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5 Proposed Attorneys for the Chapter 11 Debtors and
6 Debtors In Possession

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

9 In re

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

11 Debtors and Debtors In Possession.
12

- 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

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

Chapter 11

Hon. Judge Ernest M. Robles

GENERAL GLOBAL NOTES AND STATEMENT OF LIMITATIONS, METHODOLOGY AND DISCLAIMERS REGARDING THE DEBTORS' SCHEDULES OF ASSETS AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS

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I.

**GENERAL GLOBAL NOTES AND STATEMENT OF LIMITATIONS,
METHODOLOGY AND DISCLAIMERS REGARDING THE DEBTORS' SCHEDULES
OF ASSETS AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS**

On August 31, 2018 (the "Petition Date"), Verity Health System Of California, Inc. ("VHS") and the above-referenced affiliated debtors (collectively, the "Debtors"), the debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the "Cases"), each filed a voluntary case under chapter 11 of title 11, United States Code (the "Bankruptcy Code"). The Debtors continue to operate their businesses and manage their properties as debtors and debtors in possession, pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. The Debtors' Cases are being jointly administered under lead case number 18-20151-ER in the United States Bankruptcy Court for the Central District of California, Los Angeles Division (the "Bankruptcy Court").

The Schedules of Assets and Liabilities and Statements of Financial Affairs (the "Schedules and SOFAs") filed by the Debtors in the Bankruptcy Court were prepared pursuant to § 521 of the Bankruptcy Code and Rule 1007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") by management of the Debtors with unaudited information available as of the Petition Date. The Schedules and SOFAs do not purport to represent financial statements prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and they are not intended to be fully reconciled to the Debtors' financial statements.

The Schedules and SOFAs have been signed by an authorized representative of each of the Debtors. In reviewing and signing the Schedules and SOFAs, these representatives relied upon the efforts, statements and representations of the Debtors' other personnel and professionals. These authorized representatives have not (and could not have) personally verified the accuracy of each such statement and representation, including, for example, statements and representations concerning amounts owed to creditors and their addresses.

These General Global Notes and Statement of Limitations, Methodology and Disclaimer Regarding Debtors' Schedules and SOFAs (the "General Notes") are incorporated by reference in,

1 and comprise an integral part of, each of the Debtors' Schedules and SOFAs, and should be
2 referred to and reviewed in connection with any review of the Schedules and SOFAs.

3 **II.**

4 **GENERAL NOTES**

5 **1. Reservation of Rights.** The Debtors' chapter 11 cases are large and complex.
6 Although management of the Debtors have made every reasonable effort to ensure that the
7 Schedules and SOFAs are as accurate and complete as possible, based on the information that was
8 available to them at the time of preparation, subsequent information or discovery may result in
9 material changes to these Schedules and SOFAs, and inadvertent errors or omissions may have
10 occurred. Because the Schedules and SOFAs contain unaudited information, which is subject to
11 further review, verification, and potential adjustment, these Schedules and SOFAs may be
12 inaccurate and/or incomplete.

13 **2. No Waiver.** Nothing contained in the Schedules and SOFAs or these General
14 Notes shall constitute an admission or a waiver of any of the Debtors' rights to assert any claims
15 or defenses. For the avoidance of doubt, listing a claim on Schedule D as "secured," on Schedule
16 E/F as "priority," on Schedule E/F as "unsecured nonpriority," or listing a contract or lease on
17 Schedule G as "executory" or "unexpired," does not constitute an admission by the Debtors of the
18 legal rights of the claimant, or a waiver of the Debtors' right to recharacterize or reclassify such
19 claim or contract. Failure to designate a claim on a given Debtor's Schedules as "disputed,"
20 "contingent," or "unliquidated" does not constitute an admission by the Debtor that such amount is
21 not "disputed," "contingent" or "unliquidated."

22 **3. Reporting Date.** All asset and liability information, except where otherwise noted,
23 is provided as of the Petition Date.

24 **4. Confidentiality.** Specific disclosure of certain claims, names, addresses or amounts
25 may be subject to certain disclosure restrictions contained in the Health Insurance Portability and
26 Accountability Act of 1996 ("HIPAA"), or otherwise, and in any event, are of a particularly
27 personal and private nature. To the extent the Debtors believe a claim, name, address or amount
28 falls under the purview of HIPAA or includes information that is personal or private in nature,

1 such claims, name, address or amount (as applicable) is not included in these Schedules and
2 SOFAs.

3 **5. Estimates and Assumptions.** The preparation of the Schedules and SOFAs
4 required the Debtors to make estimates and assumptions that affected the reported amounts of
5 assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of
6 revenue and expense. Actual results could differ materially from these estimates.

7 **6. Asset Presentation and Valuation.** The Debtors do not have current market
8 valuations for all of their assets. It would be prohibitively expensive, unduly burdensome and an
9 inefficient use of estate assets, for the Debtors to obtain current market valuations for all of their
10 assets. Wherever possible, unless otherwise indicated, net book values and fair market value as of
11 the Petition Date are presented. When necessary, the Debtors have indicated that the value of
12 certain assets is “Unknown” or “Undetermined.” Amounts ultimately realized may vary from
13 whatever value was ascribed and such variance may be material. Accordingly, the Debtors reserve
14 all of their rights to amend, supplement, or adjust the value of each asset set forth herein.

15 **7. Liabilities.** Certain of the liabilities are scheduled unknown, contingent and/or
16 unliquidated at this time. Accordingly, the Schedules and the SOFAs do not accurately reflect the
17 aggregate amount of the Debtors’ total liabilities.

18 **8. Accounts Payable and Disbursements System.** The financial affairs and business
19 of the Debtors are complex. The Debtors use a centralized cash management system to (a) collect
20 and transfer funds from numerous sources and accounts, (b) disburse funds to satisfy obligations
21 arising from the daily operation of their business, (c) invest funds pursuant to the Debtors’
22 investment guidelines, and (d) make payments on behalf of each other and their nondebtor
23 subsidiaries and affiliates through cash accounts in the cash management system. Generally, these
24 payments will result in an intercompany balance on the Debtors’ books and records.

25 **9. Intercompany Transactions.** Prior to the Petition Date (and subsequent to the
26 Petition Date pursuant to Bankruptcy Court approval), the Debtors routinely engaged (and
27 continue to engage) in intercompany transactions with both Debtor and nondebtor subsidiaries and
28 affiliates. The respective intercompany accounts payable and receivable as of the Petition Date, if

1 any, are reflected in the respective Debtor entities' Schedules and SOFAs, as discussed in Note 7.
2 The Debtors each reserve all rights with respect to claims against and debts owed to other Debtors.

3 **10. Recharacterization.** The Debtors have made reasonable efforts to characterize,
4 classify, categorize or designate the claims, assets, executory contracts, unexpired leases and other
5 items reported in the Schedules and SOFAs correctly. Due to the complexity and size of the
6 Debtors' business, however, the Debtors may have improperly characterized, classified,
7 categorized or designated certain items. Further, the designation of a category is not meant to be
8 wholly inclusive or descriptive of the rights or obligations represented by such item.

9 **11. Claim Description.** Any failure to designate a claim on the Debtors' Schedules and
10 SOFAs as "contingent," "unliquidated" or "disputed" does not constitute an admission by the
11 Debtors that such claim is not "contingent," "unliquidated" or "disputed." The Debtors reserve all
12 of their rights to dispute, or to assert offsets or defenses to, any claim reflected on the Schedules
13 and SOFAs as to amount, liability, priority, secured or unsecured status, classification or any other
14 grounds or to otherwise subsequently designate any claim as "contingent," "unliquidated" or
15 "disputed." The Debtors reserve all of their rights to amend their Schedules and SOFAs as
16 necessary and appropriate, including, but not limited to, with respect to claim description and
17 designation.

18 **12. Undetermined or Unknown Amounts.** The description of an amount as
19 "Undetermined" or "Unknown" is not intended to reflect upon the materiality of such amount.
20 Certain amounts may be clarified over the period of the bankruptcy proceedings and certain
21 amounts may depend on contractual obligations to be assumed or rejected as part of a sale in a
22 bankruptcy proceeding under § 363 of the Bankruptcy Code.

23 **13. Bankruptcy Court First-Day Orders.** The Bankruptcy Court has entered certain
24 orders (the "Orders") authorizing the Debtors to pay various outstanding prepetition claims,
25 including, but not limited to, payments relating to employee compensation, benefits, and
26 reimbursable business expenses and critical vendors. In general, claims paid pursuant to the
27 Orders are not reflected in the Schedules and SOFAs.

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1 **14. Contingent Assets and Causes of Action.** Despite their reasonable efforts to
2 identify all known assets, the Debtors may not have listed all of their causes of action or potential
3 causes of action against third parties as assets in their Schedules and SOFAs, including, but not
4 limited to, avoidance actions arising under chapter 5 of the Bankruptcy Code and actions under
5 other relevant non-bankruptcy laws to recover assets. The Debtors reserve all of their rights with
6 respect to any claims, causes of action, or avoidance actions they may have, and neither these
7 General Notes nor the Schedules and SOFAs shall be deemed a waiver of any such claims, causes
8 of actions, or avoidance actions or in any way prejudice or impair the assertion of such claims.

9 **15. Certain Funds Not Property of the Debtors' Estates.** The Debtors received certain
10 donations and grants, testamentary or otherwise, which were provided subject to restrictions
11 (contractual or otherwise) on the use of such funds. These funds may not be property of the
12 Debtors' estates, and, as a consequence, the Debtors have not listed any of the donors or grantors
13 that may have an interest in these funds as creditors of their estates in the Schedules and
14 Statements.

15 In the ordinary course of operating its skilled nursing facility, Seton Coastside (operating
16 under the same license as Debtor Seton Medical Center) offers certain long-term patients the
17 ability to fund patient trust accounts to have convenient access to funds they can use while in
18 residence. The funds in the patient trust accounts are not property of the Debtors' estates.
19 Accordingly, the Debtors have not listed the long-term care patients that may have an interest in
20 the patient trust accounts as creditors in the Schedules and SOFAs.

21 **16. Unknown Addresses.** The Debtors have made and continue to make their best
22 efforts to collect all addresses for all parties in interest; not all addresses for parties on these
23 Schedules and SOFAs have been obtained. The Debtors continue to pursue complete notice
24 information and will provide updated information as reasonable practicable.

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III.

SCHEDULES AND SOFAs

17. **Assumptions Used to Prepare Specific Schedules or SOFA Questions:**

- **SOFA Question #1.** Gross revenues for hospital foundation Debtors (O'Connor Hospital Foundation, Saint Louise Regional Hospital Foundation, St. Francis Medical Center of Lynwood Foundation, St. Vincent Foundation, and Seton Medical Center Foundation (each, a "Foundation Debtor")) exclude donor-restricted contributions received by such Debtors. Donor-restricted contributions are recorded as temporarily or permanently restricted net assets at each Foundation Debtor and are recorded as gross revenues (contribution revenues) by the respective Debtor hospital affiliate in the period that such amounts are released from restriction and contributed to such hospital affiliate. Please refer to SOFA Question #9 for a listing of contributions made by each Foundation Debtor to its respective hospital affiliate in the two years preceding the Petition Date.
- **SOFA Question #2.** Interest income includes interest earned on loans, investment securities, escrow balances, and other interest-earning assets.
- **SOFA Question #3.** Debtor St. Francis Medical Center and Debtor St. Vincent Medical Center have entered into contracts with health plans where the hospital assumes the risk for all hospital services to a defined patient population, whether those hospital services are rendered at St. Francis Medical Center, St. Vincent Medical Center, an "out of network" hospital or other healthcare provider. Third-party management companies administer those payments through a risk pool account. The risk pool account is funded by the applicable Debtor hospital. SOFA #3 sets forth the aggregate amount Debtor St. Francis Medical Center and Debtor St. Vincent Medical Center have paid into such risk pool accounts, which are identified as "Risk Pool Claims." The amounts the individual "out of network" hospitals or healthcare providers were paid are not listed, as those records are maintained by the applicable third party management company.
- **SOFA Question #4.** Each Debtor has included all known payroll distributions and travel and entertainment expense reimbursement made over the twelve months preceding the filing to any individual the Debtors have determined to be an Insider. To the extent that the Debtors have determined that former officers do not qualify as Insiders as defined above, such benefits and payments are not included in the Schedules and SOFAs. The listing of a party as an "Insider," however, is not intended to be, nor shall be, construed as a legal characterization or determination of such party as an actual insider and does not act as an admission of any fact, claim, right or defense, and all such rights, claims, and defenses are hereby expressly reserved.

Intercompany transfers between Debtors are not reflected in SOFA #4.

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- 1 • **SOFA Question #11.** All payments related to bankruptcy were made by Debtor
2 VHS on behalf of itself and its Debtor affiliates and are reflected in VHS's
3 response.
4
- 5 • **SOFA Question #14.** Addresses for ancillary facilities, such as storage facilities
6 and clinics are not included in this response.
7
- 8 • **SOFA Question #21.** As generally discussed above in General Note #14 and SOFA
9 #1, each Foundation Debtor receives certain donor-restricted contributions. Each
10 Foundation Debtor holds these contributions in trust, and, thus, have indicated the
11 same in SOFA #21. These funds may not be property of the Debtors' estates.
12 Consequently, the Debtors have not listed any of the donors or grantors that may
13 have an interest in these funds in SOFA #21.

14 Seton Coastside (operating under the same license as Debtor Seton Medical Center)
15 has two patient trust accounts. The patients' names and information are not being
16 disclosed because of the confidentiality concerns explained in Global Note #3.

- 17 • **SOFA Question #26(d).** As many of the Debtors are nonprofit organizations and
18 tax exempt as described in 26 U.S.C. § 501, the Debtors' financial statements and
19 Forms 990 as filed with the Internal Revenue Service are available online at
20 www.Guidestar.org. Consequently, the Debtors do not have records of the parties
21 who requested or obtained copies of their financial statements. These reports were
22 also provided to various counterparties of the Debtors as required under various
23 contractual arrangements (e.g., lenders under certain of the Debtors' debt
24 arrangements) and are publicly reported at <https://emma.msrb.org>.
- 25 • **Schedule A/B, Part 1.** Cash accounts are presented at book value, unless otherwise
26 noted.
- 27 • **Schedule A/B #25.** The Debtors' § 503(b)(9) of the Bankruptcy Code
28 reconciliation process is still in progress. Accordingly, no responses are provided
to this question for any Debtor.
- **Schedule A/B #55.** Where available, the Debtors listed the "Current value of
debtor's interest" using that available in the most recent appraisal or broker opinion
of value.
- **Schedule A/B #74.** In the ordinary course of business, the Debtors routinely
request reversals of, or changes to, various Medicare and Medi-Cal policies that
impact payment, such as hospital "disproportionate share" payment calculations.
These so-called "appeals" may be made by individual Debtor hospitals alone or,
more likely, as part of a national group of hospitals. If successful, the Debtors may
realize additional revenue but outcomes related to such appeals are speculative.
- **Schedule A/B #77.** Included in the response to #77 are "Construction in Progress"
assets. Construction in progress assets represent costs associated with ongoing

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1 capital projects that have not yet been completed and placed into service. These
2 projects are primarily associated with in progress software development and
3 implementation-related costs, building improvements, and other costs incurred
4 prior to medical equipment being placed into service.

- 5 • **Schedule D.** Except as otherwise agreed pursuant to a stipulation or agreed order
6 or general order entered by the Bankruptcy Court, the Debtors reserve their rights
7 to dispute or challenge validity, perfection or immunity from avoidance of any lien
8 purported to be granted or perfected in any specific asset to a secured creditor listed
9 on Schedule D of any Debtor. Moreover, although the Debtors may have
10 scheduled claims of various creditors as secured claims, the Debtors reserve all
11 rights to dispute or challenge the secured nature of any such creditor's claim or the
12 characterization of the structure of any such transaction or any document or
13 instrument (including, without limitation, any intercompany agreement) related to
14 such creditor's claim. In certain instances, a Debtor may be a co-obligor, co-
15 mortgagor or guarantor with respect to scheduled claims of other Debtors, and no
16 claim set forth on Schedule D of any Debtor is intended to acknowledge claims of
17 creditors that are otherwise satisfied or discharged by other entities. The
18 descriptions provided in Schedule D are intended only as a summary. Reference to
19 the applicable loan agreements and related documents is necessary for a complete
20 description of the collateral and the nature, extent and priority of any liens.
21 Nothing in the General Notes or the Schedules and SOFAs shall be deemed a
22 modification or interpretation of the terms of such agreements.
- 23 • **Schedule E/F.** Pursuant to orders of the Bankruptcy Court, the Debtors were
24 permitted to pay certain prepetition wages and salaries and to honor and pay
25 employee benefits and other workforce obligations. The Debtors made the
26 aforementioned payments, and, thus, the respective employee claims are not listed
27 in Schedule E.

18 The Debtors scheduled only claims and executory contracts for which the Debtors
19 may be contractually and/or directly liable. No claims have been scheduled for
20 which a Debtor may have benefited indirectly from a contractual relationship to
21 which a Debtor was not a named party.

22 The Debtors have used their best efforts to report all general unsecured claims
23 against each Debtor on Schedule F based upon the Debtors' existing books and
24 records. The following is a non-exhaustive list of items which were among those
25 included in the population disclosed for this schedule: unsecured debt outstanding,
26 accounts payable outstanding, travel and entertainment expenses, bonuses earned
27 but yet not paid to employees, lease obligations, litigation, guarantees and vendors
28 with whom we have executory contracts under which amounts may be due. Schedule F does not include certain deferred liabilities, accruals or general reserves. Such amounts are, however, reflected on the Debtors' books and records as required in accordance with GAAP. Such accruals are general estimates of liabilities and do not represent specific claims as of the Petition Date.

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1 To the extent any amounts in respect of prepetition claims have been paid through
2 the date hereof pursuant to Orders of the Bankruptcy Court, such amount have been
3 excluded. No claim set forth on Schedule E/F of any Debtor is intended to
4 acknowledge claims of claimholders that are or may be otherwise satisfied or
5 discharged.

6 *Patient Refund Claims:* In accordance with patient information confidentiality
7 restrictions, *see* Note #3 above, each Debtor has aggregated all patient refund
8 claims in a single response. Detail is available upon request, provided such request
9 may be complied with in a manner compliant with all applicable patient privacy
10 laws and regulations.

11 *Insurance Refund Claims:* As part of the Debtors' normal business operations,
12 insurance companies from time to time overpay amounts due to the Debtors. Only
13 the estimated amount of such overpayments are recorded in the Debtors'
14 accounting records because determination of the exact amount of such
15 overpayments is a time consuming manual process. The Debtors only calculate the
16 exact amount of the insurance company overpayments if and when the payer
17 requests a refund.

18 *SEIU Employees:* The Service Employees International Union Collective
19 Bargaining Agreement (the "SEIU CBA") provides for a full time employment
20 commitment for certain member nurses. This commitment resets every six months.
21 As of the Petition Date, the Debtors party to the SEIU CBA have potential liability
22 in respect of the full time employment commitment for July and August 2018. The
23 amount of this liability is not calculated until December 2018 and, as such, claims
24 in respect of July and August 2018 are contingent and unliquidated as of the
25 Petition Date.

- 26 • **Schedule G.** The businesses of the Debtors are complex. While the Debtors'
27 existing records and information systems have been relied upon to identify and
28 schedule executory contracts at each of the Debtors and every effort has been made
to ensure the accuracy of the Schedule of Executory Contracts and Unexpired
Leases, inadvertent errors or omissions may have occurred. The Debtors hereby
reserve all of their rights to dispute the validity, status, or enforceability of any
contracts, agreements or leases set forth in Schedule G and to amend or supplement
such Schedule as necessary. The contracts, agreements and leases listed on
Schedule G may have expired or may have been modified, amended, or
supplemented from time to time by various amendments, restatements, waivers,
estoppel certificates, letters, conduct/course of business, memoranda and other
documents, instruments and agreements which may not be listed therein. Certain
of the real property leases listed on Schedule G may contain renewal options,
guarantees of payments, options to purchase, rights of first refusal, rights to lease
additional space and other miscellaneous rights. Such rights, powers, duties and
obligations are not set forth on Schedule G. Certain of the agreements listed on
Schedule G may be in the nature of conditional sales agreements or secured
financings. The presence of a contract or agreement on Schedule G does not

1 constitute an admission that such contract or agreement is an executory contract or
2 unexpired lease. The Debtors reserve all of their rights, claims and causes of action
3 with respect to the contracts and agreements listed on the Schedule, including the
4 rights to dispute or challenge the characterization or the structure of any transaction
5 document or instrument. Certain executory agreements may not have been
6 memorialized and could be subject to dispute. Generally, executory agreements
7 that are oral in nature have not been included in the Schedule.

- 8 • **Schedule H.** In the ordinary course of their business, the Debtors may be involved
9 in pending or threatened litigation and claims. These matters may involve multiple
10 plaintiffs and defendants, some or all of whom may assert cross-claims and
11 counterclaims against other parties. Because all such claims are “contingent,”
12 “unliquidated” or “disputed”, such claims have not been set forth individually on
13 Schedule H. The Debtors may not have identified certain Guarantees that are
14 embedded in the Debtors’ executory contracts, unexpired leases, secured
15 financings, debt instruments and other such agreements. The Debtors reserve their
16 rights to amend the Schedules to the extent that additional Guarantees are identified
17 or such Guarantees are discovered to have expired or unenforceable.

12 IV.

13 CONCLUSION

14 18. **Limitation of Liability.** The Debtors and their officers, employees, agents,
15 attorneys, and financial advisors do not guarantee or warrant the accuracy, completeness, or
16 currentness of the data that is provided herein and shall not be liable for any loss or injury arising
17 out of or caused, in whole or in part, by the acts, errors, or omissions, whether negligent or
18 otherwise, in procuring, compiling, collecting, interpreting, reporting, communicating, or
19 delivering the information contained herein. The Debtors and their officers, employees, agents,
20 attorneys, and financial advisors expressly do not undertake any obligation to update, modify,
21 revise, or re-categorize the information provided herein or to notify any third party should the
22 information be updated, modified, revised or recategorized. In no event shall the Debtors or their
23 officers, employees, agents, attorneys, and financial advisors be liable to any third party for any
24 direct, indirect, incidental, consequential, or special damages (including, but not limited to,
25 damages arising from the disallowance of a potential claim against the Debtors or damages to
26 business reputation, lost business, or lost profits), whether foreseeable or not and however caused.

1 Dated: October 15, 2018

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SAMUEL R. MAIZEL
TANIA M. MOYRON

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

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Proposed Attorneys for the Chapter 11 Debtors
and Debtors In Possession

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Fill in this information to identify the case:

Debtor Name: In re : Verity Business Services
 United States Bankruptcy Court for the: Central District of California
 Case number (if known): 18-20173 (EMR)

Check if this is an amended filing

Official Form 206Sum

Summary of Assets and Liabilities for Non-Individuals

12/15

Part 1: Summary of Assets

1. *Schedule A/B: Assets—Real and Personal Property* (Official Form 206A/B)

1a. **Real property:**

Copy line 88 from *Schedule A/B*

\$ 0.00

1b. **Total personal property:**

Copy line 91A from *Schedule A/B*

\$ 30,355,184.49

1c. **Total of all property:**

Copy line 92 from *Schedule A/B*

\$ 30,355,184.49

Part 2: Summary of Liabilities

2. *Schedule D: Creditors Who Have Claims Secured by Property* (Official Form 206D)

Copy the total dollar amount listed in Column A, *Amount of claim*, from line 3 of *Schedule D*

\$ 0.00

3. *Schedule E/F: Creditors Who Have Unsecured Claims* (Official Form 206E/F)

3a. **Total claim amounts of priority unsecured claims:**

Copy the total claims from Part 1 from line 5a of *Schedule E/F*

\$ 0.00

3b. **Total amount of claims of nonpriority amount of unsecured claims:**

Copy the total of the amount of claims from Part 2 from line 5b of *Schedule E/F*

+ \$ 21,840,167.13

4. **Total liabilities**

Lines 2 + 3a + 3b

\$ 21,840,167.13

Fill in this information to identify the case:
Debtor Name: In re : Verity Business Services
United States Bankruptcy Court for the: Central District of California
Case number (if known): 18-20173 (EMR)

Check if this is an amended filing

Official Form 206A/B

Schedule A/B: Assets - Real and Personal Property

12/15

Disclose all property, real and personal, which the debtor owns or in which the debtor has any other legal, equitable, or future interest. Include all property in which the debtor holds rights and powers exercisable for the debtor's own benefit. Also include assets and properties which have no book value, such as fully depreciated assets or assets that were not capitalized. In Schedule A/B, list any executory contracts or unexpired leases. Also list them on Schedule G: Executory Contracts and Unexpired Leases (Official Form 206G).

Be as complete and accurate as possible. If more space is needed, attach a separate sheet to this form. At the top of any pages added, write the debtor's name and case number (if known). Also identify the form and line number to which the additional information applies. If an additional sheet is attached, include the amounts from the attachment in the total for the pertinent part.

For Part 1 through Part 11, list each asset under the appropriate category or attach separate supporting schedules, such as a fixed asset schedule or depreciation schedule, that gives the details for each asset in a particular category. List each asset only once. In valuing the debtor's interest, do not deduct the value of secured claims. See the instructions to understand the terms used in this form.

Part 1: Cash and cash equivalents

1. Does the debtor have any cash or cash equivalents?

- No. Go to Part 2.
- Yes. Fill in the information below.

All cash or cash equivalents owned or controlled by the debtor

Current value of debtor's interest

2. Cash on hand

2.1 None \$

3. Checking, savings, money market, or financial brokerage accounts (Identify all)

Name of institution (bank or brokerage firm)	Type of account	Last 4 digits of account number		
3.1 Bank of America	Checking	2982	\$	15,438.17
3.2 Bank of America	Checking	6402	\$	962,125.30
3.3 Bank of America	Checking	3192	\$	25,883.98

4. Other cash equivalents (Identify all)

4.1 None \$

5. Total of Part 1

Add lines 2 through 4 (including amounts on any additional sheets). Copy the total to line 80.

\$ 1,003,447.45

Part 2: Deposits and prepayments

6. Does the debtor have any deposits or prepayments?

- No. Go to Part 3.
- Yes. Fill in the information below.

Current value of debtor's interest

7. Deposits, including security deposits and utility deposits

Description, including name of holder of deposit

7.1 None _____ \$ _____

8. Prepayments, including prepayments on executory contracts, leases, insurance, taxes, and rent

Description, including name of holder of prepayment

8.1 Prepaid Insurance - Lockton _____ \$ 7,752.15

8.2 Prepaid Insurance - Marillac _____ \$ 26,312.16

8.3 Prepaid Insurance - Sedwick _____ \$ 8,045.97

8.4 Prepaid Purchase Services - M Modal _____ \$ 12,343.48

9. Total of Part 2.

Add lines 7 through 8. Copy the total to line 81.

\$	54,453.76
----	-----------

Name

Part 3: Accounts receivable

10. Does the debtor have any accounts receivable?

- No. Go to Part 4.
- Yes. Fill in the information below.

Current value of debtor's interest

11. Accounts receivable

		Description	face amount	doubtful or uncollectible accounts			
11a.	90 days old or less:	IC AR due from Saint Louise Regional Hospital	\$ 879,349.00	- \$ 0.00	=..... →	\$	879,349.00
11a.	90 days old or less:	IC AR due from St. Vincent Medical Center	\$ 1,238,484.00	- \$ 0.00	=..... →	\$	1,238,484.00
11a.	90 days old or less:	Other Receivables	\$ 51,322.00	- \$ 0.00	=..... →	\$	51,322.00
11b.	Over 90 days old:	IC AR due from O'Connor Hospital	\$ 10,215,427.00	- \$ 0.00	=..... →	\$	10,215,427.00
11b.	Over 90 days old:	IC AR due from Saint Louise Regional Hospital	\$ 407,433.00	- \$ 0.00	=..... →	\$	407,433.00
11b.	Over 90 days old:	IC AR due from Seton Medical Center	\$ 8,750,434.00	- \$ 0.00	=..... →	\$	8,750,434.00
11b.	Over 90 days old:	IC AR due from St. Vincent Medical Center	\$ 4,644,696.00	- \$ 0.00	=..... →	\$	4,644,696.00

12. Total of Part 3.

Current value on lines 11a + 11b = line 12. Copy the total to line 82.

\$ 26,187,145.00

Part 4: Investments

13. Does the debtor own any investments?

- No. Go to Part 5.
- Yes. Fill in the information below.

Valuation method used for current value	Current value of debtor's interest
---	------------------------------------

14. Mutual funds or publicly traded stocks not included in Part 1

Name of fund or stock:

_____ \$ _____

15. Non-publicly traded stock and interests in incorporated and unincorporated businesses, including any interest in an LLC, partnership, or joint venture

Name of entity: _____ % of ownership: _____

_____ \$ _____

16. Government bonds, corporate bonds, and other negotiable and non-negotiable instruments not included in Part 1

Describe:

_____ \$ _____

17. Total of Part 4.

Add lines 14 through 16. Copy the total to line 83.

\$		0.00
----	--	------

Name _____

Part 5: Inventory, excluding agriculture assets

18. Does the debtor own any inventory (excluding agriculture assets)?

- No. Go to Part 6.
- Yes. Fill in the information below.

General description	Date of the last physical inventory	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
19. Raw materials	_____	\$ _____	_____	\$ _____
20. Work in progress	_____	\$ _____	_____	\$ _____
21. Finished goods, including goods held for resale	_____	\$ _____	_____	\$ _____
22. Other inventory or supplies	_____	\$ _____	_____	\$ _____

23. Total of Part 5.

Add lines 19 through 22. Copy the total to line 84.

\$ _____	0.00
----------	------

24. Is any of the property listed in Part 5 perishable?

- No
- Yes

25. Has any of the property listed in Part 5 been purchased within 20 days before the bankruptcy was filed?

- No
- Yes. Description _____ Book value \$ _____ Valuation method _____ Current value \$ _____

26. Has any of the property listed in Part 5 been appraised by a professional within the last year?

- No
- Yes

Name _____

Part 6: Farming and fishing-related assets (other than titled motor vehicles and land)

27. Does the debtor own or lease any farming and fishing-related assets (other than titled motor vehicles and land)?

- No. Go to Part 7.
- Yes. Fill in the information below.

General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
28. Crops—either planted or harvested	\$ _____	_____	\$ _____
29. Farm animals <i>Examples:</i> Livestock, poultry, farm-raised fish	\$ _____	_____	\$ _____
30. Farm machinery and equipment (Other than titled motor vehicles)	\$ _____	_____	\$ _____
31. Farm and fishing supplies, chemicals, and feed	\$ _____	_____	\$ _____
32. Other farming and fishing-related property not already listed in Part 6	\$ _____	_____	\$ _____
33. Total of Part 6. Add lines 28 through 32. Copy the total to line 85.			\$ _____ 0.00

34. Is the debtor a member of an agricultural cooperative?

- No
- Yes. Is any of the debtor's property stored at the cooperative?
 - No
 - Yes

35. Has any of the property listed in Part 6 been purchased within 20 days before the bankruptcy was filed?

- No
- Yes. Description _____ Book value \$ _____ Valuation method _____ Current value \$ _____

36. Is a depreciation schedule available for any of the property listed in Part 6?

- No
- Yes

37. Has any of the property listed in Part 6 been appraised by a professional within the last year?

- No
- Yes

Part 7: Office furniture, fixtures, and equipment; and collectibles

38. Does the debtor own or lease any office furniture, fixtures, equipment, or collectibles?

- No. Go to Part 8.
 Yes. Fill in the information below.

General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
39. Office furniture			
39.1 Office Furniture	\$ 16,505.71	Net Book Value	\$ 16,505.71
40. Office fixtures			
40.1 Office Fixtures	\$ 1,202,408.00	Net Book Value	\$ 1,202,408.00
41. Office equipment, including all computer equipment and communication systems equipment and software			
41.1 Office Equipment	\$ 423,404.00	Net Book Value	\$ 423,404.00
42. Collectibles <i>Examples:</i> Antiques and figurines; paintings, prints, or other artwork; books, pictures, or other art objects; china and crystal; stamp, coin, or baseball card collections; other collections, memorabilia, or collectibles			
42.1 Artwork	\$ 0.00	Net Book Value	\$ 0.00

43. **Total of Part 7.**

Add lines 39 through 42. Copy the total to line 86.

\$ 1,642,317.71

44. Is a depreciation schedule available for any of the property listed in Part 7?

- No
 Yes

45. Has any of the property listed in Part 7 been appraised by a professional within the last year?

- No
 Yes

Part 8: Machinery, equipment, and vehicles

46. Does the debtor own or lease any machinery, equipment, or vehicles?

- No. Go to Part 9.
- Yes. Fill in the information below.

General description	Net book value of debtor's interest	Valuation method used for current value	Current value of debtor's interest
Include year, make, model, and identification numbers (i.e., VIN, HIN, or N-number)	(Where available)		

47. **Automobiles, vans, trucks, motorcycles, trailers, and titled farm vehicles**

47.1 None \$ _____ \$ _____

48. **Watercraft, trailers, motors, and related accessories** Examples: Boats, trailers, motors, floating homes, personal watercraft, and fishing vessels

48.1 None \$ _____ \$ _____

49. **Aircraft and accessories**

49.1 None \$ _____ \$ _____

50. **Other machinery, fixtures, and equipment (excluding farm machinery and equipment)**

50.1 Refrigerator \$ 607.00 Net Book Value \$ 607.00

51. **Total of Part 8.**

Add lines 47 through 50. Copy the total to line 87.

\$ 607.00

52. **Is a depreciation schedule available for any of the property listed in Part 8?**

- No
- Yes

53. **Has any of the property listed in Part 8 been appraised by a professional within the last year?**

- No
- Yes

Name _____

Part 9: Real property

54. Does the debtor own or lease any real property?

- No. Go to Part 10.
- Yes. Fill in the information below.

55. Any building, other improved real estate, or land which the debtor owns or in which the debtor has an interest

Description and location of property Include street address or other description such as Assessor Parcel Number (APN), and type of property (for example, acreage, factory, warehouse, apartment or office building), if available.	Nature and extent of debtor's interest in property	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
55.1 _____	_____	\$ _____	_____	\$ _____

56. Total of Part 9.

Add the current value on lines 55.1 through 55.6 and entries from any additional sheets. Copy the total to line 88.

\$ _____	0.00
----------	------

57. Is a depreciation schedule available for any of the property listed in Part 9?

- No
- Yes

58. Has any of the property listed in Part 9 been appraised by a professional within the last year?

- No
- Yes

Part 10: Intangibles and intellectual property

59. Does the debtor have any interests in intangibles or intellectual property?

- No. Go to Part 11.
- Yes. Fill in the information below.

General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
60. Patents, copyrights, trademarks, and trade secrets _____	\$ _____	_____	\$ _____
61. Internet domain names and websites _____	\$ _____	_____	\$ _____
62. Licenses, franchises, and royalties _____	\$ _____	_____	\$ _____
63. Customer lists, mailing lists, or other compilations _____	\$ _____	_____	\$ _____
64. Other intangibles, or intellectual property _____	\$ _____	_____	\$ _____
65. Goodwill _____	\$ _____	_____	\$ _____

66. Total of Part 10.

Add lines 60 through 65. Copy the total to line 89.

\$ _____	0.00
----------	------

67. Do your lists or records include personally identifiable information of customers (as defined in 11 U.S.C. §§ 101(41A) and 107)?

- No
- Yes

68. Is there an amortization or other similar schedule available for any of the property listed in Part 10?

- No
- Yes

69. Has any of the property listed in Part 10 been appraised by a professional within the last year?

- No
- Yes

Name _____

Part 11: All other assets

70. **Does the debtor own any other assets that have not yet been reported on this form?**
 Include all interests in executory contracts and unexpired leases not previously reported on this form.
- No. Go to Part 12.
 Yes. Fill in the information below.

Current value of debtor's interest

71. **Notes receivable**

Description (include name of obligor)	Total face amount	doubtful or uncollectible accounts	
71.1 None	\$ _____	- \$ _____	=..... → \$ _____

72. **Tax refunds and unused net operating losses (NOLs)**

Description (for example, federal, state, local)	—	Tax year	\$ _____
72.1 None			

73. **Interests in insurance policies or annuities**

73.1 None _____ \$ _____

74. **Causes of action against third parties (whether or not a lawsuit has been filed)**

74.1 None _____ \$ _____

Nature of claim _____

Amount requested \$ _____

75. **Other contingent and unliquidated claims or causes of action of every nature, including counterclaims of the debtor and rights to set off claims**

75.1 None _____ \$ _____

Nature of claim _____

Amount requested \$ _____

76. **Trusts, equitable or future interests in property**

76.1 None _____ \$ _____

77. **Other property of any kind not already listed** *Examples: Season tickets, country club membership*

77.1 Construction in Progress - See Global Notes \$ 1,408.75

77.2 Leasehold Improvements - See Global Notes \$ 1,465,804.82

78. **Total of Part 11.**
 Add lines 71 through 77. Copy the total to line 90.

\$ 1,467,213.57

79. **Has any of the property listed in Part 11 been appraised by a professional within the last year?**
- No
 Yes

Part 12: Summary

In Part 12 copy all of the totals from the earlier parts of the form.

Type of property	Current value of personal property	Current value of real property
80. Cash, cash equivalents, and financial assets. <i>Copy line 5, Part 1.</i>	\$ 1,003,447.45	
81. Deposits and prepayments. <i>Copy line 9, Part 2.</i>	\$ 54,453.76	
82. Accounts receivable. <i>Copy line 12, Part 3.</i>	\$ 26,187,145.00	
83. Investments. <i>Copy line 17, Part 4.</i>	\$ 0.00	
84. Inventory. <i>Copy line 23, Part 5.</i>	\$ 0.00	
85. Farming and fishing-related assets. <i>Copy line 33, Part 6.</i>	\$ 0.00	
86. Office furniture, fixtures, and equipment; and collectibles. <i>Copy line 43, Part 7.</i>	\$ 1,642,317.71	
87. Machinery, equipment, and vehicles. <i>Copy line 51, Part 8.</i>	\$ 607.00	
88. Real property. <i>Copy line 56, Part 9.....</i> →		\$ 0.00
89. Intangibles and intellectual property. <i>Copy line 66, Part 10.</i>	\$ 0.00	
90. All other assets. <i>Copy line 78, Part 11.</i>	\$ 1,467,213.57	
91. Total. Add lines 80 through 90 for each column.....91a.	\$ 30,355,184.49	\$ 0.00 + 91b.
92. Total of all property on Schedule A/B. Lines 91a + 91b = 92.		\$ 30,355,184.49

Fill in this information to identify the case:

Debtor Name: In re : Verity Business Services
 United States Bankruptcy Court for the: Central District of California
 Case number (if known): 18-20173 (EMR)

Check if this is an amended filing

Official Form 206D

Schedule D: Creditors Who Have Claims Secured by Property

12/15

Be as complete and accurate as possible.

1. Do any creditors have claims secured by debtor's property?

- No. Check this box and submit page 1 of this form to the court with debtor's other schedules. Debtor has nothing else to report on this form.
- Yes. Fill in all of the information below.

Part 1: List Creditors Who Have Secured Claims

2. List in alphabetical order all creditors who have secured claims. If a creditor has more than one secured claim, list the creditor separately for each claim.

Column A
Amount of claim
 Do not deduct the value of collateral.

Column B
Value of collateral that supports this claim

2.1 Creditor's name

Describe debtor's property that is subject to a lien

\$ _____ \$ _____

Creditor's Name

Creditor's mailing address

Describe the lien

Notice Name

Street

Is the creditor an insider or related party?

- No
- Yes

City

State

ZIP Code

Is anyone else liable on this claim?

- No
- Yes. Fill out *Schedule H: Codebtors(Official Form 206H)*.

Country

Creditor's email address, if known

Date debt was incurred

Last 4 digits of account number

As of the petition filing date, the claim is:

- Check all that apply.
- Contingent
 - Unliquidated
 - Disputed

Do multiple creditors have an interest in the same property?

- No
- Yes. Have you already specified the relative priority?
 - No. Specify each creditor, including this creditor, and its relative priority.
 - Yes. The relative priority of creditors is specified on lines _____

3. Total of the dollar amounts from Part 1, Column A, including the amounts from the Additional Page, if any.

\$ _____

Part 2: List Others to Be Notified for a Debt Already Listed in Part 1

List in alphabetical order any others who must be notified for a debt already listed in Part 1. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for secured creditors.

If no others need to be notified for the debts listed in Part 1, do not fill out or submit this page. If additional pages are needed, copy this page.

Name and address	On which line in Part 1 did you enter the related creditor?	Last 4 digits of account number for this entity
Name	Line _____	_____
Notice Name		
Street		
City	State	ZIP Code
Country		

Fill in this information to identify the case:

Debtor Name: In re : Verity Business Services
 United States Bankruptcy Court for the: Central District of California
 Case number (if known): 18-20173 (EMR)

Check if this is an amended filing

Official Form 206E/F

Schedule E/F: Creditors Who Have Unsecured Claims

12/15

Be as complete and accurate as possible. Use Part 1 for creditors with PRIORITY unsecured claims and Part 2 for creditors with NONPRIORITY unsecured claims. List the other party to any executory contracts or unexpired leases that could result in a claim. Also list executory contracts on Schedule A/B: Assets - Real and Personal Property (Official Form 206A/B) and on Schedule G: Executory Contracts and Unexpired Leases (Official Form 206G). Number the entries in Parts 1 and 2 in the boxes on the left. If more space is needed for Part 1 or Part 2, fill out and attach the Additional Page of that Part included in this form.

Part 1: List All Creditors with PRIORITY Unsecured Claims

1. Do any creditors have priority unsecured claims? (See 11 U.S.C. § 507).

- No. Go to Part 2.
- Yes. Go to Line 2.

2. List in alphabetical order all creditors who have unsecured claims that are entitled to priority in whole or in part. If the debtor has more than 3 creditors with priority unsecured claims, fill out and attach the Additional Page of Part 1.

Total claim	Priority amount
-------------	-----------------

2.1 Priority creditor's name and mailing address

As of the petition filing date, the claim is: \$ _____ \$ _____

None

Check all that apply.

Creditor Name

Contingent

Creditor's Notice name

Unliquidated

Disputed

Address

Basis for the claim:

City

State

ZIP Code

Country

Date or dates debt was incurred

Last 4 digits of account number

Is the claim subject to offset?

No

Specify Code subsection of PRIORITY unsecured

Yes

claim: 11 U.S.C. § 507(a) ()

Part 2: List All Creditors with NONPRIORITY Unsecured Claims

3. List in alphabetical order all of the creditors with nonpriority unsecured claims. If the debtor has more than 6 creditors with nonpriority unsecured claims, fill out and attach the Additional Page of Part 2.

Amount of claim

3.1 Nonpriority creditor's name and mailing address

See Schedule E/F, Part 2 Attachment

Creditor Name

Creditor's Notice name

Address

City State ZIP Code

Country

Date or dates debt was incurred

Last 4 digits of account

number

As of the petition filing date, the claim is: \$ 21,840,167.13

Check all that apply.

Contingent

Unliquidated

Disputed

Basis for the claim:

Is the claim subject to offset?

No

Yes

Part 3: List Others to Be Notified About Unsecured Claims

4. List in alphabetical order any others who must be notified for claims listed in Parts 1 and 2. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for unsecured creditors. If no others need to be notified for the debts listed in Parts 1 and 2, do not fill out or submit this page. If additional pages are needed, copy the next page.

Name and mailing address	On which line in Part 1 or Part 2 is the related creditor (if any) listed?	Last 4 digits of account number, if any
Name _____ _____	Line <input type="checkbox"/> Not Listed.Explain	_____ _____
Notice Name _____	_____	_____
Street _____ _____ _____	_____	_____
City _____	_____	_____
Country _____	_____	_____

Part 4: Total Amounts of the Priority and Nonpriority Unsecured Claims

5. Add the amounts of priority and nonpriority unsecured claims.

		Total of claim amounts
5a. Total claims from Part 1	5a.	\$ 0.00
5b. Total claims from Part 2	5b. +	\$ 21,840,167.13
5c. Total of Parts 1 and 2 Lines 5a + 5b = 5c.	5c.	\$ 21,840,167.13

Fill in this information to identify the case: Debtor Name: In re : Verity Business Services United States Bankruptcy Court for the: Central District of California Case number (if known): 18-20173 (EMR)
--

Check if this is an amended filing

Official Form 206G

Schedule G: Executory Contracts and Unexpired Leases

12/15

Be as complete and accurate as possible. If more space is needed, copy and attach the additional page, numbering the entries consecutively.

1. Does the debtor have any executory contracts or unexpired leases?

- No. Check this box and file this form with the court with the debtor's other schedules. There is nothing else to report on this form.
- Yes. Fill in all of the information below even if the contracts or leases are listed on *Schedule A/B: Assets - Real and Personal Property* (Official Form 206A/B).

2. List all contracts and unexpired leases	State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease
2.1 State what the contract or lease is for and the nature of the debtor's interest _____ State the term remaining _____ List the contract number of any government contract _____	See Schedule G Attachment Name _____ Notice Name _____ Address _____ _____ _____ City State ZIP Code _____ Country _____

Fill in this information to identify the case:
Debtor Name: In re : Verity Business Services
United States Bankruptcy Court for the: Central District of California
Case number (if known): 18-20173 (EMR)

Check if this is an amended filing

Official Form 206H

Schedule H: Codebtors

12/15

Be as complete and accurate as possible. If more space is needed, copy the Additional Page, numbering the entries consecutively. Attach the Additional Page to this page.

1. Does the debtor have any codebtors?

- No. Check this box and submit this form to the court with the debtor's other schedules. Nothing else needs to be reported on this form.
 Yes

2. In Column 1, list as codebtors all of the people or entities who are also liable for any debts listed by the debtor in the schedules of creditors, Schedules D-G. Include all guarantors and co-obligors. In Column 2, identify the creditor to whom the debt is owed and each schedule on which the creditor is listed. If the codebtor is liable on a debt to more than one creditor, list each creditor separately in Column 2.

Column 1: Codebtor		Column 2: Creditor	
Name	Mailing address	Name	Check all schedules that apply:
2.1	Street		<input type="checkbox"/> D
			<input type="checkbox"/> E/F
			<input type="checkbox"/> G
	City State ZIP Code		
	Country		

Fill in this information to identify the case:

Debtor Name: In re : Verity Business Services
United States Bankruptcy Court for the: Central District of California
Case number (if known): 18-20173 (EMR)

Official Form 202

Declaration Under Penalty of Perjury for Non-Individual Debtors

12/15

An individual who is authorized to act on behalf of a non-individual debtor, such as a corporation or partnership, must sign and submit this form for the schedules of assets and liabilities, any other document that requires a declaration that is not included in the document, and any amendments of those documents. This form must state the individual's position or relationship to the debtor, the identity of the document, and the date. Bankruptcy Rules 1008 and 9011.

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

Declaration and signature

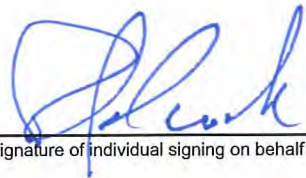
I am the president, another officer, or an authorized agent of the corporation; a member or an authorized agent of the partnership; or another individual serving as a representative of the debtor in this case.

I have examined the information in the documents checked below and I have a reasonable belief that the information is true and correct:

- Schedule A/B: Assets-Real and Personal Property (Official Form 206A/B)
- Schedule D: Creditors Who Have Claims Secured by Property (Official Form 206D)
- Schedule E/F: Creditors Who Have Unsecured Claims (Official Form 206E/F)
- Schedule G: Executory Contracts and Unexpired Leases (Official Form 206G)
- Schedule H: Codebtors (Official Form 206H)
- Summary of Assets and Liabilities for Non-Individuals (Official Form 206Sum)
- Amended Schedule _____
- Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders (Official Form 204)
- Other document that requires a declaration _____

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 10/15/2018
MM / DD / YYYY


✱ _____
Signature of individual signing on behalf of debtor

Richard G. Adcock
Printed name
Chief Executive Officer
Position or relationship to debtor

Line	Nonpriority Creditor's Name	Creditor Notice Name	Address 1	Address 2	City	State	Zip	Date incurred	Basis for claim	Subject to offset (Y/N)	Contingent	Unliquidated	Disputed	Amount of claim
3.1	AA LOCK AND ALARM INC		1251 EL CAMINO REAL		MENLO PARK	CA	94025		Trade	N				\$6,341.92
3.2	ABC LASER USA-SUN		6000-G UNITY DR		NORCROSS	GA	30071		Trade	N				\$857.49
3.3	ACME SECURITY SYSTEMS		1922 REPUBLIC AVENUE		SAN LEANDRO	CA	94577-4220		Trade	N				\$46,951.03
3.4	AMERICAN TECHNOLOGY SOLUTIONS		1212 S NAPER BLVD	SUITE 119-201	NAPERVILLE	IL	60540		Trade	N				\$1,716.54
3.5	APOGEE CONSULTING GROUP		2500 TANGLEWILDE	SUITE 480	HOUSTON	TX	77063		Trade	N				\$167,527.12
3.6	BESLER CONSULTING		3 INDEPENDENCE WAY SUITE 201		PRINCETON	NJ	08540		Trade	N				\$2,426.14
3.7	CARDINAL HEALTH (ESI)	HOSP SUPPLY/SCIENTIFIC PROD	PO BOX 730112		DALLAS	TX	75373-0112		Trade	N			X	\$24,915.61
3.8	CENTRAL POINT PARTNERS LLC		137 COMMERCE PARK DRIVE	SUITE D2	WESTERVILLE	OH	43082		Trade	N				\$32,585.75
3.9	CHANGE HEALTHCARE FORMELY EMDEON		P.O. BOX 572490		MURRAY	UT	84157-2490		Trade	N				\$10,739.67
3.10	CHIPMAN RELOCATIONS CORP		1555 ZEPHYR AVENUE		HAYWARD	CA	94544		Trade	N				\$25,399.66
3.11	CIOX HEALTH LLC		P.O. BOX 409669		ATLANTA	GA	30384		Trade	N				\$114,185.41
3.12	CODEWORKS (JULIANA A. GREEN)		19054 HELTON STREET		CASTRO VALLEY	CA	94546		Trade	N				\$28,451.01
3.13	COMPSPEC		425 E COLORADO BLVE #410		GLENDALE	CA	91205		Trade	N				\$754,702.46
3.14	COMPUTER PRODUCTS CORE GROUP THE DBA TCG BUILDERS INC		975 NIMCO DRIVE	UNIT C	CRYSTAL LAKE	IL	60014		Trade	N				\$1,700.72
3.15	BUILDERS INC		890 N MCCARTHY BLVD		MILPITAS	CA	95035		Trade	N				\$209,416.00
3.16	CSI GENERAL CONTRACTING INC		PO BOX 410566		SAN FRANCISCO	CA	94141		Trade	N				\$25,299.50
3.17	DAVID HIGGS		2040 EAST MARIPOSA AVENUE		EL SEGUNDO	CA	90245		Workers Compensation	N	X	X	X	Unknown
3.18	EOS HEALTHCARE		700 LONGWATER DRIVE		NORWELL	MA	02061		Trade	N				\$689,958.88
3.19	EXECUFORCE LLC		1141 RINGWOOD CT	SUITE 60	SAN JOSE	CA	95131		Trade	N				\$23,646.00
3.20	GARY TROST		2040 EAST MARIPOSA AVENUE		EL SEGUNDO	CA	90245		Employee Claim (amount over \$12,850 cap)	N				\$2,787.56
3.21	GOLDEN GATE GLASS & MIRROR CO		2011 FOLSOM STREET		SAN FRANCISCO	CA	94110		Trade	N				\$2,032.97
3.22	GRM INFORMATION MANAGEMENT SERVICES		8500 MERCURY LANE		PICO RIVERA	CA	90660		Trade	N				\$15,178.52
3.23	GRM INFORMATION MANAGEMENT SRVS LLC		P O BOX 748814		LOS ANGELES	CA	90074-8814		Trade	N				\$332,112.88
3.24	GUILLERMINA RAMOS		2040 EAST MARIPOSA AVENUE		EL SEGUNDO	CA	90245	5/3/2007	Workers Compensation	N	X	X	X	Unknown
3.25	H3 GROUP DBA SIMPLIFY COMPLIANCE LLC		100 WINNERS CIRCLE N	SUITE 300	BRENTWOOD	TN	37027		Trade	N				\$2,995.00
3.26	HEALTHCARE COST SOLUTIONS INC		120 NEWPORT CENTER DRIVE	SUITE 290	NEWPORT BEACH	CA	92660		Trade	N				\$123,445.75

Line	Nonpriority Creditor's Name	Creditor Notice Name	Address 1	Address 2	City	State	Zip	Date incurred	Basis for claim	Subject to offset (Y/N)	Contingent	Unliquidated	Disputed	Amount of claim
3.27	IDEA CONSULTING GROUP, INC.		2215 PINNACLE CIRCLE NORTH		PALM HARBOR	FL	34684		Trade	N				\$46,000.00
3.28	IRON MOUNTAIN		1340 EAST SIXTH STREET		LOS ANGELES	CA	90021		Trade	N				\$6,345.25
3.29	KAESER & BLAIR INC		4236 GRISSOM DRIVE		BATAVIA	OH	45103		Trade	N				\$380.00
3.30	KAESER AND BLAIR INC		3771 SOLUTIONS CENTER		CHICAGO	IL	60677-3007		Trade	N				\$438.79
3.31	KFORCE INC AND SUBSIDIARIES FORMERLY KFO		PO BOX 277997		ATLANTA	GA	30384-7997		Trade	N				\$61,334.76
3.32	LIGHTHOUSE MANAGEMENT GROUP		1650 THE ALAMEDA		SAN JOSE	CA	95126		Trade	N				\$105,069.85
3.33	LOS ANGELES COUNTY SHERIFFS DEPT	LICENSE AND PERMIT UNIT	5050 COMMERCE DR	RM 117	BALDWIN PARK	CA	91706-1423		Trade	N				\$489.56
3.34	M MODAL SERVICES, LTD.		5000 MERIDIAN	SUITE 200	FRANKLIN	TN	37067		Trade	N				\$345,698.60
3.35	MAILFINANCE (NEOPOST)		478 WHEELERS FARMS ROAD		MILFORD	CT	06461		Trade	N				\$450.76
3.36	MED DATA INCORPORATED		P O BOX 639190		CINCINNATI	OH	45263-9190		Trade	N				\$75,502.73
3.37	MEDICAL DATA SYSTEMS, INC.		2001 9TH AVENUE, SUITE 312		VERO BEACH	FL	32096		Trade	N				\$152,012.40
3.38	MEDLINE INDUSTRIES, INC.		PO BOX 92301		CHICAGO	IL	60675-2301		Trade	N				\$3,017.68
3.39	NORTHERN CALIFORNIA PAPER RECYCLERS INC		3544 ARDEN ROAD		HAYWARD	CA	94545		Trade	N				\$3,440.00
3.40	NTHRIVE SOLUTIONS INC FORMERLY MEDASSETS		200 NORTH POINT CENTER EAST	STE600	ALPHARETTA	GA	30022		Trade	N				\$50,374.50
3.41	OCONNOR HEALTH CENTER 1		1960 THE ALAMEDA	SUITE #20	SAN JOSE	CA	95126		Rent	N				\$40,529.31
3.42	OFFICE DEPOT		FILE NO 81901		LOS ANGELES	CA	90074-1901		Trade	N				\$14,755.54
3.43	OFFICE OF STATEWIDE HEALTH PANDD		2020 WEST EL CAMINO AVENUE	SUITE 800	SACRAMENTO	CA	95833		Trade	N				\$250.00
3.44	ONCOTEAM		2135 12TH AVENUE		SAN FRANCISCO	CA	94116		Trade	N				\$56,060.00
3.45	ONPOINT HEALTHCARE SOLUTIONS INC	GATEWAY ACCEPTANCE COMPANY	P O BOX 4053		CONCORD	CA	94524-4053		Trade	N				\$62,777.50
3.46	OUTSIDE GC CA LLP		P.O. BOX 482		SHARON	MA	02067		Trade	N				\$10,376.06
3.47	PARO DECISION SUPPORT, LLC		PO BOX 39882		FT LAUDERDALE	FL	33339-9882		Trade	N				\$2,234.40
3.48	POSTMASTER CHESTNUT SSF		36 CHESTNUT AVENUE		SO. SAN FRANCISCO	CA	94080		Trade	N				\$714.00
3.49	PROVIDER ADVANTAGE NW INC	DEPT 2601	P.O. BOX 11407		BIRMINGHAM	AL	35246-2455		Trade	N				\$118.50
3.50	RANDSTAD F A/RANDSTAD NORTH AMERICAN, LP		P O BOX 894217		LOS ANGELES	CA	90189-4217		Trade	N				\$47,756.85
3.51	READYREFRESH DBA NESTLE WATERS NORTH AME		375 PARAMOUNT DRIVE		RAYNHAM	MA	02767		Trade	N				\$616.67
3.52	REGINA KAZANJIAN-DAVIS RETIREMENT PLAN FOR	RETIREMENT PLAN OFFICE	2040 EAST MARIPOSA AVENUE		EL SEGUNDO	CA	90245	1/19/2010	Workers Compensation	N	X	X	X	Unknown
3.53	HOSPITAL EMPLOYEES		P.O. BOX 2949		SAN FRANCISCO	CA	94126-2949		Pension	N	X	X	X	Undetermined

In re: Verity Business Services

Case No. 18-20173

Schedule E/F, Part 2

Creditors Who Have NONPRIORITY Unsecured Claims

Line	Nonpriority Creditor's Name	Creditor Notice Name	Address 1	Address 2	City	State	Zip	Date incurred	Basis for claim	Subject to offset (Y/N)	Contingent	Unliquidated	Disputed	Amount of claim
3.54	RMB INC		409 BEARDEN PARK CIRCLE		KNOXVILLE	TN	37919		Trade	N				\$248,073.35
3.55	ROADRUNNER ABSTRACTING SERVICE		1336 W. 264TH STREET		HARBOR CITY	CA	90710		Trade	N				\$6,405.00
3.56	SHARP ELECTRONICS CORP	DBA SHARP BUSINESS SYSTEMS	DEPT LA 21510		PASADENA	CA	91185-1510		Trade	N				\$1,425.00
3.57	SHERIDAN GROUP CORP THE		2045 PONTIUS AVENUE		LOS ANGELES	CA	90025		Trade	N				\$63,300.81
3.58	SOURCEHOV HEALTHCARE INC FORMELY DELIVER		2954 ZANKER ROAD		SAN JOSE	CA	95131		Trade	N				\$8,807.99
3.59	SOURCEHOV HEALTHCARE INC. FORMERLY DELIV		950 23RD ST		SAN FRANCISCO	CA	94107		Trade	N				\$4,365.84
3.60	ST. FRANCIS MEDICAL CENTER		3630 EAST IMPERIAL HIGHWAY		LYNWOOD	CA	90262		Intercompany Payable	Y				\$953,070.00
3.61	STEPHENSON ACQ DBA LAW OFFICE OF JOY YOUNSTEPHENSON ACQ	ACQUISTO & COLMAN	303 N. GLENOAKS BLVD.,STE.700		BURBANK	CA	91502		Trade	N				\$750.00
3.62	SUMMIT RISER SYSTEMS		17981 SKY PARK CIRCLE	SUITE H	IRVINE	CA	92614		Trade	N				\$1,040.00
3.63	THE OUTSOURCE GROUP		PO BOX 12414		NEWARK	NJ	07101-3514		Trade	N				\$108,551.09
3.64	TICHENOR & THORP		10506 CA-2		LOS ANGELES	CA	90025		Trade	N				\$118.75
3.65	TRIAGE CONSULTING GRP INC		221 MAIN ST	SUITE 1100	SAN FRANCISCO	CA	94105		Trade	N				\$231,760.00
3.66	VERITY HEALTH SYSTEM OF CALIFORNIA, INC.		2040 EAST MARIPOSA AVENUE		EL SEGUNDO	CA	90245		Intercompany Payable	Y				\$16,475,067.00
3.67	WAHEED WAHIDI	C/O KEVIN T. BARNES	LAW OFFICES OF KEVIN T. BARNES	1635 PONTIUS AVENUE, 2ND FLOOR	LOS ANGELES	CA	90025-3361	6/21/2018	Employee Matters	N	X	X	X	Unknown
3.68	ZEMBO MEDICAL MAIL NETWORK INC		7746 DEERING AVENUE	SUITE #2	CANOGA PARK	CA	91304		Trade	N				\$5,210.00
3.69	ZOLL MEDICAL CORPORATION		269 MILL ROAD		CHELMSFORD	MA	01824-4105		Trade	N				\$105.00
													TOTAL:	\$21,840,167.13

Line	Name of other parties with whom the debtor has an executory contract or unexpired lease	Creditor Notice Name	Address 1	Address 2	City	State	Zip	State what the contract or lease is for and the nature of the debtors interest	State the term remaining	List the contract number of any government contract
2.1	ABBOTT NUTRITION	ABBOTT NUTRITION/ROSS	75 REMITTANCE DR,-STE. 1310		CHICAGO	IL	60675-1310	DESIGNATION AGREEMENT	2/28/2021	
2.2	ALEGIS REVENUE GROUP, LLC	ALEGIS REVENUE GROUP LLC	P.O. BOX 2105		AMARILLO	TX	79105-2105	SERVICES-COLLECTIONS	6/30/2019	
2.3	APPLIED BIOLOGICS	APPLIED BIOLOGICS LLC	8925 E PIMA CENTER PKWY	SUITE 215	SCOTTSDALE	AZ	90262	DESIGNATION AGREEMENT	6/19/2019	
2.4	AT&T	AT&T	PO BOX 105068		ATLANTA	GA	30348-5068	TELECOMMUNICATIONS	12/30/2018	
2.5	AT&T	CORPORATE HEADQUARTERS	208 S. AKARD ST.		DALLAS	TX	75202	SERVICES-TELECOMMUNICATIONS	12/30/2018	
2.6	AT&T	CORPORATE HEADQUARTERS	208 S. AKARD ST.		DALLAS	TX	75202	SERVICES-TELECOMMUNICATIONS	12/30/2018	
2.7	AT&T	CORPORATE HEADQUARTERS	208 S. AKARD ST.		DALLAS	TX	75202	TELECOMMUNICATIONS	12/30/2018	
2.8	BIOCOMPOSITES	BIOCOMPOSITES INC	700 MILITARY CUTOFF RD	STE #320	WILMINGTON	NC	28405	DESIGNATION AGREEMENT	5/31/2021	
2.9	BRINKS, U.S.	BRINKS INC	FILE NO. 52005		LOS ANGELES	CA	90074-2005	SERVICES-ARMORED CARRIER	2/23/2019	
2.10	CERESOFT, INC.	CERESOFT	1738 ELTON ROAD	SUITE 121	SILVER SPRING	MD	20903	LICENSE-SOFTWARE SUBSCRIPTION	3/10/2019	
2.11	CHIS, INC.		42900 BOB HOPE DRIVE, SUITE 112		RANCHO MIRAGE	CA	92270	SERVICES-CONSULTING	Evergreen	
2.12	CMS CONTRACT MANAGEMENT STRATEGIES INC.	CLAYTON HALE	2302 MARTIN STREET #125		IRVINE	CA	92612	SERVICES-CONSULTING	5/31/2019	
2.13	DAGGETT, CHRISTINE	DAGGETT CHRISTINE	7052 CORINTIA ST		CARLSBAD	CA	92009	SERVICES-CONSULTING	7/1/2014	
2.14	EOS CCA FKA CALIFORNIA SERVICE BUREAU OF MARIN COUNTY, INC.	MATTHEW CLARK, ESQ.	700 LONGWATER DRIVE		NORWELL	MA	02061	SERVICES-COLLECTIONS	6/30/2019	
2.15	EQUITY RECOVERY SOLUTIONS	EQUITY RECOVERY SOLUTIONS	1215 N. RED GUM STREET	SUITE B	ANAHEIM	CA	92806	DESIGNATION AGREEMENT	1/1/2019	
2.16	EVEREST ENTERPRISES		22647 VENTURA BLVD., #165		WOODLAND HILLS	CA	91364	ADMINISTRATIVE SERVICES	12/16/2016	
2.17	HOOPER HEALTHCARE CONSULTING LLC	BRYAN HOOPER	PO BOX 8997		BREA	CA	92822	ADMINISTRATIVE SERVICES	7/31/2019	
2.18	IBARRA, AUDRA		530 LYTTON AVENUE, 2ND FLOOR		PALO ALTO	CA	94301	SERVICES-LEGAL	Evergreen	
2.19	IBM		1 NEW ORCHARD ROAD		ARMONK	NY	10504-1722	LICENSE-SOFTWARE SUBSCRIPTION	3/10/2017	
2.20	INTERSURGICAL		6757 KINNE STREET		EAST SYRACUSE	NY	13057	DESIGNATION AGREEMENT	3/31/2019	
2.21	LAW OFFICES OF STEPHENSON, ACQUISTO & COLEMAN		303 NORTH GLENOAKS BLVD.	SUITE 700	BURBANK	CA	91502	SERVICES-LEGAL	Evergreen	
2.22	LHMS DCHS CBS	VERITY HEALTH SYSTEM	2040 EAST MARIPOSA AVENUE		EL SEGUNDO	CA	90245	BUSINESS ASSOCIATE AGREEMENT	12/31/2069	
2.23	MDS, INC.		2001 9TH AVENUE	SUITE 312	VERO BEACH	FL	32960	FINANCING AGREEMENT	8/12/2019	

Line	Name of other parties with whom the debtor has an executory contract or unexpired lease	Creditor Notice Name	Address 1	Address 2	City	State	Zip	State what the contract or lease is for and the nature of the debtors interest	State the term remaining	List the contract number of any government contract
2.24	MEAD JOHNSON & COMPANY, LLC		2400 WEST LLOYD EXPRESSWAY		EVANSVILLE	IN	47721	DESIGNATION AGREEMENT	11/30/2020	
2.25	MICROSOFT	MICROSOFT CORPORATION, DEPT. 551, VOLUME LICENSING	6100 NEIL ROAD	SUITE 210	RENO	NV	89511	LICENSE-SOFTWARE SUBSCRIPTION	2/1/2019	
2.26	MUZAK	MUZAK INC	383 E. GRAND AVENUE, STE. A		SO. SAN FRANCISCO	CA	94080-1934	LICENSE-SOFTWARE SUBSCRIPTION	1/31/2017	
2.27	NUVASIVE, INC.	NUVASIVE INC	7475 LUSK BLVD		SAN DIEGO	CA	92121	DESIGNATION AGREEMENT	12/31/2020	
2.28	NUVECTRA	NUVECTRA CORPORATION	5830 GRANITE PARKWAY	SUITE 1100	PLANO	TX	75024	DESIGNATION AGREEMENT	5/31/2020	
2.29	RYAN LLC	CHAIRMAN AND CEO	THREE GALLERIA TOWER	13155 NOEL ROAD, SUITE 100	DALLAS	TX	75240	SERVICES-CONSULTING	10/2/2018	
2.30	TRACELINK	TRACELINK INC	400 RIVERPARK DRIVE	SUITE 200	NORTH READING	MA	01864	LICENSE-SOFTWARE SUBSCRIPTION	3/3/2019	
2.31	TRIAGE CONSULTING GROUP	TRIAGE CONSULTING GRP INC	221 MAIN ST	SUITE 1100	SAN FRANCISCO	CA	94105	SERVICES-COLLECTIONS	Evergreen	
2.32	VERGE SOLUTIONS, LLC	VERGE SOLUTIONS LLC DBA VERGE HEALTH	DBA VERGE HEALTH	P.O. BOX 394	MOUNT PLEASANT	SC	29465	SERVICES-CONSULTING	9/30/2021	
2.33	W. L. GORE & ASSOCIATES, INC.	WL GORE ASSOC INC	PO BOX 751331	MEDICAL PRODUCTS DIVISION	CHARLOTTE	NC	28275	DESIGNATION AGREEMENT	6/30/2019	