

JEROME S. COHEN (SBN 143727)
361 North Martel Avenue
Los Angeles, CA 90036
Tel: (213) 595-8116
Email: jsc@jscbklaw.com

Attorney for Defendant Reliable Properties

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

In re:)	Lead Case No.: 2:18-bk-20150-ER
)	
VERITY HEALTH SYSTEM OF)	Chapter 11
CALIFORNIA, INC., <i>et al.</i> ,)	
Debtors and Debtors In Possession.)	
_____)	Adv. Proc.: 20-01397
St. Francis Medical Center,)	
Plaintiff,)	DEFENDANT'S ANSWER
v.)	TO COMPLAINT TO AVOID
)	AND RECOVER TRANSFERS
Reliable Properties)	PURSUANT TO 11 U.S.C. §§ 547, 549,
dba Reliable Properties Corp.,)	AND 550 AND TO DISALLOW CLAIMS
Defendant.)	PURSUANT TO 11 U.S.C. § 502
_____)	

In answer to the Complaint To Avoid And Recover Transfers Pursuant To 11 U.S.C. §§ 547, 549, And 550 And To Disallow Claims Pursuant To 11 U.S.C. § 502 ("Complaint"), Defendant Reliable Properties, Inc. states as follows:

JURISDICTION AND VENUE

1. Defendant admits the allegations in Paragraph 1.
2. Defendant admits the allegations in Paragraph 2.



3. Defendant admits the allegations in Paragraph 3.

4. Defendant admits the allegations in Paragraph 4.

THE PARTIES

5. Defendant lacks sufficient knowledge or information to admit or deny the allegations of Paragraph 5.

6. Defendant admits the allegations in Paragraph 6.

7. Defendant admits the allegations in Paragraph 7.

PROCEDURAL BACKGROUND

8. Defendant admits the allegations in Paragraph 8.

9. Defendant admits the allegations in Paragraph 9.

10. Defendant admits the allegations in Paragraph 10.

FACTUAL BACKGROUND

11. Defendant lacks sufficient knowledge or information to admit or deny the allegations of Paragraph 11.

12. Defendant lacks sufficient knowledge or information to admit or deny the allegations of Paragraph 12.

13. Defendant lacks sufficient knowledge or information to admit or deny the allegations of Paragraph 13.

14. Defendant lacks sufficient knowledge or information to admit or deny the allegations of Paragraph 14.

15. Defendant lacks sufficient knowledge or information to admit or deny the allegations of Paragraph 15.

16. Defendant lacks sufficient knowledge or information to admit or deny the allegations of Paragraph 16.

17. Defendant admits the allegations in Paragraph 17.

18. Defendant admits the allegations in Paragraph 18.

19. Defendant admits the allegations in Paragraph 19.

1 20. Defendant admits the allegations in Paragraph 20 relating to the Demand, but with
2 respect to Plaintiff's due diligence, Defendant lacks sufficient knowledge or information to admit
3 or deny the allegations of Paragraph 20.

4 21. Defendant lacks sufficient knowledge or information to admit or deny the
5 allegations of Paragraph 21.

6 22. Defendant lacks sufficient knowledge or information to admit or deny the
7 allegations of Paragraph 22.

8 **FIRST CLAIM FOR RELIEF**

9 23. Defendant admits only that in Paragraph 23, Plaintiff is re-alleging and
10 incorporating by reference all prior paragraphs of the Complaint.

11 24. Defendant lacks sufficient knowledge or information to admit or deny the
12 allegations of Paragraph 24.

13 25. Defendant lacks sufficient knowledge or information to admit or deny the
14 allegations of Paragraph 25.

15 26. Defendant lacks sufficient knowledge or information to admit or deny the
16 allegations of Paragraph 26.

17 27. Defendant lacks sufficient knowledge or information to admit or deny the
18 allegations of Paragraph 27.

19 28. Defendant lacks sufficient knowledge or information to admit or deny the
20 allegations of Paragraph 28.

21 29. Defendant lacks sufficient knowledge or information to admit or deny the
22 allegations of Paragraph 29.

23 30. Defendant lacks sufficient knowledge or information to admit or deny the
24 allegations of Paragraph 30.

25 31. Defendant lacks sufficient knowledge or information to admit or deny the
26 allegations of Paragraph 31.

27 32. Defendant denies the allegations in Paragraph 32.
28

SECOND CLAIM FOR RELIEF

33. Defendant admits only that in Paragraph 33, Plaintiff is re-alleging and incorporating by reference all prior paragraphs of the Complaint.

34. Defendant admits only that in Paragraph 34, Plaintiff pleads that certain transfers are avoidable.

THIRD CLAIM FOR RELIEF

35. Defendant admits only that in Paragraph 35, Plaintiff is re-alleging and incorporating by reference all prior paragraphs of the Complaint.

36. Defendant denies the allegations of Paragraph 36.

37. Defendant lacks sufficient knowledge or information to admit or deny the allegations of Paragraph 37.

38. Defendant denies the allegations of Paragraph 38.

FOURTH CLAIM FOR RELIEF

39. Defendant admits only that in Paragraph 39, Plaintiff is re-alleging and incorporating by reference all prior paragraphs of the Complaint

40. Defendant denies the allegations of Paragraph 40.

41. Defendant denies the allegations of Paragraph 41.

42. Defendant denies the allegations of Paragraph 42.

43. Defendant denies the allegations of Paragraph 43.

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AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

(11 U.S.C. 547(c)(2) – Ordinary Course of Business)

1. The Plaintiff is barred from avoiding the Transfers pursuant to 11 U.S.C. § 547(c)(2) as the Transfers were in payment of debts incurred by the Debtor in the ordinary course of business or financial affairs of the Debtor and Defendant, and the Transfers were -- (A) made in the ordinary course of business or financial affairs of the Debtor and Defendant; and (B) made according to ordinary business terms.

SECOND AFFIRMATIVE DEFENSE

(11 U.S.C. 547(c)(1) – Contemporaneous Exchange for New Value)

2. The Plaintiff is barred, to some extent, from avoiding the transfers that are the subject of this action pursuant to 11 U.S.C. § 547(c)(1) as the Transfers were -- (A) intended by the Debtor and Defendant to be a contemporaneous exchange for new value given to the debtor; and (B) in fact a substantially contemporaneous exchange.

THIRD AFFIRMATIVE DEFENSE

(11 U.S.C. 547(c)(4) – Subsequent New Value)

3. The Plaintiff is barred, to some extent, from avoiding the Transfers pursuant to 11 U.S.C. § 547(c)(4), as after the Transfers, Defendant gave new value to or for the benefit of Debtor -- (A) not secured by an otherwise unavoidable security interest; and (B) on account of which new value the Debtor did not make an otherwise unavoidable transfer to or for the benefit of Defendant.

FOURTH AFFIRMATIVE DEFENSE

(Laches)

4. Plaintiff is barred from making the claims alleged in the Complaint by the doctrine of laches, because Plaintiff inexcusably and unreasonably delayed in commencement of the instant action against Defendant, causing prejudice to Defendant.

FIFTH AFFIRMATIVE DEFENSE

(Failure to State Facts)

5. The Complaint fails to state facts sufficient to constitute a cause of action against this answering Defendant, and the Complaint fails to state facts sufficient to justify any relief or attorney fees or costs against this Defendant.

SIXTH AFFIRMATIVE DEFENSE

(Unclean Hands)

6. Plaintiff acted inequitably with respect to this Defendant by not seeking to avoid other avoidable transfers, and is therefore barred by the doctrine of unclean hands.

SEVENTH AFFIRMATIVE DEFENSE

(Failure to Mitigate)

7. Plaintiff, by failing to seek to avoid other avoidable transfers, failed to take appropriate action to mitigate, reduce or avoid the losses, damages, and costs, if any, on which its claims are based, and is therefore barred from recovering on such losses, damages and/or costs from this Defendant.

WHEREFORE, Defendant prays that Plaintiff take nothing by its Complaint, that Defendant be awarded its fees and costs incurred in this matter, and that the Court award this Defendant such other and further relief as is just and proper.

Dated: November 11, 2020

Respectfully submitted,

/s/ Jerome S. Cohen

Jerome S. Cohen

Attorney for Defendant Reliable Properties

PROOF OF SERVICE

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 361 North Martel Avenue, Los Angeles, CA 90036.

On November 11, 2020, I served the foregoing document described as:

**DEFENDANT'S ANSWER TO COMPLAINT TO AVOID
AND RECOVER TRANSFERS PURSUANT TO
11 U.S.C. §§ 547, 549, AND 550 AND TO DISALLOW
CLAIMS PURSUANT TO 11 U.S.C. § 502**

on the Plaintiff in this action:

X by placing true copies thereof enclosed in sealed envelopes addressed as follows:

Anastasia Kazmina, Esq.
Quinten Kruszka, Esquire
2600 Eagen Woods Drive, Suite 400
St. Paul, Minnesota 55121

X (BY MAIL) By placing said envelope(s), with postage thereon fully prepaid in the United States mail at Los Angeles, California.

X (FEDERAL) I declare that I am employed in the office of a member of the bar of this Court at whose direction this service was made.

Executed on November 11, 2020, at Los Angeles, California.

/s/ Jerome S. Cohen
Jerome S. Cohen