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Debtors In Possession

10 **UNITED STATES BANKRUPTCY COURT**  
11 **FOR THE CENTRAL DISTRICT OF CALIFORNIA -**  
12 **LOS ANGELES DIVISION**

12 In re  
13 VERITY HEALTH SYSTEM OF  
14 CALIFORNIA, INC., *et al.*,  
Debtors and Debtors In Possession.

- 15  Affects All Debtors  
16  Affects Verity Health System of California, Inc.  
17  Affects O'Connor Hospital  
 Affects Saint Louise Regional Hospital  
18  Affects St. Francis Medical Center  
 Affects St. Vincent Medical Center  
19  Affects Seton Medical Center  
 Affects O'Connor Hospital Foundation  
20  Affects Saint Louise Regional Hospital  
Foundation  
21  Affects St. Francis Medical Center of Lynwood  
Foundation  
22  Affects St. Vincent Dialysis Center, Inc.  
 Affects Seton Medical Center Foundation  
23  Affects Verity Business Services  
 Affects Verity Medical Foundation  
24  Affects Verity Holdings, LLC  
 Affects De Paul Ventures, LLC  
25  Affects De Paul Ventures - San Jose ASC, LLC

26 Debtors and Debtors In Possession.  
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Lead Bankruptcy 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  
Adversary No. 2:20-ap-01051-ER

**STIPULATION TO STAY ADVERSARY  
PROCEEDING PENDING MEDIATION**

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CALIFORNIA NURSES ASSOCIATION  
(CNA)  
  
Plaintiff,  
  
v.  
  
VERITY HEALTH SYSTEMS OF  
CALIFORNIA, INC., a California Corporation;  
ST. FRANCIS MEDICAL CENTER, an  
Affiliate; ST. VINCENT MEDICAL CENTER, an  
Affiliate; SETON MEDICAL CENTER, an  
Affiliate; ST. FRANCIS MEDICAL CENTER  
OF LYNWOOD, an Affiliate; ST. VINCENT  
DIALYSIS CENTER, INC., an Affiliate;  
VERITY HOLDINGS, LLC, an Affiliate;  
DEPAUL VENTURES, LLC, an Affiliate;  
RICHARD ADCOCK, an Individual; STEVEN  
SHARRER, an Individual, and DOES 1 through  
500,  
  
Defendants.

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**STIPULATION**

Defendants Verity Health System of California, Inc., Seton Medical Center, St. Vincent Medical Center, St. Vincent Dialysis Center, Inc., St. Francis Medical Center, Verity Holdings, LLC and DePaul Ventures, LLC (collectively, the “Institutional Defendants”), Defendants Richard Adcock and Steven Sharrer (the “Individual Defendants,” and referred to with the Institutional Defendants as the (“Defendants” and individually as “Defendant”), and Plaintiff California Nurses Association (“Plaintiff” or “CNA,” and referred collectively with the Defendants as the “Parties”), hereby enter into this Stipulation (the “Stipulation”) based on the following recitals of fact:

**RECITALS**

- A. On March 5, 2020, Plaintiff CNA filed its *Complaint For Damages, Civil Penalties, Attorneys Fees* [Docket No. 1] (the “Complaint”).
- B. On March 20, 2020, Plaintiff CNA filed a *Notice of Motion and Motion of Plaintiff for Withdrawal of Reference of Adversary Proceedings Pending in Bankruptcy Court* [Docket No. 9] (the “Motion to Withdraw Reference”), which is pending in the United States District Court for the Central District of California (the “District Court”).
- C. On April 6, 2020, the Institutional Defendants filed a *Notice of Debtors’ Motion and Motion to Dismiss Complaint Under Rule 12(b), With Prejudice* [Docket No. 12] (the “Motion to Dismiss”), and the Individual Defendants filed a *Notice of Motion and Motion by Defendants Richard Adcock and Steven Sharrer and Joinder In Debtors’ Motion to Dismiss Complaint Pursuant to Rule 12(b)(6)* [Docket No. 13].
- D. On April 21, 2020, the Parties filed a *Stipulation to Continue Hearing Date of Motion to Dismiss Complaint Under Rule 12(b), With Prejudice, and Related Briefing Schedule* [Docket No. 17]. The *Order Approving “Stipulation to Continue Hearing Date of Motion to Dismiss Complaint Under Rule 12(b), With Prejudice, and Related Briefing Schedule” Subject to Modifications By the Court* [Docket No. 18] was entered on April 23, 2020.
- E. Pursuant to the *Order Approving “Stipulation to Continue Hearing Date of Motion to Dismiss Complaint Under Rule 12(b), With Prejudice, and Related Briefing Schedule” Subject*

1 to Modifications By the Court, ("Order Approving Motion to Dismiss Stipulation") Plaintiff's  
2 opposition brief was due on May 12, 2020 and Defendants' reply briefs were due on May 22,  
3 2020. Plaintiff filed its opposition brief on May 12, 2020 [Docket No. 24] and Defendants filed  
4 reply briefs on May 22, 2020 [Docket No. 25 and Docket No. 27].

5 F. Furthermore, pursuant to the Order Approving Motion to Dismiss Stipulation, this  
6 Court found the Motion to Dismiss to be suitable for disposition without oral argument. In the  
7 event that the District Court does not withdraw the reference or otherwise determines not to deny  
8 Bankruptcy Court Jurisdiction over the Motion to Dismiss, the Motion to Dismiss shall stand  
9 submitted as of the date that is one business week after entry of an order denying the Motion to  
10 Withdraw the Reference or other District Court determination that does not deny jurisdiction of  
11 this Bankruptcy Court over hearing the Motion to Dismiss.

12 G. On April 16, 2020, the Parties filed an *Amended Stipulation Continuing Hearing*  
13 *Date of Motion to Withdraw Reference and Related Briefing Schedule* [2:20-cv-02623-SVW,  
14 Docket No. 14] (the "District Court Stipulation") to continue the briefing and hearing schedule in  
15 connection with the Motion to Withdraw Reference, with the hearing scheduled to occur on June  
16 1, 2020. The District Court approved the District Court Stipulation on April 17, 2020 [2:20-cv-  
17 02623-SVW, Docket No. 14] and scheduled the Motion to Withdraw Reference hearing for June  
18 1, 2020, at 1:30 p.m.

19 H. On May 18, 2020, the Institutional Defendants filed the *Notice of Intent to Mediate*  
20 [2:20-cv-02623-SVW, Docket No. 24], to apprise the District Court of the Parties' plan to  
21 participate in mediation.

22 I. On May 26, 2020, the Parties filed a *Joint Stipulation to Continue Motion to*  
23 *Withdraw Reference Hearing Pending Mediation* [2:20-cv-02623-SVW, Docket No. 26],  
24 agreeing to continue the hearing on the Motion to Withdraw Reference from June 1, 2020 at 1:30  
25 p.m., to July 13, 2020 at 1:30 p.m., or to a date convenient for the District Court after July 13,  
26 2020, to allow the Parties time to mediate. The District Court approved the *Joint Stipulation to*  
27 *Continue Motion to Withdraw Reference Hearing Pending Mediation* on May 27, 2020 and set  
28 the Motion to Withdraw Reference hearing for July 20, 2020 at 1:30 p.m. [2:20-cv-02623-SVW,

1 Docket No. 27].

2 J. In line with the agreement to continue the Motion to Withdraw Reference hearing  
3 in the District Court pending Mediation, the Parties have agreed to stay the Adversary Proceeding  
4 pending Mediation.

5 **AGREEMENT**

6 **NOW, THEREFORE**, the Parties to this Stipulation hereby agree and stipulate as  
7 follows:

8 1. The Adversary Proceeding is stayed to allow the Parties to mediate and until the  
9 District Court rules on the Motion to Withdraw Reference, which is scheduled to be heard on July  
10 20, 2020.

11 2. Subject to Bankruptcy Court approval, (i) the Parties will not be required to file a  
12 Joint Status Report, (ii) the Status Conference in the Adversary Proceeding shall be continued  
13 from June 16, 2020 to August 18, 2020, or a date convenient to the Bankruptcy Court after  
14 August 18, 2020, and (iii) all deadlines in the *Scheduling Order* [Docket No. 3] are extended in  
15 accordance with the changed date of the status conference.

16 3. The Stipulation shall be without prejudice to any Party seeking further extensions  
17 of time from the Bankruptcy Court.

18 **IT IS SO STIPULATED.**

19 Dated: May 29, 2020

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By: /s/Tania M. Moyron  
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1 Dated: May 29, 2020

**BARTKO ZANKEL BUNZEL**  
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MARCO QUAZZO  
MARCIA L. RAYMOND

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By: /s/Louise Ann Fernandez  
Louise Ann Fernandez  
Counsel for Richard Adcock and Steven  
Sharrer

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7

Dated: May 29, 2020

**CALIFORNIA NURSES ASSOCIATION**  
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