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Debtors In Possession

FILED & ENTERED

NOV 16 2018

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY gonzalez DEPUTY CLERK

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In
Possession.

☒ Affects All Debtors

- ☐ Affects Verity Health System of
California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital
Foundation
☐ Affects St. Francis Medical Center of
Lynwood Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center
Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects DePaul Ventures, LLC
☐ Affects DePaul Ventures - San Jose
Dialysis, LLC

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered with:

Case No. 2:18-bk-20162-ER
Case No. 2:18-bk-20163-ER
Case No. 2:18-bk-20164-ER
Case No. 2:18-bk-20165-ER
Case No. 2:18-bk-20167-ER
Case No. 2:18-bk-20168-ER
Case No. 2:18-bk-20169-ER
Case No. 2:18-bk-20171-ER
Case No. 2:18-bk-20172-ER
Case No. 2:18-bk-20173-ER
Case No. 2:18-bk-20175-ER
Case No. 2:18-bk-20176-ER
Case No. 2:18-bk-20178-ER
Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Chapter 11 Cases

**AMENDED ORDER ON DEBTORS' MOTION
ESTABLISHING PROCEDURES FOR
MONTHLY PAYMENT OF FEES AND
EXPENSE REIMBURSEMENT**

Judge: Hon. Ernest M. Robles

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**IN THE UNITED STATES BANKRUPTCY COURT FOR THE CENTRAL DISTRICT
OF CALIFORNIA, LOS ANGELES DIVISION, THIS 16TH DAY OF NOVEMBER, 2018:**

The *Debtors' Notice of Motion and Motion For Order Establishing Procedures For Monthly Payment Of Fees And Expense Reimbursement*, the accompanying *Memorandum of Points and Authorities, Declaration of Elspeth Paul* [Docket No. 363] (the "Motion"), the previously filed *Declaration of Richard G. Adcock* (Docket No. 8), the Debtors' *Supplement To Motion For Entry Of An Order Establishing Procedures For Monthly Payment Of Fees And Expense Reimbursement* [Docket No. 505], and the *Supplemental Information In Support Of Debtors' Motion For Entry Of An Order Establishing Procedures For Monthly Payment Of Fees And Expense Reimbursement* [Docket No. 641] were considered by this Court, appropriate Notice having been given to the creditors and parties-in-interest entitled and noticed as set forth in the Motion.

In response to the Motion, no party requested a hearing on the Motion, as set for in the Declaration of John A. Moe, II, filed in support of the Motion [Docket No. 650].

Having considered the Motion, Memorandum of Points and Authorities and Declaration of Elspeth Paul and the previously filed Declaration of Richard G. Adcock, and good cause appearing therefore,

IT IS HEREBY ORDERED that the Motion is granted. Professionals who seek payment of fees and expenses on a monthly basis, shall comply with the procedures set forth in the Motion which are as follows:

1. Commencing as of October 25, 2018, or as soon thereafter as is reasonably practical, and continuing each month thereafter, each Professional seeking the payment of interim compensation concerning the previous calendar month(s) shall file with the Court and serve on the Office of the United States Trustee, the Debtor and its counsel, the Committee and its counsel of record (collectively, the "Notice Parties"), the United States of America and the State of California, and parties who have requested special notice (collectively, the "Notice Parties"), an application for interim compensation and reimbursement of expenses (a "Monthly Fee Application"). The Monthly Fee Application to be filed by October 25, 2018 (the "Initial Monthly Fee Application"), or as soon thereafter as is reasonably practical, shall cover fees and expenses incurred from the

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1 Petition Date, through September 30, 2018 (the “Initial Period”). All other Monthly Fee
2 Applications due on the 25th day of each month shall be for the previous month’s fees and expenses.

3 2. Each Monthly Fee Application shall relate to services rendered and expenses
4 incurred during the prior month (except for the Initial Monthly Fee Application that will cover the
5 Initial Period).

6 3. Each Monthly Fee Application shall seek payment of interim compensation in an
7 amount equal to 80% of the fees sought and 100% of the expenses incurred during the prior month,
8 or the Initial Period, as the case may be; and shall indicate the amount requested, the total time
9 expended, the names of the individuals who performed the services, and the hourly billing rate for
10 each such individual. Each Monthly Fee Application shall be accompanied by a detailed listing of
11 the time expended by the individuals who performed the services and the costs incurred during the
12 pertinent month or Initial Period, as applicable. A proposed form for each Professional to complete
13 on his/her Monthly Fee Application is attached to the Motion as **Exhibit “A.”**

14 4. Each Professional electing to file a Monthly Fee Application shall serve a copy of
15 said Monthly Fee Application on the Notice Parties.

16 5. The Debtor then shall file an Omnibus Notice of said Monthly Fee Applications,
17 substantially in the form of the Notice attached to the Motion as **Exhibit “B”** (the “Notice”), on
18 the Notice Parties.

19 6. Any Objection to the payment of fees or reimbursement of expenses in a Monthly
20 Fee Application must be filed with the Court and served on the Professional(s) whose Monthly Fee
21 Application(s) is (are) the subject of the Objection(s), the Office of the United States Trustee, the
22 Debtor and his counsel and counsel to Committee within ten (10) calendar days of the date the
23 Notice was mailed (the “Objection Period”).

24 7. If no Objection is timely filed and served within the Objection Period, the Monthly
25 Fee Application shall be deemed approved on an interim basis, and without the Court holding a
26 hearing or entering any further Order thereon, the Debtors are authorized to pay:

27 a. Each month, 80% of the fees and 100% of the expenses requested in the
28 monthly fee applications, to Dentons US LLP; Berkeley Research Group,

1 LLC; Milbank, Tweed, Hadley & McCloy, LLP; FTI Consulting, Inc.;
2 Nelson Hardiman, LLP; and Patient Care Ombudsman - Jacob Nathan
3 Rubin, M.D.

4 b. Each month, 80% of the fees and 100% of the expenses, requested in the
5 monthly fee applications, to Levene, Neale, Bender, Yoo & Brill L.L.P.
6 (“LNBYB”), which payment shall be held by LNBYB in a trust account until
7 such time as the Court awards fees and costs to LNBYB in accordance with
8 its Fee Applications; and,

9 c. Every four months, 80% of the fees and 100% of the expenses requested in
10 the monthly fee applications to Pachulski Stang Ziehl & Jones, LLP
11 (“Pachulski”), without prejudice to the Debtors or Pachulski seeking an
12 order to pay Pachulski monthly.

13 8. If an Objection is timely filed and served, then the Debtor shall be authorized to pay
14 80% of the fees and 100% of the expenses requested in the Monthly Fee Application(s) that are
15 undisputed. Any disputed amounts shall be considered by the Court at the next hearing to be held
16 pursuant to paragraph 9 below or at such other time as may be noticed by the Professional whose
17 Monthly Fee Application(s) is (are) the subject of a timely filed written Objection.

18 9. Notwithstanding the filing of the Monthly Fee Applications and payment thereof,
19 the Professionals will file interim fee applications every four months, unless relieved of such
20 requirement by the Trustee and/or the Court.

21 10. In regard to the interim fee applications, each Professional who has elected to file a
22 Monthly Fee Application, or is seeking interim compensation, shall file with the Court and serve
23 on the Notice Parties an Interim Fee Application with a summary of the activities of the Professional
24 (the “Interim Fee Application”), in accordance with section 331 of the Bankruptcy Code,
25 Bankruptcy Rules 2016 and 2002(a)(6) and the Local Bankruptcy Rules, and a notice of such
26 Interim Fee Application on the Notice Parties. The Interim Fee Applications may seek approval of
27 up to 100% (including the 20% of fees held back from Monthly Fee Applications) of the requested
28 interim compensation and reimbursement of expenses, including any compensation and

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1 reimbursement covered by the Monthly Fee Applications, during the prior six-month period. All
2 Interim Fee Applications and hearings shall be held in accordance with the Local Bankruptcy Rules,
3 the Federal Rules of Bankruptcy Procedure and the requirements of the United States Trustee.

4 11. The failure of any party to raise an objection to a Monthly Fee Application shall *not*
5 be deemed a waiver of such objection for purposes of the Interim Fee Application. The failure of
6 any party to raise an objection to a Monthly Fee Application or Interim Fee Application shall *not*
7 be deemed a waiver of such objection for purposes of Final Applications for allowance of fees and
8 reimbursement of expenses pursuant to section 330 of the Bankruptcy Code ("Final Applications").
9 Nothing in this Motion or in the interim procedures set forth herein shall relieve any Professional
10 from the obligation to file Final Applications.

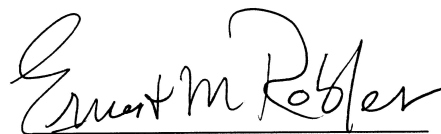
11 12. The Trustee retains the right to reassess and to object to the monthly payment
12 procedure.

13 13. With the exception of the PCO, all the professionals seeking monthly payments will
14 provide fee statements in LEDES format to the Trustee at the time such monthly fee statements are
15 submitted.

16 IT IS SO ORDERED.

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24 Date: November 16, 2018

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26 Ernest M. Robles
27 United States Bankruptcy Judge
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