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and Special Counsel to the Liquidating Trustee

Attorneys for the Liquidating Trustee

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

In re

Lead Case No. 2:18-bk-20151-ER

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

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

Debtors and Debtors In Possession.

- ☒ Affects All Debtors
- ☐ Affects Verity Health System of California, Inc.
- ☐ Affects O'Connor Hospital
- ☐ Affects Saint Louise Regional Hospital
- ☐ Affects St. Francis Medical Center
- ☐ Affects St. Vincent Medical Center
- ☐ Affects Seton Medical Center
- ☐ Affects O'Connor Hospital Foundation
- ☐ Affects Saint Louise Regional Hospital Foundation
- ☐ Affects St. Francis Medical Center of Lynwood Foundation
- ☐ Affects St. Vincent Foundation
- ☐ Affects St. Vincent Dialysis Center, Inc.
- ☐ Affects Seton Medical Center Foundation
- ☐ Affects Verity Business Services
- ☐ Affects Verity Medical Foundation
- ☐ Affects Verity Holdings, LLC
- ☐ Affects De Paul Ventures, LLC
- ☐ Affects De Paul Ventures - San Jose ASC, LLC

Chapter 11 Cases
Hon. Judge Ernest M. Robles

**MOTION TO CONTINUE HEARING AND RESPONSE
DEADLINE ON MOTION OF SMITH & NEPHEW, INC.
FOR ALLOWANCE AND PAYMENT OF POST-
PETITION ADMINISTRATIVE EXPENSE CLAIM;
DECLARATION OF PETER CHADWICK IN SUPPORT
THEREOF
[RELATES TO DOCKET NOS. 6278, 6279, 6355, 6356]**

Hearing Date and Time:

Date: February 3, 2021
Time: 10:00 a.m. (Pacific Time)
Place: Courtroom 1568
255 E. Temple St.
Los Angeles, CA 90012

Debtors and Debtors In Possession.



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Verity Health System of California, Inc. (“VHS”) and the above-referenced affiliated post-effective date debtors in the above-captioned chapter 11 bankruptcy cases (collectively, the “Post-Effective Date Debtors”), together with the Liquidating Trustee (the “Liquidating Trustee,” and together with the Post-Effective Date Debtors, “Movants”) of the VHS Liquidating Trust established pursuant to the *Modified Second Amended Joint Chapter 11 Plan of Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured Creditors, and the Committee* [Docket No. 5466] (the “Plan”), confirmed by the order entered August 14, 2020 [Docket No. 5504] (the “Confirmation Order”), and that certain Liquidating Trust Agreement, dated as of September 5, 2020 [Docket No. 6043] (the “Trust Agreement”), respectfully request (the “Motion”) that the Court approve a continuance of the hearing on the *Motion of Smith & Nephew, Inc. for Allowance and Payment of Post-Petition Administrative Expense Claim* [Docket No. 6278] (the “S&N Motion”) from February 3, 2021 to March 10, 2021, at 10:00 a.m. (Pacific Time), or such later time as may be convenient to the Court. Movants further request corresponding extensions of the response deadline from January 20, 2021 to February 24, 2021, and the reply deadline from January 27, 2021 to March 3, 2021. In support of the Motion, Movants submit the attached *Declaration of Peter Chadwick* (the “Chadwick Declaration”) and respectfully state as follows:

I.

INTRODUCTION

Movants request a five-week extension of the hearing on the S&N Motion, and corresponding extensions of the deadlines to file responses and replies. As set forth in Movants’ post-confirmation status report, filed December 21, 2020 [Docket No. 6348] (the “Status Report”), the Liquidating Trustee is in the process of analyzing all filed and ordinary course administrative claims (the “Administrative Claims”), and needs to do so within the context of the Administrative Claims Reserve established by (and defined in) the Plan. *See* Status Report, at 4-5; *see also* Plan, § 15.3; Confirmation Order, ¶ 24.

Although the Liquidating Trustee has analyzed the request for an administrative expense claim (the “S&N Claim”) set forth in the S&N Motion, Movants request this extension to allow

1 time for the Liquidating Trustee to consider the S&N Claim alongside all the other
2 Administrative Claims he must analyze, all with a view toward his duties under the Plan,
3 Confirmation Order, and the Trust Agreement.

4 Movants request a continuance of five weeks based on the Court's calendar, which is
5 currently closed to an extension of either three or four weeks, and the Liquidating Trustee has
6 indicated that two weeks may not provide sufficient time. Movants first requested the
7 continuance directly with counsel for Smith & Nephew, who declined, thereby necessitating the
8 filing of this Motion.

9 **II.**

10 **JURISDICTION AND VENUE**

11 This Court has jurisdiction over this Motion under 28 U.S.C. § 157(b)(2)(A) and (L).
12 Venue of these proceedings and this Motion is proper pursuant to 28 U.S.C. § 1409. The
13 statutory predicate for this Motion is 11 U.S.C. § 105¹ and LBR 9013-1(m).

14 **III.**

15 **BACKGROUND FACTS**

16 **A. General Background**

17 1. On August 31, 2018, ("Petition Date"), VHS and its affiliated pre-effective date
18 debtors and debtors in possession (the "Debtors") each filed a voluntary petition for relief under
19 chapter 11 of the Bankruptcy Code (the "Cases"). By entry of an order, the Cases are currently
20 being jointly administered before the Bankruptcy Court. [Docket No. 17]. Since the
21 commencement of their Cases, the Debtors have been operating their businesses as debtors in
22 possession pursuant to §§ 1107 and 1108.

23 **B. The Plan and Status Report**

24 2. This Court confirmed the Plan on August 14, 2020, and the Plan became effective
25 on September 4, 2020.

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27 ¹ All references to "§" herein are to sections of the United States Bankruptcy Code, 11 U.S.C.
28 § 101 *et. seq*; "LBR" references the Local Bankruptcy Rules of the United States Bankruptcy
Court for the Central District of California.

3. Section 15.3 of the Plan sets forth the procedure for submitting Administrative Claims, and provides that payment of allowed Administrative Claims is subject to the Administrative Claims Reserve.

4. On December 21, 2020, Movants filed the Status Report, and provided the Court and interested parties with an update on the Administrative Claims review and allowance process.

C. The S&N Motion

5. Smith & Nephew filed the S&N Motion on December 2, 2020.

6. On December 22, 2020, the Post-Effective Date Debtors and Smith & Nephew filed a stipulation to continue the hearing on the S&N Motion and the corresponding response and reply deadlines [Docket No. 6355] (the “Stipulation”), and the Court entered an order granting the Stipulation [Docket No. 6356]. Pursuant to the ordered Stipulation, the hearing on the S&N Motion was continued to February 3, 2020, at 10:00 a.m. (Pacific Time) (the “Hearing”), and the response and reply deadlines were set, respectively, for January 20, 2021 (the “Response Deadline”) and January 27, 2021 (the “Reply Deadline”).

7. On January 20, 2021, Movants reached out to counsel for Smith & Nephew to request a further continuance of dates and deadlines. Counsel to Smith & Nephew did not provide their consent.

IV.

ARGUMENT

The Court may continue a hearing, upon motion for continuance, pursuant to LBR 9013-1(m)(1). Pursuant to LBR 9013-1(m)(4), “[u]nless an order for continuance states otherwise, a continuance of the hearing of a motion automatically extends the time for filing and serving opposing or responsive documents and reply documents.”

The Motion satisfies the requirements of LBR 9013-1(m) because it is filed more than three days prior to the Hearing, sets forth the reasons for the proposed continuance in detail, references the previous stipulated continuance, is supported by the Chadwick Declaration, is being served on all previously noticed parties, and the filing hereof with the Court is accompanied by the lodging of a proposed order. *See* LBR 9013-1(m)(1).

Movants require a continuance of the Hearing and the Response Deadline to allow the Liquidating Trustee time to consider the S&N Claim in the context of all Administrative Claims, pursuant to the Plan, Confirmation Order, and Trust Agreement, and consistent with the Status Report. Reconciling the Liquidating Trustee's estimated timing with the Court's calendar, a five-week continuance of the Hearing, with corresponding extensions of the Response Deadline and Reply Deadline, will serve the best interests of the estates and creditors because it will ensure that similarly situated creditors are treated fairly. In light of the benefit to the chapter 11 cases, Movants respectfully request that the Court continue the Hearing from February 3, 2021 to March 10, 2021, at 10:00 a.m. (Pacific Time), or such later time as may be convenient to the Court; the Response Deadline from January 20, 2021 to February 24, 2021; and the Reply Deadline from January 27, 2021 to March 3, 2021.

V.

CONCLUSION

In light of the foregoing, Movants respectfully request that this Court enter an Order: (i) granting this Motion; (ii) continuing the Hearing from February 3, 2021 to March 10, 2021, at 10:00 a.m. (Pacific Time), or such later time as may be convenient to the Court; (iii) extending the Response Deadline from January 20, 2021 to February 24, 2021; (iv) extending the Reply Deadline from January 27, 2021 to March 3, 2021, and (v) granting such other relief as the Court deems just and proper under the circumstances.

Dated: January 21, 2021

DENTONS US LLP
SAMUEL R. MAIZEL
TANIA M. MOYRON

By /s/ Tania M. Moyron
Tania M. Moyron

Attorneys for the Post-Effective Date Debtors
and Special Counsel to the Liquidating Trustee

1 Dated: January 21, 2021

MILBANK LLP
MARK SHINDERMAN
JAMES C. BEHRENS

3 By /s/ Mark Shinderman

4 Mark Shinderman

5 Attorneys for the Liquidating Trustee

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DECLARATION OF PETER CHADWICK

I, Peter Chadwick, hereby state and declare as follows:

1. I submit this declaration (the “Declaration”) in support of the *Motion to Continue Hearing and Response Deadline on Motion of Smith & Nephew, Inc. for Allowance and Payment of Post-Petition Administrative Expense Claim* (the “Motion”).¹

2. I am a Managing Director of Berkeley Research Group, LLC (“BRG”) and am duly authorized to make this declaration on behalf of BRG. Except as otherwise noted, the facts set forth herein are personally known to me and, if called as a witness, I could and would testify thereto. In July 2018, BRG began its engagement serving as the financial advisor to the Debtors, which has continued since the Petition Date. In this capacity, I have become intimately familiar with the Debtors’ operations, business, books, records, financial affairs, material agreements, and sale processes, and, as a result, have become uniquely situated to assist the Debtors..

3. Pursuant to the confirmed chapter 11 plan for the Debtors, and as authorized by the Court, I serve in the role of Chief Financial Officer to the Post-Effective Date Debtors in these chapter 11 cases. I have significant operating experience, including improving underperforming businesses and advising debtors and creditors in complex financial matters. I have served as chief executive officer, chief operating officer, chief financial officer, and advisor to companies in a variety of industries. My healthcare experience includes acting as the advisor or an officer to healthcare providers, including leading hospital systems and long-term care providers through operational turnarounds and financial restructurings. As an officer or advisor, I prepared and implemented post-acquisition integration plans, viability plans, asset dissolution strategies, and liquidity enhancement plans. My experience spans the spectrum from the largest U.S. companies to middle market proprietary companies.

4. Except as otherwise indicated herein, this Declaration is based upon my personal knowledge and my review of relevant documents or information provided to me by employees of BRG and the Debtors. In preparing this Declaration, I have relied on my experience as described

¹ Capitalized terms not otherwise defined in this Declaration have the definitions set forth in the Motion.

1 above. I am also assisted by others at BRG who work at my direction in the preparation of
2 analysis and other information included herein. If called upon to testify, I would testify
3 competently to the facts set forth in this Declaration.

4 5. Together with the Liquidating Trustee, the Post-Effective Date Debtors request a
5 five-week continuance of the hearing on the S&N Motion, and an extension of the corresponding
6 deadline to file responses thereto. Movants request this extension because the Liquidating
7 Trustee and the Post-Effective Date Debtors require additional time to consider the S&M Claim
8 within the greater context of all the Administrative Claims that have been submitted for
9 allowance against the estates and the Administrative Claims Reserve established pursuant to
10 Section 15.3 of the Plan, as previously set forth in the Status Report [Docket No. 6348].

11 I declare under penalty of perjury of the laws of the United States of America that the
12 foregoing is true and correct.

13 Executed this 21st day of January, 2021.

14
15 [TO BE SUBMITTED]

16 Peter Chadwick
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