

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

In re Verity Health Systems of
California, Inc.,
Debtor.

CV 19-10352 DSF
CV 19-10354 DSF
CV 19-10356 DSF

Order VACATING Orders of the
Bankruptcy Court

The Court previously found that these consolidated appeals should be dismissed as moot. The appeals all involved enforcement of a sale of hospitals from the Debtors-Appellees to Appellant. All parties agreed that the sale had been abandoned by the Debtors-Appellees. As a result, the Court found that the appeals were moot because their resolution would not change the material position of the parties.

The Court provided Appellees an opportunity to argue why the appealed-from orders should not be vacated. See Camreta v. Greene, 563 U.S. 692, 713 (2011) (“The equitable remedy of vacatur ensures that those who have been prevented from obtaining review to which they are entitled are not treated as if there had been a review.”) (quotation marks and ellipses omitted). The Court later allowed Appellant to reply to Appellees’ argument.

The Court has reviewed these two filings and finds that the “established practice” of vacatur is appropriate. Appellees’ primary argument involves a previous memorandum decision of the Bankruptcy Court that one of the appealed-from orders (the AG Order) had vacated. Appellees argue that vacatur of the AG Order would inappropriately reinstate the prior vacated memorandum decision. The Court



expresses no opinion on whether vacatur of the AG Order would automatically reinstate the prior vacated memorandum decision, but it is not material because the vacated memorandum decision *also* concerns the sale from the Debtors-Appellees to the Appellant and also appears to be essentially moot. That sale is not going to happen, and Appellees make no effort to demonstrate why the reinstatement of the now-moot vacated memorandum decision concerning that sale would occur or could prejudice the Attorney General of California or any other party.¹

As for the other appealed-from orders, Appellees argue only that they were interlocutory orders and interlocutory orders are typically not vacated if found to be moot on appeal. Whether or not those orders are interlocutory, the Court sees no reason to leave them in effect as they concern Appellant's purported responsibility to close the now-abandoned sale and can only cause mischief in the ongoing litigation between the parties over that failed transaction.

The orders of the Bankruptcy Court appealed from in appeals CV 19-10352 DSF, CV 19-10354 DSF, and CV 19-10356 DSF are VACATED.

IT IS SO ORDERED.

Date: June 10, 2020



Dale S. Fischer
United States District Judge

¹ The Court understands that the *legal issues* decided by the Bankruptcy Court in that memorandum decision could be relevant to future proceedings, but that does not change the fact that the specific controversy that was ruled on – the imposition of conditions on the sale of hospitals to Appellant – is no longer relevant or at issue.