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8 **UNITED STATES BANKRUPTCY COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

9 In re  
10 VERITY HEALTH SYSTEM OF  
11 CALIFORNIA, INC., *et al.*,  
12 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

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

Hon. Judge Ernest M. Robles

**DEBTORS' LIMITED RESPONSE TO ORDER  
ON STRATEGIC GLOBAL MANAGEMENT,  
INC.'S OBJECTION TO THE FORM OF THE  
ORDER CONFIRMING THE MODIFIED  
SECOND AMENDED PLAN**

**[RELATES TO DOCKET NOS. 5466, 5504, 5566]**

[No Hearing Required]

Debtors and Debtors In Possession.

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1 Verity Health System of California, Inc. (“VHS”) and the affiliated debtors, the debtors  
2 and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11  
3 bankruptcy cases (the “Cases”), hereby file this limited response (the “Limited Response”) to the  
4 *Order on Strategic Global Management, Inc.’s Objection to the Form of Order Confirming the*  
5 *Modified Second Amended Plan* [Docket No. 5566] (the “Order”), and the preliminary findings  
6 (the “Preliminary Findings”) attached to the Order as Exhibit “A,” concerning the Court’s  
7 proposed modifications the *Order Confirming Modified Second Amended Joint Chapter 11 Plan*  
8 *(Dated July 2, 2020) of the Debtors, the Committee, and the Prepetition Secured Creditors*  
9 [Docket No. 5504] (the “Confirmation Order”)<sup>1</sup> and the *Modified Second Amended Joint Chapter*  
10 *11 Plan (Dated July 2, 2020) of the Debtors, the Committee, and the Prepetition Secured*  
11 *Creditors* [Docket No. 5466] (the “Plan”). In support of the Limited Response, the Debtors  
12 respectfully state as follows:

13 **I.**

14 **LIMITED RESPONSE**

15 The Debtors do not object to the Preliminary Findings because they do not alter the  
16 Court’s ultimate rulings with respect to treatment of the Strategic Global Management, Inc.  
17 (“SGM”) deposit and enforceability of the non-debtor releases, injunctions, and exculpations.  
18 The Debtors solely request that the Court enter a separate order, rather than entering an amended  
19 Confirmation Order or requiring the Debtors to file an amended Plan, for the following three  
20 reasons:

21 ***First***, a separate order, rather than amended Confirmation Order or Plan, is critical to  
22 avoid ambiguities in the dates and notices related to confirmation of the Plan. Various dates are  
23 keyed to the entry of the Confirmation Order. *See, e.g.*, Plan § 1.38 (“Confirmation Date means  
24 the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket  
25 of the Lead Case.”); *id.* at § 7.13 (“the Liquidating Trustee will give notice to any Insurer  
26 requesting notice prior to the Confirmation Date”); *id.* at § 12.2 (Confirmation Order as a

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28 <sup>1</sup> Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Confirmation Order.

1 condition precedent to the Effective Date). Further, as required by the Confirmation Order, the  
2 Debtors have filed the *Notice of Confirmation of Modified Amended Joint Plan of Liquidation*  
3 *(Dated July 2, 2020) of the Debtors, the Prepetition Secured Creditors, and the Committee*  
4 [Docket No. 5507] (the “Confirmation Notice”), served the Confirmation Notice on all parties in  
5 the Debtors’ creditor database, and provided publication notice of the Confirmation Notice. *See*  
6 Confirmation Order ¶ 23. The Confirmation Notice, which refers creditors and claimants to the  
7 Plan and Confirmation Order, would need to be re-noticed and published. Entry of a separate  
8 order is appropriate given the limited nature of the Preliminary Findings and the comparatively  
9 wide-reaching consequences of amendment.

10 **Second**, modifications to the Plan or Confirmation Order do not require the entry of an  
11 amended Confirmation Order. Specifically, the Plan provides that the Court will retain  
12 jurisdiction to, among other things, “enter, implement or enforce such orders as may be  
13 appropriate in the event that the Confirmation Order is for any reason . . . modified[.]” *See* Plan §  
14 14.1(f); *see also* Confirmation Order at ¶ 19 (approving retention of jurisdiction provisions in  
15 Plan). By way of example, the Plan and Confirmation Order provide that the Court may alter or  
16 interpret provisions of the Plan prior to the Effective Date and that, “[n]otwithstanding any such  
17 holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall  
18 remain in full force and effect and shall in no way be affected, impaired or invalidated by such  
19 holding, alteration or interpretation.” Confirmation Order at ¶ 21; *see also* Plan § 15.7. Thus, the  
20 Plan contemplates modifications to the Plan and Confirmation Order by entry of a separate order  
21 rather than the filing of an amended Plan or entry of an amended Confirmation Order.

22 **Third**, the provisions of the Plan authorize modifications to the Plan and Confirmation  
23 Order by entry of a separate order, in part, to avoid potential dispute over the finality of the  
24 Confirmation Order. As of this Limited Response, two claimants—SGM and Toyon Associates,  
25 Inc.—have filed notices of appeal of the Confirmation Order. *See* Docket Nos. 5552, 5572. To  
26 be clear, entry of an amended Confirmation Order will not extend the time to file a notice of  
27 appeal. *See, e.g., In re Sousa*, 795 F.2d 855, 857 (9th Cir. 1986) (finding notice of appeal was not  
28 timely filed despite subsequent entry of amended findings and conclusions where appellant

1 “identifies no material discrepancy between the original findings and conclusions and the  
2 amended findings and conclusions”). Nevertheless, the finality of the Confirmation Order is of  
3 paramount concern, particularly given the preconditions to the Plan Settlement and the Effective  
4 Date. See Plan § 7.1(a)(ix) (“the Plan Settlement shall be effective provided that (a) the  
5 Confirmation Order is not subject to a stay of effectiveness on the Effective Date, and (b)  
6 Effective Date occurs on or before September 5, 2020”); see *id.* at § 12.2(a) (“The Confirmation  
7 Order, including, without limitation, the approval of the Plan Settlement pursuant to Bankruptcy  
8 Rule 9019 and § 1123(b)(3)(A), shall have been entered by this Court in form and substance  
9 acceptable to the Plan Proponents, which Confirmation Order shall not have been terminated,  
10 suspended, vacated or stayed[.]”). Therefore, consistent with the modification provisions of the  
11 Plan and Confirmation Order, the Debtors submit that the Court should enter its Proposed  
12 Findings by separate order to preclude any argument that the Confirmation Order is not a final  
13 order.

14 **II.**

15 **CONCLUSION**

16 WHEREFORE, the Debtors respectfully request that the Court enter the Proposed  
17 Findings in a separate order and grant the Debtors such other and further relief as is just and  
18 appropriate under the circumstances.

19 Dated: August 28, 2020

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23 By           /s/ Nicholas A. Koffroth            
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