

Henry C. Kevane (CA Bar No. 125757)  
Shirley S. Cho (CA Bar No. 192616)  
PACHULSKI STANG ZIEHL & JONES LLP  
150 California Street, 15<sup>th</sup> Floor  
San Francisco, CA 94111  
Telephone: 415/277-6910  
Facsimile: 415/201-0760  
E-mail: hkevane@pszjlaw.com  
scho@pszjlaw.com

Co-Counsel to the Debtors and  
Debtors In Possession

**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 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 Medical 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  
☐ Affects DePaul Ventures-San Jose ASC,  
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

Hon. Ernest M. Robles

**STIPULATION TO MODIFY THE  
AUTOMATIC STAY FOR THE LIMITED  
PURPOSE OF SENDING NOTICE AND  
DEADLINE TO OBJECT**



1 This Stipulation by and between Aetna Life Insurance Company (“Aetna”) and Verity  
2 Holdings, LLC (“Verity Holdings”) is entered into based upon the following facts:

3 A. On or about December 23, 2016, Aetna entered into the *Conditional Settlement*  
4 *Agreement, Including Defendants’ Agreement To Pay Settlement Amount Or Have Judgment*  
5 *Entered Against Them*, a true and correct copy which is attached to this Stipulation as Exhibit “A”  
6 and incorporated herein by this reference (the “Conditional Settlement”), with the parties identified  
7 as the “Defendants” in the Conditional Settlement (the “Defendants”);

8 B. Effective on January 17, 2017, Verity Holdings and Aetna entered into the *Guarantee*  
9 *Agreement* (the “Guarantee”), a true and correct copy of which is attached to this Stipulation as  
10 Exhibit “B” incorporated herein by this reference. Pursuant to the Guarantee, Verity Holdings  
11 guaranteed the “Obligations” of the Defendants under the Conditional Settlement, as that term is  
12 defined in the Guarantee.

13 C. Pursuant to the Conditional Settlement, the Defendants were obligated to pay to  
14 Aetna \$6,666,667 no later than December 31, 2018.

15 D. The Defendants did not make the foregoing payment.

16 E. On January 2, 2019, Aetna sent to the Defendants the demand letter, a true and  
17 correct copy of which is attached to this Stipulation as Exhibit “C” and incorporated herein by this  
18 reference.

19 F. The Defendants contend that Aetna is required to also deliver a written notice of the  
20 default or nonpayment by Defendants to Verity Holdings in order to trigger an “Event of Default” by  
21 Defendants under the Conditional Settlement, as that term is defined in Paragraph 6 of the  
22 Conditional Settlement. Aetna contends that the Defendants’ arguments regarding the appropriate  
23 construction of Paragraph 6 of the Conditional Settlement are unfounded and that Aetna is not  
24 required to also deliver a notice to Verity Holdings to trigger an Event of Default by Defendants  
25 under the Conditional Settlement.

26 G. Aetna seeks to avoid the unnecessary delay and expense of litigation regarding the  
27 appropriate construction of Paragraph 6 of the Conditional Settlement by sending a written notice of  
28 the Defendants’ default or nonpayment to Verity Holdings.

H. Verity Holdings is willing to accommodate Aetna's request to modify the automatic stay strictly for the purpose of enabling Aetna to pursue the Defendants as the primary obligors and thereby reduce the secondary liability of Verity Holdings under the Guarantee.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED AS FOLLOWS:


1. The automatic stay that arose pursuant to Bankruptcy Code § 362(a) (the "Automatic Stay") upon the filing of the voluntary petition for relief under chapter 11 of Title 11 of the United States Code by Verity Holdings with this Court shall be and is hereby modified to permit Aetna to deliver to Verity Holdings a written notice of the default or nonpayment by Defendants under the Conditional Settlement and that such amounts are due and payable under the Guarantee, based on the Defendants' failure to pay the December 31, 2018, installment as and when it was due from Defendants to Aetna under the Conditional Settlement.

2. Notwithstanding any implication to the contrary in this Stipulation, the Automatic Stay is not modified to permit Aetna to commence, continue or otherwise take any further acts to enforce, collect or recover under the Guarantee (except by filing a proof of claim in the above-captioned chapter 11 case of Verity Holdings).

3. Notwithstanding the modification of the Automatic Stay under this Stipulation, Verity Holdings reserves any and all defenses it may have with respect to its obligations under the Guarantee and nothing contained herein shall constitute a waiver of any such defenses or an acknowledgment by Aetna that Verity Holdings has any defenses under the Guarantee.

Dated: February 14, 2019

GIBSON, DUNN & CRUTCHER LLP

  
Jeffrey C. Krause

Member of Gibson, Dunn & Crutcher LLP

Attorneys for Creditor, Aetna Life Insurance Company

Dated: February \_\_, 2019

PACHULSKI STANG ZIEHL & JONES LLP

/s/

Henry C. Kevane

Shirley S. Cho

Co-Counsel to the Debtors and  
Debtors in Possession

H. Verity Holdings is willing to accommodate Aetna's request to modify the automatic stay strictly for the purpose of enabling Aetna to pursue the Defendants as the primary obligors and thereby reduce the secondary liability of Verity Holdings under the Guarantee.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED AS FOLLOWS:

1. The automatic stay that arose pursuant to Bankruptcy Code § 362(a) (the "Automatic Stay") upon the filing of the voluntary petition for relief under chapter 11 of Title 11 of the United States Code by Verity Holdings with this Court shall be and is hereby modified to permit Aetna to deliver to Verity Holdings a written notice of the default or nonpayment by Defendants under the Conditional Settlement and that such amounts are due and payable under the Guarantee, based on the Defendants' failure to pay the December 31, 2018, installment as and when it was due from Defendants to Aetna under the Conditional Settlement.

2. Notwithstanding any implication to the contrary in this Stipulation, the Automatic Stay is not modified to permit Aetna to commence, continue or otherwise take any further acts to enforce, collect or recover under the Guarantee (except by filing a proof of claim in the above-captioned chapter 11 case of Verity Holdings).

3. Notwithstanding the modification of the Automatic Stay under this Stipulation, Verity Holdings reserves any and all defenses it may have with respect to its obligations under the Guarantee and nothing contained herein shall constitute a waiver of any such defenses or an acknowledgment by Aetna that Verity Holdings has any defenses under the Guarantee.

Dated: February \_\_, 2019

GIBSON, DUNN & CRUTCHER LLP

---

Jeffrey C. Krause  
Member of Gibson, Dunn & Crutcher LLP  
Attorneys for Creditor, Aetna Life Insurance Company

Dated: February 14, 2019

PACHULSKI STANG ZIEHL & JONES LLP

---

/s/ Shirley S. Cho  
Henry C. Kevane  
Shirley S. Cho

Co-Counsel to the Debtors and  
Debtors in Possession

## **EXHIBIT A**

Joseph J. Tabacco, Jr. (SBN 75484)  
Christopher T. Heffelfinger (SBN 118058)  
Matthew D. Pearson (SBN 235339)  
BERMAN DEVALERIO  
One California Street, Suite 900  
San Francisco, CA 94111  
Telephone: (415) 433-3200

Richard A. Sprague (admitted *pro hac vice*)  
Joseph R. Podraza, Jr. (admitted *pro hac vice*)  
SPRAGUE & SPRAGUE  
135 S. 19th Street, Suite 400  
Philadelphia, PA 19103  
Telephone: (215) 561-7681

Richard J. Doren, SBN 124666  
Gareth T. Evans, SBN 138992  
Heather L. Richardson, SBN 246517  
GIBSON, DUNN & CRUTCHER LLP  
333 South Grand Avenue  
Los Angeles, CA 90071-3197  
Telephone: 213.229.7000

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SANTA CLARA

AETNA LIFE INSURANCE COMPANY,

Plaintiff,

v.

BAY AREA SURGICAL MANAGEMENT,  
LLC, et al.,

Defendants.

BAY AREA SURGICAL MANAGEMENT,  
LLC; BAY AREA SURGICAL GROUP,  
INC.; FOREST AMBULATORY SURGICAL  
ASSOCIATES, LP; SOAR SURGERY  
CENTER, LLC; KNOWLES SURGERY  
CENTER, LLC; NATIONAL  
AMBULATORY SURGERY CENTER, LLC;  
and LOS ALTOS SURGERY CENTER, LP

Cross-Complainants,

v.

AETNA LIFE INSURANCE COMPANY ON  
ITS OWN BEHALF AND AS CLAIMS  
ADMINISTRATOR FOR SELF-FUNDED  
PLAN SPONSORS; AETNA HEALTH OF  
CALIFORNIA, INC; and AETNA HEALTH  
MANAGEMENT, LLC

Cross-Defendants.

LEAD CASE NO. 1-12-CV-217943

CONSOLIDATED CASES:

1-12-CV-216083; 1-12-CV-216515; 1-12-CV-  
218954; 1-12-CV-221328; 1-12-CV-223325;  
1-12-CV-223326; 1-12-CV-223327; 1-12-CV-  
228181; 1-12-CV-228474; 1-12-CV-228699; 1-12-  
CV-229315; 1-12-CV-229376; 1-12-CV-229648;  
1-12-CV-230427; 1-12-CV-230428; 1-12-CV-  
232610

**NOTICE OF CONDITIONAL  
SETTLEMENT PURSUANT TO RULE  
3.1385(c) OF THE CALIFORNIA RULES OF  
COURT**

ASSIGNED FOR ALL PURPOSES TO:

HON. PATRICIA M. LUCAS

Dept: 19

Action Filed: February 2, 2012

Trial Date: March 16, 2016

**TO ALL PARTIES AND TO THEIR COUNSEL OF RECORD:**


PLEASE TAKE NOTICE that the parties herein have reached a conditional settlement, as stated in the Agreement attached hereto as Exhibit 1. The Agreement provides for, among other things, periodic payments, with the final payment due on or before December 31, 2019. Accordingly, the conditions for settlement will not be performed within 45 days. (See Cal. Rules of Court, rule 3.1385(c).)

The Agreement further provides that Plaintiff will dismiss this action with prejudice within five (5) business days of the final payment to Aetna. If the final payment is made on December 31, 2019, then Aetna will dismiss this action with prejudice no later than January 8, 2020.

Pursuant to Cal. Rule of Court 3.1385(c)(3)(A), any and all hearings and other proceedings requiring the appearance of a party to this action will be vacated and no hearings or other proceeding requiring the appearance of a party earlier than 45 days after January 8, 2020, unless requested by a party.

DATED: December 23, 2016

GIBSON, DUNN & CRUTCHER LLP

By:   
Richard J. Doren  
Gareth T. Evans  
Heather L. Richardson

Attorneys for Plaintiff

**EXHIBIT 1**

Joseph J. Tabacco, Jr. (SBN 75484)  
Christopher T. Heffelfinger (SBN 118058)  
Matthew D. Pearson (SBN 235339)  
BERMAN DEVALERIO  
One California Street, Suite 900  
San Francisco, CA 94111  
Telephone: (415) 433-3200

Richard A. Sprague (admitted *pro hac vice*)  
Joseph R. Podraza, Jr. (admitted *pro hac vice*)  
SPRAGUE & SPRAGUE  
135 S. 19th Street, Suite 400  
Philadelphia, PA 19103  
Telephone: (215) 561-7681

Richard J. Doren, SBN 124666  
Gareth T. Evans, SBN 138992  
Heather L. Richardson, SBN 246517  
GIBSON, DUNN & CRUTCHER LLP  
333 South Grand Avenue  
Los Angeles, CA 90071-3197  
Telephone: 213.229.7000

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SANTA CLARA

AETNA LIFE INSURANCE COMPANY,

Plaintiff,

v.

BAY AREA SURGICAL MANAGEMENT,  
LLC, et al.,

Defendants.

BAY AREA SURGICAL MANAGEMENT,  
LLC; BAY AREA SURGICAL GROUP,  
INC.; FOREST AMBULATORY SURGICAL  
ASSOCIATES, LP; SOAR SURGERY  
CENTER, LLC; KNOWLES SURGERY  
CENTER, LLC; NATIONAL  
AMBULATORY SURGERY CENTER, LLC;  
and LOS ALTOS SURGERY CENTER, LP

Cross-Complainants,

v.

AETNA LIFE INSURANCE COMPANY ON  
ITS OWN BEHALF AND AS CLAIMS  
ADMINISTRATOR FOR SELF-FUNDED  
PLAN SPONSORS; AETNA HEALTH OF  
CALIFORNIA, INC; and AETNA HEALTH  
MANAGEMENT, LLC

Cross-Defendants.

LEAD CASE NO. 1-12-CV-217943

CONSOLIDATED CASES:

1-12-CV-216083; 1-12-CV-216515; 1-12-CV-  
218954; 1-12-CV-221328; 1-12-CV-223325;  
1-12-CV-223326; 1-12-CV-223327; 1-12-CV-  
228181; 1-12-CV-228474; 1-12-CV-228699; 1-12-  
CV-229315; 1-12-CV-229376; 1-12-CV-229648;  
1-12-CV-230427; 1-12-CV-230428; 1-12-CV-  
232610

**CONDITIONAL SETTLEMENT  
AGREEMENT, INCLUDING  
DEFENDANTS' AGREEMENT TO PAY  
SETTLEMENT AMOUNT OR HAVE  
JUDGMENT ENTERED AGAINST THEM**

ASSIGNED FOR ALL PURPOSES TO:

HON. PATRICIA M. LUCAS

Dept: 19

Action Filed: February 2, 2012

Trial Date: March 16, 2016

**CONDITIONAL SETTLEMENT AGREEMENT**

Plaintiff Aetna Life Insurance Company (“**Aetna**”) and Defendants Bay Area Surgical Management, LLC, Bay Area Surgical Group, Inc., Forest Ambulatory Surgical Associates, LP, SOAR Surgery Center, LLC, Knowles Surgery Center, LLC, National Ambulatory Surgery Center, LLC and Los Altos Surgery Center, LP (“**Corporate Defendants**”), Robert Sarnevesht, Javad Zolfaghari, and Julia Hashemieh (together with Corporate Defendants, “**Defendants**”) (Aetna and the Defendants are collectively referred to as the “**Parties**”) enter into this Conditional Settlement Agreement (“**Agreement**”) with reference to the following facts:

WHEREAS on February 2, 2012, Aetna filed a lawsuit against Defendants, and others, on its own behalf and as claims administrator for its self-funded plan sponsors, in the Superior Court of Santa Clara County (the “**Complaint**”), alleging causes of action for, inter alia, fraud, intentional interference with contractual relations, negligent interference with prospective economic relations, and unjust enrichment. Certain Defendants filed a series of Cross-Complaints against Aetna alleging breach of contract, unfair business practices (Bus. & Prof. Code §§ 17200, et seq.), false advertising (Bus. & Prof. Code §§ 17500 et seq.), intentional interference with prospective economic advantage, negligent interference with prospective economic advantage, promissory estoppel, and declaratory relief (the “**Cross-Complaints**”). The Complaint and the Cross-Complaints were eventually consolidated into *Bay Area Surgical Management, LLC, et al. v. Aetna Life Insurance Company*, No. 1-12-cv-217943 (hereinafter the “**Action**”).

WHEREAS on April 8, 2016, the Court in the Action granted Aetna’s motion for directed verdict regarding the claims remaining in the consolidated Cross-Complaints, and dismissed them with prejudice.

WHEREAS following a four-week trial, on April 14, 2016, a jury rendered a verdict for Aetna and awarded Aetna \$37,452,199 in damages (the “**Jury Verdict**”) and currently no judgment is entered as to that Jury Verdict.

WHEREAS on July 25, 2016, the Parties, desiring to resolve all matters between them, entered into that certain Stipulation and Order Regarding Extension to Temporary Stay of Proceedings, and Defendants’ Agreement to Pay Settlement Amount or Have Judgment Entered

1 Against Them, which was approved and ordered by the Court on August 5, 2016 (the “Original  
2 Stipulation and Order”).

3 WHEREAS the Original Stipulation and Order provides for Defendants to make three  
4 separate settlement payments to Aetna (defined in the Original Stipulation and Order as the “First  
5 Settlement Payment,” the “Second Settlement Payment,” and the “Third Settlement Payment”)  
6 totaling \$40,000,000, upon the completion of which Aetna will dismiss the Action with prejudice.

7 WHEREAS Defendants timely made the First Settlement Payment of \$5,000,000.00 on or  
8 around August 26, 2016.

9 WHEREAS the Original Stipulation and Order provides for two additional settlement  
10 payments, a Second Settlement Payment of \$15,000,000.00 due on September 30, 2016, and a Third  
11 Settlement Payment of \$20,000,000.00, due on December 31, 2016.

12 WHEREAS, Defendants represented that they were not able to make the Second Settlement  
13 Payment on September 30, 2016, and rather than exercising the remedies described in the Original  
14 Stipulation and Order, Aetna agreed to extend the date for the Second Settlement Payment to October  
15 14, 2016 in exchange for Defendants’ dismissal with prejudice of certain related litigation (specified  
16 in paragraph 5 of the Original Stipulation and Order) they had filed against Aetna.

17 WHEREAS, Defendants represented that they were not able to make the Second Settlement  
18 Payment on October 14, 2016, and requested a further extension of time to make the agreed payments  
19 to facilitate the completion of the sale of an interest in certain Corporate Defendants to secure the  
20 funds with which to make the Second Settlement Payment and the Third Settlement Payment.

21 WHEREAS, Aetna has agreed to extend the stipulated time for the remaining payments on the  
22 conditions set forth in this Agreement, and the attached Guarantee Agreement.

23 WHEREAS, based on the foregoing facts, the Parties desire to enter into a new schedule for  
24 the payment of the Second Settlement Payment and the amounts comprising the Third Settlement  
25 Payment.

26 WHEREAS, the purpose of this Agreement is to provide the Defendants with additional time  
27 to make the Second Settlement Payment and the amounts comprising the Third Settlement Payment  
28 on the condition that Verity Holdings, LLC (“Verity Holdings”) guarantee Defendants’ obligations

1 in respect of the amounts comprising the Third Settlement Payment in accordance with, and enters  
2 into, the Guarantee Agreement attached hereto as Attachment A (the "**Guarantee Agreement**").

3 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and between  
4 Aetna and the Defendants, that:

5 1. Paragraphs 1-7 of the Original Stipulation and Order are deemed deleted and are of no  
6 further force or effect, and are replaced in their entirety with the following terms. The  
7 remaining provisions of the Original Stipulation and Order are incorporated herein as  
8 if fully set forth.

9 2. Defendants agree to pay, or cause to be paid, in the aggregate, the Second Settlement  
10 Payment of \$15,000,000 to Aetna on or before January 3, 2017.

11 3. Defendants agree to pay, or cause to be paid, in the aggregate, the amounts comprising  
12 the Third Settlement Payment of \$20,000,000 (the "**Third Settlement Payment**  
13 **Obligations**"), plus 6.0% simple interest on the outstanding principal balance thereof  
14 (the accrual of which will begin on January 1, 2017), over three years, as follows:

15 (i) Defendants will pay, or cause to be paid, an amount equal to a \$5,000,000  
16 portion of the outstanding principal balance of the Third Settlement Payment  
17 Obligations, to Aetna no later than sixty days after the Second Settlement  
18 Payment is made (the "**First Installment**").

19 (ii) Defendants will pay, or cause to be paid, an amount equal to a \$1,666,667  
20 portion of the outstanding principal balance of the Third Settlement Payment  
21 Obligations, plus all interest accrued on the Third Settlement Payment  
22 Obligations, to Aetna no later than December 31, 2017 (the "**Second**  
23 **Installment**").

24 (iii) Defendants will pay, or cause to be paid, an amount equal to a \$6,666,667  
25 portion of the outstanding principal balance of the Third Settlement Payment  
26 Obligations, plus all interest accrued on the unpaid balance of the Third  
27 Settlement Payment Obligations, to Aetna no later than December 31, 2018  
28 (the "**Third Installment**").

1 (iv) Defendants will pay, or cause to be paid, all of the then remaining outstanding  
2 principal balance of the Third Settlement Payment Obligations, plus all interest  
3 accrued on the unpaid balance of the Third Settlement Payment Obligations  
4 (the "**Fourth Installment**"), to Aetna on or before December 31, 2019 (the  
5 date of payment in full of the obligations set forth in this Section 3, whether in  
6 accordance with the above schedule, in connection with any prepayment by the  
7 Defendants, or in connection with any payment or prepayment by Verity  
8 Holdings pursuant to the Guarantee Agreement or otherwise, referred to as the  
9 "**Settlement Date**").

10 (v) Notwithstanding the foregoing, Defendants may prepay, or cause to be prepaid,  
11 all or any portion of the Third Settlement Payment Obligations without penalty  
12 or premium, and any payments made by or on behalf of the Defendants  
13 following the payment in full of the Second Settlement Payment (including,  
14 without limitation, any payment or prepayment by Verity Holdings pursuant to  
15 the Guarantee Agreement or otherwise) shall be applied towards the payment  
16 of, and reduce the amount of, first, the First Installment, second, the Second  
17 Installment, third, the Third Installment, and finally, the Fourth Installment.  
18 For clarity, any such amounts that are prepaid shall no longer be subject to the  
19 accrual of interest.

20 4. No later than January 3, 2017, Defendant SOAR Surgery Center, LLC will execute  
21 and deliver to Aetna the "Release" attached as Attachment A to the Original  
22 Stipulation and Order.

23 5. If Defendants satisfy all the terms of paragraphs 2-4 above (or if any such obligations  
24 are fulfilled by Verity Holdings pursuant to the Guarantee Agreement or otherwise),  
25 then Aetna will dismiss the Action with prejudice and with each party to bear its own  
26 attorney's fees and costs by filing a Request for Dismissal with Prejudice within five  
27 (5) business days of the Settlement Date.  
28

1           6.     If Defendants fail to satisfy any of the terms of paragraphs 2-3 or a Guarantee Default  
2                 (as defined in the Guarantee Agreement) occurs and Verity Holdings fails to pay any  
3                 such amounts in accordance with the terms of the Guarantee Agreement or otherwise,  
4                 within ten (10) business days' written notice from Aetna to Verity Holdings that such  
5                 amounts are due and payable pursuant to the Guarantee Agreement, then any such  
6                 failure shall constitute an "**Event of Default**", and:

7                 (i)     all amounts remaining unpaid under Paragraphs 2 and 3 above as of the date of  
8                         the Event of Default (together with all interest accrued but unpaid thereon as of  
9                         the date of the Event of Default) (the "**Unpaid Amounts**") shall be accelerated  
10                        and become immediately due and payable; and

11                (ii)    Aetna will notify the Court that no settlement has been reached, and request  
12                         that the Court lift the stay and enter judgment against the Defendants in the  
13                         form of judgment attached as Attachment B to the Original Stipulation and  
14                         Order as soon as practicable and the Defendants will not oppose this request.

15                (iii)   Any payments made pursuant to the Original Stipulation and Order or this  
16                         Agreement (or by Verity Holdings pursuant to the Guarantee Agreement or  
17                         otherwise) prior to an Event of Default in excess of \$2,547,801 will be credited  
18                         against the amount due Aetna under the entered judgment, and any payments  
19                         made pursuant to the entered judgment will be credited against any amounts  
20                         due pursuant to the Agreement (or by Verity Holdings pursuant to the  
21                         Guarantee Agreement or otherwise).

22                (iv)    Defendants hereby waive the right to appeal any judgment entered pursuant to  
23                         this provision.

24           7.     If a case under the Bankruptcy Code is filed by or against any Defendant and  
25                 judgment has not been entered pursuant to Paragraph 6, and if an Event of Default has  
26                 also occurred, the Defendants subject to the bankruptcy proceeding shall stipulate in  
27                 those proceedings to relief from the automatic stay to allow filing and entry of the  
28                 judgment in this matter, and no Defendant will object to the entry of judgment. The

1 stipulation is limited to relief from the automatic stay and entry of judgment, and does  
2 not extend to enforcement of the judgment against the debtor in the bankruptcy case,  
3 and the Parties shall reserve all rights regarding whether any further relief from the  
4 stay should be granted.

- 5 8. Written notice will be provided by e-mail communication and shall be satisfied upon  
6 delivery to the following individuals on behalf of the parties indicated:

7 If to any of the Defendants other than SOAR Surgery Center, LLC, to each of:

8 Julia Hashemieh: julia@basurgical.com;

9 Bobby Sarnevesht: bobby@basurgical.com; and

10 Javad Zolfaghari: javad@basurgical.com

11 with a copy to each of:

12 Michael Amir Mamir@dollamir.com; and

13 Mark Waxman markwaxman@verity.org

14 If to SOAR Surgery Center, LLC, to:

15 Managing Partner: gabrodynd@mac.com

16 with a copy to each of:

17 Merton Howard: Mhoward@hansonbridgett.com;

18 Teresa Pahl: tpahl@hansonbridgett.com; and

19 Mark Waxman: markwaxman@verity.org

- 20 9. All payments made to Aetna under this Agreement, the Original Stipulation and Order  
21 or the Guarantee Agreement are deemed earned by Aetna and are in consideration for  
22 Aetna extending the time of payment and foregoing its right to seek entry of judgment  
23 against Defendants. Should the Court enter judgment pursuant to paragraph 6 hereof,  
24 neither Defendants nor Verity Holdings shall be entitled to the return of such  
25 payments.

- 26 10. Aetna represents and warrants that it has not transferred or assigned, and is the sole  
27 owner of, the verdict rendered in the Action, and agrees that it shall not transfer or  
28

1 assign, and shall remain the sole owner of, the rights to enforce the verdict in the  
2 Action.

3 11. This Agreement is conditioned on the Guarantee Agreement being executed and in full  
4 force and effect. In the event the Guarantee Agreement (or a materially similar  
5 guarantee agreement approved by Aetna) is not completed or otherwise in effect, on or  
6 before January 3, 2017, the Parties will not be bound by this Agreement.

7  
8 IT IS SO AGREED.

9  
10 DATED: December 23, 2016

11 GIBSON DUNN & CRUTCHER LLP

12  
13 By: 

14 Richard J. Doren  
15 Gareth T. Evans  
16 Heather L. Richardson

17 Attorneys for Plaintiff

18 DATED: December \_\_, 2016

19 DOLL AMIR & ELEY, LLP

20 By: \_\_\_\_\_

21 Michael M. Amir  
22 Jason B. Baim  
23 Paul M. Torres

24 Attorneys for all Defendants except SOAR Surgery  
25 Center, LLC, Robert Sarnevesht and Julia Hashemieh

26 DATED: December 22, 2016

27 HANSON BRIDGETT LLP

28 By: 

Merton Howard

Attorneys for SOAR Surgery Center, LLC

1 assign, and shall remain the sole owner of, the rights to enforce the verdict in the  
2 Action.

3 11. This Agreement is conditioned on the Guarantee Agreement being executed and in full  
4 force and effect. In the event the Guarantee Agreement (or a materially similar  
5 guarantee agreement approved by Aetna) is not completed or otherwise in effect, on or  
6 before January 3, 2017, the Parties will not be bound by this Agreement.

7  
8 IT IS SO AGREED.

9  
10 DATED: December \_\_, 2016


11 GIBSON, DUNN & CRUTCHER LLP

12  
13 By: \_\_\_\_\_  
14 Richard J. Doren  
15 Gareth T. Evans  
16 Heather L. Richardson

17 Attorneys for Plaintiff

18 DATED: December 22, 2016

19 DOLL AMIR & ELEY, LLP

20 By:  \_\_\_\_\_  
21 Michael M. Amir  
22 Jason B. Baim  
23 Paul M. Torres

24 Attorneys for all Defendants except SOAR Surgery  
25 Center, LLC, Robert Sarnevesht and Julia Hashemieh

26 DATED: December \_\_, 2016


27 HANSON BRIDGETT LLP

28 By: \_\_\_\_\_  
Merton Howard

Attorneys for SOAR Surgery Center, LLC

1 DATED: December <sup>23</sup>\_\_, 2016

2 CHADBOURNE & PARKE LLP

3  
4 By:   
5 Abbe David Lowell  
6 Scott W. Coyle  
7 Seth M. Kruglak

8 Attorneys for Julia Hashemieh

9 DATED: December \_\_, 2016

10 By: \_\_\_\_\_

11 AETNA LIFE INSURANCE COMPANY

12 By \_\_\_\_\_

13 Its \_\_\_\_\_

14  
15 DATED: December \_\_, 2016

16 By: \_\_\_\_\_

17 JULIA HASHEMIEH

18  
19  
20 DATED: December \_\_, 2016

21 By: \_\_\_\_\_

22 ROBERT SARNEVESHT

23  
24  
25 DATED: December \_\_, 2016

26 By: \_\_\_\_\_

27 JAVAD ZOLFAGHARI

1 DATED: December \_\_, 2016

2 CHADBOURNE & PARKE LLP

3  
4 By: \_\_\_\_\_  
5 Abbe David Lowell  
6 Scott W. Coyle  
7 Seth M. Kruglak

8 Attorneys for Julia Hashemieh

9 DATED: December \_\_, 2016

10 By: 

11 AETNA LIFE INSURANCE COMPANY

12 By: Paul Weller  
13 Its Exec. Dir., Sr. Counsel

14 DATED: December \_\_, 2016

15 By: \_\_\_\_\_

16 JULIA HASHEMIEH

17  
18  
19 DATED: December \_\_, 2016

20 By: \_\_\_\_\_

21 ROBERT SARNEVESHT

22  
23  
24 DATED: December \_\_, 2016

25 By: \_\_\_\_\_

26 JAVAD ZOLFAGHARI

1 DATED: December \_\_, 2016

2 CHADBOURNE & PARKE LLP

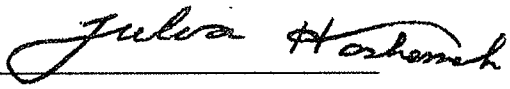
3  
4 By: \_\_\_\_\_  
5 Abbe David Lowell  
6 Scott W. Coyle  
7 Seth M. Kruglak

8 Attorneys for Julia Hashemieh


9 DATED: December \_\_, 2016

10 By: \_\_\_\_\_  
11 AETNA LIFE INSURANCE COMPANY  
12 By \_\_\_\_\_  
13 Its \_\_\_\_\_

14  
15 DATED: December \_\_, 2016

16 By:   
17 JULIA HASHEMIEH

18  
19  
20 DATED: December \_\_, 2016

21 By:   
22 ROBERT SARNEVESHT

23  
24  
25 DATED: December \_\_, 2016

26 By:   
27 JAVAD ZOLFAGHARI

28

1 DATED: December \_\_, 2016

2 By: Julia Hashemieh  
3 BAY AREA SURGICAL MANAGEMENT, LLC

4 By Julia Hashemieh  
5 Its Manager

6  
7 DATED: December \_\_, 2016

8 By: Julia Hashemieh  
9 BAY AREA SURGICAL MANAGEMENT, LLC

10 By Julia Hashemieh  
11 Its Manager

12  
13 DATED: December \_\_, 2016

14 By: Julia Hashemieh  
15 FOREST AMBULATORY SURGICAL  
16 ASSOCIATES, L.P.

17 By Julia Hashemieh  
18 Its Manager

19  
20 DATED: December \_\_, 2016

21 By: Julia Hashemieh  
22 KNOWLES SURGERY CENTER, LLC

23 By Julia Hashemieh  
24 Its Manager

1 DATED: December \_\_, 2016

2 By: Julia Hashemiah

3 NATIONAL AMBULATORY SURGERY CENTER

4 By Julia Hashemiah

5 Its Mannager

6  
7 DATED: December \_\_, 2016

8 By: Julia Hashemiah

9 LOS ALTOS SURGERY CENTER, L.P.

10 By Julia Hashemiah

11 Its Mannager

12  
13 DATED: December \_\_, 2016

14 By: \_\_\_\_\_

15 SOAR SURGERY CENTER

16 By \_\_\_\_\_

17 Its \_\_\_\_\_

1 DATED: December , 2016

2 By \_\_\_\_\_  
3 NATIONAL AMBULATORY SURGERY CENTER  
4 By \_\_\_\_\_  
5 Its \_\_\_\_\_  
6

7 DATED: December , 2016

8 By \_\_\_\_\_  
9 LOS ALTOS SURGERY CENTER, L.P.  
10 By \_\_\_\_\_  
11 Its \_\_\_\_\_  
12

13 DATED: December 23, 2016

14 By:   
15 SOAR SURGERY CENTER  
16 By: GORDON BRODY  
17 Its: MANAGING PARTNER  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**ATTACHMENT A**

**GUARANTEE AGREEMENT**

DATED AS OF JANUARY 1, 2017

BY

VERITY HOLDINGS, LLC

AS GUARANTOR,

IN FAVOR OF

AETNA LIFE INSURANCE COMPANY

GUARANTEE AGREEMENT, dated as of January 1, 2017 (this "Guarantee"), by Verity Holdings, LLC, a [redacted] ("Initial Guarantor") in favor of AETNA LIFE INSURANCE COMPANY ("Aetna"), a Connecticut corporation. Notwithstanding anything to the contrary contained herein, this Guarantee shall not be effective unless and until the Notice of Conditional Settlement in the form of Exhibit A attached hereto shall have been filed with the Court in the Action (as defined below).

W I T N E S S E T H:

WHEREAS, on February 2, 2012, Aetna filed a lawsuit (the "Complaint") against Bay Area Surgical Management, LLC, Bay Area Surgical Group, Inc., Forest Ambulatory Surgical Associates, LP, SOAR Surgery Center, LLC, Knowles Surgery Center, LLC, National Ambulatory Surgery Center, LLC and Los Altos Surgery Center, LP, Robert Sarnevesht, Javad Zolfaghari, and Julia Hashemieh (the "Defendants"), and others, on its own behalf and as claims administrator for its self-funded plan sponsors, in the State of California for the County of Santa Clara (the "Court"), alleging causes of action for, inter alia, fraud, intentional interference with contractual relations, negligent interference with prospective economic relations, and unjust enrichment.

WHEREAS, certain Defendants filed a series of Cross-Complaints against Aetna alleging breach of contract, unfair business practices (Bus. & Prof. Code §§ 17200, et seq.), false advertising (Bus. & Prof. Code §§ 17500 et seq.), intentional interference with prospective economic advantage, negligent interference with prospective economic advantage, promissory estoppel, and declaratory relief (the "Cross-Complaints"). The Complaint and the Cross-Complaints were eventually consolidated into *Bay Area Surgical Management, LLC, et al. v. Aetna Life Insurance Company*, No. 1-12-cv-217943 (hereinafter the "Action").

WHEREAS a monetary judgment in the amount of \$37,452,199.00 was entered in Aetna's favor on April 14, 2016 (the "Judgment") and notice of entry of the Judgment was served by the clerk pursuant to Cal. Code Civ. Proc. § 664.5 on the same date.

WHEREAS on June 9 and 10, 2016, Defendants filed submissions arguing, among other things, that the Judgment was defective and void because it was entered before a final determination of all the rights of the parties to the Action.

WHEREAS on June 15, 2016, the Court issued an order vacating the Judgment and stating that it would enter a new judgment upon resolution of the issues raised by Defendants in their June 9 and 10 submissions.

WHEREAS at the request of the parties to the Action, on June 30, the Court ordered a temporary stay of all proceedings until and including July 18, 2016, so that the Parties had time to engage in serious settlement negotiations that they believed could result in a complete and final resolution of the Action, which stay was later extended until and including July 25, 2016.

WHEREAS, on July 25, 2016, the parties to the Action, desiring to resolve all matters between them, entered into that certain Stipulation and Order Regarding Extension to Temporary Stay of Proceedings, and Defendants' Agreement to Pay Settlement Amount or Have Judgment Entered Against Them, which was approved and ordered by the Court on August 5, 2016 (the "Stipulation and Order").

WHEREAS, under the Stipulation and Order, Defendants are required to make three separate settlement payments to Aetna, upon the completion of which Aetna will dismiss the Action with prejudice.

WHEREAS, Defendants timely made the First Settlement Payment (as defined in the Stipulation and Order) of \$5,000,000.00 on or around August 26, 2016.

WHEREAS, Defendants are required under the Stipulation and Order to make two additional settlement payments, a "Second Settlement Payment" of \$15,000,000.00 which was due on September 30, 2016, and a "Third Settlement Payment" of \$20,000,000.00, due on December 31, 2016.

WHEREAS, Defendants have represented to Aetna that they are unable to timely make the Second Settlement Payment, and have asked Aetna to forbear from exercising its remedies under the Stipulation and Order until, and not to exercise such remedies if, Defendants satisfy their obligation to make the Second Settlement payment by a date agreed between Aetna and Defendants.

WHEREAS, Aetna and the Defendants have entered into that certain Conditional Settlement Agreement, Including Defendants' Agreement to Pay Settlement Amount or Have Judgment Entered Against Them (the "Agreement") dated December [ ], 2016, pursuant to which Aetna has agreed to a revised payment schedule. Aetna was willing to agree to the Agreement and provide the Defendants with additional time to make the Second Settlement Payment and the amounts comprising the Third Settlement Payment only if Guarantor executes and delivers this Guarantee.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties to this Guarantee hereto agree as follows:

Section 1. DEFINITIONS.

1.01. Definition of Certain Terms Used Herein. As used herein, terms defined in the Stipulation and Order and in the Agreement shall have the meanings set forth therein and the following terms shall have the following meanings:

"Appraised Value" means the "Total Net Value" (as determined by the Appraiser in the most recent Qualified Appraisal Update or, until the first Qualified Appraisal Update, the Initial Valuation) of (a) the Guarantor's Eligible Real Property that is included in the most recent Qualified Appraisal Update or, until the first Qualified Appraisal Update, the Initial Valuation.

"Appraiser" shall be a qualified, licensed real estate appraiser selected and employed by Guarantor at Guarantor's sole expense, but approved in writing by Aetna, such approval not to be unreasonably delayed, denied or withheld.

"Bankruptcy Code" means title 11, United States Code, as amended from time to time, and any successor statute thereto.

"Event of Default" has the meaning set forth in the Agreement.

“Fully Satisfied”: with respect to the Obligations means that such Obligations have been paid in full.

“Guarantee Default” shall mean: (A) any failure by Guarantor to pay any of the Obligations when due and owing or timely deliver the Initial Valuation or a Qualified Appraisal when due; provided that Guarantor shall have 10 business days following written notice of such failure from Aetna to cure or (B) if any of the following occurs, provided that Guarantor shall have 45 days following written notice by Aetna of any such occurrence to cure: (1) failure of Guarantor to maintain a Loan-to-Value Ratio greater than .70 on Guarantor’s Eligible Real Property at any time, or (2) if Guarantor’s Net Worth drops to less than 125% of the balance owing to Aetna on any date.

“Guarantor” shall mean, initially, the Initial Guarantor. Following the execution and delivery by a Subsidiary of a Joinder pursuant to Section 8.14 hereof, the term “Guarantor” shall be deemed to refer to Initial Guarantor and each such Subsidiary, collectively and in the aggregate.

“Guarantor’s Eligible Real Property” shall mean all real property owned by Guarantor the transfer of which does not require governmental approval and with respect to which Guarantor’s operations do not require any governmental license to continue (other than standard commercial business licenses); however, the fact the operations of a lessee who leases part of a property from Guarantor may require such a license shall not prevent the premises owned by Guarantor and leased to a third party that operates at such premises from being included in Guarantor’s Eligible Real Property.

“Guarantor’s Net Worth” means the sum of (i) the most recent Appraised Values of all Guarantor Eligible Real Property actually owned by Guarantor, plus (ii) all cash and cash equivalents of Guarantor (“Cash”), minus (iii) all debts owed by Guarantor, excluding the Obligations under this Guarantee (“Indebtedness”). The value of the Guarantor Eligible Property shall be the Appraised Value, the Cash shall be the aggregate cash held by Guarantor on any given date, and the Indebtedness shall be the aggregate amount of the Indebtedness outstanding on any given date, whether or not then due.

“Initial Valuation” means a broker’s opinion of value prepared by Appraiser of Guarantor’s Eligible Real Property to be delivered to Aetna not later than March 31, 2017 by Guarantor.

“Joinder” means the Joinder Agreement attached hereto as Exhibit “A” and incorporated herein by this reference.

“Loan-to-Value Ratio” means, as of every date, with respect to all Secured Loans collectively with respect to the Guarantor’s Eligible Real Property, a ratio where the numerator is the aggregate balance of all Secured Loan outstanding on that date, and the denominator is the Appraised Value of Guarantor’s Eligible Real Property owned by Guarantor plus all Cash on that same date. For clarity, to the extent that there is more than one Guarantor, such calculation shall be made on an aggregate basis and not with respect to any individual Guarantor.

“Obligations” means all of Defendants’ obligations under the Agreement to pay the Third Settlement Payment Obligations, including all interest thereon, less any amounts paid to Aetna for which Guarantor or any Defendant is entitled to a credit pursuant to Section 6(iii) of the Agreement.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, estate, trust, unincorporated association, any other entity, any governmental authority and any fiduciary acting in such capacity on behalf of any of the foregoing.

“Qualified Appraisal Update” means the appraisal to be delivered by Guarantor to Aetna not later than January 15<sup>th</sup> of each year from and including January 15, 2018, which is performed by an Appraiser, which either appraises or updates the appraisal of each Guarantor Eligible Real Property as of December 31<sup>st</sup> of the immediately prior calendar year.

“Secured Loan” means any debt of any type, including any past due property taxes and any debt owing to any holder of a claim that is secured by a lien, mortgage or deed of trust on any of Guarantor’s Eligible Real Property.

“Subsidiary” is an entity that is at all times 100% owned either by Initial Guarantor or by a Subsidiary of Initial Guarantor that has executed and delivered to Aetna a Joinder. If a Subsidiary ceases to be 100% owned by Initial Guarantor or by a Subsidiary of Initial Guarantor, the assets and liabilities of that entity will no longer be included in the calculation of the Loan-to-Value Ratio or the Guarantor’s Net Worth.

1.02. Rules of Interpretation. Any of the terms defined in this Section 1 may, unless the context otherwise requires, be used in the singular or the plural depending on the reference. All references to statutes and related regulations shall include (unless otherwise specifically provided herein) any amendments of same and any successor statutes and regulations.

## Section 2. GUARANTEE.

2.01. Guarantee. (a) Guarantor hereby unconditionally and irrevocably, guarantees to Aetna, for the benefit of Aetna and its successors, endorsees, transferees and assigns, the prompt and complete payment by the Defendants when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, in each case whether due or not due, direct or indirect, joint and/or several, absolute or contingent, voluntary or involuntary, liquidated or unliquidated, determined or undetermined, now or hereafter existing, renewed or restructured, whether or not from time to time decreased or extinguished and later increased, created or incurred, whether or not arising after the commencement of a proceeding under the Bankruptcy Code (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding, and whether or not recovery of any such Obligation or liability may be barred by a statute of limitations or such Obligation or liability may otherwise be unenforceable. For clarity, nothing in this Guarantee shall be deemed to prevent Guarantor from making a pre-payment with respect to any of the Obligations.

(b) The guarantee contained in this Section 2 shall remain in full force and effect until all the Obligations shall have been Fully Satisfied. It shall not be necessary for Aetna (and Guarantor hereby waives any rights which Guarantor may have to require Aetna), in order to enforce the Obligations of Guarantor hereunder, first to (i) institute suit or exhaust its remedies against Defendants or others liable on the Obligations or any other person, (ii) enforce Aetna’s rights to setoff or against any collateral which shall ever have been given as security, (iii) enforce Aetna’s rights against any other guarantors of the guaranteed Obligations, or (iv) resort to any other means of obtaining payment of the Obligations. Aetna shall not be required to mitigate damages or take any other action to reduce, collect or enforce the Obligations.

2.02. Intentionally Omitted.

2.03. Amendments, etc. with respect to the Obligations. Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against Guarantor and without notice to or further assent by Guarantor, any demand for payment of any of the Obligations made by Aetna may be rescinded by Aetna and any of the Obligations continued. Aetna may modify or extend the Obligation of any Defendant, and/or compromise, amend, modify or refrain or forbear from enforcing its rights, including, without limitation any right of offset or any lien hereafter obtained, against any Defendant, without notice to or consent of the Guarantor, and such modification, extension, compromise, forbearance or other action by Aetna shall not release the Guarantor, or in any way impair Aetna's rights against the Guarantor; provided, however, that to the extent that such modification, extension, compromise, forbearance or other action by Aetna increases the amount of, or accelerates the timing of the payment of (or otherwise imposes any additional obligations, agreements or covenants on any of the Defendants, the breach or non-compliance of which could increase the amount of, or accelerate the timing of the payment of) any of the Obligations, Guarantor's commitment under this Guarantee will not be accelerated or increased. In such case, Guarantor shall remain liable for the Obligations pursuant to this Guarantee as though the increase in the amount of, or acceleration of the timing of the payment had not occurred.

2.04. Guarantee Absolute and Unconditional. Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by Aetna upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; Aetna's agreement to enter into the Agreement with respect to the Obligations shall conclusively be deemed to have been entered into in reliance upon this Guarantee and but for this Guarantee Aetna would not have agreed to the Agreement; and all dealings between Defendants and Guarantor, on the one hand, and Aetna, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Guarantee. Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Defendants or any of the guarantors with respect to the Obligations. Notwithstanding the foregoing, upon any default or nonpayment by Defendants with respect to the Obligations, Aetna will provide Guarantor with written notice of such default or nonpayment, and Guarantor shall have ten (10) business days from the date of its receipt of such notice to pay the amounts due thereon. Guarantor understands and agrees that this Guarantee shall be construed as a continuing, absolute and unconditional guarantee of payment (and not of collection) without regard to (a) the validity or enforceability of the Obligations or any security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by Aetna; (b) any defense, set-off or counterclaim (other than a defense of payment, whether by or on behalf of any of the Defendants or by Guarantor hereunder or otherwise) which may at any time be available to or be asserted by Defendants or any other Person against Aetna; or (c) any other circumstance whatsoever (with or without notice to or knowledge of Defendants or Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of Defendants for the Obligations, or of Guarantor under the guarantee contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against Guarantor, Aetna may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against Defendants, or any other Person or against any security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by Aetna to make any such demand, to pursue such other rights or remedies or to collect any payments from Defendants, or any other Person or to realize upon any such security or guarantee or to exercise any such right of offset, or any release of Defendants, or

any other Person or any such security, guarantee or right of offset, shall not relieve Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of Aetna against Guarantor. For the purposes hereof, "demand" shall include the commencement and continuance of any legal proceedings.

2.05. Reinstatement. The guarantee contained in this Section 2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by Aetna upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Defendant or Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Defendant or Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

2.06. Intentionally omitted.

2.07. Election of Remedies. If Aetna may, under applicable law, proceed to exercise rights giving it a lien upon any collateral, whether owned by Guarantor or by any other Person, either by judicial foreclosure or by nonjudicial sale or enforcement, or to exercise setoff rights as against any obligations Aetna may otherwise owe to Guarantor or any Defendant, Aetna may, at its sole option, determine which of its remedies or rights it may pursue without affecting any of its rights and remedies under this Section 2. If, in the exercise of any of its rights and remedies, Aetna shall forfeit any of its rights or remedies, including its right to enter a deficiency judgment against Guarantor or any other Person, whether because of any applicable laws pertaining to "election of remedies" or the like, Guarantor hereby consents to such action by Aetna and waives, to the extent permitted by applicable law, any claim based upon such action, so long as such action by Aetna shall not result in a full or partial loss of any rights of subrogation that Guarantor might otherwise have had but for such action by Aetna. In the event Aetna shall bid at any foreclosure or trustee's sale or at any private sale, Aetna may bid all or less than the amount of the Obligations and the amount of such bid need not be paid by Aetna but shall be credited against the Obligations. The amount of the successful bid at any such public sale, whether Aetna or any other party is the successful bidder, shall be conclusively deemed to be the fair market value of the collateral and the difference between such bid amount and the remaining balance of the Obligations shall be conclusively deemed to be the amount of the Obligations guaranteed under this Section 2, notwithstanding that any present or future law or court decision or ruling may have the effect of reducing the amount of any deficiency claim to which Aetna might otherwise be entitled but for such bidding at any such sale.

Section 3. INTENTIONALLY OMITTED.

Section 4. REPRESENTATIONS AND WARRANTIES. To induce Aetna to forbear from immediately exercising its remedies under the Agreement, Guarantor hereby represents and warrants to Aetna as follows.

4.01. Due Authority. Guarantor has the right and requisite authority to guaranty the Obligations.

4.02. No Consent or Approval. No consent, approval, authorization or other order or other action by, and no notice to or filing with, any governmental authority or any other person or entity is required for the guaranty by Guarantor of the Obligations.

4.03. Binding Obligation. This Guarantee has been duly authorized, executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms.

4.04. Value Received. Based on Guarantor's business relationship with the Defendants, Guarantor receives a benefit as the result of the Agreement and, therefore, is receiving reasonably equivalent value for its commitment to provide this Guarantee.

4.05. Financial Condition. Guarantor is solvent, has reasonable capital for the business in which it is engaged and is able to pay its debts as they become due both before and after providing this Guarantee. As of the date of execution of this Guarantee, Guarantor owns fee simple legal title to each of the assets described in Schedule 4.05.

4.06. Knowledge of Defendants' Financial Condition. Guarantor has such information as it believes it needs about each Defendant to make an informed decision to provide this Guarantee and is not relying on any financial information or representations by Aetna about the status of any Defendant.

Section 5. REPRESENTATIONS AND WARRANTIES. To induce Guarantor to enter into this Guarantee, Aetna hereby represents and warrants to Guarantor as follows.

5.01. Due Authority. Aetna has the right and requisite authority to enter into this Guarantee and the Agreement.

5.02. No Consent or Approval. No consent, approval, authorization or other order or other action by, and no notice to or filing with, any governmental authority or any other person or entity is required for the entry by Aetna into this Guarantee or the Agreement.

5.03. Binding Obligation. This Guarantee has been duly authorized, executed and delivered by Aetna and constitutes a legal, valid and binding obligation of Aetna enforceable against Aetna in accordance with its terms.

5.04. Knowledge. Aetna has such information as it believes it needs about each Defendant and Guarantor to make an informed decision to provide enter into this Guarantee and the Agreement and is not relying on any financial information or representations by Guarantor or any Defendant other than as specifically provided for herein.

Section 6. DEFAULT AND REMEDIES.

6.01. Upon the occurrence of a Guarantee Default, Aetna may exercise all rights and remedies available under this Guarantee. Guarantor agrees to the maximum extent permitted by applicable law that following the occurrence of a Guarantee Default it will not at any time plead, claim or take the benefit of any appraisal, valuation, stay, extension, moratorium or redemption law now or hereafter in force in order to prevent or delay the enforcement of this Guarantee, and Guarantor waives the benefit of all such laws to the extent it lawfully may do so; provided, however, that Guarantor reserves the right to assert that no Guarantee Default has occurred based on the Appraised Values. Guarantor agrees that it will not interfere with any right, power and remedy of Aetna provided for in this Guarantee or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise or beginning of the exercise by Aetna of any one or more of such rights, powers or remedies. No failure or delay on the part of Aetna to exercise any such right,

power or remedy and no notice or demand which may be given to or made upon Guarantor by Aetna with respect to any such remedies shall operate as a waiver thereof, or limit or impair Aetna's right to take any action or to exercise any power or remedy hereunder, without notice or demand, or prejudice its rights as against Guarantor in any respect.

6.02 Aetna agrees and acknowledges that upon the occurrence of a Guarantee Default, Guarantor's liability to Aetna will be controlled by the terms of this Guarantee. Guarantor shall be liable under this Guarantee for any unpaid portion of the Obligations and interest thereon at the rate of 6% per annum, whether or not a Judgment is entered based on the Event of Default and the terms of the Settlement Agreement and regardless of the disposition of any subsequent appeal of the Judgment by Defendants, but Guarantor is not stipulating to entry of a judgment against Guarantor pursuant to the Agreement.

Section 7. INTENTIONALLY OMITTED.

Section 8. MISCELLANEOUS.

8.01. Notices. All notices, requests and demands to or upon Aetna or Guarantor hereunder shall be to the addresses thereof set forth on the signature pages hereto or at such other address as may be provided to the parties hereto in writing from time to time. In the event that Aetna shall deliver any notice or correspondence to any Defendant pursuant to the Stipulation and Order or the Agreement, Aetna shall, contemporaneously therewith, deliver a copy of such notice or correspondence to Guarantor; provided, however, that failure to provide such notice or any delay in providing such notice shall not release Guarantor, but shall only extend Guarantor's cure periods under the Agreement or this Guarantee which will only start to run when such written notice is provided to Guarantor.

8.02. GOVERNING LAW; CONSENT TO JURISDICTION; SERVICE OF PROCESS. THIS GUARANTEE SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES (OTHER THAN SECTION 5-1401 OF THE CALIFORNIA GENERAL OBLIGATIONS LAW). ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS GUARANTEE SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF CALIFORNIA OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA. EACH PARTY HERETO HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF CALIFORNIA AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH PARTY HERETO FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF CALIFORNIA. EACH PARTY HERETO HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

8.03. WAIVER OF JURY TRIAL, ETC. EACH PARTY HERETO HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS GUARANTEE, OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

8.04. Counterparts. This Guarantee may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

8.05. Headings. The headings of each section of this Guarantee are for convenience only and shall not define or limit the provisions thereof.

8.06. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Guarantee. In the event an ambiguity or question of intent or interpretation arises, this Guarantee shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Guarantee.

8.07. Severability. The illegality or unenforceability of any provision of this Guarantee or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Guarantee or any instrument or agreement required hereunder.

8.08. Survival of Agreement. All representations, warranties and agreements made by or on behalf of Guarantor in this Guarantee shall survive the execution and delivery hereof or thereof and the making and repayment of the Obligations. In addition, notwithstanding anything herein or under applicable law to the contrary, the provisions of this Guarantee and the Agreement relating to indemnification or payment of costs and expenses, shall survive the payment in full of the Obligations and any termination of this Guarantee.

8.09. Fees and Expenses; Indemnification.

(a) Guarantor agrees to pay upon demand the amount of any and all reasonable expenses, including the reasonable fees, disbursements and other charges of counsel and of any experts or agents, which Aetna may incur in connection with (x) collecting against Guarantor under the guarantee contained in Section 2 or otherwise enforcing or preserving any rights under this Guarantee and the Agreement, or (y) the exercise, enforcement or protection of any of the rights of Aetna hereunder; provided that in each case, such amounts were appropriately incurred and Aetna is the prevailing party with respect to any dispute in connection therewith.

(b) The agreements in this Section 8.09 shall survive repayment of the Obligations and the termination of this Guarantee.

8.10. Binding Effect; Several Agreement; Assignment. This Guarantee is binding upon Guarantor and Aetna and their respective successors and permitted assigns, and shall inure to the benefit of the Guarantor, Aetna and their respective successors and permitted assigns, except that Guarantor shall not have any right to assign or transfer its rights or obligations hereunder or any interest herein without the prior written consent of Aetna (and any such assignment or

transfer shall be void). Aetna may assign, indorse or transfer any instrument evidencing all or any part of the Obligations, in accordance with applicable law, and the holder of such instrument shall be entitled to the benefits of this Guarantee.

8.11. Waivers; Amendment.

(a) No failure or delay of Aetna in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of Aetna hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provisions of this Guarantee or consent to any departure by Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Guarantor in any case shall entitle Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Guarantee nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by Aetna and Guarantor; provided that any provision of this Guarantee imposing obligations on Guarantor may be waived by Aetna in a written instrument executed by Aetna.

8.12. Integration. This Guarantee, the Stipulation and Order and the Agreement constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Guarantor acknowledges that Aetna has made no representations or warranties of any kind to induce Guarantor to enter into this Guarantee other than as may be specifically set forth in this Guarantee, the Stipulation and Order or the Agreement. Aetna acknowledges that Guarantor has made no representations or warranties of any kind to induce Aetna to enter into this Guarantee, the Stipulation and Order or the Agreement other than as may be specifically set forth in this Guarantee.

8.13. Acknowledgments. Guarantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Guarantee;

(b) Aetna has no fiduciary relationship with or duty to it arising out of or in connection with this Guarantee or the Agreement, and the relationship between Guarantor, on the one hand, and Aetna, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the Agreement or otherwise exists by virtue of the transactions contemplated hereby among Guarantor and Aetna.

8.14. Additional Guarantors. Aetna and Guarantor acknowledge and agree that from time to time, at the election of Guarantor, one or more Subsidiaries of Guarantor may become an additional guarantor hereunder by the execution and delivery by such Subsidiary of a Joinder.

*[Remainder of Page Intentionally Left Blank; Signature Pages Follow]*

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee Agreement to be  
duly executed and delivered as of the date first above written.

GUARANTOR:

VERITY HOLDINGS, LLC

By: \_\_\_\_\_

Name:

Title:

Address for Notices:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

AETNA LIFE INSURANCE COMPANY

By: \_\_\_\_\_

Name:

Title:

Address for Notices:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### JOINDER AGREEMENT

JOINDER AGREEMENT, dated as of [ ], made by [insert name of subsidiary joining as guarantor] ("Additional Guarantor"), in favor of Aetna Life Insurance Company ("Aetna"). All capitalized terms not defined herein shall have the meaning ascribed to them in the *Conditional Settlement Agreement, Including Defendants' Agreement to Pay Settlement Amount or Have Judgment Entered Against Them* (the "Agreement") dated as of January 1, 2017 and the *Guarantee Agreement* (as defined below), as applicable.

### WITNESSETH:

WHEREAS, the Defendants and Aetna entered into the Agreement;

WHEREAS, in connection with the Agreement, Verity Holdings, LLC ("Verity") entered into the Guarantee Agreement, dated as of January 1, 2017 (as amended, amended and restated, supplemented, replaced or otherwise modified from time to time, the "Guarantee Agreement") in favor of Aetna, guaranteeing the Obligations of the Defendants under the Agreement;

WHEREAS, Additional Guarantor has agreed to become a party to the Guarantee Agreement; and

WHEREAS, Additional Guarantor has agreed to execute and deliver this Joinder Agreement.

NOW, THEREFORE, IT IS AGREED:

1. Guarantee Agreement. By executing and delivering this Joinder Agreement, the undersigned, hereby becomes a party to the Guarantee Agreement as a Guarantor thereunder with the same force and effect as if originally named as a Guarantor therein and expressly assumes all obligations and liabilities of a Guarantor thereunder, jointly and severally with Verity and each other Person that is or may become a Guarantor under the Guarantee Agreement. The undersigned hereby agrees to be jointly and severally bound as a Guarantor for the purposes of the Guarantee Agreement. The undersigned acknowledges and agrees that all notices, consents, and other actions under the Guarantee Agreement may be taken by Verity on behalf of the undersigned and hereby grants to Verity an irrevocable power of attorney to take any and all actions required, authorized or allowed of each undersigned Guarantor.

2. GOVERNING LAW. THIS JOINDER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA.

IN WITNESS WHEREOF, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

[INSERT NAME OF ADDITIONAL GUARANTOR]

By: \_\_\_\_\_  
Name:  
Title:

[Signature page to Joinder Agreement]

ACKNOWLEDGED AND AGREED  
as of the date first above written:

AETNA LIFE INSURANCE COMPANY

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**

Joseph J. Tabacco, Jr. (SBN 75484)  
Christopher T. Heffelfinger (SBN 118058)  
Matthew D. Pearson (SBN 235339)  
BERMAN DEVALERIO  
One California Street, Suite 900  
San Francisco, CA 94111  
Telephone: (415) 433-3200

Richard A. Sprague (admitted *pro hac vice*)  
Joseph R. Podraza, Jr. (admitted *pro hac vice*)  
SPRAGUE & SPRAGUE  
135 S. 19th Street, Suite 400  
Philadelphia, PA 19103  
Telephone: (215) 561-7681

Richard J. Doren, SBN 124666  
Gareth T. Evans, SBN 138992  
Heather L. Richardson, SBN 246517  
GIBSON, DUNN & CRUTCHER LLP  
333 South Grand Avenue  
Los Angeles, CA 90071-3197  
Telephone: 213.229.7000

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SANTA CLARA

AETNA LIFE INSURANCE COMPANY,

Plaintiff,

v.

BAY AREA SURGICAL MANAGEMENT,  
LLC, et al.,

Defendants.

BAY AREA SURGICAL MANAGEMENT,  
LLC; BAY AREA SURGICAL GROUP,  
INC.; FOREST AMBULATORY SURGICAL  
ASSOCIATES, LP; SOAR SURGERY  
CENTER, LLC; KNOWLES SURGERY  
CENTER, LLC; NATIONAL  
AMBULATORY SURGERY CENTER, LLC;  
and LOS ALTOS SURGERY CENTER, LP

Cross-Complainants,

v.

AETNA LIFE INSURANCE COMPANY ON  
ITS OWN BEHALF AND AS CLAIMS  
ADMINISTRATOR FOR SELF-FUNDED  
PLAN SPONSORS; AETNA HEALTH OF  
CALIFORNIA, INC.; and AETNA HEALTH  
MANAGEMENT, LLC

Cross-Defendants.

LEAD CASE NO. 1-12-CV-217943

CONSOLIDATED CASES:

1-12-CV-216083; 1-12-CV-216515; 1-12-CV-  
218954; 1-12-CV-221328; 1-12-CV-223325;  
1-12-CV-223326; 1-12-CV-223327; 1-12-CV-  
228181; 1-12-CV-228474; 1-12-CV-228699; 1-12-  
CV-229315; 1-12-CV-229376; 1-12-CV-229648;  
1-12-CV-230427; 1-12-CV-230428; 1-12-CV-  
232610

**NOTICE OF CONDITIONAL  
SETTLEMENT PURSUANT TO RULE  
3.1385(c) OF THE CALIFORNIA RULES OF  
COURT**

ASSIGNED FOR ALL PURPOSES TO:

HON. PATRICIA M. LUCAS

Dept: 19

Action Filed: February 2, 2012

Trial Date: March 16, 2016

**TO ALL PARTIES AND TO THEIR COUNSEL OF RECORD:**

PLEASE TAKE NOTICE that the parties herein have reached a conditional settlement, as stated in the Agreement attached hereto as Exhibit 1. The Agreement provides for, among other things, periodic payments, with the final payment due on or before December 31, 2019. Accordingly, the conditions for settlement may not be performed within 45 days. (See Cal. Rules of Court, rule 3.1385(c).)

The Agreement further provides that Plaintiff will dismiss this action with prejudice within five (5) business days of the final payment to Aetna. If the final payment is made on December 31, 2019, then Aetna will dismiss this action with prejudice no later than January 8, 2020.

Pursuant to Cal. Rule of Court 3.1385(c)(3)(A), any and all hearings and other proceedings requiring the appearance of a party to this action will be vacated and no hearings or other proceeding requiring the appearance of a party earlier than 45 days after January 8, 2020, unless requested by a party.

DATED: December \_\_, 2016

GIBSON, DUNN & CRUTCHER LLP

By: \_\_\_\_\_  
Richard J. Doren  
Gareth T. Evans  
Heather L. Richardson

Attorneys for Plaintiff

**PROOF OF SERVICE**

***Aetna Life Insurance Company v. Bay Area Surgical Management, LLC, et al.***  
**LEAD CASE NO. 1-12-CV-217943**

Consolidated with Case Nos.: 1-12-CV-216083, 1-12-CV-216515, 1-12-CV-218954, 1-12-CV-221328, 1-12-CV-223325, 1-12-CV-223326, 1-12-223327, 1-12-CV-228181, 1-12-CV-228474, 1-12-CV-228699, 1-12-CV-229315, 1-12-CV-229376, 1-12-CV-229648, 1-12-CV-232610, 1-12-CV-230427, 1-12-CV-230428

I, Lindie S. Joy, declare as follows:

I am employed in the County of San Francisco, State of California; I am over the age of eighteen years and am not a party to this action; my business address is Gibson, Dunn & Crutcher LLP, 333 South Grand Avenue, Los Angeles, California 90071-3197, in said County and State. On December 23, 2016, I served true and correct copy of the following document:

**NOTICE OF CONDITIONAL SETTLEMENT PURSUANT TO  
RULE 3.1385(c) OF THE CALIFORNIA RULES OF COURT**

**By e-mail:** I also caused the above document(s) to be served in this action addressed to the interested parties of record listed below:

Heather Gibson  
Nicolas M. Lezotte  
Law Offices of Nicolas Lezotte  
125 Ciro Avenue, Suite 101  
San Jose, CA 95128  
Email:hgibson@gibsonhealth-law.com  
legal@basurgical.com

Steven M. Goldsobel  
Law Offices of Steven Goldsobel  
1901 Ave. of the Starts, Suite 1750  
Los Angeles, CA 90067  
Email: steve@sgoldsobel.com

Michael M. Amir  
Jason Baim  
Paul Torres  
Doll, Amir & Eley  
1888 Century Park East, Suite 1850  
Los Angeles, CA 90067  
Email:mamir@dollamir.com  
jbaim@dollamir.com  
ptorres@dollamir.com

Christopher T. Heffelfinger  
Matthew Pearson  
Joseph J. Tabacco, Jr.  
Berman DeValerio  
One California St., Suite 900  
San Francisco, CA 94111  
Email:cheffelfinger@bermandevalerio.com  
mpearson@bermandevalerio.com  
jtabacco@bermandevalerio.com

Joseph R. Podraza, Jr.  
Jordann Conaboy  
Peter A. Greiner  
Sprague & Sprague  
135 S. 19<sup>th</sup> Street, Suite 400  
Philadelphia, PA 19103  
Email: jpodraza@spragueandsprague.com  
jconaboy@spragueandsprague.com  
pgreiner@spragueandsprague.com

Scott W. Coyle  
Chadbourne & Parke LLP  
1200 New Hampshire Ave., NW  
Washington, DC 20036  
Email: scoyle@chadbourne.com

Abbe David Lowell  
Seth M. Kruglak  
Chadbourne & Parke LLP  
1301 Avenue of the Stars  
New York, NY 10019-6022  
Email: adlowell@chadbourne.com  
skruglak@chadbourne.com

Jerome B. Falk, Jr.  
Steven L. Mayer  
Arnold & Porter LLP  
Three Embarcadero Center, 10<sup>th</sup> Floor  
San Francisco, CA 94111  
Email: jerome.falk@aporter.com  
steven.mayer@aporter.com

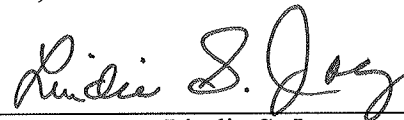
Merton A. Howard  
Adam W. Hofmann  
Hanson Bridgett LLP  
425 Market Street, 26<sup>th</sup> Floor  
San Francisco, CA 94105  
Email: mhoward@hansonbridgett.com  
ahofmann@hansonbridgett.com

David S. Ettinger  
Horvitz & Levy LLP  
15760 Ventura Blvd., 18<sup>th</sup> Floor  
Encino, CA 91436  
Email: dettinger@horvitzlevy.com

Timothy T. Coates  
Greines, Martin, Stein & Richland LLP  
5900 Wilshire Blvd., 12<sup>th</sup> Floor  
Los Angeles, CA 90036  
Email: tcoates@gmsr.com

I declare under penalty of perjury under the laws of the State of California that the foregoing  
is true and correct.

Executed on **December 23, 2016**, at Los Angeles, California.

  
Lindie S. Joy

102231354.1

**EXHIBIT B**

**GUARANTEE AGREEMENT**

DATED AS OF JANUARY 17, 2017

BY

VERITY HOLDINGS, LLC

AS GUARANTOR,

IN FAVOR OF

AETNA LIFE INSURANCE COMPANY

GUARANTEE AGREEMENT, dated as of January 17, 2017 (this "Guarantee"), by Verity Holdings, LLC, a California limited liability company ("Initial Guarantor") in favor of AETNA LIFE INSURANCE COMPANY ("Aetna"), a Connecticut corporation. Notwithstanding anything to the contrary contained herein, this Guarantee shall not be effective unless and until the Notice of Conditional Settlement in the form of Exhibit A attached hereto shall have been filed with the Court in the Action (as defined below).

W I T N E S S E T H:

WHEREAS, on February 2, 2012, Aetna filed a lawsuit (the "Complaint") against Bay Area Surgical Management, LLC, Bay Area Surgical Group, Inc., Forest Ambulatory Surgical Associates, LP, SOAR Surgery Center, LLC, Knowles Surgery Center, LLC, National Ambulatory Surgery Center, LLC and Los Altos Surgery Center, LP, Robert Sarnevesht, Javad Zolfaghari, and Julia Hashemieh (the "Defendants"), and others, on its own behalf and as claims administrator for its self-funded plan sponsors, in the State of California for the County of Santa Clara (the "Court"), alleging causes of action for, inter alia, fraud, intentional interference with contractual relations, negligent interference with prospective economic relations, and unjust enrichment.

WHEREAS, certain Defendants filed a series of Cross-Complaints against Aetna alleging breach of contract, unfair business practices (Bus. & Prof. Code §§ 17200, et seq.), false advertising (Bus. & Prof. Code §§ 17500 et seq.), intentional interference with prospective economic advantage, negligent interference with prospective economic advantage, promissory estoppel, and declaratory relief (the "Cross-Complaints"). The Complaint and the Cross-Complaints were eventually consolidated into *Bay Area Surgical Management, LLC, et al. v. Aetna Life Insurance Company*, No. 1-12-cv-217943 (hereinafter the "Action").

WHEREAS a monetary judgment in the amount of \$37,452,199.00 was entered in Aetna's favor on April 14, 2016 (the "Judgment") and notice of entry of the Judgment was served by the clerk pursuant to Cal. Code Civ. Proc. § 664.5 on the same date.

WHEREAS on June 9 and 10, 2016, Defendants filed submissions arguing, among other things, that the Judgment was defective and void because it was entered before a final determination of all the rights of the parties to the Action.

WHEREAS on June 15, 2016, the Court issued an order vacating the Judgment and stating that it would enter a new judgment upon resolution of the issues raised by Defendants in their June 9 and 10 submissions.

WHEREAS at the request of the parties to the Action, on June 30, the Court ordered a temporary stay of all proceedings until and including July 18, 2016, so that the Parties had time to engage in serious settlement negotiations that they believed could result in a complete and final resolution of the Action, which stay was later extended until and including July 25, 2015.

WHEREAS, on July 25, 2016, the parties to the Action, desiring to resolve all matters between them, entered into that certain Stipulation and Order Regarding Extension to Temporary Stay of Proceedings, and Defendants' Agreement to Pay Settlement Amount or Have Judgment Entered Against Them, which was approved and ordered by the Court on August 5, 2016 (the "Stipulation and Order").

WHEREAS, under the Stipulation and Order, Defendants are required to make three separate settlement payments to Aetna, upon the completion of which Aetna will dismiss the Action with prejudice.

WHEREAS, Defendants timely made the First Settlement Payment (as defined in the Stipulation and Order) of \$5,000,000.00 on or around August 26, 2016.

WHEREAS, Defendants are required under the Stipulation and Order to make two additional settlement payments, a "Second Settlement Payment" of \$15,000,000.00 which was due on September 30, 2016, and a "Third Settlement Payment" of \$20,000,000.00, due on December 31, 2016.

WHEREAS, Defendants have represented to Aetna that they are unable to timely make the Second Settlement Payment, and have asked Aetna to forbear from exercising its remedies under the Stipulation and Order until, and not to exercise such remedies if, Defendants satisfy their obligation to make the Second Settlement payment by a date agreed between Aetna and Defendants.

WHEREAS, Aetna and the Defendants have entered into that certain Conditional Settlement Agreement, Including Defendants' Agreement to Pay Settlement Amount or Have Judgment Entered Against Them (the "Agreement") dated December 23, 2016, pursuant to which Aetna has agreed to a revised payment schedule. Aetna was willing to agree to the Agreement and provide the Defendants with additional time to make the Second Settlement Payment and the amounts comprising the Third Settlement Payment only if Guarantor executes and delivers this Guarantee.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties to this Guarantee hereto agree as follows:

Section 1. DEFINITIONS.

1.01. Definition of Certain Terms Used Herein. As used herein, terms defined in the Stipulation and Order and in the Agreement shall have the meanings set forth therein and the following terms shall have the following meanings:

"Appraised Value" means the "Total Net Value" (as determined by the Appraiser in the most recent Qualified Appraisal Update or, until the first Qualified Appraisal Update, the Initial Valuation) of (a) the Guarantor's Eligible Real Property that is included in the most recent Qualified Appraisal Update or, until the first Qualified Appraisal Update, the Initial Valuation.

"Appraiser" shall be a qualified, licensed real estate appraiser selected and employed by Guarantor at Guarantor's sole expense, but approved in writing by Aetna, such approval not to be unreasonably delayed, denied or withheld.

"Bankruptcy Code" means title 11, United States Code, as amended from time to time, and any successor statute thereto.

"Event of Default" has the meaning set forth in the Agreement.

“Fully Satisfied”: with respect to the Obligations means that such Obligations have been paid in full.

“Guarantee Default” shall mean: (A) any failure by Guarantor to pay any of the Obligations when due and owing or timely deliver the Initial Valuation or a Qualified Appraisal when due; provided that Guarantor shall have 10 business days following written notice of such failure from Aetna to cure or (B) if any of the following occurs, provided that Guarantor shall have 45 days following written notice by Aetna of any such occurrence to cure: (1) failure of Guarantor to maintain a Loan-to-Value Ratio greater than .70 on Guarantor’s Eligible Real Property at any time, or (2) if Guarantor’s Net Worth drops to less than 125% of the balance owing to Aetna on any date.

“Guarantor” shall mean, initially, the Initial Guarantor. Following the execution and delivery by a Subsidiary of a Joinder pursuant to Section 8.14 hereof, the term “Guarantor” shall be deemed to refer to Initial Guarantor and each such Subsidiary, collectively and in the aggregate.

“Guarantor’s Eligible Real Property” shall mean all real property owned by Guarantor the transfer of which does not require governmental approval and with respect to which Guarantor’s operations do not require any governmental license to continue (other than standard commercial business licenses); however, the fact the operations of a lessee who leases part of a property from Guarantor may require such a license shall not prevent the premises owned by Guarantor and leased to a third party that operates at such premises from being included in Guarantor’s Eligible Real Property.

“Guarantor’s Net Worth” means the sum of (i) the most recent Appraised Values of all Guarantor Eligible Real Property actually owned by Guarantor, plus (ii) all cash and cash equivalents of Guarantor (“Cash”), minus (iii) all debts owed by Guarantor, excluding the Obligations under this Guarantee (“Indebtedness”). The value of the Guarantor Eligible Property shall be the Appraised Value, the Cash shall be the aggregate cash held by Guarantor on any given date, and the Indebtedness shall be the aggregate amount of the Indebtedness outstanding on any given date, whether or not then due.

“Initial Valuation” means a broker’s opinion of value prepared by Appraiser of Guarantor’s Eligible Real Property to be delivered to Aetna not later than March 31, 2017 by Guarantor.

“Joinder” means the Joinder Agreement attached hereto as Exhibit “A” and incorporated herein by this reference.

“Loan-to-Value Ratio” means, as of every date, with respect to all Secured Loans collectively with respect to the Guarantor’s Eligible Real Property, a ratio where the numerator is the aggregate balance of all Secured Loan outstanding on that date, and the denominator is the Appraised Value of Guarantor’s Eligible Real Property owned by Guarantor plus all Cash on that same date. For clarity, to the extent that there is more than one Guarantor, such calculation shall be made on an aggregate basis and not with respect to any individual Guarantor.

“Obligations” means all of Defendants’ obligations under the Agreement to pay the Third Settlement Payment Obligations, including all interest thereon, and all interest due on the Second Settlement Payment accruing at 6% per annum pursuant to the Acknowledgement communicated

by Richard Doren in correspondence dated January 5, 2017, less any amounts paid to Aetna for which Guarantor or any Defendant is entitled to a credit pursuant to Section 6(iii) of the Agreement.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, estate, trust, unincorporated association, any other entity, any governmental authority and any fiduciary acting in such capacity on behalf of any of the foregoing.

“Qualified Appraisal Update” means the appraisal to be delivered by Guarantor to Aetna not later than January 15<sup>th</sup> of each year from and including January 15, 2018, which is performed by an Appraiser, which either appraises or updates the appraisal of each Guarantor Eligible Real Property as of December 31<sup>st</sup> of the immediately prior calendar year.

“Secured Loan” means any debt of any type, including any past due property taxes and any debt owing to any holder of a claim that is secured by a lien, mortgage or deed of trust on any of Guarantor’s Eligible Real Property.

“Subsidiary” is an entity that is at all times 100% owned either by Initial Guarantor or by a Subsidiary of Initial Guarantor that has executed and delivered to Aetna a Joinder. If a Subsidiary ceases to be 100% owned by Initial Guarantor or by a Subsidiary of Initial Guarantor, the assets and liabilities of that entity will no longer be included in the calculation of the Loan-to-Value Ratio or the Guarantor’s Net Worth.

1.02. Rules of Interpretation. Any of the terms defined in this Section 1 may, unless the context otherwise requires, be used in the singular or the plural depending on the reference. All references to statutes and related regulations shall include (unless otherwise specifically provided herein) any amendments of same and any successor statutes and regulations.

## Section 2. GUARANTEE.

2.01. Guarantee. (a) Guarantor hereby unconditionally and irrevocably, guarantees to Aetna, for the benefit of Aetna and its successors, endorsees, transferees and assigns, the prompt and complete payment by the Defendants when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, in each case whether due or not due, direct or indirect, joint and/or several, absolute or contingent, voluntary or involuntary, liquidated or unliquidated, determined or undetermined, now or hereafter existing, renewed or restructured, whether or not from time to time decreased or extinguished and later increased, created or incurred, whether or not arising after the commencement of a proceeding under the Bankruptcy Code (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding, and whether or not recovery of any such Obligation or liability may be barred by a statute of limitations or such Obligation or liability may otherwise be unenforceable. For clarity, nothing in this Guarantee shall be deemed to prevent Guarantor from making a prepayment with respect to any of the Obligations.

(b) The guarantee contained in this Section 2 shall remain in full force and effect until all the Obligations shall have been Fully Satisfied. It shall not be necessary for Aetna (and Guarantor hereby waives any rights which Guarantor may have to require Aetna), in order to enforce the Obligations of Guarantor hereunder, first to (i) institute suit or exhaust its remedies against Defendants or others liable on the Obligations or any other person, (ii) enforce Aetna’s rights to setoff or against any collateral which shall ever have been given as security, (iii)

enforce Aetna's rights against any other guarantors of the guaranteed Obligations, or (iv) resort to any other means of obtaining payment of the Obligations. Aetna shall not be required to mitigate damages or take any other action to reduce, collect or enforce the Obligations.

2.02. Intentionally Omitted.

2.03. Amendments, etc. with respect to the Obligations. Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against Guarantor and without notice to or further assent by Guarantor, any demand for payment of any of the Obligations made by Aetna may be rescinded by Aetna and any of the Obligations continued. Aetna may modify or extend the Obligation of any Defendant, and/or compromise, amend, modify or refrain or forbear from enforcing its rights, including, without limitation any right of offset or any lien hereafter obtained, against any Defendant, without notice to or consent of the Guarantor, and such modification, extension, compromise, forbearance or other action by Aetna shall not release the Guarantor, or in any way impair Aetna's rights against the Guarantor; provided, however, that to the extent that such modification, extension, compromise, forbearance or other action by Aetna increases the amount of, or accelerates the timing of the payment of (or otherwise imposes any additional obligations, agreements or covenants on any of the Defendants, the breach or non-compliance of which could increase the amount of, or accelerate the timing of the payment of) any of the Obligations, Guarantor's commitment under this Guarantee will not be accelerated or increased. In such case, Guarantor shall remain liable for the Obligations pursuant to this Guarantee as though the increase in the amount of, or acceleration of the timing of the payment had not occurred.

2.04. Guarantee Absolute and Unconditional. Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by Aetna upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; Aetna's agreement to enter into the Agreement with respect to the Obligations shall conclusively be deemed to have been entered into in reliance upon this Guarantee and but for this Guarantee Aetna would not have agreed to the Agreement; and all dealings between Defendants and Guarantor, on the one hand, and Aetna, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Guarantee. Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Defendants or any of the guarantors with respect to the Obligations. Notwithstanding the foregoing, upon any default or nonpayment by Defendants with respect to the Obligations, Aetna will provide Guarantor with written notice of such default or nonpayment, and Guarantor shall have ten (10) business days from the date of its receipt of such notice to pay the amounts due thereon. Guarantor understands and agrees that this Guarantee shall be construed as a continuing, absolute and unconditional guarantee of payment (and not of collection) without regard to (a) the validity or enforceability of the Obligations or any security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by Aetna; (b) any defense, set-off or counterclaim (other than a defense of payment, whether by or on behalf of any of the Defendants or by Guarantor hereunder or otherwise) which may at any time be available to or be asserted by Defendants or any other Person against Aetna; or (c) any other circumstance whatsoever (with or without notice to or knowledge of Defendants or Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of Defendants for the Obligations, or of Guarantor under the guarantee contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against Guarantor, Aetna may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may

have against Defendants, or any other Person or against any security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by Aetna to make any such demand, to pursue such other rights or remedies or to collect any payments from Defendants, or any other Person or to realize upon any such security or guarantee or to exercise any such right of offset, or any release of Defendants, or any other Person or any such security, guarantee or right of offset, shall not relieve Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of Aetna against Guarantor. For the purposes hereof, “demand” shall include the commencement and continuance of any legal proceedings.

2.05. Reinstatement. The guarantee contained in this Section 2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by Aetna upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Defendant or Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Defendant or Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

2.06. Intentionally omitted.

2.07. Election of Remedies. If Aetna may, under applicable law, proceed to exercise rights giving it a lien upon any collateral, whether owned by Guarantor or by any other Person, either by judicial foreclosure or by nonjudicial sale or enforcement, or to exercise setoff rights as against any obligations Aetna may otherwise owe to Guarantor or any Defendant, Aetna may, at its sole option, determine which of its remedies or rights it may pursue without affecting any of its rights and remedies under this Section 2. If, in the exercise of any of its rights and remedies, Aetna shall forfeit any of its rights or remedies, including its right to enter a deficiency judgment against Guarantor or any other Person, whether because of any applicable laws pertaining to “election of remedies” or the like, Guarantor hereby consents to such action by Aetna and waives, to the extent permitted by applicable law, any claim based upon such action, so long as such action by Aetna shall not result in a full or partial loss of any rights of subrogation that Guarantor might otherwise have had but for such action by Aetna. In the event Aetna shall bid at any foreclosure or trustee’s sale or at any private sale, Aetna may bid all or less than the amount of the Obligations and the amount of such bid need not be paid by Aetna but shall be credited against the Obligations. The amount of the successful bid at any such public sale, whether Aetna or any other party is the successful bidder, shall be conclusively deemed to be the fair market value of the collateral and the difference between such bid amount and the remaining balance of the Obligations shall be conclusively deemed to be the amount of the Obligations guaranteed under this Section 2, notwithstanding that any present or future law or court decision or ruling may have the effect of reducing the amount of any deficiency claim to which Aetna might otherwise be entitled but for such bidding at any such sale.

Section 3. INTENTIONALLY OMITTED.

Section 4. REPRESENTATIONS AND WARRANTIES. To induce Aetna to forbear from immediately exercising its remedies under the Agreement, Guarantor hereby represents and warrants to Aetna as follows.

4.01. Due Authority. Guarantor has the right and requisite authority to guaranty the Obligations.

4.02. No Consent or Approval. No consent, approval, authorization or other order or other action by, and no notice to or filing with, any governmental authority or any other person or entity is required for the guaranty by Guarantor of the Obligations.

4.03. Binding Obligation. This Guarantee has been duly authorized, executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms.

4.04 Value Received. Based on Guarantor's business relationship with the Defendants, Guarantor receives a benefit as the result of the Agreement and, therefore, is receiving reasonably equivalent value for its commitment to provide this Guarantee.

4.05 Financial Condition. Guarantor is solvent, has reasonable capital for the business in which it is engaged and is able to pay its debts as they become due both before and after providing this Guarantee. As of the date of execution of this Guarantee, Guarantor owns fee simple legal title to each of the assets described in Schedule 4.05.

4.06. Knowledge of Defendants' Financial Condition. Guarantor has such information as it believes it needs about each Defendant to make an informed decision to provide this Guarantee and is not relying on any financial information or representations by Aetna about the status of any Defendant.

Section 5. REPRESENTATIONS AND WARRANTIES. To induce Guarantor to enter into this Guarantee, Aetna hereby represents and warrants to Guarantor as follows.

5.01. Due Authority. Aetna has the right and requisite authority to enter into this Guarantee and the Agreement.

5.02. No Consent or Approval. No consent, approval, authorization or other order or other action by, and no notice to or filing with, any governmental authority or any other person or entity is required for the entry by Aetna into this Guarantee or the Agreement.

5.03. Binding Obligation. This Guarantee has been duly authorized, executed and delivered by Aetna and constitutes a legal, valid and binding obligation of Aetna enforceable against Aetna in accordance with its terms.

5.04. Knowledge. Aetna has such information as it believes it needs about each Defendant and Guarantor to make an informed decision to provide enter into this Guarantee and the Agreement and is not relying on any financial information or representations by Guarantor or any Defendant other than as specifically provided for herein.

Section 6. DEFAULT AND REMEDIES.

6.01. Upon the occurrence of a Guarantee Default, Aetna may exercise all rights and remedies available under this Guarantee. Guarantor agrees to the maximum extent permitted by applicable law that following the occurrence of a Guarantee Default it will not at any time plead, claim or take the benefit of any appraisal, valuation, stay, extension, moratorium or redemption law now or hereafter in force in order to prevent or delay the enforcement of this Guarantee, and Guarantor waives the benefit of all such laws to the extent it lawfully may do so; provided, however, that Guarantor reserves the right to assert that no Guarantee Default has

occurred based on the Appraised Values. Guarantor agrees that it will not interfere with any right, power and remedy of Aetna provided for in this Guarantee or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise or beginning of the exercise by Aetna of any one or more of such rights, powers or remedies. No failure or delay on the part of Aetna to exercise any such right, power or remedy and no notice or demand which may be given to or made upon Guarantor by Aetna with respect to any such remedies shall operate as a waiver thereof, or limit or impair Aetna's right to take any action or to exercise any power or remedy hereunder, without notice or demand, or prejudice its rights as against Guarantor in any respect.

6.02 Aetna agrees and acknowledges that upon the occurrence of a Guarantee Default, Guarantor's liability to Aetna will be controlled by the terms of this Guarantee. Guarantor shall be liable under this Guarantee for any unpaid portion of the Obligations and interest thereon at the rate of 6% per annum, whether or not a Judgment is entered based on the Event of Default and the terms of the Settlement Agreement and regardless of the disposition of any subsequent appeal of the Judgment by Defendants, but Guarantor is not stipulating to entry of a judgment against Guarantor pursuant to the Agreement.

Section 7. INTENTIONALLY OMITTED.

Section 8. MISCELLANEOUS.

8.01. Notices. All notices, requests and demands to or upon Aetna or Guarantor hereunder shall be to the addresses thereof set forth on the signature pages hereto or at such other address as may be provided to the parties hereto in writing from time to time. In the event that Aetna shall deliver any notice or correspondence to any Defendant pursuant to the Stipulation and Order or the Agreement, Aetna shall, contemporaneously therewith, deliver a copy of such notice or correspondence to Guarantor; provided, however, that failure to provide such notice or any delay in providing such notice shall not release Guarantor, but shall only extend Guarantor's cure periods under the Agreement or this Guarantee which will only start to run when such written notice is provided to Guarantor.

8.02. GOVERNING LAW; CONSENT TO JURISDICTION; SERVICE OF PROCESS. THIS GUARANTEE SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES (OTHER THAN SECTION 5-1401 OF THE CALIFORNIA GENERAL OBLIGATIONS LAW). ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS GUARANTEE SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF CALIFORNIA OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA. EACH PARTY HERETO HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF CALIFORNIA AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH PARTY HERETO FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF CALIFORNIA. EACH PARTY HERETO HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH

LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

8.03. WAIVER OF JURY TRIAL, ETC. EACH PARTY HERETO HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS GUARANTEE, OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

8.04. Counterparts. This Guarantee may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

8.05. Headings. The headings of each section of this Guarantee are for convenience only and shall not define or limit the provisions thereof.

8.06. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Guarantee. In the event an ambiguity or question of intent or interpretation arises, this Guarantee shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Guarantee.

8.07. Severability. The illegality or unenforceability of any provision of this Guarantee or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Guarantee or any instrument or agreement required hereunder.

8.08. Survival of Agreement. All representations, warranties and agreements made by or on behalf of Guarantor in this Guarantee shall survive the execution and delivery hereof or thereof and the making and repayment of the Obligations. In addition, notwithstanding anything herein or under applicable law to the contrary, the provisions of this Guarantee and the Agreement relating to indemnification or payment of costs and expenses, shall survive the payment in full of the Obligations and any termination of this Guarantee.

8.09. Fees and Expenses; Indemnification.

(a) Guarantor agrees to pay upon demand the amount of any and all reasonable expenses, including the reasonable fees, disbursements and other charges of counsel and of any experts or agents, which Aetna may incur in connection with (x) collecting against Guarantor under the guarantee contained in Section 2 or otherwise enforcing or preserving any rights under this Guarantee and the Agreement, or (y) the exercise, enforcement or protection of any of the rights of Aetna hereunder; provided that in each case, such amounts were appropriately incurred and Aetna is the prevailing party with respect to any dispute in connection therewith.

(b) The agreements in this Section 8.09 shall survive repayment of the Obligations and the termination of this Guarantee.

8.10. Binding Effect; Several Agreement; Assignment. This Guarantee is binding upon Guarantor and Aetna and their respective successors and permitted assigns, and shall inure to the benefit of the Guarantor, Aetna and their respective successors and permitted assigns, except that Guarantor shall not have any right to assign or transfer its rights or obligations hereunder or any interest herein without the prior written consent of Aetna (and any such assignment or transfer shall be void). Aetna may assign, indorse or transfer any instrument evidencing all or any part of the Obligations, in accordance with applicable law, and the holder of such instrument shall be entitled to the benefits of this Guarantee.

8.11. Waivers; Amendment

(a) No failure or delay of Aetna in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of Aetna hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provisions of this Guarantee or consent to any departure by Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Guarantor in any case shall entitle Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Guarantee nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by Aetna and Guarantor; provided that any provision of this Guarantee imposing obligations on Guarantor may be waived by Aetna in a written instrument executed by Aetna.

8.12. Integration. This Guarantee, the Stipulation and Order and the Agreement constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Guarantor acknowledges that Aetna has made no representations or warranties of any kind to induce Guarantor to enter into this Guarantee other than as may be specifically set forth in this Guarantee, the Stipulation and Order or the Agreement. Aetna acknowledges that Guarantor has made no representations or warranties of any kind to induce Aetna to enter into this Guarantee, the Stipulation and Order or the Agreement other than as may be specifically set forth in this Guarantee.

8.13. Acknowledgments. Guarantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Guarantee;

(b) Aetna has no fiduciary relationship with or duty to it arising out of or in connection with this Guarantee or the Agreement, and the relationship between Guarantor, on the one hand, and Aetna, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the Agreement or otherwise exists by virtue of the transactions contemplated hereby among Guarantor and Aetna.


8.14. Additional Guarantors. Aetna and Guarantor acknowledge and agree that from time to time, at the election of Guarantor, one or more Subsidiaries of Guarantor may become an additional guarantor hereunder by the execution and delivery by such Subsidiary of a Joinder.

*[Remainder of Page Intentionally Left Blank; Signature Pages Follow]*

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee Agreement to be duly executed and delivered as of the date first above written.

GUARANTOR:

VERITY HOLDINGS, LLC

DocuSigned by:  
  
By: B4644E143D9B4F8...  
Name: Andre. Soran  
Title:

Address for Notices:

203 Redwood Shores Parkway, Suite 800  
Redwood City, CA 94065

AETNA LIFE INSURANCE COMPANY

By: \_\_\_\_\_  
Name:  
Title:

Address for Notices:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee Agreement to be duly executed and delivered as of the date first above written.

GUARANTOR:


VERITY HOLDINGS, LLC

By: \_\_\_\_\_  
Name:  
Title:

Address for Notices:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

AETNA LIFE INSURANCE COMPANY

By:   
Name: Paul Weller  
Title: Exec. Dir., Sr. Counsel

Address for Notices:

Aetna Legal Department  
1425 Union Meeting Rd.  
Blue Bell, Pa 19422

## JOINDER AGREEMENT

JOINDER AGREEMENT, dated as of [ ], made by [insert name of subsidiary joining as guarantor] ("Additional Guarantor"), in favor of Aetna Life Insurance Company ("Aetna"). All capitalized terms not defined herein shall have the meaning ascribed to them in the *Conditional Settlement Agreement, Including Defendants' Agreement to Pay Settlement Amount or Have Judgment Entered Against Them* (the "Agreement") dated as of January 1, 2017 and the *Guarantee Agreement* (as defined below), as applicable.

### WITNESSETH:

WHEREAS, the Defendants and Aetna entered into the Agreement;

WHEREAS, in connection with the Agreement, Verity Holdings, LLC ("Verity") entered into the Guarantee Agreement, dated as of January 17, 2017 (as amended, amended and restated, supplemented, replaced or otherwise modified from time to time, the "Guarantee Agreement") in favor of Aetna, guaranteeing the Obligations of the Defendants under the Agreement;

WHEREAS, Additional Guarantor has agreed to become a party to the Guarantee Agreement;  
and

WHEREAS, Additional Guarantor has agreed to execute and deliver this Joinder Agreement.

NOW, THEREFORE, IT IS AGREED:

1. Guarantee Agreement. By executing and delivering this Joinder Agreement, the undersigned, hereby becomes a party to the Guarantee Agreement as a Guarantor thereunder with the same force and effect as if originally named as a Guarantor therein and expressly assumes all obligations and liabilities of a Guarantor thereunder, jointly and severally with Verity and each other Person that is or may become a Guarantor under the Guarantee Agreement. The undersigned hereby agrees to be jointly and severally bound as a Guarantor for the purposes of the Guarantee Agreement. The undersigned acknowledges and agrees that all notices, consents, and other actions under the Guarantee Agreement may be taken by Verity on behalf of the undersigned and hereby grants to Verity an irrevocable power of attorney to take any and all actions required, authorized or allowed of each undersigned Guarantor.

2. GOVERNING LAW. THIS JOINDER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA.

IN WITNESS WHEREOF, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

[INSERT NAME OF ADDITIONAL GUARANTOR]

By: \_\_\_\_\_  
Name:  
Title:

[Signature page to Joinder Agreement]

ACKNOWLEDGED AND AGREED  
as of the date first above written:

AETNA LIFE INSURANCE COMPANY

By: \_\_\_\_\_  
Name:  
Title:

## **EXHIBIT C**

January 2, 2019

VIA E-MAIL

Bay Area Surgical Management, LLC:

Julia Hashemieh, [julia@basurgical.com](mailto:julia@basurgical.com)

Bobby Sarnevesht, [bobby@basurgical.com](mailto:bobby@basurgical.com)

Javad Zolfaghari, [javad@basurgical.com](mailto:javad@basurgical.com)

SOAR Surgery Center, LLC:

Managing Partner, [gabrodymd@mac.com](mailto:gabrodymd@mac.com)

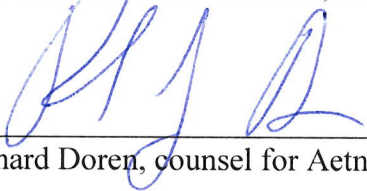
Re: Demand Pursuant to Conditional Settlement Dated December 23, 2016

Dear Defendants:

The installment of \$6,666,667 that was due on or before December 31, 2018, pursuant to Paragraph 3(iii) of the *Conditional Settlement Agreement* dated December 23, 2016, a true and correct copy of which is attached hereto (the "Settlement"), was not timely paid and, therefore, each of the "Defendants," as defined in the Settlement, has defaulted and an "Event of Default" has occurred under Paragraph 6 of the Settlement. As a result all "Unpaid Amounts," as defined in Paragraph 6(i) of the Settlement, have been accelerated and are immediately due and payable.

Absent payment in full of all sums due under the Settlement on or before January 14, 2019, Aetna will notify the Court and request that the Court lift the stay and enter judgment against the Defendants in the form attached the Settlement as Exhibit B. As you know, Paragraph 6(ii) of the Settlement prohibits each Defendant from opposing entry of the judgment and each Defendant has waived the right to appeal from the judgment when it is entered.

The Unpaid Amounts total \$14,133,331.98 of principal and interest due as of January 1, 2019, plus interest at the rate of \$2,191.78 per day from January 1, 2019 until payment is received.

By:   
Richard Doren, counsel for Aetna Life Insurance Company

cc (via email): Michael Amir, [mamir@dollamir.com](mailto:mamir@dollamir.com)  
Mark Waxman, [markwaxman@verity.org](mailto:markwaxman@verity.org)  
Merton Howard, [mhoward@hansonbridgett.com](mailto:mhoward@hansonbridgett.com)  
Teresa Pahl, [tpahl@hansonbridgett.com](mailto:tpahl@hansonbridgett.com)  
Heather Gibson, [hgibson@gibsonhealth-law.com](mailto:hgibson@gibsonhealth-law.com),  
[heathergibson1@gmail.com](mailto:heathergibson1@gmail.com)

## 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:  
**10100 Santa Monica Boulevard, 13<sup>th</sup> Floor, Los Angeles, California 90067**

A true and correct copy of the foregoing document entitled (*specify*): **STIPULATION TO MODIFY THE AUTOMATIC STAY FOR THE LIMITED PURPOSE OF SENDING NOTICE AND DEADLINE TO OBJECT** 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*) **February 14, 2019**, 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:

☒ Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:**

On (*date*) **February 14, 2019**, 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*) **February 14, 2019**, 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 HAND DELIVERY**

Honorable Ernest M. Robles  
U.S. Bankruptcy Court  
255 E. Temple Street, Suite 1560 / Courtroom 1568  
Los Angeles, CA 90012

☒ 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.

February 14, 2019  
*Date*

Sophia L. Lee  
*Printed Name*

/s/ Sophia L. Lee  
*Signature*

## MAILING INFORMATION FOR CASE NO. 2:18-bk-20151-ER

### 1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)

- Robert N Amkraut ramkraut@foxrothschild.com
- Kyra E Andrassy kandrassy@swelawfirm.com, csheets@swelawfirm.com;gcruz@swelawfirm.com;jchung@swelawfirm.com
- Simon Aron saron@wrslawyers.com
- Lauren T Attard lattard@bakerlaw.com, abalian@bakerlaw.com
- Keith Patrick Banner kbanner@greenbergglusker.com, sharper@greenbergglusker.com;calendar@greenbergglusker.com
- Cristina E Bautista cristina.bautista@kattenlaw.com, ecf.lax.docket@kattenlaw.com
- James Cornell Behrens jbehrens@milbank.com, gbray@milbank.com;mshinderman@milbank.com;hmaghakian@milbank.com;dodonnell@milbank.com;jbrewster@milbank.com;JWeber@milbank.com
- Ron Bender rb@lnbyb.com
- Bruce Bennett bbennett@jonesday.com
- Peter J Benvenuti pbenvenuti@kellerbenvenuti.com, pjbenven74@yahoo.com
- Elizabeth Berke-Dreyfuss edreyfuss@wendel.com
- Steven M Berman sberman@slk-law.com
- Alicia K Berry Alicia.Berry@doj.ca.gov
- Stephen F Biegenzahn efile@sflaw.com
- Karl E Block kblock@loeb.com, jvazquez@loeb.com;ladoCKET@loeb.com
- Dustin P Branch branchd@ballardspahr.com, carolod@ballardspahr.com;hubenb@ballardspahr.com;Pollack@ballardspahr.com
- Michael D Breslauer mbreslauer@swsslaw.com, wyones@swsslaw.com;mbreslauer@ecf.courtdrive.com;wyones@ecf.courtdrive.com
- Chane Buck cbuck@jonesday.com
- Damarr M Butler butler.damarr@pbgc.gov, efile@pbgc.gov
- Lori A Butler butler.lori@pbgc.gov, efile@pbgc.gov
- Howard Camhi hcamhi@ecjlaw.com, tcastelli@ecjlaw.com;amatsuoka@ecjlaw.com
- Shirley Cho scho@pszjlaw.com
- Jacquelyn H Choi jchoi@swesq.com
- Shawn M Christianson cmcintire@buchalter.com, schristianson@buchalter.com
- Kevin Collins kevin.collins@btlaw.com, Kathleen.lytle@btlaw.com
- David N Crapo dcrapo@gibbonslaw.com, elrosen@gibbonslaw.com
- Mariam Danielyan md@danielyanlawoffice.com, danielyan.mar@gmail.com
- Brian L Davidoff bdavidoff@greenbergglusker.com, calendar@greenbergglusker.com;jking@greenbergglusker.com
- Aaron Davis aaron.davis@bryancave.com, kat.flaherty@bryancave.com
- Kevin M Eckhardt keckhardt@huntonak.com, keckhardt@hunton.com
- Andy J Epstein taxcpaesq@gmail.com
- Christine R Etheridge christine.etheridge@ikonfin.com
- M Douglas Flahaut flahaut.douglas@arentfox.com
- Michael G Fletcher mfletcher@frandzel.com, sking@frandzel.com

---

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

- Joseph D Frank jfrank@fgllp.com,  
mmatlock@fgllp.com;csmith@fgllp.com;jkleinman@fgllp.com;csucic@fgllp.com
- William B Freeman william.freeman@kattenlaw.com,  
nicole.jones@kattenlaw.com,ecf.lax.docket@kattenlaw.com
- Eric J Fromme efromme@tocounsel.com, lchapman@tocounsel.com;sschuster@tocounsel.com
- Jeffrey K Garfinkle jgarfinkle@buchalter.com, docket@buchalter.com;dcyrankowski@buchalter.com
- Lawrence B Gill lgill@nelsonhardiman.com, rrange@nelsonhardiman.com
- Paul R. Glassman pglassman@sycr.com
- Eric D Goldberg eric.goldberg@dlapiper.com, eric-goldberg-1103@ecf.pacerpro.com
- Mary H Haas maryhaas@dwt.com,  
melissastrobels@dwt.com;laxdocket@dwt.com;yunialubega@dwt.com
- James A Hayes jhayes@jamesahayesaplc.com
- Michael S Held mhheld@jw.com
- Lawrence J Hilton lhilton@onellp.com,  
lthomas@onellp.com;info@onellp.com;evescance@onellp.com;nlichtenberger@onellp.com;rgolder@onellp.com
- Robert M Hirsh Robert.Hirsh@arentfox.com
- Florice Hoffman fhoffman@socal.rr.com, floricehoffman@gmail.com
- Michael Hogue hoguem@gtlaw.com, fernandezc@gtlaw.com;SFOLitDock@gtlaw.com
- Marsha A Houston mhouston@reedsmith.com
- Brian D Huben hubenb@ballardspahr.com, carolod@ballardspahr.com
- John Mark Jennings johnmark.jennings@kutakrock.com
- Monique D Jewett-Brewster mjb@hopkinscarley.com, eamaro@hopkinscarley.com
- Gregory R Jones gjones@mwe.com, rnhunter@mwe.com
- Lance N Jurich ljurich@loeb.com, karnote@loeb.com;ladocket@loeb.com
- Steven J Kahn skahn@pszyjw.com
- Ivan L Kallick ikallick@manatt.com, ihernandez@manatt.com
- Jane Kim jkim@kellerbenvenutti.com
- Monica Y Kim myk@lnbrb.com, myk@ecf.inforuptcy.com
- Gary E Klausner gek@lnbyb.com
- Joseph A Kohanski jkohanski@bushgottlieb.com, kprestegard@bushgottlieb.com
- Jeffrey C Krause jkrause@gibsondunn.com, dtrujillo@gibsondunn.com;jstern@gibsondunn.com
- Chris D. Kuhner c.kuhner@kornfieldlaw.com
- Darryl S Laddin bkrfilings@agg.com
- Robert S Lampl advocate45@aol.com, rlisarobinsonr@aol.com
- Richard A Lapping richard@lappinglegal.com
- Paul J Laurin plaurin@btlaw.com, slmoore@btlaw.com;jboustani@btlaw.com
- David E Lemke david.lemke@wallerlaw.com,  
chris.cronk@wallerlaw.com;Melissa.jones@wallerlaw.com;cathy.thomas@wallerlaw.com
- Elan S Levey elan.levey@usdoj.gov, louisalin@usdoj.gov
- Tracy L Mainguy bankruptcycourtnotices@unioncounsel.net, tmainguy@unioncounsel.net
- Samuel R Maizel samuel.maizel@dentons.com,  
alicia.aguilar@dentons.com;docket.general.lit.LOS@dentons.com;tania.moyron@dentons.com;kathryn.howard@dentons.com;joan.mack@dentons.com
- Alvin Mar alvin.mar@usdoj.gov

- Craig G Margulies Craig@MarguliesFaithlaw.com,  
Victoria@MarguliesFaithlaw.com;David@MarguliesFaithLaw.com;Helen@MarguliesFaithlaw.com
- Hutchison B Meltzer hutchison.meltzer@doj.ca.gov, Alicia.Berry@doj.ca.gov
- Christopher Minier becky@ringstadlaw.com, arlene@ringstadlaw.com
- John A Moe john.moe@dentons.com,  
glenda.spratt@dentons.com,derry.kalve@dentons.com,andy.jinnah@dentons.com
- Monserrat Morales mmorales@marguliesfaithlaw.com,  
Victoria@marguliesfaithlaw.com;David@MarguliesFaithLaw.com;Helen@marguliesfaithlaw.com
- Kevin H Morse kevin.morse@saul.com, rmarcus@AttorneyMM.com;sean.williams@saul.com
- Marianne S Mortimer mmortimer@sycr.com, jrothstein@sycr.com
- Tania M Moyron tania.moyron@dentons.com, chris.omeara@dentons.com
- Alan I Nahmias anahmias@mbnlawyers.com, jdale@mbnlawyers.com
- Jennifer L Nassiri jennifernassiri@quinnemanuel.com
- Charles E Nelson nelsonc@ballardspahr.com, wassweilerw@ballardspahr.com
- Sheila Gropper Nelson shedoesbklaw@aol.com
- Mark A Neubauer mneubauer@carltonfields.com,  
mlrodriguez@carltonfields.com;smcloughlin@carltonfields.com;schau@carltonfields.com;NDunn@carltonfields.com;ecfla@carltonfields.com
- Nancy Newman nnewman@hansonbridgett.com,  
ajackson@hansonbridgett.com;calendarclerk@hansonbridgett.com
- Bryan L Ngo bngo@fortislaw.com,  
BNgo@bluecapitallaw.com;SPicariello@fortislaw.com;JNguyen@fortislaw.com;JNguyen@bluecapitalaw.com
- Melissa T Ngo ngo.melissa@pbgc.gov, efile@pbgc.gov
- Abigail V O'Brient avobrient@mintz.com,  
docketing@mintz.com;DEHashimoto@mintz.com;nleali@mintz.com;ABLevin@mintz.com
- John R OKeefe jokeefe@metzlewis.com, slohr@metzlewis.com
- Paul J Pascuzzi ppascuzzi@ffwplaw.com, lnlasley@ffwplaw.com
- Lisa M Peters lisa.peters@kutakrock.com, marybeth.brukner@kutakrock.com
- Christopher J Petersen cjpetersen@blankrome.com, gsolis@blankrome.com
- Mark D Plevin mplevin@crowell.com, cromos@crowell.com
- David M Poitras dpoitras@wedgewood-inc.com, dpoitras@jmbm.com;dmarcus@wedgewood-inc.com;aguisinger@wedgewood-inc.com
- Steven G. Polard spolard@ch-law.com, cborrayo@ch-law.com
- David M Powlen david.powlen@btlaw.com, pgroff@btlaw.com
- Christopher E Prince cprince@lesnickprince.com,  
jmack@lesnickprince.com;mlampton@lesnickprince.com;cprince@ecf.courtdrive.com
- Lori L Purkey bareham@purkeyandassociates.com
- William M Rathbone wrathbone@grsm.com, jmydlandevans@grsm.com
- Jason M Reed Jason.Reed@Maslon.com
- Michael B Reynolds mreynolds@swlaw.com, kcollins@swlaw.com
- J. Alexandra Rhim arhim@hrhlaw.com
- Emily P Rich erich@unioncounsel.net, bankruptcycourtnotices@unioncounsel.net
- Lesley A Riis lriis@dpmclaw.com
- Debra Riley driley@allenmatkins.com
- Christopher O Rivas crivas@reedsmith.com, chris-rivas-8658@ecf.pacerpro.com

---

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

- Julie H Rome-Banks julie@bindermalter.com
- Mary H Rose mrose@buchalter.com, salarcon@buchalter.com
- Megan A Rowe mrowe@dsrhealthlaw.com, lwestoby@dsrhealthlaw.com
- Nathan A Schultz nschultz@foxrothschild.com
- William Schumacher wschumacher@jonesday.com
- Mark A Serlin ms@swllplaw.com, mor@swllplaw.com
- Seth B Shapiro seth.shapiro@usdoj.gov
- Joseph Shickich jshickich@riddellwilliams.com
- Rosa A Shirley rshirley@nelsonhardiman.com,  
ksherry@nelsonhardiman.com;lgill@nelsonhardiman.com;jwilson@nelsonhardiman.com;rrange@nelsonhardiman.com
- Kyrsten Skogstad kskogstad@calnurses.org, rcraven@calnurses.org
- Michael St James ecf@stjames-law.com
- Andrew Still astill@swlaw.com, kcollins@swlaw.com
- Jason D Strabo jstrabo@mwe.com, ahoneycutt@mwe.com
- Sabrina L Streusand Streusand@slollp.com
- Ralph J Swanson ralph.swanson@berliner.com, sabina.hall@berliner.com
- Gary F Torrell gft@vrmlaw.com
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov
- Matthew S Walker matthew.walker@pillsburylaw.com, candy.kleiner@pillsburylaw.com
- Jason Wallach jwallach@ghplaw.com, g33404@notify.cincompass.com
- Kenneth K Wang kenneth.wang@doj.ca.gov,  
Jennifer.Kim@doj.ca.gov;Stacy.McKellar@doj.ca.gov;yesenia.carro@doj.ca.gov
- Phillip K Wang phillip.wang@rimonlaw.com, david.kline@rimonlaw.com
- Gerrick Warrington gwarrington@frandzel.com, sking@frandzel.com
- Adam G Wentland awentland@tocounsel.com, lkwon@tocounsel.com
- Latonia Williams lwilliams@goodwin.com, bankruptcy@goodwin.com
- Michael S Winsten mike@winsten.com
- Jeffrey C Wisler jwisler@connollygallagher.com, dperkins@connollygallagher.com
- Neal L Wolf nwolf@hansonbridgett.com,  
calendarclerk@hansonbridgett.com,lchappell@hansonbridgett.com
- Hatty K Yip hatty.yip@usdoj.gov
- Andrew J Ziaja aziaja@leonardcarder.com,  
sgroff@leonardcarder.com;msimons@leonardcarder.com;lbadar@leonardcarder.com
- Rose Zimmerman rzimmerman@dalcycity.org

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL**

**VIA MAIL**

Aetna Life Insurance Company  
Attn: Paul Weller, Head of Provider  
Litigation  
1425 Union Meeting Rd.  
Mail Stop U23S  
Blue Bell PA 19422

Allen Matkins Leck Gamble Mallory & Natsis  
LLP  
Debra A. Riley, Esq.  
One America Plaza  
600 West Broadway, 27th Floor  
San Diego CA 92101-0903

Allscripts Healthcare LLC  
c/o Greg Bianchi  
5995 Windward Pkwy  
Alpharetta GA 30005-4184

---

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

Arnall Golden Gregory LLP  
Darryl S. Laddin  
171 17th Street NW, Suite 2100  
Atlanta GA 30363-1031

Attorney General of California  
Xavier Becerra  
California Department of Justice  
1300 "I" Street  
Sacramento CA 95814

Attorney General of the United States  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington DC 20530-0001

Baker & Hostetler LLP  
Lauren T. Attard  
11601 Wilshire Boulevard, Suite 1400  
Los Angeles CA 90025-0509

Ballard Spahr LLP  
Attn: Dustin P. Branch, Esq.  
Nicholas M. Gross, Esq.  
2029 Century Park East, Suite 800  
Los Angeles CA 90067-2909

Ballard Spahr LLP  
Brain D. Huben, Michael S. Meyers  
2029 Century Park East, Suite 800  
Los Angeles CA 90067-2909

Ballard Spahr LLP  
William P. Wassweiler, Esq. and Charles E.  
Nelson, Esq.  
2000 IDS Center  
80 South Eighth Street  
Minneapolis MN 55402  
Bart Florence  
1620 North Market Blvd  
Sacramento CA 95834

Barnes & Thornburg LLP  
David M. Powlen, Kevin G. Collins  
1000 N. West St., Suite 1500  
Wilmington DE 19801

Barnes & Thornburg LLP  
Paul J. Laurin  
2029 Century Park E, Suite 300  
Los Angeles CA 90067

BDO USA, LLP  
Laurence W. Golberg Director, Receivables  
Management  
4135 Mendenhall Oaks Parkway, Suite 140  
High Point NC 27265

Blakeley LLP  
Scott E. Blakeley  
18500 Von Karman Avenue, Suite 530  
Irvine CA 92612

Bush Gottlieb, A Law Corporation  
Attn: Joseph A. Kohanski, David E. Ahdoot,  
Kirk M. Prestegard  
801 North Brand Boulevard, Suite 950  
Glendale CA 91203

California Department of Health Care  
Services  
Jennifer Kent, Director  
1501 Capitol Avenue, Suite 4510  
Sacramento CA 95814

California Nurses Association (CNA)  
Attn: Kyrsten Skogstad, In-House Counsel;  
Nicole J. Daro, Esq  
Legal Department  
155 Grand Avenue  
Oakland CA 94612  
Carlton Fields Jordan Burt, LLP  
Mark Neubauer and Donald Kirk  
2000 Avenue of the Stars Suite 530N  
Los Angeles CA 90067-4707

California Secretary of State  
1500 11th Street  
Sacramento CA 95814

California State Board of Pharmacy  
1625 North Market Boulevard  
Sacramento CA 95834

Carlton Fields Jorden Burt PA  
Donald R Kirk & John Ryan Yant  
4221 W Boy Scout Blvd Ste 1000  
Tampa FL 33607-5780

City of Daly City  
Rose Zimmerman  
City Attorney's Office  
333 90th Street  
Daly City CA 94015

Dentons US LLP  
Samuel R. Maizel, John A. Moe, II, Tania M.  
Moyron  
601 South Figueroa Street, Suite 2500  
Los Angeles CA 90017-5704

Devaney Pate Morris & Cameron, LLP  
c/o Lesley A. Riis  
402 W. Broadway, Suite 1300  
San Diego CA 92101

DLA Piper LLP (US)  
Eric D. Goldberg  
2000 Avenue of the Stars  
Suite 400 North Tower  
Los Angeles CA 90067-4704

DLA Piper LLP (US)  
Jade M. Williams  
444 W. Lake Street, Suite 900  
Chicago IL 60606-0089

Employment Development Dept.  
722 Capitol Mall  
Sacramento CA 95814

Engineers and Scientists of California  
IFPTE Local 20 AFL-CIO & CLC  
Danielle Lucido Chief Counsel  
810 Clay St  
Oakland CA 94607

Felderstein Fitzgerald  
Willoughby & Pascuzzi LLP  
Paul J. Pascuzzi  
400 Capitol Mall, Suite 1750  
Sacramento CA 95814

Fox Rothschild LLP  
Attn: Michael A. Sweet, Nathan A. Schultz  
345 California Street, Suite 2200  
San Francisco CA 94104

Fox Rothschild LLP  
Attn: Robert N. Amkraut, Esq  
1001 Fourth Ave. Suite 4500  
Seattle WA 98154

Gibbons P.C.  
Attn: David N. Crapo, Esq.  
One Gateway Center  
Newark NJ 07102-5310

Greenberg Traurig, LLP  
Michael R. Hogue  
Four Embarcadero Center, Suite 3000  
San Francisco CA 94111

Hanson Bridgett LLP  
Neal L. Wolf  
425 Market Street, 26th Floor  
San Francisco CA 94105

Hunton Andrews Kurth LLP  
Kevin M. Eckhardt  
550 South Hope Street, Suite 2000  
Los Angeles CA 90071

Internal Revenue Service  
Attn Susanne Larson  
31 Hopkins Plz Rm 1150  
Baltimore MD 21201

Internal Revenue Service  
Centralized Insolvency Operation  
P.O. Box 7346  
Philadelphia PA 19101-7346

Internal Revenue Service  
Centralized Insolvency Operation  
2970 Market St  
Philadelphia PA 19104

Internal Revenue Service  
300 North Los Angeles Street  
Los Angeles CA 90012

Internal Revenue Service  
600 Arch Street  
Philadelphia PA 19101

Iris Lara  
c/o Trisha Monesi  
1875 Century Park East, Suite 100  
Los Angeles CA 90067

JD Thompson Law  
c/o Judy D. Thompson, Esq.  
PO Box 33127  
Charlotte NC 28233

Jones Day  
Bruce Bennett  
555 South Flower Street  
Fiftieth Floor  
Los Angeles CA 90071

KCC  
Andres A. Estrada  
2335 Alaska Ave  
El Segundo CA 90245

Keller & Benvenuti LLP  
Attn: Jane Kim  
650 California Street, Suite 1900  
San Francisco CA 94108

Keller & Benvenuti LLP  
Attn: Peter J. Benvenuti, Jane Kim  
650 California Street, Suite 1900  
San Francisco CA 94108

Kornfield, Nyberg, Bendes,  
Kuhner & Little, PC  
Chris D. Kuhner, Esq.  
1970 Broadway, Suite 600  
Oakland CA 94612

Kutak Rock LLP  
Lisa M. Peters  
1650 Farnam St  
Omaha NE 68102

Law Office of Florice Hoffman. L.C.  
Florice Hoffman  
8502 E. Chapman Avenue, Suite 353  
Orange CA 92869

Leonard Carder, LLP  
Shawn C. Groff, Mollie Simons,  
Andrew J. Ziaja  
1330 Broadway, Ste 1450  
Oakland CA 94612

Loeb & Loeb LLP  
Lance N. Jurich, Esq  
10100 Santa Monica Blvd., Suite 2200  
Los Angeles CA 90067-4120

Lord, Abbett & Co LLC  
Robert Gerber

Los Angeles County Tax Collector  
PO Box 54110  
Los Angeles CA 90054-0110

Maslon LLP  
Clark T Whitmore  
3300 Wells Fargo Center  
90 South Seventh Street  
Minneapolis MN 55402

McDermott Will & Emery  
Jason D. Strabo; James F. Owens  
2049 Century Park East, 38th Floor  
Los Angeles CA 90067-3218

McDermott Will & Emery  
William Smith Nathan Coco Megan  
Preusker  
444 West Lake St., Suite 4000  
Chicago IL 60606-0029

McDermott Will & Emery LLP  
Gregory R. Jones  
2049 Century Park East, Suite 3800  
Los Angeles CA 90067-3218

McDermott Will & Emery LLP  
James Kapp  
444 West Lake Street, Suite 4000  
Chicago IL 60606-0029

Medline Industries, Inc.  
Shane Reed  
Three Lakes Drive  
Northfield IL 60093

Milbank, Tweed, Hadley & McCloy LLP  
Gregory A. Bray Mark Shinderman & James  
C. Behrens  
2029 Century Park East, 33rd Floor  
Los Angeles CA 90067

Mintz Levin Cohn Ferris Glovsky and  
Popeo, P.C.  
Attn: Daniel Bleck / Leonard Weiser-Varon  
One Financial Center  
Boston MA 02111

Mintz Levin Cohn Ferris Glovsky and  
Popeo, P.C.  
Attn: Paul J. Ricotta  
666 Third Avenue  
New York NY 10017

NantWorks, LLC and Nant Capital, LLC  
Charles Kim  
9920 Jefferson Boulevard  
Culver City CA 90232

Office of the Attorney General  
Alicia Berry, Deputy Attorney General  
300 South Spring Street, Suite 1702  
Los Angeles CA 90013

Office of the Attorney General  
Consumer Law Section  
Attn Bankruptcy Notices  
455 Golden Gate Ave., Suite 11000  
San Francisco CA 94102

Office of the Attorney General  
Wendi A. Horwitz, Deputy Attorney General  
Department of Justice  
Office of the Attorney General  
300 South Spring Street, Suite 1702  
Los Angeles CA 90013  
Pension Benefit Guaranty Corporation  
("PBGC")  
Attn: Michael Strollo and Emily Lesniewski  
1200 K Street, NW  
Washington DC 20005

Office of the California Attorney General  
Department of Justice  
Kenneth Wang  
300 South Spring Street  
Los Angeles CA 90013

Office of the California Attorney General  
Department of Justice  
Jennifer Kim  
300 South Spring Street, Floor 9  
Los Angeles CA 90013

Randick O'Dea & Tooliatos, LLP  
Phillip G. Vermont  
5000 Hopyard Road  
Suite 225  
Pleasanton CA 94588

RCB Equities #1 LLC  
Brian Dror / Zvi Ryzman  
5967 West 3rd Street, Suite 102  
Los Angeles CA 90036

Reed Smith LLP  
Marsha A. Houston, Christopher O. Rivas  
355 South Grand Avenue, Suite 2900  
Los Angeles CA 90071-1514

Resolution Law Firm P. C.  
Sheila Gropper Nelson, Esq.  
50 Osgood Place, 5th Fl.  
San Francisco CA 94133

Rimon, P.C.  
Phillip K. Wang, Esq.  
One Embarcadero Center, Suite 400  
San Francisco CA 94111

Rosemawr Municipal Partners Fund LP,  
Rosemawr Capital II LP, RMA Capital  
Partners LP  
Greg Shlionsky Julie Morrone Elyse  
Levesque  
810 Seventh Avenue, 27th Floor  
SEIU United Healthcare Workers West  
Attn: David Miller  
560 Thomas L Berkeley Way  
Oakland CA 94612-1602

Securities & Exchange Commission  
Secretary of the Treasury  
100 F St NE  
Washington DC 20549

Securities and Exchange Commission  
200 Vesey Street, #400  
New York NY 10281

Serlin & Whiteford, LLP  
Mark A. Serlin, Esq.  
701 E Street  
Sacramento CA 95814

Shumaker, Loop, & Kendrick, LLP  
Steven M. Berman  
101 E. Kennedy Blvd., Suite 2800  
Tampa FL 33602

Sodexo Operations, LLC, a Delaware  
Limited Liability Company Sodexo CTM LLC  
Attn: Brad Hamman  
2301 Maitland Center Pkwy Ste 350  
Maitland FL 32751-7417

St. James Law, P.C.  
Michael St. James, Esq.  
22 Battery Street, Suite 888  
San Francisco CA 94111

State of California Board of Equalization  
Account Information Group, MIC: 29  
P.O. Box 942879  
Sacramento CA 94279-0029

State of California Board of Equalization  
Executive Director  
450 N Street, MIC: 73  
Sacramento CA 95814-0073

State of California Board of Equalization  
Special Operations Bankruptcy  
Team MIC: 74  
P.O. Box 942879  
Sacramento CA 94279-0074

State of California Employment  
Development Department  
Bankruptcy Group MIC 92E  
P. O. Box 826880  
Sacramento CA 94280-0001

State of California Franchise Tax Board  
Franchise Tax Board Bankruptcy Section  
MS: A-340  
P. O. Box 2952  
Sacramento CA 95812-2952

State of California Franchise Tax Board  
Franchise Tax Board Chief Counsel  
c/o General Counsel Section  
P.O. Box 1720  
MS: A-260  
Rancho Cordova CA 95741-1720  
Stradling Yocca Carlson & Rauth, P.C.  
Paul R. Glassman, Esq. and Jeremy H.  
Rothstein, Esq  
100 Wilshire Boulevard, 4th Floor  
Santa Monica CA 90401

State of California Franchise Tax Board  
300 South Spring Street, #5704  
Los Angeles CA 90013

Stradling Yocca Carlson & Rauth, P.C.  
Attn: Marianne S. Mortimer; Paul R.  
Glassman; Jeremy H. Rothstein  
100 Wilshire Boulevard, 4th Floor  
Santa Monica CA 90401

Theodora Oringer PC  
Scott Schoeffel, Eric J. Fromme, Adam G  
Wentland  
535 Anton Boulevard, 9th Floor  
Costa Mesa CA 92626-7109

Streusand, Landon, Ozburn & Lemmon, LLP  
Sabrina L. Streusand  
1801 S. Mopac Expressway, Suite 320  
Austin TX 78746

U.S. Department of Health & Human  
Services  
Alex M. Azar II, Secretary  
200 Independence Avenue, S.W.  
Washington DC 20201

U.S. Department of Health and Human  
Services  
Angela M. Belgrove, Assistant Regional  
Counsel  
Office of the General Counsel, Region IX  
90 7th Street, Suite 4-500  
UMB Bank, N.A.  
Attn.: Virginia Anne Housum, Senior Vice  
President  
UMB Financial Corporation  
120 Sixth Street South  
Suite 1400  
United States Attorneys Office  
Northern District of California  
Federal Courthouse  
450 Golden Gate Avenue  
San Francisco CA 94102

United States Trustee  
Hatty K Yip  
Office of the UST/DOJ  
915 Wilshire Blvd., Suite 1850  
Los Angeles CA 90017

Van Eck Associates Corporation  
Charles Cameron

Wells Fargo Bank, N.A.  
Jeffrey K. Carlson or Current Officer  
608 Second Avenue South  
Minneapolis MN 55402

Jeffrey C. Krause  
Gibson Dunn & Crutcher LLP  
333 S. Grand Ave.  
Los Angeles, CA 90071-3197

U.S. Department of Justice, Civil Division  
Seth B Shapiro  
1100 L Street, N.W., Room 7114, Seventh  
Floor  
Washington DC 20005

United States Attorney's Office  
Federal Building  
Room 7516  
300 North Los Angeles Street  
Los Angeles CA 90012

United States Attorneys Office  
Northern District of California  
150 Almaden Boulevard  
Suite 900  
San Jose CA 95113

US Bank NA  
Sandra Spivey, VP  
Nevada Financial Center  
2300 W. Sahara Ste 200  
Las Vegas NV 89102

Waller Lansden Dortch & Davis, LLP  
David E. Lemke, Melissa W. Jones  
511 Union Street, Ste 2700  
Nashville TN 37219

Wells Fargo Bank, N.A.  
Mark V Birkholz; Corbin Connell  
600 4th St. 6th Floor  
MAC N9300-060  
Minneapolis MN 55415

U.S. Securities and Exchange Commission  
Attn: Bankruptcy Counsel  
444 South Flower Street, Suite 900  
Los Angeles CA 90071-9591

United States Attorneys Office  
Central District of California  
312 North Spring Street  
Suite 1200  
Los Angeles CA 90012

United States Department of Justice  
Ben Franklin Station  
P. O. Box 683  
Washington DC 20044

USBC Central District of California  
Ernest M. Robles  
Edward R. Roybal Federal Building and U.S.  
Courthouse  
255 East Temple Street, Suite 1560  
Los Angeles CA 90012  
Weinberg Roger & Rosenfeld  
c/o Emily P. Rich  
1001 Marina Village Parkway, Suite 200  
Alameda CA 94501-1091

Workday, Inc.  
John Elrod; Ann Sandor  
6110 Stoneridge Mall Road  
Pleasanton CA 94588