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6 General Reorganization Counsel
for Debtor and Debtor-in-Possession

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8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **RIVERSIDE DIVISION**

11
12 In re

13 KATHLEEN JOAN OTTO, aka KATHLEEN
14 J. OTTO, aka KATHLEEN KJENSRUD
OTTO, aka KATHLEEN K. OTTO, aka
15 KATHY OTTO,

16
17 Debtor and
18 Debtor-in-Possession

Case No. 6:12-bk-21607-MJ

Chapter 11 Proceeding

**DECLARATION OF KATHLEEN J.
OTTO IN SUPPORT OF
CONFIRMATION OF DEBTOR'S FIRST
AMENDED CHAPTER 11 PLAN**

Date: April 10, 2013

Time: 1:30 p.m.

Ctrm: 301

3420 Twelfth Street
Riverside, CA 92501

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DECLARATION OF KATHLEEN J. OTTO

I, Kathleen J. Otto, declare and state as follows:

1. The matters stated herein are true and correct and are within my personal knowledge, and if called upon to testify as a witness, I could and would testify competently thereto. I am the Debtor in this Chapter 11 case and this declaration is filed in support of the confirmation of my First Amended Chapter 11 Plan (the "Plan").

2. This case was commenced by the filing of a voluntary Chapter 11 petition by the Debtor on May 10, 2012 (the "Petition Date"). I am a retired widow residing in Palm Desert, California who was named as a defendant in a class action which was filed against my deceased husband and his corporate entities (the "State Action"). Despite a jury verdict in my favor, on March 5, 2012 the court entered a judgment against me in excess of \$100 million in the State Action. An appeal from the judgment in the State Action was filed on April 6, 2012. This case was filed to protect all of my assets from collection efforts by the judgment creditors until there is a final determination of the appeal from the judgment.

3. Pursuant to the Plan, there is one class (Class 1) with one secured creditor (which creditor voted to Accept the Plan), the separately classified Class 2 Secured Claim of the Riverside Tax Collector (there are no arrearages, this creditor is to be continued to be timely paid, and is unimpaired under the Plan and therefore not entitled to vote), Class 3 general unsecured creditors (there are two creditors in this class, both are "Disputed;" one of the creditors in this class has voted to Accept the Plan), Class 4 (administrative convenience claims under \$1,000 to be paid in full on the Effective Date; one of the creditors in this class has voted to Accept the Plan) and the Class 5 ownership interest claim of the Debtor. All classes of creditors entitled to vote have voted to Accept the Plan. No creditors entitled to vote have voted to reject the Plan.

4. The Plan will be funded by the following: (a) the cash Estate Assets which I estimate will total \$50,000.00 on the Effective Date; (b) the sale of non-cash Estate Assets, including the 2006 Aston Martin automobile and jewelry which is not claimed as exempt; and

1 (c) the sale of the real property Estate Asset which is my personal residence located at 49355
2 Sunrose Lane, Palm Desert, California 92260 (“Personal Residence”).

3 5. The sale of the Estate Assets shall be conducted in an orderly manner commencing
4 on the Effective Date of the Plan (30 days after entry of an Order confirming the Plan). The Debtor
5 shall have the right to market each Estate Asset in the manner she deems will result in obtaining
6 the highest and best price for the asset. The deadline to sell the Personal Residence will be
7 June 30, 2014, with the right to seek an extension of time to close an imminent sale of the asset or
8 for other good cause shown. The remaining Estate Assets to be liquidated to fund the Plan will be
9 sold by December 31, 2013, with the right to seek an extension of time for good cause shown.
10 After entry of a Final Order in the State Court Case, the deadlines for liquidating Estate Assets may
11 be accelerated.

12 6. Robert F. Bicher & Associates shall act as the Plan Agent for the purpose of (a)
13 taking possession of and responsibility for all cash Estate Assets; (b) holding all cash Estate Assets
14 in trust for the beneficiaries of the Plan in segregated interest-bearing depository account(s) at one
15 or more financial institutions on the approved list issued by the Office of the United States Trustee;
16 (c) paying reasonable costs and expenses for the preservation, maintenance, and protection of all
17 Estate Assets, including paying the reasonable compensation of the Plan Agent and of
18 professionals employed post confirmation; (d) making all distributions provided for under the Plan;
19 (e) preparing quarterly reports regarding the Estate Assets; and (5) taking such other and further
20 action as required to implement the terms of the Plan after providing notice and an opportunity to
21 object to such proposed further action. The Plan Agent shall serve with a bond and shall receive
22 reasonable compensation at his customary rate for services rendered of \$295.00 per hour and
23 reimbursement of expenses incurred pursuant to the Plan. The Plan Agent may employ Lori
24 Ensley as a paraprofessional to handle administrative and other services at her customary rate of
25 \$195.00 per hour. These hourly rates may be increased by written notice to the Debtor and parties
26 requesting special notice.

1 7. The purpose of the Plan that is before the Court for confirmation is the good faith
2 proposal by myself as proponent of a Plan for the orderly reorganization of my financial affairs.
3 The Debtor, through my reorganization counsel, solicited acceptances to my Plan with a Disclosure
4 Statement that was previously approved by this Court. I have been advised by Debtor's
5 reorganization counsel that the creditors of the Debtor are categorized as two classes of secured
6 creditors, two classes of unsecured creditors, and one class of interest holders in this case.

7 8. All payments made or to be made by the Debtor for services or for costs and
8 expenses in connection with the case, or in connection with the plan and incident to the case, are
9 subject to approval by the Court.

10 9. In the Disclosure Statement that was approved by the Court, the Debtor has
11 disclosed the identities and the proposed compensation that will be paid to all of the parties
12 described therein which is found at Section II(B) and (C) (at page 4), and in Section III(D)(2) and
13 (3) (at pages 17-18) of the Disclosure Statement. I believe that the retention of the parties
14 identified in the Disclosure Statement is in the best interests of creditors.

15 10. I am not involved with any governmental regulation regarding rates.

16 11. Every impaired claimant or interest holder that has not accepted the Plan will
17 receive under the Plan property of a value not less than they would receive if the Debtor were
18 liquidated under Chapter 7 as of the Effective Date. This is further described in the Liquidation
19 Analysis at Section IV(B) of the Disclosure Statement, pages 23-26 (RJN Exhibit A).

20 12. I am current in all reporting and quarterly fee requests by the Office of the United
21 States Trustee and I am current on all of my post-petition accounts payable.

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1 13. I am not involved with any retiree benefit issues. I am not involved with any orders
2 regarding domestic support obligations. I am not a non-moneyed business or commercial
3 corporation.

4 I declare under penalty of perjury under the laws of the United States of America and the
5 State of California that the foregoing is true and correct and that this declaration was executed this
6 _____ day of April 2013 at Palm Desert, California.

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8 _____
Kathleen J. Otto

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1 I am not involved with any retiree benefit issues. I am not involved with any orders
2 regarding domestic support obligations. I am not a non-moneyed business or commercial
3 corporation.

4 I declare under penalty of perjury under the laws of the United States of America and the
5 State of California that the foregoing is true and correct and that this declaration was executed this
6 2nd day of April 2013 at Palm Desert, California.

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8 Kathleen J. Otto

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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 18111 Von Karman, Suite 460, Irvine, CA 92612

A true and correct copy of the foregoing document entitled (*specify*): **DECLARATION OF KATHLEEN J. OTTO IN SUPPORT OF CONFIRMATION OF DEBTOR'S FIRST AMENDED CHAPTER 11 PLAN** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) April 2, 2013, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

COUNSEL FOR DEBTOR:	Jeffrey W Broker	jbroker@brokerlaw.biz
Request for Courtesy Notice:	Regis Guerin	efilings@amlegalgroup.com
COUNSEL FOR MASSOYAN:	Doris A Kaelin	doris.kaelin@berliner.com
COUNSEL FOR RIVERSIDE CTY:	Martha E Romero	Romero@mromerolawfirm.com
COUNSEL FOR UST:	Jason K Schrader	jason.K.Schrader@usdoj.gov
United States Trustee (RS)		ustpreion16.rs.ecf@usdoj.gov
Request for Courtesy Notice:	Pamela Jan Zylstra	zylstralaw@gmail.com

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) April __, 2013, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) April 2, 2013, I served the following persons and/or entities by personal delivery, **overnight mail service**, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA PERSONAL DELIVERY:

The Honorable Meredith A. Jury, 3420 Twelfth Street, Suite 325, Courtroom 301, Riverside, CA 92501-3819

VIA OVERNIGHT DELIVERY:

Office of the United States Trustee, attn Michael Bujold, 3801 University Ave., Suite 720, Riverside, CA 92501

Service information continued on attached page

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

April 2, 2013

Myra Blunt

Date

Printed Name

Signature

