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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.

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-20171-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**DEBTORS' NOTICE AND MOTION TO APPROVE  
SETTLEMENT BETWEEN DEBTORS AND  
CALIFORNIA NURSES ASSOCIATION (CNA);  
DECLARATION OF RICHARD G. ADCOCK IN  
SUPPORT THEREOF**

HEARING:

Date: September 9, 2020

Time: 10:00 a.m.

Place: Courtroom 1568

Debtors and Debtors In Possession.

**PLEASE TAKE NOTICE** that, at **10:00 am (prevailing Pacific Time)**, on **September 9, 2020**, before the Honorable Ernest M. Robles, in Courtroom 1568 of the United States Bankruptcy



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1 Court for the Central District of California, Roybal Federal Building, 255 E. Temple Street, Los  
2 Angeles, CA 90012, Verity Health System of California, Inc. (“VHS”) and the above-referenced  
3 affiliated debtors and debtors in possession in the above captioned chapter 11 bankruptcy cases  
4 (collectively, the “Debtors”), shall move for the entry of an order (the “Motion”), pursuant to 11  
5 U.S.C. § 105<sup>1</sup> and Bankruptcy Rule 9019, approving that certain Settlement Agreement (the  
6 “Settlement Agreement”) between VHS, Seton Medical Center and Seton Medical Center  
7 Coastsides, St. Vincent Medical Center (“SVMC”), St. Vincent Dialysis Center, Inc., St. Francis  
8 Medical Center, Verity Holdings, LLC and DePaul Ventures, LLC (collectively, “Verity”) and  
9 Richard G. Adcock (“Mr. Adcock”) and Steven Sharrer (“Mr. Sharrer”) on the one hand, and the  
10 California Nurses Association in its individual capacity and on behalf of its represented members  
11 (collectively, “CNA”), on the other (together, Verity, Mr. Adcock and Mr. Sharrer and CNA are the  
12 “Parties”), in the form attached to the annexed Declaration of Richard G. Adcock (the “Adcock  
13 Declaration”) as “**Exhibit 1.**” The Motion is being filed with the support of CNA. The principal  
14 terms of the Settlement Agreement can be summarized as follows:

- 15 a) CNA is granted a single, allowed administrative expense claim (the “Administrative  
16 Claim”) under §§ 503(b) and 507(a)(2) against Verity collectively in the total amount  
17 of \$2,000,000, with \$850,000 to be paid ten (10) business days after the entry of an  
18 order (the “9019 Order”) approving the Motion or on the effective date of the  
19 *Modified Second Amended Joint Chapter 11 Plan of Liquidation (Dated July 2,*  
20 *2020) of the Debtors, the Prepetition Secured Creditors, and the Committee* [Docket  
21 No. 5466] (as may be amended or modified, the “Plan”), whichever occurs earlier.
- 22 b) The outstanding amount of the Administrative Claim in the amount of \$1,150,000  
23 will be paid on the effective date of the Plan; provided that if the Plan is not  
24 confirmed, CNA will continue to have an allowed chapter 11 administrative claim of  
25 \$1,150,000 in any subsequent chapter 7 liquidation proceedings.
- 26 c) CNA is granted a single, allowed general unsecured claim against Verity collectively  
27 in the total amount of \$6,000,000 (the “GUC Claim,” and together with the  
28 Administrative Claim, the “Settlement Amount”), which will be classified entitled to

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1 Unless specified otherwise, all chapter and section references are to title 11 of the United  
2 States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”); all “Bankruptcy Rule” references  
3 are to the Federal Rules of Bankruptcy Procedure; and all “Local Bankruptcy Rule” references are  
4 to the Local Bankruptcy Rules for the United States Bankruptcy Court for the Central District of  
5 California.

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*pro rata* treatment with other general unsecured claims, and paid, in accordance with the terms of the Plan.

- d) The Settlement Agreement presents settlement all claims of CNA and CNA individual bargaining unit members who worked at SVMC and were terminated as a result of the closure of SVMC (collectively the “Members” and individually a “Member”); and to be eligible for distribution of a Member’s share of the Settlement Amount, Members must execute an individual general release, as follows:

Employee hereby acknowledges full and complete satisfaction of and does hereby release and fully discharge Verity, and predecessors, successors, partners, parent companies, subsidiaries, shareholders, administrators, insurers, and fiduciaries, and affiliated entities, past and present, as well as their respective owners, partners, officers, directors, principals (including, without limitation Richard. G. Adcock and Steven Sharrer), agents, servants, contractors, employees, representatives, attorneys, insurers, heirs, successors, and assigns, past and present, and each of them, (collectively referred to as the “Employee Released Parties”), from any and all administrative expense and priority claims, demands, promises, covenants, and causes of action of every kind and nature (including, without limitation, claims for damages, costs, expenses, loss of services, and attorneys’ and accountants’ fees and expenses), whether known or unknown, suspected or unsuspected, which Employee now owns or holds or at any time heretofore has owned or held against the Employee Released Parties, or any of them, arising out of, resulting from, or in any way related to any transaction, agreement, occurrence, act, or omission whatsoever occurring, existing, or omitted at any time before the Effective Date of this Agreement.

- e) Parties agree that the Settlement Agreement is subject to entry of the 9019 Order; and they further agree to stay the Adversary Proceeding,<sup>2</sup> the NLRB Proceeding, and any pending administrative actions brought on behalf of SVMC registered nurses against Verity or the Debtors until entry of the 9019 Order. Upon the entry of the 9019 Order or as soon as reasonably practicable thereafter, the Parties will file a stipulation dismissing the Adversary Proceeding with prejudice, and any pending administrative actions/matters brought on behalf of the Members, including the NLRB Proceeding, shall be withdrawn with prejudice. However, if the Parties fail to secure entry of the 9019 Order, CNA will have seven (7) business days from the denial of the Motion to file proof of an administrative claim and retain all rights to

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<sup>2</sup> The “Adversary Proceeding” means the adversary proceeding *California Nurses Association (CNA) v. Verity Health System of California, Inc., et al.*, Adversary Proceeding No. 20-01051 against Verity, Mr. Adcock and Mr. Sharrer in the Bankruptcy Court. The “NLRB Proceeding” means the charge filed by CNA with the National Labor Relations Board, Case No. 31-CA-255580, on behalf of SVMC registered nurses on January 31, 2020.

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1 object to the amount of money reserved under any bankruptcy plan to satisfy CNA's  
2 administrative claim and the Debtors retain all defenses thereto.

3 f) Parties agree to mutual release and discharge of and from any and all claims, causes  
4 of action, litigation claims, and any other debts, obligations, rights, suits, damages,  
5 actions, remedies, judgments and liabilities whatsoever, whether known or unknown,  
6 foreseen or unforeseen, liquidated or unliquidated, fixed or contingent, matured or  
7 unmatured, existing, in law or at equity, whether for tort, contract or otherwise, based  
8 in whole or in part upon any act or omission, transaction, event or other occurrence  
or circumstance existing or taking place prior to or on this date, relating to SVMC,  
St. Vincent Dialysis Center, Inc., the Adversary Proceeding, or the NLRB  
Proceeding; the Parties further agree to waive and relinquish all rights under Section  
1542 of the California Civil Code.

9 The Debtors believe that the Settlement Agreement is fair and reasonable and, therefore, is in the  
10 best interests of the estates and creditors.

11 **PLEASE TAKE FURTHER NOTICE that the Motion will be served upon all**  
12 **Members, who are hereby further advised that failure to file and serve an objection will be**  
13 **deemed a resolution of any and all administrative and priority claims of each Member with**  
14 **respect any and all claims against Verity and their officers, directors, agents and affiliates,**  
15 **relating to SVMC, St. Vincent Dialysis Center, Inc., the Adversary Proceeding, or the NLRB**  
16 **Proceeding.**

17 **PLEASE TAKE FURTHER NOTICE** that the Motion is based on this Notice of Motion  
18 and Motion and the attached Memorandum of Points and Authorities, the *Declaration of Richard*  
19 *G. Adcock in Support of First-Day Motions*, filed August 31, 2018 [Docket No. 8], the Adcock  
20 Declaration in support of this Motion and the Exhibits attached thereto.

21 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Local Bankruptcy Rule 9013-1(f),  
22 any party opposing or responding to the Motion must file a response (the "Response") with the  
23 Bankruptcy Court and serve a copy of it upon the moving party and the United States Trustee not  
24 later than fourteen (14) days before the date designated for the hearing. A Response must be a  
25 complete written statement of all reasons in opposition to the Motion or in support, declarations and  
26 copies of all evidence on which the responding party intends to rely, and any responding  
27 memorandum of points and authorities.

1           **PLEASE TAKE FURTHER NOTICE** that, pursuant to Local Bankruptcy Rule 9013-1(h),  
2 the failure to file and serve a timely objection to the Motion may be deemed by the Court to be  
3 consent to the relief requested herein.

4  
5       Dated: August 14, 2020

DENTONS US LLP  
SAMUEL R. MAIZEL  
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8  
9           By /s/ Tania M. Moyron  
              Tania M. Moyron

10           Attorneys for the Chapter 11 Debtors and  
11           Debtors In Possession

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**MEMORANDUM OF POINTS AND AUTHORITIES**

**I.**

**INTRODUCTION**

Verity Health System of California, Inc. (“VHS”) and the above-referenced affiliated debtors and debtors in possession in the above captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), hereby file this Memorandum of Points and Authorities in support of the motion (the “Motion”), pursuant to § 105<sup>1</sup> and Bankruptcy Rule 9019, for the entry of an order approving that certain Settlement Agreement between VHS, Seton Medical Center and Seton Medical Center Coastsides, St. Vincent Medical Center (“SVMC”), St. Vincent Dialysis Center, Inc., St. Francis Medical Center, Verity Holdings, LLC and DePaul Ventures, LLC (collectively, “Verity”) and Richard G. Adcock (“Mr. Adcock”) and Steven Sharrer (“Mr. Sharrer”) on the one hand, and the California Nurses Association in its individual capacity and on behalf of its represented members (collectively, “CNA”), on the other (together, Verity, Mr. Adcock and Mr. Sharrer and CNA are the “Parties”), which is attached as “**Exhibit 1**” to the Declaration of Richard G. Adcock (the “Adcock Declaration”) filed herewith. The Motion is being filed with the support of CNA.

The Parties have reached a comprehensive settlement that (1) allows a \$2 million administrative expense claim, (2) allows a \$6 million general unsecured claim, and (3) provides for mutual waivers and release of other claims. The Debtors propose that entry into the Settlement Agreement is fair and equitable and in the best interests of the estates as it (a) avoids both protracted and uncertain litigation between and among various Parties, (b) agrees to certain modification of priority in order to ensure that all Allowed and allowable Administrative Claims will be paid, and (c) avoids further administrative burden to the estates through early resolution of (i) the Adversary Proceeding (defined below), the NLRB Proceeding (defined below), and any pending administrative actions brought on behalf of SVMC registered nurses, and (ii) all claims of CNA and CNA individual bargaining unit members who worked at SVMC and were terminated as a result of the

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<sup>1</sup> Unless specified otherwise, all chapter and section references are to title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”); and all “Bankruptcy Rule” references are to the Federal Rules of Bankruptcy Procedure.



1 closure of SVMC (collectively the “Members” and individually a “Member”). Adcock Declaration,  
2 ¶¶ 5-6.

3 Based on the foregoing, and for the reasons more fully set forth below, the Debtors  
4 respectfully request that the Court grant the Motion.

5 **II.**

6 **JURISDICTION AND VENUE**

7 This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is  
8 a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(B). Venue is proper in this Court pursuant to  
9 28 U.S.C. §§ 1408 and 1409.

10 The statutory predicates for the relief requested herein are § 105 and Bankruptcy Rule 9019.

11 **III.**

12 **BACKGROUND**

13 **A. General Background**

14 ***i. The Chapter 11 Cases and the Plan***

15 1. On August 31, 2018 (“Petition Date”), the Debtors each filed a voluntary petition for  
16 relief under chapter 11 of the Bankruptcy Code (the “Cases”). By entry of an order [Docket No.  
17 17], the Cases are currently being jointly administered before this Court. Since the commencement  
18 of their Cases, the Debtors have been operating their businesses as debtors in possession pursuant  
19 to §§ 1107 and 1108.

20 2. Debtor VHS, a California nonprofit public benefit corporation, is the sole corporate  
21 member of five Debtor California nonprofit public benefit corporations that operated O’Connor  
22 Hospital, Saint Louise Regional Hospital, and St. Vincent Medical Center, and currently operates  
23 St. Francis Medical Center and Seton Medical Center, including Seton Medical Center Coastsides  
24 Campus (collectively, the “Hospitals”)—and other facilities in the state of California.

25 3. On the Petition Date, VHS, the Hospitals, and their affiliated entities operated as a  
26 nonprofit health care system, with approximately 1,680 inpatient beds, six active emergency rooms,  
27 a trauma center, eleven medical office buildings, and a host of medical specialties, including tertiary  
28 and quaternary care. *Declaration Of Richard G. Adcock In Support of Emergency First-Day*

1 *Motions*, at 4, 12 (the “First Day Declaration”) [Docket No. 8]. The scope of services provided by  
2 the Verity Health system is exemplified by the fact that in 2017, the Hospitals provided medical  
3 services to over 50,000 inpatients and approximately 480,000 outpatients. *Id.*, at 4, 12.

4 4. On September 17, 2018, the U.S. Trustee appointed a statutory committee of  
5 unsecured creditors pursuant to § 1102 (the “Committee”).

6 5. No trustee or examiner has been appointed in these Cases.

7 6. On June 16, 2020, the Debtors, with the Committee and the Debtors’ principal  
8 prepetition secured creditors (together, the “Plan Proponents”), filed that proposed *Amended Joint*  
9 *Chapter 11 Plan of Liquidation (Dated June 16, 2020) of the Debtors, the Prepetition Secured*  
10 *Creditors, and the Committee* [Docket No. 4879] and a related disclosure statement [Docket No.  
11 4880]. On July 2, 2020, the Plan Proponents filed the *Second Amended Joint Chapter 11 Plan of*  
12 *Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured Creditors, and the*  
13 *Committee* [Docket No. 4993] and related disclosure statement [Docket No. 4994] (the “Disclosure  
14 Statement”). On July 2, 2020, the Bankruptcy Court entered an order [Docket No. 4997] that, among  
15 other things, approved the Disclosure Statement. On August 14, 2020, the Plan Proponents filed  
16 *Modified Second Amended Joint Chapter 11 Plan of Liquidation (Dated July 2, 2020) of the*  
17 *Debtors, the Prepetition Secured Creditors, and the Committee* [Docket No. 5466] (as may be  
18 amended or modified, the “Plan”). On August 14, 2020, the Bankruptcy Court entered an order  
19 confirming the Plan [Docket No. 5504].

20 7. A detailed description of the Debtors’ businesses, capital structure, and the events  
21 leading to and occurring since the commencement of these Cases is contained in the Disclosure  
22 Statement.

23 ***ii. Closure of St. Vincent Medical Center***

24 On January 6, 2020, the Debtors filed an emergency motion [Docket No. 3906] (the “Closure  
25 Motion”) to close SVMC and St. Vincent Dialysis Center, Inc. (together, “St. Vincent”).  
26 Oppositions were filed by CNA [Docket No. 3914], Dr. Marc Girskey on purported behalf of the St.  
27 Vincent medical staff [Docket No. 3916], and Dr. Narinder Batra on purported behalf of St. Vincent  
28 physicians [Docket No. 3926]. On January 9, 2020, the Bankruptcy Court entered a memorandum

1 of decision [Docket No. 3933] and order [Docket No. 3934] granting the Closure Motion. In the  
2 period that followed, the Debtors implemented the Court-approved closure plan, regarding which  
3 the Debtors filed regular progress status reports [Docket Nos. 3982, 4053, 4126, 4219, 4308, 4410].  
4 On March 19, 2020, the Debtors reported that they had completed the closure plan. *See* Docket No.  
5 4309.  
6

7 **B. Facts Relevant to the Motion**

8 ***i. The NLRB Proceeding***

9 8. On January 31, 2020, CNA filed a charge, Case No. 31-CA-255580, which it  
10 amended on March 20, 2020, with the National Labor Relations Board (the “NLRB”) on behalf of  
11 SVMC registered nurses (the “NLRB Proceeding”).

12 ***ii. The Adversary Proceeding***

13 9. On March 5, 2020, CNA filed an adversary proceeding (the “Adversary Proceeding”)  
14 against eight of the Debtors, Messrs. Adcock and Sharrer as individuals, and “Does 1 through 500.”  
15 *See* Docket No. 4218; *see also* Adv. Pro. No. 2:20-ap-01051-ER, Docket No. 1. In the Complaint,  
16 CNA accuses the defendants of violating the Federal Worker Adjustment and Retraining  
17 Notification Act, 29 U.S.C. §§ 2101, *et seq.* (the “WARN Act”), the California WARN Act,  
18 California Labor Code §§1400, *et seq.* (the “Cal-WARN Act,” and collectively with the WARN  
19 Act, the “WARN Acts”), and California state misrepresentation law in connection with the  
20 termination of employment of CNA-represented employees resulting from the closure of St.  
21 Vincent. *See id.* On April 6, 2020, defendants filed motions to dismiss the adversary proceeding  
22 for, among other reasons, inapplicability of the WARN Acts to liquidating fiduciaries, and failure  
23 to state claims for intentional or negligent misrepresentation. *See* Adv. Pro. No. 2:20-ap-01051-ER,  
24 Docket Nos. 12-13. On May 12, 2020, CNA filed its opposition to defendants’ motions to dismiss.  
25 *See id.*, Docket No. 24. On May 22, 2020, defendants filed their reply. *See id.*, Docket Nos. 25, 27.  
26 The Bankruptcy Court has previously determined the motion to dismiss to be suitable for disposition  
27 without oral argument. *See id.*, Docket No. 18.  
28

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10. After having filed the Complaint, on March 19, 2020, CNA sought to withdraw the reference of the adversary proceeding to the District Court. *See id.*, Docket No. 9; Case No. 2:20-cv-02623-SVW, Docket No. 1 (C.D. Cal.). On May 4, 2020, defendants filed oppositions to withdrawal of the reference. *See* Case No. 2:20-cv-02623-SVW, Docket Nos. 16-17 (C.D. Cal.). CNA filed its reply on May 11, 2020. *See* Case No. 2:20-cv-02623-SVW, Docket No. 20 (C.D. Cal.). The motion is scheduled to be heard on August 31, 2020 but the Parties have requested that the District Court either continue or vacate the hearing in light of the pending Settlement Agreement subject of this Motion. *See* Case No. 2:20-cv-02623-SVW, Docket Nos. 28, 29 (C.D. Cal.). *See* Case No. 2:20-cv-02623-SVW, Docket Nos. 28, 29 (C.D. Cal.).

11. The parties, with Bankruptcy Court approval, have agreed to stay the adversary proceeding until the District Court rules on CNA's motion to withdraw. *See* Adv. Pro. No. 2:20-ap-01051-ER, Docket Nos. 28-29. The next status conference in the adversary proceeding is scheduled for August 18, 2020. *Id.*

12. As a result of serious arms-length negotiations, the Parties have arrived at a compromise they deem mutually agreeable, and in the best interest of the estates, which includes resolution of the Adversary Proceeding. This compromise was reached during two days of mediation in late July with retired Bankruptcy Judge David H. Coar.

***iii. Rejection of the SVMC Collective Bargaining Agreement***

13. On April 27, 2020, CNA agreed to reject and terminate the Collective Bargaining Agreement between CNA and SVMC effective December 22, 2016-December 21, 2020 (the "SVMC CBA") and agreed to modify the Master Collective Bargaining Agreement between CNA, on the one hand, and St. Vincent Medical Center and Seton Medical Center, on the other, effective December 22, 2016-December 21, 2020 (the "Master CBA"), to remove all references and applicability to SVMC and St. Vincent Dialysis Center, which Master Agreement shall be rejected and terminated upon the closing of the sale of Seton Medical Center and Seton Coastside to AHMC Healthcare Inc.

C. Summary of the Settlement Agreement

14. The principal terms of the Settlement Agreement can be summarized as follows:<sup>2</sup>

(a) Settlement Amount.

(i) CNA is granted a single, allowed administrative expense claim (the “Administrative Claim”) under §§ 503(b) and 507(a)(2) against Verity collectively in the total amount of \$2,000,000.

(ii) CNA is granted a single, allowed general unsecured claim (the “GUC Claim,” and together with the Administrative Claim, the “Settlement Amount”) against Verity collectively in the total amount of \$6,000,000, which will be classified and entitled to *pro rata* treatment with other general unsecured claims in accordance with the terms of the Plan and subsequent amended versions thereof.

(b) Timing of Payments of Settlement Amount.

(i) The amount of \$850,000 in partial satisfaction of the Administrative Claim shall be paid ten (10) business days after the entry of an order (the “9019 Order”) approving this Motion or on the effective date of the Plan, whichever occurs earlier.

(ii) The outstanding amount of the Administrative Claim in the amount of \$1,150,000 will be paid on the effective date of the Plan. In the event that the Plan is not confirmed, CNA will continue to have an allowed chapter 11 administrative claim of \$1,150,000 in any subsequent chapter 7 liquidation proceedings.

(iii) The GUC Claim shall be paid in accordance with the Plan, as set forth above.

(c) 9019 Order; Dismissal and Withdrawal of Litigation.

(i) The Parties shall stay the Adversary Proceeding, the NLRB Proceeding, and any pending administrative actions brought on behalf of SVMC registered nurses against Verity or the Debtors until entry of the 9019 Order.

(ii) Upon the entry of the 9019 Order or as soon as reasonably practicable thereafter, the Parties will file a stipulation dismissing the Adversary Proceeding with prejudice.

(iii) After the entry of the 9019 Order or as soon as reasonably practicable thereafter, any pending administrative actions/matters brought on

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<sup>2</sup> This is a summary only. Reference should be made to the complete Settlement Agreement attached to the Adcock Declaration as “Exhibit 1.” The terms of the Settlement Agreement shall control over the terms of this summary in all instances.

1 behalf of the Members, including the NLRB Proceeding, shall be  
2 withdrawn with prejudice.

- 3 (iv) If the Parties fail to secure entry of the 9019 Order, CNA will have  
4 seven (7) business days from the denial of the Motion to file proof of  
5 an administrative claim and retain all rights to object to the amount of  
6 money reserved under any bankruptcy plan to satisfy CNA's  
7 administrative claim and the Debtors retain all defenses thereto.

- 8 (d) Mutual Releases. The Parties fully, finally, unconditionally, irrevocably and  
9 completely release and forever discharge each other and each of their  
10 predecessors, successors (including, without limitation, any chapter 11 or  
11 chapter 7 trustee of Verity or their estates), assigns, affiliates, subsidiaries,  
12 parents, partners, constituents, officers (including Richard G. Adcock and  
13 Steven Sharrer), directors, employees, attorneys and agents (past, present or  
14 future) and each of their respective heirs, successors, and assigns, of and from  
15 any and all claims, causes of action, litigation claims, and any other debts,  
16 obligations, rights, suits, damages, actions, remedies, judgments and  
17 liabilities whatsoever, whether known or unknown, foreseen or unforeseen,  
18 liquidated or unliquidated, fixed or contingent, matured or unmatured,  
19 existing, in law or at equity, whether for tort, contract or otherwise, based in  
20 whole or in part upon any act or omission, transaction, event or other  
21 occurrence or circumstance existing or taking place prior to or on this date,  
22 relating to SVMC, St. Vincent Dialysis Center, Inc., the Adversary  
23 Proceeding, or the NLRB Proceeding.

24 (e) Distribution Formula, Amounts, and Individual Releases.

- 25 (i) Verity will provide CNA with a list of Members within two (2)  
26 business days of entry of the 9019 Order.
- 27 (ii) CNA will provide the distribution formula for payment to Members  
28 (each, a "BU Member Share") as relates to all payments referenced in  
Section 2 within seven (7) business days of entry of the 9019 Order.
- (iii) To be eligible for distribution of a BU Member Share, Members must  
execute an individual general release ("Individual Release"), as  
follows:

Employee hereby acknowledges full and complete satisfaction of and  
does hereby release and fully discharge Verity, and predecessors,  
successors, partners, parent companies, subsidiaries, shareholders,  
administrators, insurers, and fiduciaries, and affiliated entities, past  
and present, as well as their respective owners, partners, officers,  
directors, principals (including, without limitation Richard. G.  
Adcock and Steven Sharrer), agents, servants, contractors,  
employees, representatives, attorneys, insurers, heirs, successors, and  
assigns, past and present, and each of them, (collectively referred to  
as the "Employee Released Parties"), from any and all administrative  
expense and priority claims, demands, promises, covenants, and

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causes of action of every kind and nature (including, without limitation, claims for damages, costs, expenses, loss of services, and attorneys' and accountants' fees and expenses), whether known or unknown, suspected or unsuspected, which Employee now owns or holds or at any time heretofore has owned or held against the Employee Released Parties, or any of them, arising out of, resulting from, or in any way related to any transaction, agreement, occurrence, act, or omission whatsoever occurring, existing, or omitted at any time before the Effective Date of this Agreement.

- (iv) To receive a BU Member Share, each Member must return a signed copy of the Individual Release, either through electronic signature or by hard copy, within 60 days from the date mailing or emailing of the Individual Release.
- (v) Members who do not sign and return an Individual Release in accordance with the above will be ineligible for a BU Member Share, and any payment of the Settlement Amount.
- (vi) Third party administrator KCC will administer distribution and collection of the Individual Releases and distribution of BU Member Shares. KCC's related fees and costs will be paid by Verity.
- (vii) Any unclaimed BU Member Shares and funds from uncashed checks which are uncashed after 180 days from the date of mailing shall revert back to CNA. CNA will receive an accounting of all BU Member Share distributions from KCC to the Members prior to the date on which any funds revert back to CNA.

15. The Debtors believe that the Settlement Agreement is fair, equitable, and reasonable and, therefore, is in the best interests of the estates and creditors. Adcock Declaration, at ¶ 6. The Settlement Agreement represents an immediate resolution of certain CNA-related claims and proceedings, which constitutes a material element of the chapter 11 claims administration process; resolves pending and potential litigation between the parties; and avoids further administrative burden to the estates from the time, expense, and other effort reconciling the parties' respective claims and rights would otherwise require absent settlement. *Id.*

#### IV.

#### ARGUMENT

Bankruptcy Rule 9019 provides that the Court may approve a compromise or settlement. Fed. R. Bankr. P. 9019(a). Section 105(a) of the Bankruptcy Code further provides the Court with the discretion to issue any order that is necessary or appropriate to carry out the purposes of the

1 Bankruptcy Code. 11 U.S.C. § 105(a). The law strongly encourages compromise. *Consumer*  
2 *Advocacy Group, Inc. v. Kintetsu Enters. of Amer.*, 141 Cal. App. 4th 46, 62 (Cal. 2006); *United*  
3 *States v. McInnes*, 556 F.2d 436, 440 (9th Cir. 1977) (“We are committed to the rule that the law  
4 favors and encourages compromise settlements.”). Additionally, compromises are favored in  
5 bankruptcy so as to minimize litigation and expedite a bankruptcy estate’s administration. *See*  
6 *Martin v. Kane (In re A & C Props.)*, 784 F.2d 1377, 1381 (9th Cir. 1986), *cert. denied sub nom,*  
7 *Martin v. Robinson*, 479 U.S. 854 (1986).

8 This Court has great latitude in approving compromise agreements as long as it finds that  
9 the compromise is fair and equitable. *Id.* at 1382; *see also Woodson v. Fireman’s Fund Ins. Co. (In*  
10 *re Woodson)*, 839 F.2d 610, 620 (9th Cir. 1988); *In re Mickey Thompson Entm’t Grp., Inc.*, 292  
11 B.R. 415 (B.A.P. 9th Cir. 2003). In determining the fairness, reasonableness and adequacy of a  
12 proposed settlement, the Court must consider the following factors: “(a) The probability of success  
13 in the litigation; (b) the difficulties, if any, to be encountered in the matter of collection; (c) the  
14 complexity of the litigation involved, and the expense, inconvenience and delay necessarily  
15 attending it; (d) the paramount interest of the creditors and a proper deference to their reasonable  
16 views in the premises.” *A & C Props.*, 784 F.2d at 1380-81.

17 The first factor requires an inquiry into the probability of success in litigation, because the  
18 purpose of a compromise agreement between a debtor and a creditor is to allow the parties to avoid  
19 the expenses and burdens associated with litigation. *Id.* Here, litigation between the parties would  
20 involve several uncertainties. CNA asserts multiple claims against the Debtors and individual  
21 defendants, so litigation would be multi-faceted, and it is not clear that success on one part would  
22 guarantee success on another. Further, the parties’ arguments are factual, actuarial, and legal in  
23 nature, the intersectional nature of which exposes both parties to additional uncertainty as to success.

24 The second factor raises the difficulty of collection. This factor is not relevant because the  
25 Debtors are defending against CNA’s claims in the Adversary Proceeding.

26 Third, the Court must consider the complexity of the litigation involved, and the expense,  
27 inconvenience and delay necessarily attending it. In addition to the complexity and uncertainty of  
28 the various claims themselves, the Settlement Agreement reflects the extensive amount of time the



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Debtors and CNA have spent engaging in discussions reconciling the claims and formulating a settlement that promotes the best interest of all parties and their constituents. Without a settlement, there could be additional complicated litigation regarding the claims, both known and unknown. Avoiding this type of uncertain litigation is paramount at this stage of the Cases. Losing the time required for this type of litigation—including the inevitable appeal(s)—is inefficient, not in the best interest of the estates, and undermines the Debtors’ plan and settlement efforts. This factor on its own militates in favor of prompt resolution and approval of the Settlement Agreement.

Finally—generally—the benchmark in determining the propriety of a settlement is whether the settlement is in the best interests of the estate and its creditors. *In re Energy Cooperative, Inc.*, 886 F.2d 921, 927 (7th Cir. 1989). To be approved, the settlement need not represent the highest possible return to the estate, but merely must fall within the range of “reasonableness.” *In re Walsh Constr., Inc.*, 669 F.2d 1325, 1328 (9th Cir. 1992). In making this determination, the bankruptcy court need not conduct a trial or even a “mini-trial” on the merits. *Id.* This settlement is clearly in the best interest of creditors because it resolves material claims and litigation against the Debtors’ estates. Again, as mentioned with regard to the second factor, such resolution avoids litigation—or the prolonging thereof—which, in turn, enhances overall general creditor recoveries.

Thus, an approved settlement will “be in the best interests of the estate” if it is “reasonable, given the particular circumstances of the case.” *Mickey Thompson*, 292 B.R. at 420. To that end, “court[s] generally give[] deference to a [debtor’s] business judgment in deciding whether to settle a matter,” although the debtor “has the burden of persuading the bankruptcy court that the compromise is fair and equitable and should be approved.” *Id.*; see also *In re Zarate*, 2015 WL 8482887, at \*8 (B.A.P. 9th Cir. Dec. 9, 2015) (“[T]he [debtor] must be permitted to use his business acumen and judgment in the best interest of the estate.”).

Here, the Debtors exercised their reasonable business judgment in entering into the Settlement Agreement, which is in the best interests of the estates. Adcock Declaration at ¶ 5. The Debtors engaged in extensive, arms-length negotiations with CNA over the terms of the Settlement Agreement. *Id.* at ¶ 7. Significantly, the Settlement Agreement avoids disputes and relieves the Debtors of any further administrative burden associated with resolving the Adversary Proceeding,

1 the NLRB Proceeding, and other claims and administrative proceedings. *Id.* In the absence of the  
2 Settlement Agreement, the Debtors and CNA may be forced to continue expensive and uncertain  
3 litigation to resolve any dispute over the claims CNA and/or its Members may hold with respect to  
4 the SVMC Closing. *Id.* Further, the Settlement Agreement provides for the immediate realization  
5 of material benefits to the estates and all creditors in the form of dismissed and/or withdrawn  
6 litigation. *Id.*

7  
8 **V.**

9 **CONCLUSION**

10 For all the reasons set forth herein, the Debtors request the Court enter an order (i) approving  
11 the Settlement Agreement pursuant to § 105 and Bankruptcy Rule 9019, and (ii) granting such other  
and further relief as is just and appropriate under the circumstances of these Cases.

12 Dated: August 14, 2020

DENTONS US LLP  
SAMUEL R. MAIZEL  
TANIA M. MOYRON  
SAM J. ALBERTS

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15 By /s/ Tania M. Moyron  
16 Tania M. Moyron

17 Attorneys for the Chapter 11 Debtors and  
18 Debtors In Possession  
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**DECLARATION OF RICHARD G. ADCOCK**

I, Richard G. Adcock, declare, that if called as a witness, I would and could competently testify thereto, of my own personal knowledge, as follows:

1. I am the Chief Executive Officer of Verity Health System of California, Inc. (“VHS”). I became the Debtors’ Chief Executive Officer effective January 2018. Prior thereto, I served as VHS’s Chief Operating Officer since August 2017.

2. Except as otherwise indicated herein, this Declaration is based upon my personal knowledge, my review of relevant documents, information provided to me by employees of the Debtors or the Debtors’ legal and financial advisors, or my opinion based upon my experience, knowledge, and information concerning the Debtors’ operations and the healthcare industry. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

3. This Declaration is in support of the *Debtors’ Notice and Motion to Approve Settlement Between Debtors and California Nurses Association (CNA)* (the “Motion”)<sup>1</sup> and for all other purposes permitted by law.

4. The Settlement Agreement between the Debtors and CNA sets forth a comprehensive settlement that includes allowing CNA a \$6 million general unsecured claim and a \$2 million administrative expense claim, in exchange for, among other things, dismissal of the Adversary Proceeding, withdrawal of the NLRB Proceeding, and mutual waivers and releases of other claims. A true and correct copy of the Settlement Agreement is attached hereto as “Exhibit 1.”

5. The Debtors exercised their reasonable business judgment in entering into the Settlement Agreement. The Settlement Agreement is in the best interests of the estates as it (a) avoids both protracted and uncertain litigation between and among various Parties, and (b) avoids further administrative burden to the estates through early resolution of (i) the Adversary Proceeding, the NLRB Proceeding, and any pending administrative actions brought on behalf of SVMC registered nurses, and (ii) all claims of CNA and CNA individual bargaining unit members who

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<sup>1</sup> All capitalized terms not otherwise defined herein have the meanings ascribed to them in the Motion or the Memorandum annexed thereto.

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1 worked at SVMC and were terminated as a result of the closure of SVMC. The Settlement  
2 Agreement remains subject to certain conditions, including Bankruptcy Court approval.

3 6. I believe that the Agreement is fair and equitable and in the best interests of the  
4 estates. The Settlement Agreement represents an immediate resolution of certain CNA claims and  
5 proceedings, which constitutes a material element of the chapter 11 claims administration process;  
6 resolves pending and potential litigation between the parties; and avoids further administrative  
7 burden to the estates from the time, expense, and other effort reconciling the parties' respective  
8 claims and rights would otherwise require absent settlement.

9 7. Our professionals engaged in extensive, arms-length negotiations with CNA over the  
10 terms of the Settlement Agreement. Significantly, the Settlement Agreement avoids disputes and  
11 relieves the Debtors of any further administrative burden associated with resolving the Adversary  
12 Proceeding and NLRB Proceeding. In the absence of the Settlement Agreement, the Debtors may  
13 be forced to continue expensive litigation to resolve the Adversary Proceeding and NLRB  
14 Proceeding. Also, the probability that the Debtors would succeed in such litigation is uncertain.  
15 Further, the Settlement Agreement provides for the immediate realization of material benefits to the  
16 estates and all creditors in the form of dismissed and/or withdrawn litigation.

17 I declare under penalty of perjury and of the laws in the United States of America, the  
18 foregoing is true and correct.

19 Executed this 14th day of August, 2020, at Los Angeles, California.

20   
21 \_\_\_\_\_  
22 RICHARD G. ADCOCK  
23  
24  
25  
26  
27  
28

# **EXHIBIT 1**

## **SETTLEMENT AGREEMENT**

On this \_\_\_\_ day of August, 2020 (“Execution Date”) and subject to approval by order of the Bankruptcy Court (as defined below), Verity Health System of California, Inc. (“VHS”), Seton Medical Center and Seton Medical Center Coastsides, St. Vincent Medical Center (“SVMC”), St. Vincent Dialysis Center, Inc., St. Francis Medical Center, Verity Holdings, LLC and DePaul Ventures, LLC (collectively, “Verity”) and Richard G. Adcock (“Mr. Adcock”) and Steven Sharrer (“Mr. Sharrer”) on the one hand, and the California Nurses Association in its individual capacity and on behalf of its represented members (collectively, “CNA”), on the other (together, Verity, Mr. Adcock and Mr. Sharrer and CNA are the “Parties”), and subject to the terms, conditions and approvals set forth herein, agree to the following (the “Agreement”):

## **RECITALS**

WHEREAS, on August 31, 2018 (the “Petition Date”), Verity and 16 of its affiliates (collectively the “Debtors” and individually each a “Debtor”) filed a petition for relief under Chapter 11 of the Bankruptcy Code (collectively the “Bankruptcy Cases” and individually a “Bankruptcy Case”) in the United States Bankruptcy Court for the Central District of California (the “Bankruptcy Court”);

WHEREAS, on January 31, 2020 CNA filed a charge, Case No. 31-CA-255580, with the National Labor Relations Board (the “NLRB”) on behalf of SVMC registered nurses (the “NLRB Proceeding”);

WHEREAS, on March 5, 2020 CNA commenced the adversary proceeding *California Nurses Association (CNA) v. Verity Health System of California, Inc., et al.*, Adversary Proceeding No. 20-01051 (the “Adversary Proceeding”) against Verity, Mr. Adcock and Mr. Sharrer in the Bankruptcy Court;

WHEREAS, on April 27, 2020, CNA agreed to reject and terminate the Collective Bargaining Agreement between CNA and SVMC effective December 22, 2016-December 21, 2020 (the “SVMC CBA”) and agreed to modify the Master Collective Bargaining Agreement between CNA, on the one hand, and St. Vincent Medical Center and Seton Medical Center, on the other, effective December 22, 2016-December 21, 2020 (the “Master CBA”), to remove all references and applicability to SVMC and St. Vincent Dialysis Center, which Master Agreement shall be rejected and terminated upon the closing of the sale of Seton Medical Center and Seton Coastsides to AHMC Healthcare Inc.;

WHEREAS, on July 24, 2020 the Parties agreed in principal to resolve the Adversary Proceeding, the NLRB Proceeding, and any pending administrative actions brought on behalf of SVMC registered nurses;

WHEREAS, the Parties agree that this Agreement will be presented to the Bankruptcy Court through a motion under Rule 9019 of the Federal Rules of Bankruptcy Procedure (“Motion”);

WHEREAS, the Parties agree to resolve all claims of CNA and CNA individual bargaining unit members who worked at SVMC and were terminated as a result of the closure of SVMC (collectively the “Members” and individually a “Member”), pursuant to and conditioned upon Bankruptcy Court approval of the terms of this Agreement;

NOW THEREFORE, the Parties agree as follows:

1. Recitals. The Recitals as set forth above are true and correct and are incorporated herein by reference and made a part of this Agreement in all respects.

2. Settlement Amount.

- a. CNA is granted a single, allowed administrative expense claim (the “Administrative Claim”) under 11 U.S.C. §§ 503(b) and 507(a)(2) against Verity collectively in the total amount of Two Million Dollars (\$2,000,000.00);
- b. CNA is granted a single, allowed general unsecured claim (the “GUC Claim”) against Verity collectively in the amount of Six Million Dollars (\$6,000,000.00), which will be classified and entitled to pro rata treatment with other general unsecured claims in accordance with the terms of the *Amended Chapter 11 Plan of Liquidation of the Debtors, the Prepetition Secured Lenders, and the Committee* [Docket No. 4879] (the “Plan”) and subsequent amended versions of the Plan thereto.

3. Timing of Payments of Settlement Amount.

- a. The amount of \$850,000.00 in partial satisfaction of the Administrative Claim shall be paid ten (10) business days after the entry of an order (the “9019 Order”) approving the Motion or on the effective date of the Plan, whichever occurs earlier.
- b. The outstanding amount of the Administrative Claim in the amount of \$1,150,000.00 shall be paid on the effective date of the Plan. In the event that the Plan is not confirmed, CNA will continue to have an allowed chapter 11 administrative claim of \$1,150,000.00 in any subsequent chapter 7 liquidation proceedings.
- c. The GUC Claim shall be paid in accordance with the Plan, as set forth above.

4. 9019 Motion.

- a. This Agreement is subject to entry of the 9019 Order.
- b. The Parties agree that the Agreement will be presented though the Motion in settlement of all claims of CNA and Members who worked at SVMC. The Motion will be served upon all Members, who will be given an opportunity to object, and advised that failure to do so resolves any and all administrative and priority claims of each Member with respect any and all claims against Verity

and their officers, directors, agents and affiliates, relating to SVMC, St. Vincent Dialysis Center, Inc., the Adversary Proceeding, or the NLRB Proceeding.

- c. The Parties will use their best efforts to expedite the filing of the Motion and the approval of the Settlement.
- d. The Parties shall stay the Adversary Proceeding, the NLRB Proceeding, and any pending administrative actions brought on behalf of SVMC registered nurses against Verity or the Debtors until entry of the 9019 Order.
- e. If the Parties fail to secure entry of the 9019 Order, CNA will have seven (7) business days from the denial of the Motion to file proof of an administrative claim and retain all rights to object to the amount of money reserved under any bankruptcy plan to satisfy CNA's administrative claim and the Debtors retain all defenses thereto.

5. Dismissal And Withdrawal of Litigation.

- a. Upon the entry of the 9019 Order or as soon as reasonably practicable thereafter, the Parties will file a stipulation dismissing the Adversary Proceeding with prejudice.
- b. After the entry of the 9019 Order or as soon as reasonably practicable thereafter, any pending administrative actions/matters brought on behalf of the Members, including the NLRB Proceeding, shall be withdrawn with prejudice.

6. Mutual Releases. The Parties fully, finally, unconditionally, irrevocably and completely release and forever discharge each other and each of their predecessors, successors (including, without limitation, any chapter 11 or chapter 7 trustee of Verity or their estates), assigns, affiliates, subsidiaries, parents, partners, constituents, officers (including Richard G. Adcock and Steven Sharrer), directors, employees, attorneys and agents (past, present or future) and each of their respective heirs, successors, and assigns, of and from any and all claims, causes of action, litigation claims, and any other debts, obligations, rights, suits, damages, actions, remedies, judgments and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, fixed or contingent, matured or unmatured, existing, in law or at equity, whether for tort, contract or otherwise, based in whole or in part upon any act or omission, transaction, event or other occurrence or circumstance existing or taking place prior to or on this date, relating to SVMC, St. Vincent Dialysis Center, Inc., the Adversary Proceeding, or the NLRB Proceeding.

7. Section 1542. Each Party acknowledges that it is familiar with Section 1542 of the California Civil Code, which states as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS  
THAT THE CREDITOR OR RELEASING PARTY DOES NOT  
KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT  
THE TIME OF EXECUTING THE RELEASE AND THAT, IF



KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY  
AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR  
OR RELEASED PARTY.

All rights under Section 1542 of the California Civil Code, or any analogous state or federal law, are hereby expressly WAIVED and RELINQUISHED by each Party. In connection with such waiver and relinquishment, each of the Parties hereby acknowledges and understands that it is executing and delivering this Agreement with full knowledge of any and all rights which each Party may have with respect to the claims resolved hereby.

8. Distribution Formula, Amounts, and Individual Releases.

- a. Verity will provide CNA with a list of Members within two (2) business days of entry of the 9019 Order.
- b. CNA will provide the distribution formula for payment to Members (each, a “BU Member Share”) as relates to all payments referenced in Section 2 within seven (7) business days of entry of the 9019 Order.
- c. To be eligible for distribution of a BU Member Share, Members must execute an individual general release (“Individual Release”), as follows:

Employee hereby acknowledges full and complete satisfaction of and does hereby release and fully discharge Verity, and predecessors, successors, partners, parent companies, subsidiaries, shareholders, administrators, insurers, and fiduciaries, and affiliated entities, past and present, as well as their respective owners, partners, officers, directors, principals (including, without limitation Richard. G. Adcock and Steven Sharrer), agents, servants, contractors, employees, representatives, attorneys, insurers, heirs, successors, and assigns, past and present, and each of them, (collectively referred to as the “Employee Released Parties”), from any and all administrative expense and priority claims, demands, promises, covenants, and causes of action of every kind and nature (including, without limitation, claims for damages, costs, expenses, loss of services, and attorneys’ and accountants’ fees and expenses), whether known or unknown, suspected or unsuspected, which Employee now owns or holds or at any time heretofore has owned or held against the Employee Released Parties, or any of them, arising out of, resulting from, or in any way related to any transaction, agreement, occurrence, act, or omission whatsoever occurring, existing, or omitted at any time before the Effective Date of this Agreement.

- d. To receive a BU Member Share, each Member must return a signed copy of the Individual Release, either through electronic signature or by hard copy, within 60 days from the date mailing or emailing of the Individual Release.

- e. Members who do not sign an Individual Release or do not return the Individual Release in accordance with Section 8.c above will be ineligible for a BU Member Share, and any payment referenced in Section 2.
- f. Third party administrator Kurtzman Carson Consultants LLC (“KCC”) will administer distribution and collection of the Individual Releases and distribution of BU Member Shares. KCC’s related fees and costs will be paid by Verity.
- g. Any unclaimed BU Member Shares and funds from uncashed checks which are uncashed after 180 days from the date of mailing shall revert back to CNA. CNA will receive an accounting of all BU Member Share distributions from KCC to the Members prior to the date on which any funds revert back to CNA.

9. No Admission of Liability. This Agreement does not constitute an admission or concession of liability by Verity, Mr. Adcock, or Mr. Sharrer on account of any claim by or other obligations that may be allegedly owed to CNA or its Members, liability for which Verity, Mr. Adcock, and Mr. Sharrer expressly deny.

10. Miscellaneous.

- a. *One Writing/Integration.* This Agreement constitutes the full, complete, and entire understanding and agreement between the Parties with respect to the subject matter of this Agreement and supersedes any and all prior oral and written understandings, agreements, and arrangements between them, whether oral or written, express or implied, including, but not limited to the Settlement Term Sheet entered by the Parties on July 24, 2020. There are no other agreements, covenants, promises, or arrangements between the Parties other than those set forth herein. There is no other consideration for this Agreement other than the consideration set forth in this Agreement.
- b. *Governing Law.* This Agreement shall be construed in accordance with and governed by the laws of the State of California and title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.*, as amended.
- c. *Jurisdiction.* Any dispute concerning the terms and interpretation of this Agreement shall be resolved by the Bankruptcy Court.
- d. *Reservation of Rights.* The Parties reserve all rights and defenses provided to them under the Bankruptcy Code except as otherwise stated herein.
- e. *Amendment, Modification, Waiver.* This Agreement may be amended, altered, modified, or waived, in whole or in part, only in a writing executed by the Parties to this Agreement. This Agreement may not be orally amended, altered, modified, or waived, in whole or in part. No failure by any Party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof

shall constitute a waiver of any such breach of any other covenant, duty, agreement or condition.

- f. *Counterparts.* This Agreement may be executed in one or more original counterparts, all of which together shall constitute one and the same instrument.
- g. *No Third Party Beneficiaries.* Except as may be specifically set forth in this Agreement, nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the Parties and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any Party, nor give any third persons any right of subrogation or action against any Party.
- h. *Authority.* By executing below, each Party represents that it has the requisite authority to enter into and implement all terms of this Agreement.
- i. *Collective Bargain Agreements.* The Parties hereby agree that on April 27, 2020, the SVMC CBA was consensually rejected and terminated and the Master CBA was consensually modified to remove all references and applicability to SVMC and St. Vincent Dialysis Center, and that such treatment of the SVMC CBA and the Master CBA is proper under Bankruptcy Code § 1113 and that no separate relief, including a motion under § 1113, is required to effectuate the above stated treatment.
- j. *Severability.* In the event of any invalidity or unenforceability of any portion of this Agreement, as determined by a final judgment of the Bankruptcy Court, the remainder of this Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered as of the Execution Date of this Agreement as set forth above.

**California Nurses Association**

By:           [TO BE SUBMITTED]            
Name: Jennifer Lemmon  
Title: Southern California and Nevada Collective  
Bargaining Director

**St. Vincent Medical Center**

By:           [TO BE SUBMITTED]            
Name:  
Title:

**St. Vincent Dialysis Center**

By: \_\_\_\_\_ [TO BE SUBMITTED] \_\_\_\_\_  
Name:  
Title:

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

By: \_\_\_\_\_ [TO BE SUBMITTED] \_\_\_\_\_  
Name:  
Title:

**Seton Medical Center**

By: \_\_\_\_\_ [TO BE SUBMITTED] \_\_\_\_\_  
Name:  
Title:

**Seton Medical Center Coastside**

By: \_\_\_\_\_ [TO BE SUBMITTED] \_\_\_\_\_  
Name:  
Title:

**St. Francis Medical Center**

By: \_\_\_\_\_ [TO BE SUBMITTED] \_\_\_\_\_  
Name:  
Title:

**Verity Holdings, LLC**

By: \_\_\_\_\_ [TO BE SUBMITTED] \_\_\_\_\_  
Name:  
Title:

**DePaul Ventures, LLC**

By:           [TO BE SUBMITTED]            
Name:  
Title:

By:           [TO BE SUBMITTED]            
Richard G. Adcock

By:           [TO BE SUBMITTED]            
Steven Sharrer