Reorganization, the following definitions apply to the following terms:

1. "Adequate information" means information that would enable a hypothetical reasonable investor typical of holders of claims or interest of the Debtor's estate, to make an informed judgment about the Debtor's Plan of Reorganization.

2. "Allowed and Approved Claim" shall mean as to disputed claims, a timely filed Proof of Claim pursuant to an Order of the Court setting a bar date to which that claim should be filed and no objection to the claim having been filed. If a proof of

1 claim is filed or an objection to a claim is filed, said claim will be allowed to the extent
2 ordered by the Court. Claims scheduled and not designated as disputed, contingent or
3 unliquidated shall be deemed allowed for the amount stated in the schedules.
4

5 3. "Bankruptcy Code" shall mean the Bankruptcy Code as set forth in Title 11 of
6 the United States Code.

7 4. "Bankruptcy Court" shall mean the United States Bankruptcy Court for the
8 District of Arizona.

9 5. "Confirmation of the Plan" shall mean the entry of an order by the
10 Bankruptcy Court confirming the Plan of Reorganization in accordance with §1129 of
11 the Bankruptcy Code.
12

13 6. "Consummation of the Plan" means the accomplishment of all things required
14 or provided for under the terms of the Plan.
15

16 7. "Court" shall mean the United States Bankruptcy Court for the District of
17 Arizona.

18 8. "Creditors" shall mean all persons holding claims for secured and unsecured
19 obligations, liabilities, demands or claims of any nature whatsoever against the Debtor
20 arising at any time prior to confirmation of the Plan and administrative creditors.
21

22 9. "Debtor" shall mean the petitioner in the above-captioned Bankruptcy case.

23 10. "Disclosure Statement" shall mean this Disclosure Statement (hereinafter
24 "Disclosure Statement") filed in this case approved, after notice and a hearing by the
25 Court as being in conformity with §1125 of the Bankruptcy Code.
26

27 11. "Effective date" shall be the date that an Order is entered by the U.S.
28 Bankruptcy Court confirming the Debtor's Plan of Reorganization in accordance with
§1129 of the Code.

1 12. "Petition" means to original Chapter 11 Petition filed by the Debtor.

2 13. "Plan" shall mean the Plan of Reorganization accompanying this Disclosure
3 Statement as it may be amended, modified and/or supplemented pursuant to which the
4 Debtor proposes payment in whole or in part of creditors' claims.
5

6 14. "Plan distribution date" shall be established as fifteen (15) days after an
7 Order is entered by the U.S. Bankruptcy Court confirming the Debtor's Plan of
8 Reorganization and every 180 days thereafter until all assets of this estate are fully
9 liquidated.
10

11 15. All other terms not specifically defined by this Disclosure Statement shall
12 have the meaning as designated in §101 of the Bankruptcy Code or, if not contained
13 therein, their ordinary meaning.
14

15 II. CLASSES OF CLAIMS

16 Administrative Claims.

17 These claims consist of the expenses of administration of the estate including
18 attorney fees for Debtor's counsel, Debtor's Special Counsel and any unpaid fees to the
19 U.S. Trustee
20

21 Unsecured Claims.

22 As reflected in the schedules and amended schedules filed by the Debtor, Debtor
23 has unsecured claims in the sum of \$346,674.37, including a claim to Eastwest Secured
24 Development in the sum of \$208,000.00. On April 7, 2016, EastWest Secured
25 Developments LLC filed an unsecured claim for \$448,666.67, thus doubling its alleged
26 claim. An objection to this claim will be filed. The Debtor's Chapter 11 Plan of
27 Reorganization will be a liquidation of all assets and the payment of allowed claims in
28

1 the order of priority as established by the Bankruptcy Code. The Liquidating Plan may
2 not be sufficient to pay all allowed claims in full.

3 Secured Claims.

4
5 The schedules reflected secured debt in the amount of \$1,652,784.03. However,
6 the collateral for the secured claims have been foreclosed and, under Arizona law, no
7 deficiency balances remain. There are no secured creditors under the Plan.

8 Tax Claims.

9
10 The schedules reflect a tax claim to the Maricopa County Treasurer. The
11 Maricopa County Treasurer has filed a Proof of Claim. However, all real property of
12 this estate has been foreclosed. Under Arizona law, real estate taxes “runs with the
13 land” and there will be no claims in favor of the Maricopa County Treasurer.

14 Child Support Claims.

15
16 As reflected in the schedules filed by the Debtor, there are no domestic support
17 orders against the Debtor.

18 **III. TREATMENT OF CLAIMS NOT IMPAIRED UNDER THE PLAN**

19
20 Creditors holding claims in **Classes 1, and 1A**, are not impaired under the Plan
21 and are not entitled to vote with respect to acceptance or rejection of the Plan. Such
22 creditors will be paid in accordance with the provision of the Plan. See, 11 U.S.C.
23 §1126(f). Creditors in **Classes 3 and 4** are either disputed and/or are non-voting classes
24 and are not entitled to vote for acceptance or rejection of the Debtor's Plan of
25 Reorganization.
26

1 **IV. TREATMENT OF IMPAIRED CLAIMS UNDER THE PLAN**

2 Creditors holding claims or interests in **Class 2** are impaired under the Plan and
3 are eligible, subject to the limitations set forth above, to vote to accept or reject the
4 Plan.
5

6 The Plan provides for **5** classes and **1** subclass of claims to be paid or
7 administered in the following manner:

8 **Administrative Claim (Class 1).**

9 These claims are for the expenses of administration of the estate, including
10 attorneys' fees for Debtor's counsel and to the U.S. Trustee, if any. The total fees
11 incurred by the Debtor as of March 31, 2017, is \$54,249.56, subject to an offset against
12 the retainer of \$9,310.00, to which \$44,939.56 will be paid under the Plan. Debtor
13 believes, at the time that the Debtor's Chapter 11 Plan is confirmed, that there will an
14 additional administrative expense claim in the approximate amount of \$5,000.00. This
15 claim shall be paid in cash on the "Plan Distribution Date" unless otherwise agreed to
16 between the Debtor and the administrative creditor. **(This class is not impaired.)**
17
18

19 **Secured Claim (Class 1A) Debtors' Special Counsel.**

20 The allowed and approved professional fees to Debtor's Special Counsel, Brian
21 Weinberger, had and/or will be paid pursuant to an appropriate Application for an
22 Allowance of an Administrative Expense Claim. **(This class is not impaired.)**
23

24 **Unsecured Claims (Class 2).**

25 All allowed and approved claims under this Class shall be paid from the
26 liquidation of estate assets. **(This class is impaired).** Class 2 shall be made up of the
27 following creditors with allowed claims:
28

<u>Creditor Name</u>	<u>Claim No.</u>	<u>Claim Amount</u>
Jenning Strouss & Salmon		\$22,956.13
	Total:	<u>\$22,956.13</u>

Disputed Claims (Class 3).

Class 3 shall consist of those claim(s) in which the Debtor marked as disputed on their schedules or amended schedules to which an objection has been filed. Upon final adjudication of the claim and in the event that any such claim becomes proven and/or allowed by the Court, the creditor shall be paid as a member of Class 2. **(This class is not impaired and/or no claim will exist in this Class).** Class 3 shall be made up of the following creditor(s):

<u>Creditor Name</u>	<u>Claim No.</u>	<u>Claim Amount</u>
AAM, LLC	NC	Unknown
Azben Limited LLC	1	^a Withdrawn (Dkt 190)
Desert Realty	NC	Unknown
EastWest Secured		
Developments LLC	4	\$448,666.67
I-17 and Dynamite	NC	\$ 2,340.00
Canyon Ridge HOA		\$ 2,048.00
	Total:	<u>\$453,054.67</u>

Debtor's Equity Interest (Class 4).

The equity owners of the Debtor, Kim Korthuis and Kip Korthuis shall receive a distribution after the liquidation of all assets of the estate and only after all creditors of the estate holding allowed claims are paid in full. **(This class is impaired but is non-voting as all holders of claims in Class 4 are insiders, as defined by the Bankruptcy Code).**

1 **V. DISPUTED CLAIMS**

2 Debtor reserves the right to verify and object to any proof of claim. Payment of
3 disputed claims shall be made only after agreement has been reached between the
4 Debtor and the Creditor or upon the order of the Court. Any and all objections to proofs
5 of claim will be filed within sixty (60) days of the Effective Date of this plan or will be
6 waived.
7

8 **VI. EXECUTORY CONTRACTS**

9 Any executory contract or lease will be deemed rejected. There are no known
10 “executory contracts.”
11

12 **VII. DOMESTIC SUPPORT OBLIGATIONS**

13 The Debtor does not have any ongoing domestic support obligations.
14

15 **VIII. MEANS OF EXECUTION/PROJECTION**

16 The funds necessary for the satisfaction of approved and allowed claims will be
17 derived from the Debtor's liquidation of estate assets, including the recovery of damages
18 in any pending or contemplated civil litigation.
19

20 **IX. CHAPTER 7 LIQUIDATION ANALYSIS**

21 Pursuant to the provisions of the Bankruptcy Code providing for Court approval
22 of a Plan of Reorganization, Debtor is required to pay creditors at least as much as
23 creditors would receive in a Chapter 7 liquidation case, after costs of administration and
24 the liquidation of the Debtor's assets. The Plan of Reorganization is a “Liquidation
25 Plan.”
26

27 **X. QUARTERLY FEES AND REPORTS**

28 Debtor shall continue to pay quarterly fees to the U.S. Trustee System until such
time as a Final Decree has been entered in this matter by the Court, administratively

1 closing this Chapter 11 proceeding. Debtor shall continue to file monthly operating
2 reports until such time as the Court enters an Order confirming this Chapter 11 Plan of
3 Reorganization. At such time, Debtor shall cease filing monthly operating reports and
4 shall begin filing 90 day reports. These 90 day reports shall be filed until such time as a
5 Final Decree has been entered in this matter by the Court, administratively closing this
6 Chapter 11 proceeding.
7

8 **XI. IMPLEMENTATION AND CONSUMMATION OF PLAN**
9

10 The terms of the Plan subsequent to confirmation shall bind the Debtor, any
11 entity acquiring property under the Plan, and creditor or claimant, whether or not such
12 creditor or claimant has accepted the Plan. All property of the estate shall vest in the
13 Debtor and shall be free from attachment, levy, garnishment or execution by creditors
14 bound by the Plan.
15

16 It shall be the obligation of each creditor participating under the Plan to keep the
17 Debtor advised of its current mailing address. In the event any payments tendered to
18 creditors are mailed, postage prepaid, addressed (1) to the address specified in the
19 Debtor's schedules and statement, (2) to the address specified in any proof of claim filed
20 by a creditor or claimant herein or (3) to the address provided by any such creditor or
21 claimant for purposes of distribution, and if subsequently the Post Office returns such
22 distribution due to a lack or insufficiency of address or forwarding address, the Debtor
23 shall remit the same to the Registry of the Clerk of the Court, as "unclaimed funds."
24

25 The Plan may be modified subsequent to confirmation and before substantial
26 consummation of the Plan under such circumstances as may warrant such under §1123
27 of the Bankruptcy Code. Any holder of a claim or interest that has been previously
28 accepted or rejected a confirmed Plan, shall be deemed to have accepted or rejected any

1 subsequently modified Plan unless the holder of such claim or interest changes its
2 acceptance or rejection of the Plan within the time fixed by the Court.

3
4 **XII. DEFAULT**

5 The Debtor's failure to comply with the provisions of a confirmed Plan shall
6 constitute a default. Any creditor that alleges a default must first provide a detailed
7 statement of the alleged default and provide the Debtor with a sixty (60) day right to
8 cure. If the Debtor disputes the alleged default, Debtor shall bring such matter to this
9 Court's attention within said sixty (60) day period. No action shall be taken until ruled
10 upon by the Court. Any Notice of Default must be sent in writing to both the Debtor
11 and the Debtor's counsel at the addresses listed below:
12

13 Mr. Kip Korthuis
14 Mr. Kim Korthuis
15 Palatial Investment Corp.
16 2 Adams Street
17 Suite 205
18 Denver, Colorado 80206

19 Allan D. NewDelman
20 ALLAN D. NEWDELMAN, P.C.
21 80 East Columbus Avenue
22 Phoenix, Arizona 85012

23 If the default is not timely cured, or as may be extended by the Court, creditor(s)
24 may pursue any remedy provided by the state or federal law.
25

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XIII. CLOSING OF CASE

The Debtor may seek a Final Decree and an Order administratively closing this case upon the conclusion of all administrative matters and provided that the Debtor has commenced payments required to be made pursuant to the Plan of Reorganization.

ALL CREDITORS SHALL REMAIN BOUND BY TERMS AND CONDITIONS SET FORTH IN THE DEBTOR'S CHAPTER 11 PLAN OF REORGANIZATION. NO CREDITOR SHALL BE ALLOWED TO TAKE ANY COLLECTION ACTION AGAINST THE DEBTORS AS LONG AS THE DEBTORS REMAINS IN COMPLIANCE WITH HIS CHAPTER 11 PLAN OF REORGANIZATION.

XIV. RETENTION OF JURISDICTION

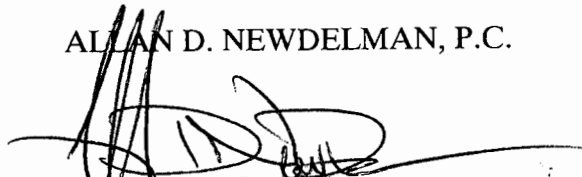
The Bankruptcy Court will retain jurisdiction over this case for purposes of determining the allowance of claims or objection to claims. The Court will also retain jurisdiction for purposes of fixing allowances for compensation and/or for purposes of determining the allowability of any other claimed administrative expenses. The Court will also retain jurisdiction for the purpose of establishing bar dates and making a determination with respect to all disputed claims. Finally, the Court shall retain

///

1 jurisdiction for purposes of determining any dispute arising from the interpretation,
2 implementation or consummation of the Plan and to implement and enforce the
3 provisions of the Plan. Notwithstanding anything to the contrary contained herein, the
4 Debtor shall not be bound by estoppel, the principles of res judicata or collateral
5 estoppel with respect to any term or provision contained herein in the event the Plan is
6 not confirmed.
7

8 DATED this 17 day of May, 2017.

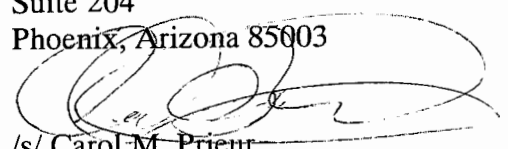
9
10 ALLAN D. NEWDELMAN, P.C.

11 

12 /s/ Allan D. NewDelman
13 Allan D. NewDelman, Esq.
14 Attorney for Debtor

15 A copy of the foregoing mailed
16 this 17 day May, 2017, to:

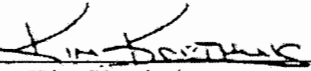
17 Larry Watson, Esq.
18 U. S. Trustee's Office
19 230 N. First Avenue
20 Suite 204
21 Phoenix, Arizona 85003


22 
23 /s/ Carol M. Prieur
24 by: Carol M. Prieur
25 Paralegal
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APPROVED:

Palatial Investment Corp

By: 
Kim Korthuis

By: 
Kip Korthuis