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Attorneys for the Chapter 11 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 Verity Health System of  
California, Inc.  
☐ Affects O'Connor Hospital  
☐ Affects Saint Louise Regional Hospital  
☐ Affects St. Francis Medical Center  
☐ Affects St. Vincent Medical Center  
☐ Affects Seton Medical Center  
☐ Affects O'Connor Hospital Foundation  
☐ Affects Saint Louise Regional Hospital  
Foundation  
☐ Affects St. Francis Medical Center of  
Lynwood Foundation  
☐ Affects St. Vincent Foundation  
☐ Affects St. Vincent Dialysis Center, Inc.  
☐ Affects Seton Medical Center  
Foundation  
☐ Affects Verity Business Services  
☐ Affects Verity Medical Foundation  
☐ Affects Verity Holdings, LLC  
☐ Affects De Paul Ventures, LLC  
☐ Affects De Paul Ventures - San Jose  
Dialysis, LLC

Debtors and Debtors In Possession.

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

Jointly Administered With:

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

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**STIPULATION AMENDING ORDER  
APPROVING STIPULATION RESOLVING  
UNITEDHEALTHCARE ADEQUATE  
ASSURANCE AND CURE OBJECTIONS  
[RELATED TO DKT. NOS. 2145, 2752, AND 2753]**

**Continued Hearing (Recoupment Objection Only):**

Date: September 24, 2019  
Time: 10:00 a.m. (PST)  
Place: Courtroom 1568  
255 East Temple Street  
Los Angeles, California 90012

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1 This stipulation is entered between Verity Health System of California, Inc. and the above-  
2 referenced affiliated debtors, the debtors and debtors in possession in the above-captioned chapter  
3 11 bankruptcy case (collectively, the “Debtors”); Strategic Global Management, Inc. (“SGM”);  
4 and UnitedHealthcare Insurance Company (“United”), in the above-captioned jointly administered  
5 cases with respect to the following:

6 1. On February 19, 2019, the Court entered its *Order (1) Approving Form Of Asset*  
7 *Purchase Agreement For Stalking Horse Bidder And For Prospective Overbidders, (2) Approving*  
8 *Auction Sale Format, Bidding Procedures And Stalking Horse Bid Protections, (3) Approving*  
9 *Form Of Notice To Be Provided To Interested Parties, (4) Scheduling A Court Hearing To*  
10 *Consider Approval Of The Sale To The Highest Bidder, And (5) Approving Procedures Related To*  
11 *The Assumption Of Certain Executory Contracts And Unexpired Leases; And (II) An Order (A)*  
12 *Authorizing The Sale Of Property Free And Clear Of All Claims, Liens And Encumbrances*  
13 [Docket No. 1572], which set a deadline for counterparties to executory contracts and unexpired  
14 leases to object to the cure amounts, identified by the Debtors, on or before March 22, 2019, at  
15 4:00 p.m. (PST).

16 2. On March 5, 2019, the Debtors filed a *Notice of Counterparties to Executory*  
17 *Contracts and Unexpired Leases of the Debtors That May Be Assumed and Assigned* [Docket No.  
18 1704]. On March 18, 2019, the Debtors filed a *Supplemental Notice re Notice to Counterparties*  
19 *to Executory Contracts and Unexpired Leases of the Debtors that May be Assumed and Assigned*  
20 [Docket No. 1836].

21 3. On March 21, 2019, United filed the *Objection to Cure Amounts Set Forth in the*  
22 *Notice to Counterparties to Executory Contracts and Unexpired Leases of the Debtors That May*  
23 *be Assumed and Assigned, and Supplemental Notice re Notice to Counterparties to Executory*  
24 *Contracts and Unexpired Leases of the Debtors That May be Assumed and Assigned* [Docket No.  
25 1858] (the “Cure Objection”).

26 4. On April 12, 2019, United filed the *Objection of United Healthcare Insurance*  
27 *Company to Debtors’ Motion for Order Approving Form of Asset Purchase Agreement for*  
28

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1 *Stalking Horse Bidder, etc.* [Dkt No. 1279] [Docket No. 2145] (the “Sale Objection”). In the Sale  
2 Objection, United objected to the assignment of certain of its provider agreements under 11 U.S.C.  
3 § 365(f)(2)(B) (the “Adequate Assurance Objection”), and objected to any attempt to sell the  
4 Debtors’ accounts receivable free and clear of any right of recoupment that United may have (the  
5 “Recoupment Objection”).

6 5. On May 2, 2019, the Court entered its *Order (A) Authorizing the Sale of Certain of*  
7 *the Debtors’ Assets to Strategic Global Management, Inc. Free and Clear of Liens, Claims,*  
8 *Encumbrances, and Other Interests; (B) Approving the Assumption and Assignment of an*  
9 *Unexpired Lease Related Thereto; and (C) Granting Related Relief* [Docket No. 2306] (the “Sale  
10 Order”), which set a hearing for June 5, 2019, at 10:00 a.m., for United’s Cure Objection and  
11 Adequate Assurance Objection (the “Hearing Date”), and set a deadline for the Debtors to reply to  
12 the Cure Objection and Sale Objection for May 29, 2019, at 4:00 p.m. (PST) (the “Reply  
13 Deadline”). Sale Order at ¶ 34.

14 6. On May 30, 2019, the Court entered its *Order Approving Omnibus Stipulation*  
15 *Continuing Hearing on Objections re Cure and Other Issues re Order (A) Authorizing the Sale of*  
16 *Certain of the Debtors’ Assets to Strategic Global Management, Inc.* [Docket No. 2472],  
17 continuing the Hearing Date to July 10, 2019, at 10:00 a.m. (PST), and the Reply Deadline to July  
18 3, 2019, at 4:00 p.m. (PST).

19 7. On July 8, 2019, the Court entered the *Order Approving Omnibus Stipulation*  
20 *Continuing Hearing on Objections re Cure and Other Issues re Order (A) Authorizing the Sale of*  
21 *Certain of the Debtors’ Assets to Strategic Global Management, Inc. [...]* [Docket No. 2685],  
22 continuing the Hearing Date on the Cure Objection to August 7, 2019, at 10:00 a.m. (PST).

23 8. On July 8, 2019, the Court entered the *Order Approving Stipulation Continuing*  
24 *Hearing on UnitedHealthcare Adequate Assurance Objection re Order (A) Authorizing the Sale of*  
25 *Certain of the Debtors’ Assets to Strategic Global Management, Inc.* [Docket No. 2688],  
26 continuing the Hearing Date on the Sale Objection to July 24, 2019, at 10:00 a.m. (PST).

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1           9.       On July 17, 2019, the Debtors filed a *Notice re Rejection of Certain Provider*  
2 *Agreements* [Related Docket Nos. 2563, 2577, 2713] [Docket No. 2734] (the “Rejection Notice”),  
3 providing notice of the Debtors’ intent to reject certain provider agreements with United based on  
4 communications with SGM, and to be effective upon the closing of the sale of certain hospitals  
5 and assets to SGM.

6           10.      On July 23, 2019, the Debtors and United submitted a stipulation [Docket No.  
7 2752] (the “Objection Stipulation”) that: (i) removed the United Cure Objection and the Sale  
8 Objection from the Court’s calendar for hearing; and (ii) agreeing that, notwithstanding anything  
9 to the contrary in the Sale Order, the Debtors’ sale of assets to SGM shall not extinguish any of  
10 United’s recoupment rights with respect to pre- and post-petition overpayments owed to United  
11 under the provider agreements. SGM was not a party to the Objection Stipulation.

12           11.      On July 24, 2019, the Court entered an order approving the Objection Stipulation  
13 [Docket No. 2753] (the “Objection Stipulation Order”).

14           12.      Thereafter, SGM expressed concern relating to United and the Debtors’ agreement,  
15 as set forth in the Objection Stipulation, concerning United’s potential right of recoupment under  
16 the Sale Order. Based on such concern, the Parties now hereby stipulate and agree that: (i) the  
17 relief afforded in paragraph 3 of the Objection Stipulation Order should be vacated; (ii) paragraph  
18 2 of the Objection Stipulation Order should be modified to provide that only the Adequate  
19 Assurance Objection portion of the Sale Objection should be removed from the Court’s calendar;  
20 (iii) the Recoupment Objection portion of the Sale Objection should be scheduled for a hearing at  
21 this Court’s calendar scheduled for September 24, 2019, at 10:00 a.m. (PST); and (iv) any reply to  
22 the Recoupment Objection shall be filed by September 19, 2019, at 5:00 p.m. (PST).

23           NOW, THEREFORE, all of the parties to this Stipulation hereby stipulate as follows:

24           A.       The relief afforded in paragraph 3 of the Objection Stipulation Order should be  
25 vacated;

B. Paragraph 2 of the Objection Stipulation Order should be modified to provide that only the Adequate Assurance Objection portion of the Sale Objection should be removed from the Court's calendar;

C. The Recoupment Objection portion of the Sale Objection should be scheduled for a hearing at this Court's calendar scheduled for September 24, 2019, at 10:00 a.m. (PST); and

D. Any reply to the Recoupment Objection shall be filed by September 19, 2019, at 5:00 p.m. (PST)

**Verity Health System of California, Inc. et al.**

DATED: August 21, 2019

DENTONS US LLP

By: /s/ Tania M. Moyron

Samuel Maizel

Tania M. Moyron

Counsel to Debtors and Debtors in Possession

**UnitedHealthcare Insurance Company**

DATED: August 21, 2019

SHIPMAN & GOODWIN LLP

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

Eric Goldstein

Counsel to UnitedHealthcare Insurance Company

**Strategic Global Management, Inc.**

DATED: August 21, 2019

LEVENE, NEAL, BENDER, YOO & BRILL LLP

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

Gary Klausner

Counsel to Strategic Global Management, Inc.

1 B. Paragraph 2 of the Objection Stipulation Order should be modified to provide that  
2 only the Adequate Assurance Objection portion of the Sale Objection should be removed from the  
3 Court's calendar;

4 C. The Recoupment Objection portion of the Sale Objection should be scheduled for a  
5 hearing at this Court's calendar scheduled for September 24, 2019, at 10:00 a.m. (PST); and

6 D. Any reply to the Recoupment Objection shall be filed by September 19, 2019, at  
7 5:00 p.m. (PST)

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10 **Verity Health System of California, Inc. et al.**

11 DATED: August 21, 2019

DENTONS US LLP

12  
13 By: \_\_\_\_\_

Samuel Maizel

Tania M. Moyron

Counsel to Debtors and Debtors in Possession

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16 **UnitedHealthcare Insurance Company**

17 DATED: August 21, 2019

SHIPMAN & GOODWIN LLP

18  
19 By:  \_\_\_\_\_

Eric Goldstein

Counsel to UnitedHealthcare Insurance Company

20  
21 **Strategic Global Management, Inc.**

22 DATED: August 21, 2019

LEVENE, NEAL, BENDER, YOO & BRILL LLP

23  
24 By: \_\_\_\_\_

Gary Klausner

Counsel to Strategic Global Management, Inc.

1 B. Paragraph 2 of the Objection Stipulation Order should be modified to provide that  
2 only the Adequate Assurance Objection portion of the Sale Objection should be removed from the  
3 Court's calendar;

4 C. The Recoupment Objection portion of the Sale Objection should be scheduled for a  
5 hearing at this Court's calendar scheduled for September 24, 2019, at 10:00 a.m. (PST); and

6 D. Any reply to the Recoupment Objection shall be filed by September 19, 2019, at  
7 5:00 p.m. (PST)

8  
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10 **Verity Health System of California, Inc. et al.**

11 DATED: August 21, 2019

DENTONS US LLP

12  
13 By: \_\_\_\_\_

Samuel Maizel

Tania M. Moyron

Counsel to Debtors and Debtors in Possession

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15  
16 **UnitedHealthcare Insurance Company**

17 DATED: August 21, 2019

SHIPMAN & GOODWIN LLP

18  
19 By: \_\_\_\_\_

Eric Goldstein

Counsel to UnitedHealthcare Insurance Company

20  
21 **Strategic Global Management, Inc.**

22 DATED: August 21, 2019

LEVENE, NEAL, BENDER, YOO & BRILL LLP

23  
24 By:  \_\_\_\_\_

Gary Klausner

Counsel to Strategic Global Management, Inc.