

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2014

Commission File Number: 814-00710  
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REGAL ONE CORPORATION

(Exact name of registrant as specified in its charter)

Florida 95-4158065  
(State of incorporation) (I.R.S. Employer Identification No.)

P.O. Box 25610, Scottsdale, AZ 85255-0110  
(Address of principal executive offices) (Zip Code)

(Issuer's telephone number) (310) 312-6888  
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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of accelerated filer, large accelerated filer and smaller reporting company in rule 12b-2 of the exchange act. (Check one.)

Large accelerated filer  Accelerated filer   
Non Accelerated filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes  No

Indicate the number of shares outstanding of each of the Issuer's classes of stock, as of the latest practical date.

As of May 15, 2014, there were 3,633,067 shares of common stock, par value \$0.001 and 100,000 shares of Series B convertible preferred stock no par, issued and outstanding. The outstanding Series B convertible preferred stock is convertible into an aggregate of 10,000,000 shares of common stock.

## TABLE OF CONTENTS

### PART I. FINANCIAL INFORMATION

#### PAGES

Item 1. Financial Statements	3-8
Balance Sheets	F-2
Schedule of Investments at March 31, 2014	F-3
Schedule of Investments at December 31, 2013	F-4
Statements of Changes in Net Assets	F-5
Statements of Operations	F-6
Statements of Cash Flows	F-7
Statements of Financial Highlights	F-8
Notes to Financial Statements	10-15
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	16-21

Item 3. Quantitative and Qualitative Disclosures about Market Risk	22
--------------------------------------------------------------------	----

Item 4. Controls and Procedures	22
---------------------------------	----

### PART II OTHER INFORMATION

Item 1. Legal Proceedings	23
---------------------------	----

Item 1A. Risk Factors	23
-----------------------	----

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	23
---------------------------------------------------------------------	----

Item 3. Defaults upon Senior Securities	23
-----------------------------------------	----

Item 4. Mine Safety Disclosures	23
---------------------------------	----

Item 5. Other Information	23
---------------------------	----

Item 6. Exhibits and Reports on Form 8-K	24
------------------------------------------	----

Signatures	25
------------	----

**PART I FINANCIAL INFORMATION**

**REGAL ONE CORPORATION  
BALANCE SHEETS**

March 31, 2014    December 31, 2013

**ASSETS**

(Unaudited)

Investments:		
Investments in non-affiliated companies	\$ 1,630,947	\$ 958,040
Investments in non-affiliated companies pledged to secure note payable – officer	261,875	181,875
<b>Total investments</b>	<b>1,892,822</b>	<b>1,139,915</b>
Cash and cash equivalents	40,406	22,771
<b>Total assets</b>	<b>\$ 1,933,228</b>	<b>\$ 1,162,686</b>

**LIABILITIES and NET ASSETS**

Accounts payable and accrued liabilities	\$ 26,846	\$ 15,800
Accounts payable – related party	116,450	106,850
Note payable – officer	8,591	13,000
Accrued interest – notes payable – officer	55	943
Dividends payable	600	600
<b>Total liabilities</b>	<b>152,542</b>	<b>137,193</b>

**NET ASSETS**

**Net assets are comprised of:**

Preferred stock, no par value		
Series A - Authorized 50,000 shares, none issued or outstanding	-	-
Series B - Authorized 500,000 shares, 100,000 issued and outstanding at March 31, 2014 and December 31, 2013	500	500
Common stock, par value \$0.001, 50,000,000 shares authorized; 3,633,067 shares issued and outstanding at March 31, 2014 and December 31, 2013	3,633	3,633
Additional paid-in capital	8,373,060	8,373,060
Losses and distributions in excess of earnings	(8,428,958)	(8,416,787)
Cumulative unrealized appreciation on investments	1,832,451	1,065,087
<b>Total net assets</b>	<b>1,780,686</b>	<b>1,025,493</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,933,228</b>	<b>\$ 1,162,686</b>
Net asset value per outstanding share of common Stock	\$ 0.532	\$ 0.282

The accompanying notes are an integral part of the condensed financial statements.

**REGAL ONE CORPORATION**  
**SCHEDULE OF INVESTMENTS**  
**March 31, 2014**  
**(Unaudited)**

**Equity Investments:**

<u>Company</u>	<u>Description of Business</u>	<u>Percent Ownership</u>	<u>Fair Carrying Cost</u>	<u>Market Investment Value</u>	<u>Affiliation</u>
Neuralstem, Inc.(CUR)	Biomedical company	1.1%	\$ 8,799 (1)	\$ 858,950	No
Neuralstem Warrant	Biomedical company	0.0%	50,000 (2)	1,032,300	No
MS Money Market Trust	Money Market Fund	0.0%	372 (3)	372	No
Rampart Detection Systems	Manufacturing	0.1%	1,200 (4)	1,200	No
			-----	-----	
Total Investments			\$ 60,371	\$ 1,892,822	

(1) As of March 31, 2014 there were 205,000 Neuralstem shares held reported on a fair value basis at the closing market price of \$4.190 in fair value applied. 5,000 shares were sold in the first quarter of 2014. 62,500 shares have been classified as Investments in non-affiliated companies – Pledged to secure note payable – officer.

(2) Regal also has one ten year Neuralstem warrant to purchase 1,000,000 common stock shares at an exercise price of \$5.00 per share which is above the present fair market value of Neuralstem shares. As of March 31, 2014 using a Black-Scholes Option Pricing model, a \$1,032,300 value has been assigned to these warrants including a 10% discount assigned by management due to low trading volumes of Neuralstem stock. There is currently no market for these warrants carried as an investment.

To calculate the March 31, 2014 value of the Neuralstem warrant Management used the following factors in a Black-Scholes Option Pricing Model:

- Number of shares in option: 1,000,000
- Date option was issued: 9/15/2005
- Remaining term of option in years: 1.46
- Neuralstem Common Stock closing price on 03/31/2014: 4.19
- Annual volatility: 69.94
- Discount Rate based on Daily Treasury Bills long term rates on 03/31/13: 1.03%
- Management estimated discount applied to fair market value: 10.0%

(3) The company had \$372 in an investment money market fund as of 3/31/2014.

(4) Regal purchased common stock valued at \$1,200 as an investment in Rampart Detection Systems Ltd.

The accompanying notes are an integral part of the condensed financial statements.

**REGAL ONE CORPORATION**  
**SCHEDULE OF INVESTMENTS**  
**December 31, 2013**

Equity Investments:

Company	Percent Description of Business	Ownership	Fair Carrying Cost Investment	Market Value	Affiliation
Neuralstem, Inc.(CUR)	Biomedical company	1%	\$ 9,014 (1)	\$ 611,100	No
Neuralstem Warrant	Biomedical company		50,000 (2)	513,000	No
LMP Money Market Trust	Money Market Fund		14,615 (3)	14,615	No
Rampart Detection Systems	Manufacturing		1,200 (4)	1,200	No
			\$ 74,829		
Total Investments			\$ 74,829	\$ 1,139,915	

(1) As of December 31, 2013, there were 210,000 Neuralstem shares held reported on a fair value basis valued at the closing market price of \$ 2.91 with no reduction in fair market value applied. 70,000 shares were sold during 2013. 62,500 shares have been classified as Investments in non-affiliated companies – Pledged to secure note payable - officer.

(2) Regal also has a ten year Neuralstem warrant to purchase 1,000,000 common stock shares at an exercise price of \$5.00 per share which is significantly above the present fair market value of Neuralstem shares. As of December 31, 2013 using a Black-Scholes Option Pricing Model, a \$513,000 value was assigned to these warrants including a 10% discount assigned by management due to the low trading volumes of Neuralstem stock. There is currently no market for these warrants held as an investment.

To calculate the December 31, 2013 value of the Neuralstem warrant Management used the following factors in a Black-Scholes Option Pricing Model:

- Number of shares in option: 1,000,000
- Date option was issued: 9/15/2005
- Remaining term of option in years: 1.7
- Neuralstem Common Stock closing price on 12/31/2013: 2.91
- Annual volatility: 69.210%
- Discount Rate based on Daily Treasury Bills long term rates on 12/31/2013: 1.31%
- Management estimated discount applied to fair market value: 10.0%

(3) The Company had \$14,615 in an investment money market fund at 12/31/2013.

(4) Regal purchased common stock valued at \$1,200 as an investment in Rampart Detection Systems Ltd.

The accompanying notes are an integral part of the condensed financial statements.

**REGAL ONE CORPORATION**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**(UNAUDITED)**

Three Months Ended    Three Months Ended  
March 31, 2014    March 31, 2013

OPERATIONS:

Net investment loss	\$ (30,351)	\$ (29,556)
Net realized gain on investments	18,179	5,822
Unrealized appreciation of investments	248,065	3,015
Unrealized appreciation (depreciation) of warrant investment	519,300	(27,000)
	-----	-----
Net increase (decrease) in net assets resulting from operations	755,193	(47,719)

SHAREHOLDER ACTIVITY:

Declared dividend	--	--
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	<b>755,193</b>	<b>(47,719)</b>

NET ASSETS:

Beginning of period	1,025,493	317,503
End of period	1,780,686	269,784
Average net assets	1,403,090	293,644
	=====	=====

TOTAL NET ASSET VALUE RETURN	51.88%	6.1%
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Ratio to average net assets:

Net investment loss	2.2%	10.1%
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The accompanying notes are an integral part of the condensed financial statements.

**REGAL ONE CORPORATION**  
**STATEMENTS OF OPERATIONS**

	Three Months Ended March 31, 2014 (Unaudited)	Three Months Ended March 31, 2013 (Unaudited)
	-----	-----
<b>Investment income:</b>	\$ --	\$ --
<b>Operating expenses:</b>		
Professional services	14,660	5,910
Accounting fees- related party	14,100	14,100
Interest expense	164	924
Other selling, general and administrative expenses	1,427	8,622
	-----	-----
Total operating expenses	30,351	29,556
	-----	-----
<b>Net investment loss</b>	(30,351)	(29,556)
<b>Realized and unrealized gain (loss) on investments</b>		
Net realized gain on portfolio investments	18,179	5,822
Net change in unrealized appreciation of stock investments	248,065	3,015
Net unrealized appreciation (depreciation) in warrant investment	519,300	(27,000)
	-----	-----
Net realized and unrealized gain (loss) On investments	785,544	(18,163)
	-----	-----
Net increase (decrease) in net assets resulting from operations	\$ 755,193	(47,719)
	=====	=====
<b>Per share information:</b>		
Weighted average common shares outstanding		
Basic	3,633,067	3,633,067
Diluted (1)	13,633,067	13,633,067
Net increase (decrease) in net assets resulting from Operations per share:		
Basic	\$ 0.208	\$ (0.013)
Diluted	\$ 0.055	\$ (0.013)
	=====	=====

(1) Includes Series B Preferred Shares convertible at 100 for 1, not included in diluted calculation for the period ended March 31, 2013 due to it being anti-dilutive.

The accompanying notes are an integral part of the condensed financial statements.

**REGAL ONE CORPORATION**  
**STATEMENTS OF CASH FLOWS**

Three Months Ended Three Months Ended  
March 31, 2014    March 31, 2013  
(Unaudited)      (Unaudited)

	-----	-----
<b>Cash flows from operating activities:</b>		
Net increase (decrease) in net assets from operations	\$ 755,193	(47,719)
Adjustments to reconcile net increase (decrease) in net assets from operating activities:		
Realized gain on sale of marketable securities	(18,179)	(5,822)
Proceeds from sale of marketable securities	32,637	5,822
Net change in unrealized appreciation of stock investments	(248,065)	(8,837)
Unrealized (increase) decrease in options	(519,300)	27,000
Changes in operating assets and liabilities:		
Prepaid expense	-	6,813
Accounts payable and accrued expenses	10,158	9,352
Accounts payable - Related parties	9,600	-
	-----	-----
<b>Net cash provided by (used in) operating activities</b>	22,044	(19,213)
<b>Cash flows from financing activities:</b>		
Increase (decrease) in officer loans and interest payable	(4,409)	701
	-----	-----
<b>Net cash provided by (used) financing activities</b>	(4,409)	701
<b>Net change in cash</b>	17,635	(12,690)
Cash at beginning of period	22,771	19,121
	-----	-----
Cash at end of period	\$ 40,406	6,431
	=====	=====
Cash paid for interest	\$1,052	\$-
	-----	-----

The accompanying notes are an integral part of the condensed financial statements.



**REGAL ONE CORPORATION**  
**STATEMENTS OF FINANCIAL HIGHLIGHTS**

**Per Common Share Unit Operating Performance**

	<b>Three Months Ended</b>							
	<b>March 31</b>		<b>For the Years Ended December 31,</b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>		
<b>OPERATIONS:</b>								
Net investment loss from operations			\$(0.007)	\$(0.031)	\$(0.034)	\$(0.340)	\$(0.046)	(0.082)
Net realized gain on portfolio securities			0.005	0.032	0.021	0.009	0.018	0.069
Net change in unrealized appreciation (depreciation) of stock investments			0.024	0.085	(0.008)	0.123	0.019	(0.067)
Net unrealized appreciation (depreciation) of option investments			0.025	0.109	0.006	0.163	(0.046)	0.222
Gain on Legal Expense settlement							0.017	
Net increase (decrease) in net assets from operations			0.047	0.195	(0.015)	0.311	(0.037)	0.142
<b>SHAREHOLDER ACTIVITY</b>								
Declared dividend			-	-	-	-	-	-
NET INCREASE (DECREASE) IN NET ASSETS			0.047	0.195	(0.015)	0.311	(0.037)	0.142
NET ASSET VALUE, BEGINNING OF PERIOD			0.282	0.087	0.102	0.413	0.450	0.308
NET ASSET VALUE, END OF PERIOD			0.490	0.282	0.087	0.102	0.413	0.450
<b>TOTAL NET ASSET VALUE RETURN (LOSS)</b>			51.9%	105.4%	(15.2%)	121.0%	(8.5%)	37.4%

The accompanying notes are an integral part of the condensed financial statements.

**REGAL ONE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2014**  
**(Unaudited)**

**NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

**Business**

Regal One Corporation (the "Company" or "Regal One") located in Scottsdale, Arizona, is a Florida corporation initially incorporated in 1959 as Electro-Mechanical Services Inc. Since inception the Company has been involved in a number of industries. In 1998 we changed our name to Regal One Corporation. On March 7, 2005, our board of directors determined it was in our shareholder's best interest to change the focus of the Company's operation to that of providing financial services through our network of advisors and professionals, and to be treated as a business development company ("BDC") under the Investment Company Act of 1940. On September 16, 2005, we filed a Form N54A (Notification of Election by Business Development Companies), with the Securities and Exchange Commission, which transforms the Company into a Business Development Company (BDC) in accordance with sections 55 through 65 of the Investment Company Act of 1940. The Company has been reporting as an operating BDC since March 31, 2006.

**Accounting Policies**

**Basis of Presentation**

The accompanying condensed balance sheet as of December 31, 2013 is derived from audited financial statements. The unaudited interim condensed financial statements of the Company reflect all adjustments consisting only of normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of financial position and results of operations and cash flows. The results for the three month period ended March 31, 2014 are not necessarily indicative of the results that may be expected for a full fiscal year. Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") are condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), although the Company believes that the disclosures made are adequate to make the information not misleading. These condensed financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in its annual report for the year ended December 31, 2013 filed on Form 10-K with the SEC.

**Management Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company uses estimates and assumptions in accounting for the following significant matters, among others: the valuation of portfolio investments and the assumptions used as part the going concern analysis. It is at least reasonably possible that these estimates will change in the future. Actual amounts may differ from these estimates, and such differences may be material to the financial statements.

The Company periodically reviews estimates and assumptions, and the effects of any such revisions are reflected in the period in which the revision is made.

#### **Net Increase (Decrease) in Net Assets from Operations per Share**

Basic net increase (decrease) in net assets from operations per share is computed by dividing the net earnings (loss) amount adjusted for any cumulative dividends on preferred stock (numerator) by the weighted average number of common shares outstanding during the period (denominator). Diluted net increase (decrease) in net assets from operations per share amounts reflect the maximum dilution that would have resulted from the assumed exercise of stock options and from the assumed conversion of the Series B Convertible Preferred Stock.

Diluted net increase (decrease) in net assets from operations per share is computed by dividing the net earnings (loss) amount adjusted for any cumulative dividends on preferred stock by the weighted average number of common and potentially dilutive securities outstanding during the period. For all periods presented that indicate a net decrease in net assets from operations, the above potentially dilutive securities are excluded from the computation as their effect is anti-dilutive.

#### **Income Taxes**

The Company has not elected to be a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended. Accordingly, the Company will be subject to U.S. federal income taxes on sales of investments for which the fair values are in excess of their tax basis. Income taxes are accounted for using an asset and liability approach for financial reporting. The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the financial statement carrying amount and the tax basis of assets and liabilities and net operating loss and tax credit carry forwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. The Company had a net deferred tax asset which was fully offset by a valuation allowance at March 31, 2014. No provision for income tax expense during the period was recorded.

#### **Advertising**

No advertising fees were incurred during the periods covered by this report.

#### **Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation**

Gains or losses on the sale of investments are calculated using the specific identification method. The Company measures realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized upfront fees and prepayment penalties. Net change in unrealized appreciation or depreciation will reflect the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

## **NOTE 2 – GOING CONCERN**

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the creation of assets and the liquidation of liabilities in the normal course of business. The Company does not currently generate operating revenue and must liquidate the Company's investment portfolio to provide cash flow for its operations. The Company is actively seeking sources of revenue for its consulting services but does not have contractual obligations now or in the near future to generate revenue. This fact and the declining amount of shares of the portfolio investment stock it owns due to sales of inventory securities and volatile market conditions has raised substantial doubt regarding Regal's ability to continue as a going concern. In response, management will continue to liquidate assets as necessary while actively searching out new equity investors and continue to rely upon current shareholders to provide loans or additional investment to meet the Company's ongoing obligations. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

## **NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Accounting Standards Codification (ASC) Section 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The carrying value of cash, and accounts payable, note payable officer, and accrued interest approximates fair value due to the short maturity nature of these instruments.

Assets measured at fair value on a recurring basis at March 31, 2014:

<u>Equity Investments:</u>	Level of Investment	Fair	
		Carrying Cost Investment	Market Investment Value
Neuralstem, Inc.(CUR)	Level 1	\$ 8,799	\$ 858,950
LMP Money Market Trust Fund	Level 1	372	372
Rampart Detection Systems	Level 2	1,200	1,200
Neuralstem Warrant	Level 3	50,000	1,032,300
		-----	-----
Total investments		\$ 60,371	\$ 1,892,822

Assets measured at fair value on a recurring basis at December 31, 2013:

<u>Equity Investments:</u>	Level of Investment	Fair	
		Carrying Cost Investment	Market Investment Value
Neuralstem, Inc.(CUR)	Level 1	\$ 9,013	\$ 611,100
LMP Money Market Trust Fund	Level 1	14,615	14,615
Rampart Detection Systems	Level 2	1,200	1,200
Neuralstem Warrant	Level 3	50,000	513,000
		-----	-----
Total investments		\$ 74,828	\$ 1,139,915

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are:

Beginning balance as of December 31, 2012	\$ 118,800
Net change in unrealized appreciation of warrant investment	394,200
	-----
Ending balance as of December 31, 2013	\$ 513,000
Net change in unrealized appreciation of warrant investment	519,300
	-----
Ending balance as of March 31, 2014	\$ 1,032,300

The table below presents the significant unobservable inputs used to value the Company's Level 3 financial instruments:

<u>Level 3 financial instruments</u>	<u>Significant unobservable inputs by valuation technique</u>	<u>Significant unobservable inputs as of March 31, 2014</u>
Warrants	Liquidity discount outside Black-Scholes pricing model	10%

All other assumptions used in Black-Scholes pricing model were observable.

#### **NOTE 4 - EQUITY TRANSACTIONS**

The Company has 50,000,000 shares of common stock, par value \$.001, authorized with 3,633,067 issued and outstanding shares. If all outstanding preferred equity were converted the outstanding shares would increase to 13,633,067.

The Company's Certificate of Incorporation allows for segregating preferred stock into separate series. As of March 31, 2014 and December 31, 2013, the Company had authorized 50,000,000 total preferred shares with 50,000 shares of Series A preferred stock and 500,000 shares of Series B convertible preferred stock. There were no outstanding shares of Series A preferred stock and 100,000 shares of Series B preferred stock were issued and outstanding.

Holders of Series A preferred stock shall be entitled to voting rights equivalent to 1,000 shares of common stock for each share of preferred. The Series A preferred stock has certain dividend and liquidation preferences over common stockholders.

Holders of Series B preferred stock shall be entitled to voting rights equivalent to 100 shares of common stock for each share of preferred. At the option of the holder of Series B preferred stock, each share is convertible into common stock at a rate of 100 shares of common for each share of preferred. As of the three months ended March 31, 2014 and the year ended December 31, 2013, no dividends have been declared on the Series A or Series B convertible preferred stock.

#### **NOTE 5 - INVESTMENTS**

##### **Neuralstem, Inc.**

At March 31, 2014, the Company owned 205,000 common shares of Neuralstem, Inc. held as an investment. These shares had a valuation of \$858,950 based on the closing market price of the stock. 5,000 shares were sold in the first quarter 2014 to finance operations. 143,000 of these shares are not restricted and are freely tradable with 62,500 shares being restricted as they are held as collateral for a note payable to a related party. Regal recorded a \$248,065 unrealized gain on this investment in the first quarter of 2014 due to the increase in the common stock price of Neuralstem, Inc.

Regal One also has one ten year warrant for 1,000,000 common shares of Neuralstem at an exercise price of \$5 per share which is significantly above the present fair market value of Neuralstem shares. There is currently no market for these Neuralstem stock Options. The price of the underlying publicly traded common stock is used as a significant input in the valuation process.

As of March 31, 2014, using a Black-Scholes Option Pricing model, a \$1,032,300 fair value has been assigned to this warrant including a 10% discount assigned by management due to low trading volume of Neuralstem common stock. Regal recorded a \$519,300 unrealized gain on the investment in the first quarter 2014 due to increase in the fair value as determined by the Black-Scholes model.

The Board of Directors is responsible for determining in good faith the fair value of the securities and assets held by the Company. The Investment Committee of the Board of Directors has adopted provisions for valuation of the portfolio as described in Note 3 under Fair Value Accounting through ASC 820. The Investment Committee bases its determination on, among other things,

applicable quantitative and qualitative factors. These factors may include, but are not limited to, the type of securities, the nature of the business of the portfolio company, the marketability of and the valuation of securities of publicly traded companies in the same or similar industries, current financial conditions and operating results of the portfolio company, sales and earnings growth of the portfolio company, operating revenues of the portfolio company, competitive conditions, and current and prospective conditions in the overall stock market. Without a readily recognized market value, the estimated value of some portfolio securities may differ significantly from the values that would be placed on the portfolio if there was a ready market for such equity securities.

#### **NOTE 6 - RELATED PARTY TRANSACTIONS**

For the three months ended March 31, 2014 Bernard L. Brodkorb who is a Director of Regal received \$14,100 in fee compensation for providing accounting and financial reporting services, of which \$9,600 was paid during the period, not related to his duties as a Director of Regal One Corporation and no compensation for his Director duties. In the three months ended March, 31, 2013 he received \$14,100 for these services and no compensation for being a Director. As of March 31, 2014 and December 31, 2013, Bernard L. Brodkorb has a balance owed in accounts payable of \$116,450 and \$106,850, respectively, for services rendered.

The Company has an outstanding note payable due to Charles J. Newman in the amount of \$8,591 with accrued interest due of approximately \$55 as of March 31, 2014. The note accrues interest at 6% per annum and is collateralized with 62,500 shares of Neuralstem common stock held as an investment. The note was due in full with interest at the option of the Company on December 31, 2012. Although the option to pay in full is upon the Company, these notes are considered to be in default as of the date of this filing.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

### **FORWARD LOOKING STATEMENTS**

In this report we make a number of statements, referred to as "forward-looking statements", which are intended to convey our expectations or predictions regarding the occurrence of possible future events or the existence of trends and factors that may impact our future plans and operating results. These forward-looking statements are derived, in part, from various assumptions and analyses we have made in the context of our current business plan and information currently available to us and in light of our experience and perceptions of historical trends, current conditions and expected future developments and other factors we believe are appropriate in the circumstances. You can generally identify forward looking statements through words and phrases such as "believe", "expect", "seek", "estimate", "anticipate", "intend", "plan", "budget", "project", "may likely result", "may be", "may continue" and other similar expressions. When reading any forward-looking statement you should remain mindful that actual results or developments may vary substantially from those expected as expressed in or implied by that statement for a number of reasons or factors, including but not limited to:

The type and character of our future investments

Future sources of revenue and or income

Increases in operating expenses

Future trends with regard to net investment losses

How long cash on hand can sustain our operations as well as other statements regarding our future operations, financial condition and prospects and business strategies.

These forward-looking statements are subject to certain risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

### **DESCRIPTION OF BUSINESS**

#### **Overview**

We are a financial services company which coaches and assists biomedical companies, through our network of professionals, in listing their securities on the over-the-counter market.

We were initially incorporated in 1959 as Electro-Mechanical Services Inc. in the state of Florida. In 1998 we changed our name to Regal One Corporation. On March 7, 2005, our Board of Directors determined it was in our shareholder's best interest to change the focus of the Company's operation to providing financial services through our network of advisors and professionals. Typically these services are provided to early stage biomedical companies who can benefit from our managerial skills, network of professionals and other partners.

Our clients' are usually in the early stage of development, typically have limited resources and compensate us for our services in capital stock. Accordingly, although our primary business is to provide consulting services and not to be engaged, directly or through wholly-owned subsidiaries, in the business of investing, reinvesting, owning, holding or trading in securities, we may nonetheless be considered an investment company as defined in the Investment Company Act of 1940 (1940 Act). In order to lessen the regulatory restrictions associated with the requirements of the 1940 Act, on September 16, 2005, we elected to be treated as a Business Development Company (BDC) in accordance with sections 55 through 65 of the 1940 Act.

Pursuant to the requirements of the Investment Company Act of 1940, as amended, the Board of Directors is responsible for determining in good faith the fair value of the securities and assets held by the Company. The Investment Committee of the Board of Directors bases its determination on, among other things, applicable quantitative and qualitative factors. These factors may include, but are not limited to, the type of securities, the nature of the business of the portfolio company, the marketability of the valuation of securities of publicly traded companies in the same or similar industries, current financial conditions and operating results of the portfolio company, sales and earnings growth of the portfolio company, operating revenues of the portfolio company, competitive conditions, and current and prospective conditions in the overall stock market. Without a readily recognized market value, the estimated value of some portfolio securities may differ significantly from the values that would be placed on the portfolio should there be a ready market for such equity securities currently in existence.

#### **Strategy**

We intend to focus our efforts on assisting private biomedical companies with distinctive IP and well-defined, near-term applications that address significant and quantifiable markets and that can benefit from our network of business professionals. Our Investment Committee has adopted a charter wherein these criteria will be weighed against other criteria including:



Strategic fit,

Management ability, and

Incremental value we can bring to the potential client.

The potential client must also be willing to comply with the Company's requirement as a BDC to offer significant managerial oversight and guidance, including the right of the Company to a seat on the client's board of directors.

To date we have secured our clients through word of mouth or industry referrals from lawyers, accountants and other professionals. In looking at prospective clients, we do not focus on any particular geographic region and would consider clients globally.

### **Portfolio Investments**

During the three months ended March 31, 2014, we did not add any companies to our portfolio. Our portfolio valued at fair market value is as follows:

#### **Regal One Corporation Portfolio Investments**

Name of Company	Value of Investments	
	Investment	as of March 31, 2014
Neuralstem, Inc. (OTCBB: CUR)	Common Stock	\$858,950
Neuralstem, Inc.	Warrants	1,032,300
Rampart Detection Systems	Common Stock	1,200
LMP Money Market Trust Fund	Money Market Fund	372

Neuralstem, Inc. ("Neuralstem") is a life sciences company focused on the development and commercialization of treatments based on transplanting human neural stem cells. At present, Neuralstem is pre-revenue and has not yet undertaken any clinical trials with regard to their technology.

Neuralstem has developed and maintains a portfolio of patents and patent applications that form the proprietary base for their research and development efforts in the area of neural stem cell research. Neuralstem, Inc. has ownership or exclusive licensing of four issued patents and 13 patent pending applications in the field of regenerative medicine and related technologies.

The field in which Neuralstem focuses on is young and emerging. There can be no assurances that their intellectual property portfolio will ultimately produce viable commercialized products and processes. Even if they are able to produce a commercially viable product, there are strong competitors in this field and their product may not be able to successfully compete against them.

As of March 31, 2014, the Company holds 205,000 shares of Neuralstem, Inc. common stock and warrants to purchase an additional 1,000,000 shares of common stock of Neuralstem at an option price of \$5.00 per share.

### **Employees**

We have one part-time employee. We expect to use independent consultants, attorneys, and accountants as necessary and do not anticipate a need to engage any additional full-time employees as long as business needs are being identified and evaluated. The need for employees and their availability will be addressed in connection with a decision concerning whether or not to acquire or participate in a specific business venture.

### **Compliance with BDC Reporting Requirements**

The Board of Directors of the Company, comprising a majority of Independent Directors, adopted in March 2006 a number of resolutions, codes and charters to complete compliance with BDC operating requirements prior to reporting as a BDC. These include establishing Board committees for Audit, Nominating, Compensation, Investment, and Corporate Governance, and adopting a Code of Ethics, an Audit Committee Charter and an Investment Committee Charter.

Code of Ethics: The Code of Ethics in general prohibits any officer, director or advisory person (collectively, "Access Person") of the Company from acquiring any interest in any security which the Company (i) is considering a purchase or sale thereof, (ii) is being purchased or sold by the Company, or (iii) is being sold short by the Company. The Access Person is required to advise the Company in writing of his or her acquisition or sale of any such security. The Company's Code of Ethics is posted on our website at [www.regal1.com](http://www.regal1.com).

Audit and Compensation Committee: The primary responsibility of the Audit and Compensation Committee is to oversee the Company's financial reporting process on behalf of the Company's Board of Directors and report the result of its activities to the Board. Such responsibilities shall include but not be limited to the selection, and if necessary, the replacement of the Company's independent registered public accounting firm; the review and discussion with such independent registered public accounting firm and the Company's internal audit department of (i) the overall scope and plans for the audit, (ii) the adequacy and effectiveness of the accounting and financial controls, including the Company's system to monitor and manage business risks, and legal and ethical programs, and (iii) the results of the annual audit, including the financial statements included in the Company's annual report on Form 10-K.

The Company's Audit and Compensation Committee duties are presently assigned to the Board of Directors. The Company is seeking additional independent board members to augment the current Audit and Compensation Committee and improve its controls and procedures.

Investment Committee: The Investment Committee shall have oversight responsibility with respect to reviewing and overseeing the Company's contemplated investments and portfolio companies on behalf of the Board and shall report the results of their activities to the Board. Such Investment Committee shall (i) have the ultimate authority for and responsibility to evaluate and recommend investments, and (ii) review and discuss with management (a) the performance of portfolio companies, (b) the diversity and risk of the Company's investment portfolio, and, where appropriate, make recommendations respecting the role, divestiture or addition of portfolio investments and (c) all solicited and unsolicited offers to purchase portfolio company positions.

### **Compliance with the Sarbanes-Oxley Act of 2002**

The Sarbanes-Oxley Act of 2002 imposes a wide variety of new regulatory requirements on publicly held companies and their insiders including for example:

Our chief executive officer and chief financial officer must now certify the accuracy of the financial statements contained in our periodic reports;

Periodic reports must disclose our conclusions about the effectiveness of our controls and procedures;

Our periodic reports must disclose whether there were significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses; and

The Company may not make any loan to any director or executive officer and we may not materially modify any existing loans.

The Sarbanes-Oxley Act required us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the new regulations promulgated within the regulations stated in the SOX Act of 2002. We will continue to monitor our compliance with all future regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

## **Financial Condition Overview**

The Company's total assets were \$1,933,228 and its net assets were \$1,780,686 at March 31, 2014, compared to \$1,162,686 and \$1,025,493, respectively at December 31, 2013. The changes in total assets during the three months ended March 31, 2014 were primarily attributable to a gain of \$519,300 in unrealized appreciation in warrant investments and a gain of \$248,065 in unrealized appreciation in investments in portfolio companies. The Company's unrealized appreciation (depreciation) varies significantly from period to period as a result of the wide fluctuations in value of the Company's portfolio securities and the number of shares owned.

The changes in net assets during the three months ended March 31, 2014 were attributable to the same factors attributable to total assets above as there was no shareholder activity.

The Company's financial condition is dependent on a number of factors including the ability of each portfolio company to effectuate its respective strategies with the Company's help. These businesses are frequently thinly capitalized, unproven, small companies that may lack management depth, and may be dependent on new or commercially unproven technologies, and which may have little or no operating history.

## **Result of Operations for the three month period ending March 31, 2014 vs. 2013.**

### **Operating Expenses**

For the three months ended March 31, 2014, operating expenses were \$30,351 compared to \$29,556 for the comparable period of 2013. The increase for the three month period ending March 31, 2014 compared to the comparable period of 2013 was primarily due to an increase in Professional Services expenses of \$8,750 offset by a \$7,647 decrease in other selling, general and administrative expenses, primarily due to discontinuing D & O insurance.

### **Net Income/ (Loss)**

For the three months ending March 31, 2014, our net increase in net assets resulting from operations was \$755,193 compared to a net decrease in net assets resulting from operations of \$47,719 for the comparable period in 2013. The net change of \$802,912 comparing the three month period ending March 31, 2014 to the period ended March 31, 2013 was mostly attributable to the unrealized gains recorded in the recent quarter.

### **Other increases (decreases) in net assets from investments**

For the three months ended March 31, 2014, net assets increased by \$755,193. This increase is due to the unrealized gain on portfolio securities and investment warrants combined of \$767,365. This compares to an unrealized investment loss of \$23,985 for the comparable period in 2013 and a realized gain position on the sale of portfolio investments of \$18,179 during the current period compared to only a gain of \$5,822 for the prior quarter.

## **Liquidity and Capital Resources**

At March 31, 2014, we had \$1,933,228 in Total Assets. This includes the fair value of our warrant investment in Neuralstem at \$1,032,300 and \$900,928 in liquid and semi-liquid current assets consisting of \$40,406 in cash, a \$1,200 investment, and \$859,322 in unrestricted investments (which does not include warrants) at fair market value. For the three month period ended March 31, 2014, we primarily satisfied our working capital needs through sales of marketable securities.

From inception, the Company has relied on the infusion of capital through capital share transactions and loans. The Company plans to either: (i) dispose of its current portfolio securities to meet operational needs; or (ii) borrow against such securities via a traditional margin account or other such credit facility. Any such dispositions may have to be made at inopportune times and there is no assurance that, in light of the lack of liquidity in such shares, they could be sold at all, or if sold, could bring values approximating the estimates of fair value set forth in the Company financial statements.

If the Company enters into a margin agreement loan using its portfolio securities as collateral, a decrease in their market value may result in a liquidation of such securities which could greatly depress the value of such securities in the market. The Company's average current monthly cash operating expense is approximately \$10,000. To fund these expenses, the Company uses our realized revenues and cash generated from gains from the sale of portfolio securities. Consequently, for us to be able to avoid having to defer expenses or sell portfolio companies' securities to raise cash to pay operating expenses, we are constantly seeking to secure adequate funding under acceptable terms.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Our business activities contain high elements of risk. The Company considers a principal type of market risk to be a valuation risk. All assets are valued at fair value as determined in good faith by or under the direction of the Board of Directors (which is based, in part, on quoted market prices of similar investments).

Market prices of common equity securities in general, are subject to fluctuations that could cause the amount to be realized upon sale to differ significantly from the current reported value. The fluctuations may result from perceived changes in the underlying economic characteristics of the Company's portfolio companies, the relative prices of alternative investments, general market conditions and supply and demand imbalances for a particular security.

Neither the Company's investments nor an investment in the Company is intended to constitute a balanced investment program. The Company will be subject to exposure in the public-market pricing and the risks inherent therein.

### **Item 4. Controls and Procedures**

#### **Evaluation of Controls and Procedures**

The Company's management, under the supervision and with the participation of various members of management, including our CEO and our CFO, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of the end of the period covered by this quarterly report. Based upon that evaluation, our CEO and CFO have concluded that our current disclosure controls and procedures are not effective as of the end of the period covered by this quarterly report.

The Company has not established adequate financial reporting monitoring activities to mitigate the risk of management override. Specifically, there is a lack of segregation of duties as there is only one officer/employee overseeing the finance department. Although the controls are not effective, this material weakness did not result in any material misstatements in our financial statements.

The Company's operations are controlled by its Principal Executive Officer and the Company's Board lacks a sufficient representation of independent disinterested directors. The Company is seeking to add members to its board and augment its Audit and Compensation committee.

#### **Changes in Internal Controls**

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934) that occurred during the three months ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings**

As of the date of this quarterly report and subsequent events, there are no additional material pending legal or governmental proceedings relating to our company or properties to which we are a party, and to our knowledge there are no other material proceedings to which any of our directors, executive officers or affiliates are a party adverse to us or which have a material interest adverse to us.

#### **Item 1A. Risk Factors**

As of March 31, 2014 there are no material changes for risk factors since previously disclosed in the Company's 2013 Form 10-K.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None

### **Item 3. Defaults upon Senior Securities**

None

### **Item 4. Mine Safety Disclosures**

None.

**Item 5. Other Information**

None

**Item 6. Exhibits and Reports on Form 8-K filed during the quarter**

**Exhibits**

The following exhibits are included as part of this Report on Form 10-Q. References to "the Company" in this Exhibit List mean Regal One Corporation, a Florida corporation.

Exhibit Number	Description	Filed Herewith
31.1	Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	<input checked="" type="checkbox"/>
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C Section 1350.	<input checked="" type="checkbox"/>

**Form 8-K Reports filed during the quarter**

None

Form 14-C Reports filed during the quarter

Regal filed Schedule 14C Information Statement with the SEC on February 14, 2014 presenting the results of a shareholder meeting held on November 19, 2013 where three proposals were voted upon.

## SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### Regal One Corporation

Dated: May 14, 2014

By: /s/ Charles J. Newman

Charles J. Newman

Chief Executive Officer, Chief Financial Officer

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below constitutes and appoints Charles J. Newman, as his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Quarterly Report on Form 10-Q, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

## OFFICERS AND DIRECTORS

Name	Title	Date
/s/ Charles J. Newman		May 15, 2014
By: Charles J. Newman	Chief Executive Officer, Chief Financial Officer, Secretary, and Director	
/s/ Malcolm Currie		May 15, 2014
By: Malcolm Currie	Director	
/s/ Bernard L. Brodkorb		May 15, 2014
By: Bernard L. Brodkorb	Director	
/s/ Christopher Dieterich		May 15, 2014
By: Christopher Dieterich	Director	

**RULE 13A-14(a)/15D-14(a) CERTIFICATION OF CEO**

I, Charles J. Newman, certify that:

(1) I have reviewed this quarterly report on Form 10-Q (the "Report") of Regal One Corporation (the "Registrant");

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its unconsolidated investments, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);



(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Charles J. Newman

By: Charles J. Newman,  
Chief Executive Officer and Chief Financial Officer

Date: May 15, 2014

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Regal One Corporation (the "Registrant") for the period ending March 31, 2014, (the "Report") as filed with the Securities and Exchange Commission on the date hereof, I, Charles J. Newman, Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) the Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of the operation of the Registrant.

/s/ Charles J. Newman

By: Charles J. Newman

Chief Executive Officer and Chief Financial Officer

Date: May 14, 2014