

Case No. 19-cv-10352¹

**UNITED STATES DISTRICT COURT FOR
THE CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION**

In re VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., et al.,

Debtors and Debtors in
Possession.

XAVIER BECERRA, CALIFORNIA
ATTORNEY GENERAL,
Appellant,

v.

STRATEGIC GLOBAL MANAGEMENT,
INC.,
Appellee.

On Appeal from the United States Bankruptcy
Court for the Central District of California
(Bankr. Lead Case No.: 2:18-bk-20151-ER)

Judge: Hon. Dale S. Fischer

**CALIFORNIA ATTORNEY GENERAL XAVIER BECERRA'S
STATEMENT OF ISSUES ON APPEAL AND
DESIGNATION OF RECORD ON APPEAL**

Pursuant to Rule 6(b) of the Federal Rules of Appellate Procedure (“FRAP”) and Rule 8009 of the Federal Rules of Bankruptcy Procedure (the “FRBP”), Appellant Xavier Becerra, Attorney General of California (the “Appellant”), hereby submits his Statement of Issues on Appeal and Designation of Record on Appeal.

¹ This appeal from the bankruptcy court, no. 2:19-cv-10352-DSF, was consolidated, by order of the District Court entered January 17, 2020, with the two other appeals from the bankruptcy court, nos. 2:19-cv-10354-DSF and 2:19-cv-10356-DSF.



ORDERS APPEALED

Appellant appeals two orders entered by this Court:

first, its *Order DENYING Emergency Motion to Dismiss Appeal* (Dkt. No. 2), entered December 20, 2019 [Dkt. no. 19], by which this Court denied the motion of Verity Health System of California, Inc., and its co-debtors (“Verity”), to dismiss this appeal, which was taken from the Bankruptcy Court to this Court by Strategic Global Management, Inc. (“SGM”); and

second, its *Order Vacating Orders of the Bankruptcy Court*, dated June 10, 2020 [Dkt. no. 65] (the “Vacatur Order”), to the extent it vacated the Bankruptcy Court’s *Order Granting “Debtors’ Emergency Motion for the Entry of an Order: (I) Enforcing the Order Authorizing the Sale to Strategic Global Management, Inc; (II) Finding That the Sale is Free and Clear of Conditions Materially Different Than Those Approved by the Court; (III) Finding That the Attorney General Abused His Discretion in Imposing Conditions on That Sale; and (IV) Granting Related Relief”* [Doc. 3188], entered November 14, 2019 [Bankr. Dkt. no. 3611] (the “AG Order”). appeal had been taken.

STATEMENT OF ISSUES

This appeal raises the following issues:

1. whether the District Court erred in holding that SGM had standing

to appeal the AG Order and therefore denying Verity's motion to dismiss SGM's appeal of the AG Order to the District Court; and

2. whether the District Court, after later ordering SGM's appeal dismissed as moot, erred in ordering vacatur of the Bankruptcy Court's AG Order, from which the appeal had been taken.

DESIGNATION OF RECORD ON APPEAL

A. Bankruptcy Court Record

Pursuant to FRAP 6(b)(2)(B)(i), Appellant redesignates all of the items listed in:

(a) the *Statement of Issues on Appeal and Designation of Record [Related to Appeal of November 14 Order, Doc. No. 3611]*, filed in the Bankruptcy Court by SGM as docket no. 3810, in case no. 2:18-bk-20151-ER, on December 13, 2019, and

(b) the *Appellees' Designation of Additional Items to Be Included in the Record on Appeal (USDC Case No. 2:19-cv-10352-DSF)*, filed in the Bankruptcy Court by Verity as docket no. 3867, in case no. 2:18-bk-20151-ER, on December 27, 2019.

B. District Court Record

Pursuant to FRAP 6(b)(2)(B)(iii), second bullet point, the record on an

appeal from this Court to the Court of Appeals includes “the proceedings in the district court.” This may render it unnecessary to specifically designate items filed in this Court. In an abundance of caution, however, Appellant designates, for inclusion in the record on appeal, the following items from this Court’s docket in case 2:19-cv-10352-DSF:

Filing Date	Docket Number	Document Name
12/6/2019	1 [735 pages]	Notice of Appeal and Statement of Election
12/6/2019	2 [42 pages]	Notice of Debtors’ Emergency Motion to Dismiss Appeal
12/10/2019	3 [1535 pages]	Appendix in Support of Debtors’ Emergency Motion to Dismiss Appeal
12/6/2019	5 [2 pages]	Notice Regarding Appeal from Bankruptcy Court
12/6/2019	6 [1 page]	Notice Regarding Appeal from Bankruptcy Court
12/12/2019	9 [6 pages]	Notice of Related Cases
12/17/2019	10 [28 pages]	Strategic Global Management, Inc.’s Opposition to “Debtors’ Emergency Motion to Dismiss Appeal”
12/17/2019	11 [21 pages]	Emergency Motion of Official Committee of Unsecured Creditors for Entry of Order, (I) Pursuant to Bankruptcy Rule 8003(c) Recognizing Committee as “Party to the Appeal;” or (II) in the Alternative, Pursuant to 8013(g) Granting Committee Right to Intervene in Appeal
12/17/2019	12 [8 pages]	Official Committee of Unsecured Creditors’ Joinder in Motion of Appellees Verity Health System of California, Inc., et al. to Dismiss Appeal
12/17/2019	13 [319 pages]	Declaration of Gary E. Klausner in Support of Strategic Global Management, Inc.’s Opposition to “Debtors’ Emergency Motion to Dismiss Appeal”

12/19/2019	17 [9 pages]	Official Committee of Unsecured Creditors' Reply to Strategic Global Management, Inc.'s Opposition to "Debtors' Emergency Motion to Dismiss Appeal"
12/19/2019	18 [19 pages]	Reply in Support of Debtors' Emergency Motion to Dismiss Appeal
12/20/2019	19 [3 pages]	Order Denying Emergency Motion to Dismiss Appeal (Dkt. No. 2); Order Granting Motion to be Named as Appellee
12/20/2019	20 [15 pages]	Strategic Global Management, Inc.'s Notice of Motion and Motion to Consolidate Appeals
12/20/2019	21 [63 pages]	Declaration of Gary E. Klausner in Support of Strategic Global Management, Inc.'s Motion to Consolidate Appeals
12/26/2019	22 [0 pages]	Text Only Entry: (in Chambers) Order re: Strategic Global Management, Inc.'s Notice of Motion and Motion to Consolidate Appeals
01/17/2020	33 [1 page]	Order Granting Motions to Intervene; Order Granting Motion to Consolidate Appeals
2/4/2020	41 [4 pages]	Strategic Global Management, Inc.'s Notice of Related Cases
2/13/2020	42 [296 pages]	Strategic Global Management, Inc.'s Notice of Motion and Motion to: (1) Augment Record on Appeal and Request for Judicial Notice; and (2) Accept the Sale Correspondence Filed Under Seal with the Bankruptcy Court for Purposes of the Appeals; Declaration of Gary E. Klausner in Support Thereof
02/14/2020	43 [48 pages]	Appellant's Opening Brief
02/14/2020	44 [8 pages]	Appellant's Appendix
02/14/2020	45 [88 pages]	Strategic Global Management, Inc.'s Request for Judicial Notice Re: Documents Filed or Entered After November 27, 2019
02/20/2020	46 [10 pages]	Debtors' Response and Conditional Non-Opposition to Strategic Global Management, Inc.'s Motion to: (1) Augment Record on Appeal and Request for Judicial Notice; and (2) Accept Sale Correspondence Filed Under Seal with the Bankruptcy Court for the Purposes of the Appeals

04/14/2020	55 [75 pages]	Appellees' Joint Brief
04/14/2020	56 [585 pages]	Appendix in Support of Appellees' Joint Brief
04/14/2020	57 [10 pages]	Appellees' Request for Judicial Notice in Support of Joint Brief
05/04/2020	58 [33 pages]	Appellant's Reply Brief
05/14/2020	59 [2 pages]	Order Dismissing Appeals as Moot
05/28/2020	60 [10 pages]	Appellees' Joint Response to Court's Tentative Decision to Vacate Orders
05/29/2020	61 [6 pages]	Appellant's Conditional Request to File a Reply Brief
6/2/2020	62 [0 pages]	Text Only Entry: (in Chambers) Order re: Appellant May File a Five-Page Reply to the Appellees' Response re Vacatur No Later Than June 7, 2020
06/08/2020	64 [10 pages]	Appellant's Reply to "Appellees' Joint Response to Court's Tentative Decision to Vacate Orders"
06/10/2020	65 [2 pages]	Order Vacating Orders of the Bankruptcy Court
07/08/2020	66 [9 pages]	Notice of Appeal

Dated: August 31, 2020

JAMES M. TOMA
DAVID K. ELDAN

By: /s/ David K. Eldan
David K. Eldan

Attorneys for Xavier Becerra, Attorney General
of California

CERTIFICATE OF SERVICE

I hereby certify that on August 01, 2020, I electronically filed the foregoing document with the Clerk of the Court for the United States District Court for the Central District of California by using the CM/ECF system.

I further certify that parties of record to this appeal who either are registered CM/ECF users, or who have registered for electronic notice, or who have consented in writing to electronic service, will be served through the CM/ECF system.

I further certify that some of the parties of record to this appeal have not consented to electronic service. I have served the foregoing document by the means set forth below:

Courtesy copy via personal delivery

Chambers of the Honorable Dale S. Fischer
First Street Courthouse
350 West 1st Street
Los Angeles, CA 90012

Served via e-mail

Gary E. Klausner
Levene, Neale, Bender, Yoo & Brill L.L.P
10250 Constellation Blvd., Ste. 1700
Los Angeles, CA 90067
gek@lnbyb.com

/s/ Briana Cabrera