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Unsecured Creditors of Verity Health System of  
California, Inc., et al.*

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
LOS ANGELES DIVISION

In re:

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

Debtors and Debtors In Possession.

OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS OF VERITY HEALTH SYSTEMS  
OF CALIFORNIA, INC., *et al.*

APPELLANT(S)

v.

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

APPELLEE(S).

DISTRICT COURT CASE NUMBER:  
2:18-cv-10675-RGK

BANKRUPTCY COURT CASE NUMBER:  
2:18-bk-20151-ER

ADVERSARY CASE NUMBER:  
N/A

**JOINT NOTICE OF MOTION AND  
MOTION TO EXPEDITE  
DISPOSITION OF DIP APPEAL**

HEARING: June 24, 2019 9:00 a.m.



**TO THE COURT, ALL PARTIES AND COUNSEL OF RECORD:**

**PLEASE TAKE NOTICE** that (i) the Official Committee of Unsecured Creditors of Verity Health System of California, Inc., *et al.* (the “Committee” or the “Appellant”)<sup>1</sup> appointed in the chapter 11 cases (the “Chapter 11 Cases”) of the above-captioned debtors and debtors-in-possession (the “Debtors”); (ii) the Debtors; and (iii) the prepetition secured creditors that are signatories hereto (collectively, the “Prepetition Secured Creditors,” and, together with the Committee and the Debtors, the “Joint Movants”) hereby move (the “Joint Motion”) pursuant to Rule 8013 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 5 of the Local Rules Governing Bankruptcy Appeals, Cases, and Procedures (the “Local Bankruptcy Appeal Rules”) to expedite the disposition of the Committee’s pending appeal (the “DIP Appeal”) with respect to the *Final Order (I) Authorizing Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying Automatic Stay, and (VI) Granting Related Relief*, which was entered by the United States Bankruptcy Court for the Central District of California (the “Bankruptcy Court”) on October 9, 2018 (the “Final DIP Order”) [Docket No. 409].

<sup>1</sup> Capitalized terms not defined herein, shall have the meaning ascribed to them in the Final DIP Order.

1                   **PLEASE TAKE FURTHER NOTICE** that, pursuant to Bankruptcy  
2 Rule 8013(c), oral argument is not required unless this Court orders otherwise. The  
3 Joint Movants, however, out of an abundance of caution, are setting this Joint Motion  
4 for hearing on June 24, 2019, at 9:00 a.m., pursuant to Local Rule 6-1 and this Court's  
5 Standing Order.  
6

7                   **PLEASE TAKE FURTHER NOTICE** that, unless this Court orders  
8 otherwise, any party opposing or responding to the Joint Motion must file a response  
9 (a "Response") seven (7) days after the service of this Joint Motion, pursuant to  
10 Bankruptcy Rule 8013(a)(3)(A). The Committee will then have seven (7) days after  
11 the filing of any Response to file a reply (a "Reply") under Bankruptcy Rule 8013(a)  
12 (3)(B).  
13

14                   **PLEASE TAKE FURTHER NOTICE** that the Court may rule on the  
15 Joint Motion at any time after the filing of this Motion, including before the filing of  
16 any Response or Reply, under Bankruptcy Rule 8013(b).  
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1 DATED: June 10, 2019

MILBANK LLP

2 /s/ Mark Shinderman

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27 *Fargo Bank, National Association, as*  
28 *Indenture Trustee*

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**MEMORANDUM OF POINTS AND AUTHORITIES****JOINT MOTION**

1. The DIP Appeal has been fully briefed and, because the Court has elected to forgo oral argument, is ready for disposition. The record is not extensive. The legal issues, while relatively complex, are clearly and fully presented. By this Joint Motion, the Joint Movants respectfully request that this Court decide the DIP Appeal as soon as possible in order to facilitate efforts by the Debtors to confirm and implement a chapter 11 plan (a “Plan”).

2. The Debtors, the Committee, and the Prepetition Secured Creditors are in the midst of plan discussions, and the Debtors are expected to file a Plan in the coming months in order to timely defease certain obligations. The fate of the Waivers—which the Committee filed the DIP Appeal to invalidate and which the Debtors and the Prepetition Secured Creditors contend were fully warranted under the circumstances—is an issue critical to these ongoing Plan negotiations. Indeed, without clarity as to the validity of the Waivers, the consensus as to the terms of a Plan that the Joint Movants hope to foster will be difficult to achieve.

3. Thus, the Debtors, the Committee, and the Prepetition Secured Creditors jointly request an expedited disposition of the DIP Appeal. With full deference to the other demands of the Court’s calendar, the Joint Movants respectfully

1 request that the Court issue a decision disposing of the DIP Appeal at the earliest  
 2 possible date.<sup>2</sup>  
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 10 <sup>2</sup> The relief requested in the Motion can be granted under Bankruptcy Rule 8013, which permits  
 11 courts to entertain motions to expedite appeals where “relief is needed in less time than would  
 12 normally be required to appeal a bankruptcy court’s decision” in order to avoid irreparable  
 13 harm. *In re Dairy Mart Convenience Stores*, 272 B.R. 66, 70 (S.D.N.Y. 2002) (creditor’s  
 14 potential loss of secured status and unique procedural posture warranted expedited review),  
 15 *aff’d*, 351 F.3d 86 (2d Cir. 2003); Fed. R. Bankr. P. 8013(a)(2)(B), (d)(1). Similar relief has  
 16 been granted under circumstances comparable to those presented by the DIP Appeal. *See, e.g.,*  
 17 *In re Henry Mayo Newhall Memorial Hosp.* 282 B.R. 444, 449 (B.A.P. 9<sup>th</sup> Cir. 2002) (granting  
 18 expedited briefing and disposition even where request “was not made immediately upon filing  
 19 the appeal” because appellate court was obligated to “take steps to assure that there is, in fact,  
 20 substantive and meaningful appellate review”); *In re Efron*, 529 B.R. 396, 403 n.9 (B.A.P. 1st  
 21 Cir. 2015) (granting expedited disposition of appeal where “oral argument was not needed in  
 22 [the] case because the facts and legal arguments were fully presented in the briefs and the  
 23 voluminous record, and the decisional process would not be significantly aided by oral  
 24 argument”); *In re United Pan–Europe Communications N.V.*, 02-16020 (BL), M-47 (RWS)  
 25 (S.D.N.Y. Jan. 30, 2003) (“The primary purpose of Federal Rule of Bankruptcy Procedure 8019  
 26 is to give the district courts . . . the power to expedite the consideration of cases that are ‘of  
 27 primary concern to the public or to the litigants.’”) (*citing* Original Advisory Committee Note to  
 28 Rule 2 of the Federal Rules of Appellate Procedure, from which Rule 8013, and its predecessor  
 Rule 8019, are drawn); *In re YBA Nineteen, LLC*, 2013 WL 2481483 (S.D. Cal. June 10, 2013)  
 (“In order [to] reduce the harm Appellee may suffer by a lengthy stay pending appeal, the Court  
 finds that this appeal should be expedited pursuant to Federal Rule of Bankruptcy Procedure  
 8019.”); *In re Finley, Kumble, Wagner, Heine, Underberg, Manley, Myerson & Casey*, 135 B.R.  
 456, 458 (S.D.N.Y. 1992) (expedited review was warranted where the consensus supporting the  
 plan was fragile and could be disrupted by either delay or adverse rulings on appeal); *In re*  
*Psychiatric Hosp.*, 216 B.R. 660, 660 n.1 (M.D. Fla. 1998) (expediting briefing and decision of  
 appeal under former Bankruptcy Rule 8019); *In re Island Helicopters, Inc.*, 1997 WL 466973  
 (E.D.N.Y. Aug. 13, 1997) (granting expedited appeal under former Bankruptcy Rule 8019); *see*  
*generally* 10 *Colliers on Bankruptcy* ¶ 8019.01 (14th ed. 2003) (noting that Bankruptcy Rule  
 8019 permitted District Court, in unusual situations and in an effort “to meet the necessities of  
 the situation,” to “either shorten[] the allowable time for designated steps in the procedure or  
 eliminating some steps entirely,” and to, thereby, avoid “unfairness to the litigants [that] would  
 otherwise result.”).

**CONCLUSION**

4. For all the foregoing reasons, the Court should grant this Joint Motion and order disposition of the DIP Appeal on the expedited basis proposed in the Joint Motion.

DATED: June 10, 2019

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**CERTIFICATE OF COMPLIANCE**

This Motion complies with the type-volume limitations of the Bankruptcy Rules. Excluding relevant items under Bankruptcy Rule 8015(g), it contains 742 words and is 8 pages, under the 5,200 word limit of Bankruptcy Rule 8013(f)(3). Fed. R. Bankr. P. 8015(g); 8013(f)(3).

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