

Attorney or Party Name, Address, Telephone and FAX	
Samuel R. Maizel, Esq. (Bar No. 189301) Tania M. Moyron, Esq. (Bar No. 235736) Dentons US LLP 601 South Figueroa Street, Suite 2500 Los Angeles, CA 90017-5704 T: (213) 623-9300 F: (213) 623-9924	
UNITED STATES DEPARTMENT OF JUSTICE OFFICE OF THE UNITED STATES TRUSTEE CENTRAL DISTRICT OF CALIFORNIA	ATTACH TO THE FRONT OF THE MONTHLY OPERATING REPORT AND SUBMIT TO UNITED STATES TRUSTEE
In re:	Case Number: 18-20151-ER (See Below)
VERITY HEALTH SYSTEM OF CALIFORNIA, INC, <i>et al.</i> , Debtors.	MONTHLY OPERATING REPORT DISBURSEMENT SUMMARY MOR NO. 9 FOR MONTH ENDING: May 2019

1. Total number of Debtor in Possession Bank Accounts for all Debtors.	76
2. TOTAL THIRD PARTY DISBURSEMENTS THIS PERIOD FROM ALL DEBTOR IN POSSESSION ACCOUNTS FOR ALL ENTITIES WITH BANK ACCOUNTS	<div style="border: 1px solid black; padding: 5px; display: inline-block;">\$90,265,745.57</div>

The Debtors in the these chapter 11 cases, along with their case numbers are: Verity Health System of California, Inc. 18-20151-ER, O'Connor Hospital 18-20168-ER, Saint Louise Regional Hospital 18-20162-ER, St. Francis Medical Center 18-20165-ER, St. Vincent Medical Center 18-20164-ER, Seton Medical Center 18-20167-ER, O'Connor Hospital Foundation 18-20179-ER, Saint Louise Regional Hospital Foundation 18-20172-ER, St. Francis Medical Center of Lynwood Foundation 18-20178-ER, St. Vincent Foundation 18-20180-ER, St. Vincent Dialysis Center, Inc. 18-20171-ER Seton Medical Center Foundation 18-20175-ER, Verity Business Services 18-20173-ER, Verity Medical Foundation 18-20169-ER, Verity Holdings, LLC 18-20163-ER, DePaul Ventures, LLC 18-20176-ER, and DePaul Ventures - San Jose Dialysis, LLC 18-20181-ER.

Effective September 1, 2011

USTLA 16



182015119070100000000036

Verity Bank Account Summary
For the month ending 5/31/2019
\$ in 000's

Debtor Name ¹	Debtor Case #	Beg Balance	Total Receipts	Operating Disbursements	Sweep Inflows	Sweep Outflows	DIP Inflows ²	DIP Outflows ²	I/C Inflows	I/C Outflows	Ending Bank Balance	Total Transaction Count
Verity Health System of California, Inc.	18-20151	\$ 42,514	\$ 822	\$ (20,657)	\$ 140,388	\$ (644)	\$ 100,500	\$ (137,467)	\$ 39,327	\$ (119,553)	\$ 45,231	683
O'Connor Hospital	18-20168	111,679	20,273	(831)	1	(20,117)	-	-	753	(3)	111,755	521
St. Louise Regional Hospital	18-20162	57,610	5,314	(113)	-	(5,220)	-	-	101	(1)	57,691	375
St. Francis Medical Center	18-20165	5,180	65,285	(29,666)	-	(65,399)	-	-	57,949	(19,596)	13,753	2,943
St. Vincent Medical Center	18-20164	4,772	19,173	(17,238)	-	(19,238)	-	-	23,911	(7,162)	4,218	1,607
Seton Medical Center	18-20167	3,099	28,755	(14,991)	-	(28,911)	-	-	28,673	(9,042)	7,583	1,837
O'Connor Hospital Foundation	18-20179	1,580	2	-	-	-	-	-	-	-	1,582	3
St. Louise Regional Hospital Foundation	18-20172	319	1	(0)	-	-	-	-	-	-	320	2
St. Francis Medical Center of Lynwood Foundation	18-20178	301	331	-	-	-	-	-	-	(353)	279	8
St. Vincent Medical Center Foundation	18-20180	1,781	4	-	-	-	-	-	772	(875)	1,682	6
St. Vincent Dialysis Center, Inc.	18-20171	4	451	-	-	(419)	-	-	-	-	36	26
Seton Medical Center Foundation	18-20175	6,012	7	(16)	-	-	-	-	-	(131)	5,872	35
Verity Business Services	18-20173	317	4	(2,627)	-	-	-	-	4,603	(1,203)	1,094	116
Verity Medical Foundation	18-20169	20,171	2,296	(3,263)	-	-	-	-	16,500	(15,525)	20,180	1,374
Verity Holdings, LLC	18-20163	16,086	454	(863)	-	(441)	-	-	858	(5)	16,090	128
De Paul Ventures – San Jose Dialysis, LLC	18-20181	87	0	-	-	-	-	-	-	-	87	1
Subtotal		\$ 271,512	\$ 143,172	\$ (90,266)	\$ 140,389	\$ (140,389)	\$ 100,500	\$ (137,467)	\$ 173,448	\$ (173,448)	\$ 287,452	9,665

Notes

1) In our monthly submissions, De Paul Ventures, LLC is not included above because it does not have a bank account.

2) Pursuant to the terms of the DIP loan agreement, Verity submits its cash inflows to the Debtors' DIP Lender Ally Bank on a daily basis even when there is no DIP balance outstanding. When this occurs, Ally Bank returns the funds to Verity. Commencing in November 2018, when there was no DIP balance outstanding, funds flowed to Ally Bank from the VHS – DIP Concentration Account and were returned by Ally to the new VHS – DIP Loan Proceeds account. Prior to the implementation of this cash management process, funds flowed to/ from Ally Bank through the VHS – AP account and such activity netted to zero to the extent funds were sent to and received from Ally Bank in the same month. The aggregate of the DIP Inflows and DIP Outflows columns above represent cumulative DIP borrowings and DIP repayments, respectively, for the period presented.

Verity Bank Account Summary
For the month ending 5/31/2019
\$ in 000's

Bank Account Name	Bank Account Number	Beg Balance	Total Receipts	Operating Disbursements	Sweep Inflows	Sweep Outflows	DIP Inflows ²	DIP Outflows ²	I/C Inflows	I/C Outflows	Ending Bank Balance	Total Transaction Count
VHS - AP	XXXXXX6440	\$ 2,147	\$ 43	\$ (16,058)	\$ -	\$ -	\$ -	\$ -	\$ 19,985	\$ (3,818)	\$ 2,299	345
VHS - Self Insurance	XXXXXX9250	79	569	-	-	(644)	-	-	-	-	4	14
VHS - Payroll	XXXXXX1785	306	-	(3,775)	-	-	-	-	3,818	-	349	41
VHS - DIP Concentration Account	XXXXXX2889	5,499	158	(824)	140,388	-	-	(145,551)	2,525	-	2,194	229
VHS - DIP Loan Proceeds	XXXXXX4358	3,600	-	-	-	-	100,500	8,085	13,000	(115,735)	9,450	52
VHS - Non Santa Clara Sale Proceeds ⁴	XXXXXX9100	30,163	51	-	-	-	-	-	-	-	30,214	1
VHS - Santa Clara Sale Proceeds ⁴	XXXXXX9087	720	1	-	-	-	-	-	-	-	721	1
OCH - Lockbox	XXXXXX2945	34	20,084	-	-	(20,116)	-	-	-	-	1	335
OCH - Gross Revenue	XXXXXX3900	45	-	-	-	(1)	-	-	1	-	45	2
OCH - AP	XXXXXX6389	668	-	(803)	1	-	-	-	750	(2)	615	161
OCH - Payroll	XXXXXX3007	340	-	(28)	-	-	-	-	2	-	314	19
OCH - FSA	XXXXXX2284	-	-	-	-	-	-	-	-	-	-	-
OCH - Patient Trust	XXXXXX2662	4	1	-	-	-	-	-	0	(1)	4	3
OCH - Santa Clara Sale Proceeds ⁴	XXXXXX9549	110,588	188	-	-	-	-	-	-	-	110,776	1
SLRH - Lockbox	XXXXXX2926	5	5,217	-	-	(5,220)	-	-	-	-	2	216
SLRH - Gross Revenue	XXXXXX3905	15	-	-	-	-	-	-	-	-	15	-
SLRH - AP	XXXXXX6421	349	-	(110)	-	-	-	-	100	(1)	338	151
SLRH - Payroll	XXXXXX7575	182	-	(3)	-	-	-	-	1	-	180	7
SLRH - FSA	XXXXXX2307	-	-	-	-	-	-	-	-	-	-	-
SLRH - Santa Clara Sale Proceeds ⁴	XXXXXX9563	57,060	97	-	-	-	-	-	-	-	57,157	1
SFMC - Lockbox	XXXXXX2940	441	65,248	-	-	(65,365)	-	-	-	-	324	495
SFMC - Gross Revenue	XXXXXX3924	60	-	-	-	-	-	-	-	-	60	-
SFMC - AP	XXXXXX6407	2,502	-	(10,790)	-	-	-	-	38,353	(19,596)	10,469	848
SFMC - Payroll	XXXXXX3012	740	-	(12,808)	-	-	-	-	12,759	-	691	502
SFMC - FSA	XXXXXX2487	-	-	-	-	-	-	-	-	-	-	-
SFMC - Cafeteria Deposits	XXXXXX1057	-	35	-	-	(34)	-	-	-	-	1	57
SFMC - Capitation (AppleCare)	XXXXXX1371	483	-	(4,388)	-	-	-	-	5,430	-	1,525	434
SFMC - Capitation (Conifer)	XXXXXX1357	714	-	(1,357)	-	-	-	-	1,110	-	467	388
SFMC - Capitation AC	XXXXXX1845	23	-	(7)	-	-	-	-	6	-	23	15
SFMC - Capitation HCLA	XXXXXX1840	160	1	(304)	-	-	-	-	291	-	147	196
SFMC - Career College	XXXXXX2162	44	1	(0)	-	-	-	-	-	-	45	6
SFMC - Sale Proceeds ⁴	XXXXXX0090	12	0	(12)	-	-	-	-	-	-	0	2
SVMC - Lockbox	XXXXXX2964	182	19,171	-	-	(19,238)	-	-	-	-	115	625
SVMC - Gross Revenue	XXXXXX3929	35	-	-	-	-	-	-	-	-	35	-
SVMC - AP	XXXXXX6426	1,016	-	(8,913)	-	-	-	-	16,749	(7,162)	1,690	665
SVMC - Payroll	XXXXXX3017	1,336	-	(7,690)	-	-	-	-	6,516	-	162	176
SVMC - FSA	XXXXXX2062	-	-	-	-	-	-	-	-	-	-	-
SVMC - Capitation (CHP)	XXXXXX0553	332	-	-	-	-	-	-	-	-	332	-
SVMC - Capitation (Conifer)	XXXXXX3695	620	-	(626)	-	-	-	-	646	-	640	138
SVMC - Restricted Cash ³	XXXXXX0989	1,242	2	-	-	-	-	-	-	-	1,244	1
SVMC - Sale Proceeds ⁴	XXXXXX0076	9	0	(9)	-	-	-	-	-	-	0	2
SMC - Lockbox	XXXXXX2902	173	28,566	-	-	(28,726)	-	-	-	-	13	716
SMC - Gross Revenue	XXXXXX3887	5	-	-	-	-	-	-	-	-	5	-
SMC - AP	XXXXXX6365	1,147	-	(5,751)	-	-	-	-	19,631	(9,042)	5,985	721
SMC - Payroll	XXXXXX3001	1,280	-	(9,074)	-	-	-	-	9,042	-	1,248	217
SMC - FSA	XXXXXX2289	-	-	-	-	-	-	-	-	-	-	-
SMCC - Lockbox	XXXXXX02907	1	183	-	-	(185)	-	-	-	-	0	87
SMCC - Gross Revenue	XXXXXX3882	40	-	-	-	-	-	-	-	-	40	-
SMCC - AP	XXXXXX6384	424	-	(166)	-	-	-	-	-	-	258	93
SMCC - FSA	XXXXXX2302	-	-	-	-	-	-	-	-	-	-	-
SMCC - Patient Trust	XXXXXX12907	29	5	-	-	-	-	-	-	-	34	3

Verity Bank Account Summary

For the month ending 5/31/2019

\$ in 000's

Bank Account Name	Bank Account Number	Beg Balance	Total Receipts	Operating Disbursements	Sweep Inflows	Sweep Outflows	DIP Inflows ²	DIP Outflows ²	I/C Inflows	I/C Outflows	Ending Bank Balance	Total Transaction Count
OCH Foundation ³	XXXXXX3433	1,337	2	-	-	-	-	-	-	-	1,339	1
OCH Foundation - Investment ³	XXXXX2-037	243	0	-	-	-	-	-	-	-	243	2
SLRH Foundation ³	XXXXXX2521	319	1	(0)	-	-	-	-	-	-	320	2
SFMC of Lynwood Foundation ³	XXXXXX2809	301	331	-	-	-	-	-	-	(353)	279	8
SVMC Foundation ³	XXXXXX3025	1,009	4	-	-	-	-	-	772	(102)	1,682	4
SVMC Foundation - EWB ³	XXXXXX1162	772	0	-	-	-	-	-	-	(772)	-	2
St. Vincent Dialysis Center	XXXXXX8921	4	451	-	-	(419)	-	-	-	-	36	26
SMC Foundation ³	XXXXXX2260	5,579	7	(0)	-	-	-	-	-	(131)	5,454	6
SMC Foundation - SVCS ³	XXXXXX0089	433	0	(16)	-	-	-	-	-	-	417	29
VBS - AP	XXXXXX6402	308	4	(1,420)	-	-	-	-	3,400	(1,203)	1,089	93
VBS - Payroll	XXXXXX2982	9	-	(1,207)	-	-	-	-	1,203	-	4	23
VBS - FSA	XXXXXX3192	-	-	-	-	-	-	-	-	-	-	-
VMF - Checking	XXXXXX9996	18,401	2,296	(3,263)	-	-	-	-	16,500	(15,525)	18,409	1,373
VMF - Payroll ZBA	XXXXXX0010	-	-	-	-	-	-	-	-	-	-	-
VMF - Sale Proceeds ⁴	XXXXXX2810	1,770	0	-	-	-	-	-	-	-	1,771	1
VH - AP	XXXXXX1597	291	-	(858)	-	-	-	-	850	(5)	279	86
VH - MOB	XXXXXX1248	39	428	(5)	-	(441)	-	-	8	-	29	41
VH - Operating	XXXXXX1970	-	-	-	-	-	-	-	-	-	-	-
VH - Savings	XXXXXX1975	-	-	-	-	-	-	-	-	-	-	-
VH - Santa Clara Sale Proceeds ⁴	XXXXXX9568	15,756	27	-	-	-	-	-	-	-	15,782	1
De Paul Ventures – San Jose Dialysis, LLC	XXXXXX2797	87	0	-	-	-	-	-	-	-	87	1
SMCC - Patient Trust - TCB	XXXXXX3611	-	-	-	-	-	-	-	-	-	-	-
SMC Foundation - TCB ³	XXXXXX8521	-	-	-	-	-	-	-	-	-	-	-
Subtotal		\$ 271,512	\$ 143,172	\$ (90,266)	\$ 140,389	\$ (140,389)	\$ 100,500	\$ (137,467)	\$ 173,448	\$ (173,448)	\$ 287,452	9,665

Notes

1) Sweep inflows and outflows reflect sweeps between lockbox, gross revenue and AP accounts of the same debtor and between lockbox and the VHS - DIP Concentration Account. In addition, VMF – Checking receipts that are swept to the VHS – DIP Concentration Account are reflected in I/C Outflows for the VMF – Checking account.

2) Pursuant to the terms of the DIP loan agreement, Verity submits its cash inflows to the Debtors' DIP Lender Ally Bank on a daily basis even when there is no DIP balance outstanding. When this occurs, Ally Bank returns the funds to Verity. Commencing in November 2018, when there was no DIP balance outstanding, funds flowed to Ally Bank from the VHS – DIP Concentration Account and were returned by Ally to the new VHS – DIP Loan Proceeds account. Prior to the implementation of this cash management process, funds flowed to/ from Ally Bank through the VHS – AP account and such activity netted to zero to the extent funds were sent to and received from Ally Bank in the same month. The aggregate of the DIP Inflows and DIP Outflows columns above represent cumulative DIP borrowings and DIP repayments, respectively, for the period presented.

3) This bank account contains certain funds that are donor restricted, and therefore, are not available for the debtor's general operating activities. Please refer to the attached restricted funds schedule for additional restricted funds recorded by the debtors that are not included in the Verity bank account summary as they are not part of the cash management program.

4) The Final DIP Order provides that the Sale Proceeds, including any deposits, shall be held in escrow in one or more deposit accounts subject to a deposit account control agreement in favor of the DIP Agent (the "Escrow Deposit Account"). Any funds held in the Escrow Deposit Account shall not be commingled with any other funds of the selling Debtor, the Sale Proceeds of any other Debtor or otherwise.

Verity Bank Account Cumulative Summary

For the nine months ending 5/31/2019 (including 8/31/2018 activity)

\$ in 000's

Debtor Name ¹	Debtor Case #	Beg Balance	Total Receipts	Operating Disbursements	Sweep Inflows	Sweep Outflows	DIP Inflows ²	DIP Outflows ²	I/C Inflows	I/C Outflows	Ending Bank Balance	Total Transaction Count
Verity Health System of California, Inc.	18-20151	\$ 7,529	\$ 40,535	\$ (255,457)	\$ 472,297	\$ (3,331)	\$ 668,000	\$ (635,390)	\$ 615,323	\$ (864,275)	\$ 45,231	5,018
O'Connor Hospital	18-20168	8,981	270,278	(110,636)	194,828	(258,273)	-	-	139,534	(132,957)	111,755	13,887
St. Louise Regional Hospital	18-20162	3,978	108,427	(36,582)	61,632	(82,576)	-	-	45,477	(42,665)	57,691	8,949
St. Francis Medical Center	18-20165	10,077	444,325	(272,668)	411,355	(637,759)	-	-	370,578	(312,157)	13,753	21,378
St. Vincent Medical Center	18-20164	9,936	151,233	(156,365)	149,073	(218,458)	-	-	184,422	(115,622)	4,218	12,742
Seton Medical Center	18-20167	5,884	171,189	(141,711)	176,193	(259,445)	-	-	204,611	(149,137)	7,583	15,849
O'Connor Hospital Foundation	18-20179	1,714	92	(0)	-	-	-	-	-	(224)	1,582	54
St. Louise Regional Hospital Foundation	18-20172	720	51	(2)	-	-	-	-	-	(450)	320	41
St. Francis Medical Center of Lynwood Foundation	18-20178	780	2,351	(0)	-	-	-	-	-	(2,851)	279	60
St. Vincent Medical Center Foundation	18-20180	1,613	1,047	-	-	-	-	-	772	(1,750)	1,682	54
St. Vincent Dialysis Center, Inc.	18-20171	332	3,996	(7)	-	(2,959)	-	-	-	(1,325)	36	219
Seton Medical Center Foundation	18-20175	6,229	154	(93)	-	-	-	-	117	(535)	5,872	342
Verity Business Services	18-20173	1,003	4	(24,664)	-	-	-	-	38,896	(14,146)	1,094	977
Verity Medical Foundation	18-20169	4,493	53,381	(82,744)	-	-	-	-	107,928	(62,879)	20,180	23,563
Verity Holdings, LLC	18-20163	12,778	20,559	(7,987)	-	(2,575)	-	-	13,843	(20,528)	16,090	1,056
De Paul Ventures – San Jose Dialysis, LLC	18-20181	-	87	-	-	-	-	-	-	-	87	3
Subtotal		\$ 76,048	\$ 1,267,710	\$ (1,088,916)	\$ 1,465,377	\$ (1,465,377)	\$ 668,000	\$ (635,390)	\$ 1,721,502	\$ (1,721,502)	\$ 287,452	104,192

Notes

1) In our monthly submissions, De Paul Ventures, LLC is not included above because it does not have a bank account.

2) Pursuant to the terms of the DIP loan agreement, Verity submits its cash inflows to the Debtors' DIP Lender Ally Bank on a daily basis even when there is no DIP balance outstanding. When this occurs, Ally Bank returns the funds to Verity. Commencing in November 2018, when there was no DIP balance outstanding, funds flowed to Ally Bank from the VHS – DIP Concentration Account and were returned by Ally to the new VHS – DIP Loan Proceeds account. Prior to the implementation of this cash management process, funds flowed to/ from Ally Bank through the VHS – AP account and such activity netted to zero to the extent funds were sent to and received from Ally Bank in the same month. In the month of January, certain funds continued to flow to Ally Bank through the VHS – AP account. The aggregate of the DIP Inflows and DIP Outflows columns above represent cumulative DIP borrowings and DIP repayments, respectively, for the period presented.

Verity Bank Account Cumulative Summary

For the nine months ending 5/31/2019 (including 8/31/2018 activity)

\$ in 000's

Bank Account Name	Bank Account Number	Beg Balance	Total Receipts	Operating Disbursements	Sweep Inflows	Sweep Outflows	DIP Inflows ²	DIP Outflows ²	I/C Inflows	I/C Outflows	Ending Bank Balance	Total Transaction Count
VHS - AP	XXXXXX6440	\$ 7,083	\$ 877	\$ (222,111)	\$ -	\$ -	\$ 40,000	\$ (150,125)	\$ 364,351	\$ (37,777)	\$ 2,299	2,970
VHS - Self Insurance	XXXXXX9250	200	4,175	-	-	(3,331)	-	-	-	(1,041)	4	72
VHS - Payroll	XXXXXX1785	246	-	(31,039)	-	-	-	-	31,143	-	349	284
VHS - DIP Concentration Account	XXXXXX2889	-	4,549	(2,084)	472,297	-	-	(678,059)	205,628	(135)	2,194	1,282
VHS - DIP Loan Proceeds	XXXXXX4358	-	-	(223)	-	-	628,000	192,794	14,200	(825,321)	9,450	398
VHS - Non Santa Clara Sale Proceeds ⁴	XXXXXX9100	-	30,214	-	-	-	-	-	-	-	30,214	6
VHS - Santa Clara Sale Proceeds ⁴	XXXXXX9087	-	720	-	-	-	-	-	1	-	721	6
OCH - Lockbox	XXXXXX2945	188	159,711	-	-	(159,898)	-	-	-	-	1	6,044
OCH - Gross Revenue	XXXXXX3900	1,962	-	-	96,452	(98,376)	-	-	7	-	45	202
OCH - AP	XXXXXX6389	6,499	0	(42,555)	98,376	-	-	-	71,120	(132,825)	615	4,801
OCH - Payroll	XXXXXX3007	207	-	(68,081)	-	-	-	-	68,188	-	314	2,816
OCH - FSA	XXXXXX2284	125	-	-	-	-	-	-	-	(125)	-	2
OCH - Patient Trust	XXXXXX2662	-	11	-	-	-	-	-	0	(7)	4	16
OCH - Santa Clara Sale Proceeds ⁴	XXXXXX9549	-	110,556	-	-	-	-	-	219	-	110,776	6
SLRH - Lockbox	XXXXXX2926	24	51,373	-	-	(51,394)	-	-	-	-	2	4,834
SLRH - Gross Revenue	XXXXXX3905	746	0	-	30,451	(31,182)	-	-	-	-	15	196
SLRH - AP	XXXXXX6421	3,047	1	(15,173)	31,182	-	-	-	23,913	(42,632)	338	2,802
SLRH - Payroll	XXXXXX7575	128	-	(21,408)	-	-	-	-	21,460	-	180	1,110
SLRH - FSA	XXXXXX2307	33	-	-	-	-	-	-	-	(33)	-	1
SLRH - Santa Clara Sale Proceeds ⁴	XXXXXX9563	-	57,053	-	-	-	-	-	103	-	57,157	6
SFMC - Lockbox	XXXXXX2940	357	431,492	-	-	(431,526)	-	-	-	-	324	4,033
SFMC - Gross Revenue	XXXXXX3924	903	-	-	205,256	(206,099)	-	-	-	-	60	195
SFMC - AP	XXXXXX6407	7,314	4	(100,704)	206,099	-	-	-	209,240	(311,484)	10,469	6,385
SFMC - Payroll	XXXXXX3012	589	-	(122,967)	-	-	-	-	123,069	-	691	3,563
SFMC - FSA	XXXXXX2487	198	-	-	-	-	-	-	-	(198)	-	1
SFMC - Cafeteria Deposits	XXXXXX1057	312	299	(0)	-	(134)	-	-	-	(475)	1	434
SFMC - Capitation (AppleCare)	XXXXXX1371	128	-	(28,400)	-	-	-	-	29,797	-	1,525	2,823
SFMC - Capitation (Conifer)	XXXXXX1357	156	2	(5,752)	-	-	-	-	6,062	-	467	2,750
SFMC - Capitation AC	XXXXXX1845	10	-	(181)	-	-	-	-	194	-	23	173
SFMC - Capitation HCLA	XXXXXX1840	75	5	(2,150)	-	-	-	-	2,217	-	147	934
SFMC - Career College	XXXXXX2162	37	10	(2)	-	-	-	-	-	-	45	81
SFMC - Sale Proceeds ⁴	XXXXXX0090	-	12,512	(12,512)	-	-	-	-	-	-	0	6
SVMC - Lockbox	XXXXXX2964	13	143,705	-	-	(143,603)	-	-	-	-	115	5,124
SVMC - Gross Revenue	XXXXXX3929	672	2	-	74,217	(74,855)	-	-	-	-	35	197
SVMC - AP	XXXXXX6426	6,943	-	(80,116)	74,855	-	-	-	115,577	(115,570)	1,690	4,957
SVMC - Payroll	XXXXXX3017	116	0	(65,678)	-	-	-	-	65,725	-	162	1,571
SVMC - FSA	XXXXXX2062	52	-	-	-	-	-	-	-	(52)	-	1
SVMC - Capitation (CHP)	XXXXXX0553	493	-	(161)	-	-	-	-	-	-	332	20
SVMC - Capitation (Conifer)	XXXXXX3695	417	4	(2,901)	-	-	-	-	3,120	-	640	856
SVMC - Restricted Cash ³	XXXXXX0989	1,230	15	-	-	-	-	-	-	-	1,244	10
SVMC - Sale Proceeds ⁴	XXXXXX0076	-	7,509	(7,509)	-	-	-	-	-	-	0	6
SMC - Lockbox	XXXXXX2902	14	168,938	-	-	(168,939)	-	-	-	-	13	6,044
SMC - Gross Revenue	XXXXXX3887	370	-	-	86,744	(87,109)	-	-	-	-	5	195
SMC - AP	XXXXXX6365	2,911	-	(53,782)	87,109	-	-	-	117,035	(147,288)	5,985	5,814
SMC - Payroll	XXXXXX3001	1,212	-	(86,496)	-	-	-	-	87,532	(1,000)	1,248	1,848
SMC - FSA	XXXXXX2289	117	1	-	-	-	-	-	-	(117)	-	2
SMCC - Lockbox	XXXXXX02907	2	2,219	-	-	(2,221)	-	-	-	-	0	793
SMCC - Gross Revenue	XXXXXX3882	54	-	-	1,163	(1,177)	-	-	-	-	40	195
SMCC - AP	XXXXXX6384	1,160	-	(1,411)	1,177	-	-	-	19	(688)	258	917
SMCC - FSA	XXXXXX2302	19	-	-	-	-	-	-	-	(19)	-	1
SMCC - Patient Trust	XXXXXX12907	-	32	(22)	-	-	-	-	25	-	34	38

Verity Bank Account Cumulative Summary

For the nine months ending 5/31/2019 (including 8/31/2018 activity)

\$ in 000's

Bank Account Name	Bank Account Number	Beg Balance	Total Receipts	Operating Disbursements	Sweep Inflows	Sweep Outflows	DIP Inflows ²	DIP Outflows ²	I/C Inflows	I/C Outflows	Ending Bank Balance	Total Transaction Count
OCH Foundation ³	XXXXXX3433	1,473	91	-	-	-	-	-	-	(224)	1,339	35
OCH Foundation - Investment ³	XXXXX2-037	242	1	(0)	-	-	-	-	-	-	243	19
SLRH Foundation ³	XXXXXX2521	720	51	(2)	-	-	-	-	-	(450)	320	41
SFMC of Lynwood Foundation ³	XXXXXX2809	780	2,351	(0)	-	-	-	-	-	(2,851)	279	60
SVMC Foundation ³	XXXXXX3025	844	1,044	-	-	-	-	-	772	(978)	1,682	43
SVMC Foundation - EWB ³	XXXXXX1162	769	3	-	-	-	-	-	-	(772)	-	11
St. Vincent Dialysis Center	XXXXXX8921	332	3,996	(7)	-	(2,959)	-	-	-	(1,325)	36	219
SMC Foundation ³	XXXXXX2260	5,660	98	(3)	-	-	-	-	117	(418)	5,454	51
SMC Foundation - SVCS ³	XXXXXX0089	451	56	(90)	-	-	-	-	-	-	417	288
VBS - AP	XXXXXX6402	962	4	(10,533)	-	-	-	-	24,776	(14,121)	1,089	693
VBS - Payroll	XXXXXX2982	15	-	(14,132)	-	-	-	-	14,121	-	4	283
VBS - FSA	XXXXXX3192	26	-	-	-	-	-	-	-	(26)	-	1
VMF - Checking	XXXXXX9996	4,493	51,590	(82,723)	-	-	-	-	107,928	(62,879)	18,409	23,551
VMF - Payroll ZBA	XXXXXX0010	-	21	(21)	-	-	-	-	-	-	-	6
VMF - Sale Proceeds ⁴	XXXXXX2810	-	1,771	-	-	-	-	-	-	-	1,771	6
VH - AP	XXXXXX1597	1,106	-	(6,986)	-	-	-	-	10,163	(4,005)	279	736
VH - MOB	XXXXXX1248	1,108	4,801	(10)	-	(2,575)	-	-	8	(3,304)	29	290
VH - Operating	XXXXXX1970	8,321	-	(991)	-	-	-	-	3,645	(10,975)	-	14
VH - Savings	XXXXXX1975	2,243	1	(0)	-	-	-	-	0	(2,244)	-	10
VH - Santa Clara Sale Proceeds ⁴	XXXXXX9568	-	15,756	-	-	-	-	-	26	-	15,782	6
De Paul Ventures – San Jose Dialysis, LLC	XXXXXX2797	-	87	-	-	-	-	-	-	-	87	3
SMCC - Patient Trust - TCB	XXXXXX3611	24	0	-	-	-	-	-	-	(24)	-	2
SMC Foundation - TCB ³	XXXXXX8521	117	0	-	-	-	-	-	-	(117)	-	3
Subtotal		\$ 76,048	\$ 1,267,710	\$ (1,088,916)	\$ 1,465,377	\$ (1,465,377)	\$ 668,000	\$ (635,390)	\$ 1,721,502	\$ (1,721,502)	\$ 287,452	104,192

Notes

- 1) Sweep inflows and outflows reflect sweeps between lockbox, gross revenue and AP accounts of the same debtor and between lockbox and the VHS - DIP Concentration Account. In addition, VMF – Checking receipts that are swept to the VHS – DIP Concentration Account are reflected in I/C Outflows for the VMF – Checking account.
- 2) Pursuant to the terms of the DIP loan agreement, Verity submits its cash inflows to the Debtors' DIP Lender Ally Bank on a daily basis even when there is no DIP balance outstanding. When this occurs, Ally Bank returns the funds to Verity. Commencing in November 2018, when there was no DIP balance outstanding, funds flowed to Ally Bank from the VHS – DIP Concentration Account and were returned by Ally to the new VHS – DIP Loan Proceeds account. Prior to the implementation of this cash management process, funds flowed to/ from Ally Bank through the VHS – AP account and such activity netted to zero to the extent funds were sent to and received from Ally Bank in the same month. In the month of January, certain funds continued to flow to Ally Bank through the VHS – AP account. The aggregate of the DIP Inflows and DIP Outflows columns above represent cumulative DIP borrowings and DIP repayments, respectively, for the period presented.
- 3) This bank account contains certain funds that are donor restricted, and therefore, are not available for the debtor's general operating activities. Please refer to the attached restricted funds schedule for additional restricted funds recorded by the debtors that are not included in the Verity bank account summary as they are not part of the cash management program.
- 4) The Final DIP Order provides that the Sale Proceeds, including any deposits, shall be held in escrow in one or more deposit accounts subject to a deposit account control agreement in favor of the DIP Agent (the "Escrow Deposit Account"). Any funds held in the Escrow Deposit Account shall not be commingled with any other funds of the selling Debtor, the Sale Proceeds of any other Debtor or otherwise.

Verity Health System of California, Inc.
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

Bank Account No. (last 4 digits)	VHS - AP / Self Insurance	VHS - Payroll	VHS - DIP Concentration Account	VHS - DIP Loan Proceeds	VHS - Santa Clara Sale Proceeds	VHS - Non Santa Clara Sale Proceeds	Debtor Total
	6440 / 9250	1785	2889	4358	9087	9100	
Balance Per Bank	\$ 2,303	\$ 349	\$ 2,194	\$ 9,450	\$ 721	\$ 30,214	\$ 45,231
Additive Items:							-
Deposits in Transit							-
Other Additive Items		1					1
Subtractive Items:							-
Outstanding Checks	(1,161)	(47)					(1,208)
Other Subtractive Items	(4)						(4)
Reclassifications							-
Negative book balance reclassified to AP							-
Petty Cash							-
Adjusted Bank Balance	1,138	304	2,194	9,450	721	30,214	44,021
GL Balance	\$ 1,138	\$ 304	\$ 2,194	\$ 9,450		\$ 30,935	\$ 44,021
Number of Outstanding Checks	40	6					46

O'Connor Hospital
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

Bank Account No. (last 4 digits)	OCH-Santa Clara Sale						Debtor Total
	OCH - AP	OCH - Payroll	OCH -Lockbox/GR	OCH - Patient Trust	Proceeds	Petty Cash Total	
	6389	3007	2945 / 3900	2662	9549	N/A	
Balance Per Bank	\$ 615	\$ 314	\$ 46	\$ 4	\$ 110,776		\$ 111,755
Additive Items:							-
Deposits in Transit							-
Other Additive Items							-
Subtractive Items:							-
Outstanding Checks	(350)	(72)					(422)
Other Subtractive Items	(7)						(7)
Reclassifications							-
Reconciling item							-
Petty Cash							-
Adjusted Bank Balance	258	242	46	4	110,776	-	111,326
GL Balance	\$ 258	\$ 242	\$ 46	\$ 4	\$ 110,776	\$ -	\$ 111,326
Number of Outstanding Checks	261	78					339

Saint Louise Regional Hospital
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

Bank Account No. (last 4 digits)	SLRH-Santa Clara Sale					Debtor Total
	SLRH - AP	SLRH - Payroll	SLRH - Lockbox/GR	Proceeds	Petty Cash Total	
	6421	7575	2926 / 3905	9563	N/A	
Balance Per Bank	\$ 338	\$ 180	\$ 17	\$ 57,157		\$ 57,691
Additive Items:						-
Deposits in Transit						-
Other Additive Items		8				8
Subtractive Items:						-
Outstanding Checks	(43)	(14)				(57)
Other Subtractive Items			(2)			(2)
Reclassifications						-
Negative book balance reclassified to AP						-
Petty Cash						-
Adjusted Bank Balance	295	174	15	57,157	-	57,641
GL Balance	\$ 295	\$ 174	\$ 15	\$ 57,157	\$ -	\$ 57,641
Number of Outstanding Checks	156	20				176

St. Francis Medical Center
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

Bank Account No. (last 4 digits)	SFMC - AP	SFMC - Payroll	SFMC - Lockbox/GR	SFMC - Capitation (Conifer)	SFMC - Capitation (AppleCare)	SFMC - Capitation HCLA / AC	SFMC - Career College	SFMC- Sale Proceeds	Petty Cash Total	Debtor Total
	6407	3012	2940 / 3924 / 1057	1357	1371	1840 / 1845	2162	0090	N/A	
Balance Per Bank	\$ 10,469	\$ 691	\$ 385	\$ 467	\$ 1,525	\$ 170	\$ 45	\$ 0		\$ 13,753
Additive Items:										
Deposits in Transit										-
Other Additive Items	2	21		3			4			29
Subtractive Items:										
Outstanding Checks	(1,523)	(214)		(1,886)	(3,288)	(2)				(6,913)
Other Subtractive Items			(38)			(49)				(86)
Reclassifications										
Negative book balance reclassified to AP				1,415	1,763					3,178
Petty Cash									3	3
Adjusted Bank Balance	8,947	498	347	(0)	(0)	120	49	0	3	9,963
GL Balance	\$ 8,947	\$ 498	\$ 347	\$ -	\$ -	\$ 120	\$ 49	\$ 0	\$ 3	\$ 9,964
Number of Outstanding Checks	258	448		836	262	5				1,809

St Vincent Medical Center
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

Bank Account No. (last 4 digits)	SVMC - AP	SVMC - Payroll	SVMC - Lockbox/GR	SVMC - Capitation (Conifer)	SVMC - Capitation (CHP)	SVMC - Restricted Cash	SVMC- Sale Proceeds	Petty Cash Total	Debtor Total
	6426	3017	2964 / 3929	3695	0553	0989	0076	N/A	
Balance Per Bank	\$ 1,690	\$ 162	\$ 150	\$ 640	\$ 332	\$ 1,244	\$ 0		\$ 4,218
Additive Items:									
Deposits in Transit			38						38
Other Additive Items									-
Subtractive Items:									
Outstanding Checks	(1,016)	(116)		(177)	(186)				(1,495)
Other Subtractive Items			(6)						(6)
Reclassifications									
Negative book balance reclassified to AP									-
Petty Cash								4	4
Adjusted Bank Balance	674	46	181	463	146	1,244	0	4	2,758
GL Balance	\$ 674	\$ 46	\$ 181	\$ 463	\$ 146	\$ 1,244	\$ 0	\$ 4	\$ 2,758
Number of Outstanding Checks	309	69		78	68				524

Seton Medical Center
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

	AP Disbursement	Payroll	Lockbox/GR	SMC- Sale Proceeds	Petty Cash Total	Debtor Total
Bank Account No. (last 4 digits)	6365	3001	2902 / 3887	0071	N/A	
Balance Per Bank	\$ 5,985	\$ 1,248	\$ 18	\$ -		\$ 7,251
Additive Items:						-
Deposits in Transit						-
Other Additive Items						-
Subtractive Items:						-
Outstanding Checks	(817)	(149)				(966)
Other Subtractive Items			(8)			(8)
Reclassifications						-
Negative book balance reclassified to AP						-
Petty Cash					4	4
Adjusted Bank Balance	5,168	1,099	11	-	4	6,281
GL Balance	\$ 5,169	\$ 1,099	\$ 11	\$ -	\$ 4	\$ 6,282
Number of Outstanding Checks	590	127				717

Seton Medical Center Coastside
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

Bank Account No. (last 4 digits)	SMCC -			Debtor Total
	AP Disbursement	Lockbox/GR	Patient Trust	
	6834	02907 / 3882	12907	
Balance Per Bank	\$ 258	\$ 40	\$ 34	\$ 332
Additive Items:				-
Deposits in Transit				-
Other Additive Items		5		5
Subtractive Items:				-
Outstanding Checks	(48)		(4)	(53)
Other Subtractive Items			(4)	(4)
Reclassifications				-
Negative book balance reclassified to AP				-
Petty Cash				-
Adjusted Bank Balance	210	45	26	281
GL Balance	\$ 210	\$ 45	\$ 25	\$ 280
Number of Outstanding Checks	51		7	58

O'Connor Hospital Foundation
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

Bank Account No. (last 4 digits)	OCH Foundation	OCH Foundation - Investment	Debtor Total
	3433	2-037	
Balance Per Bank	\$ 1,339	\$ 243	\$ 1,582
Additive Items:			-
Deposits in Transit			-
Other Additive Items			-
Subtractive Items:			-
Outstanding Checks			-
Other Subtractive Items			-
Reclassifications			-
Negative book balance reclassified to AP			-
Petty Cash			-
Adjusted Bank Balance	1,339	243	1,582
GL Balance	\$ 1,339	\$ 243	\$ 1,582
Number of Outstanding Checks			-

Saint Louise Regional Hospital Foundation
 Bank Reconciliation Summary
 May 31, 2019
 \$ in 000's

	Debtor Total
Bank Account No. (last 4 digits)	2521
Balance Per Bank	\$ 320
Additive Items:	
Deposits in Transit	
Other Additive Items	
Subtractive Items:	
Outstanding Checks	
Other Subtractive Items	
Reclassifications	
Negative book balance reclassified to AP	
Petty Cash	
Adjusted Bank Balance	320
GL Balance	\$ 320
Number of Outstanding Checks	

St. Francis Medical Center of Lynwood Foundation
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

	Debtor Total
Bank Account No. (last 4 digits)	2809
Balance Per Bank	\$ 279
Additive Items:	
Deposits in Transit	127
Other Additive Items	
Subtractive Items:	
Outstanding Checks	
Other Subtractive Items	
Reclassifications	
Negative book balance reclassified to AP	
Petty Cash	
Adjusted Bank Balance	406
GL Balance	\$ 406
Number of Outstanding Checks	

St Vincent Medical Center Foundation
 Bank Reconciliation Summary
 May 31, 2019
 \$ in 000's

	Debtor Total
Bank Account No. (last 4 digits)	3025
Balance Per Bank	\$ 1,682
Additive Items:	
Deposits in Transit	
Other Additive Items	2
Subtractive Items:	
Outstanding Checks	
Other Subtractive Items	
Reclassifications	
Negative book balance reclassified to AP	
Petty Cash	
Adjusted Bank Balance	1,684
GL Balance	\$ 1,684
Number of Outstanding Checks	

St. Vincent Dialysis Center, Inc.
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

	Debtor Total
Bank Account No. (last 4 digits)	8921
Balance Per Bank	\$ 36
Additive Items:	
Deposits in Transit	
Other Additive Items	
Subtractive Items:	
Outstanding Checks	
Other Subtractive Items	(1)
Reclassifications	
Negative book balance reclassified to AP	
Petty Cash	
Adjusted Bank Balance	35
GL Balance	\$ 35
Number of Outstanding Checks	

Seton Medical Center Foundation
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

Bank Account No. (last 4 digits)	SMC Foundation		Debtor
	2260	SMC Foundation - SVCS 0089	Total
Balance Per Bank	\$ 5,454	\$ 417	\$ 5,872
Additive Items:			
Deposits in Transit			-
Other Additive Items			-
Subtractive Items:			
Outstanding Checks			-
Other Subtractive Items	(5)	(417)	(423)
Reclassifications			
Negative book balance reclassified to AP			-
Petty Cash			-
Adjusted Bank Balance	5,449	-	5,449
GL Balance	\$ 5,449	\$ -	\$ 5,449
Number of Outstanding Checks			-

Verity Business Services
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

Bank Account No. (last 4 digits)	AP Disbursement		Payroll		Debtor Total	
	6402		2982			
Balance Per Bank	\$	1,089	\$	4	\$	1,094
Additive Items:						-
Deposits in Transit						-
Other Additive Items						-
Subtractive Items:						-
Outstanding Checks		(226)		(1)		(227)
Other Subtractive Items						-
Reclassifications						-
Negative book balance reclassified to AP						-
Petty Cash						-
Adjusted Bank Balance		863		3		866
GL Balance	\$	863	\$	3	\$	866
Number of Outstanding Checks		17		1		18

Verity Medical Foundation
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

Bank Account No. (last 4 digits)	VMF - Checking	VMF - Sale Proceeds	Petty Cash	Debtor Total
	9996	2810	Total	Total
Balance Per Bank	\$ 18,409	\$ 1,771		\$ 20,180
Additive Items:				-
Deposits in Transit				-
Other Additive Items	701			701
Subtractive Items:				-
Outstanding Checks	(729)			(729)
Other Subtractive Items				-
Reclassifications				-
Negative book balance reclassified to AP				-
Petty Cash			4	4
				-
Adjusted Bank Balance	18,380	1,771	4	20,155
GL Balance	\$ 18,380	\$ 1,770	\$ 4	\$ 20,154
Number of Outstanding Checks	640			640

Verity Holdings, LLC
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

Bank Account No. (last 4 digits)	AP Disbursement	MOB	VH- Santa Clara Sale Proceeds	VH-Sale Proceeds	Debtor Total
	1597	1248	9568	0151	
Balance Per Bank	\$ 279	\$ 29	\$ 15,782	\$ -	\$ 16,090
Additive Items:					-
Deposits in Transit					-
Other Additive Items		5			5
Subtractive Items:					-
Outstanding Checks	(28)				(28)
Other Subtractive Items					-
Reclassifications					-
Negative book balance reclassified to AP					-
Petty Cash					-
Adjusted Bank Balance	251	34	15,782	-	16,067
GL Balance	\$ 251	\$ 34	\$ 15,782	\$ -	\$ 16,067
Number of Outstanding Checks	13				13

De Paul Ventures - San Jose Dialysis, LLC
Bank Reconciliation Summary
May 31, 2019
\$ in 000's

	De Paul Ventures – San Jose Dialysis, LLC
Bank Account No. (last 4 digits)	2797
Balance Per Bank	\$ 87
Additive Items:	
Deposits in Transit	
Other Additive Items	
Subtractive Items:	
Outstanding Checks	
Other Subtractive Items	
Reclassifications	
Negative book balance reclassified to AP	
Petty Cash	
Adjusted Bank Balance	87
GL Balance	\$ 87
Number of Outstanding Checks	

Verity Health System, Inc.
Notes on Bank Reconciliations
May 31, 2019

1. DePaul Ventures, LLC has no bank accounts. Therefore, there is no bank activity reported on the Verity Bank Account Summary or on the Verity Bank Account Cumulative Summary, and accordingly no bank reconciliations.
2. The following bank accounts were closed prior to May 1, 2019, and are not reported on the Bank Reconciliation Summary.

Account name	Last four of account #
SMC Foundation - TCB	#XXXXXX8521
SMCC - Patient Trust - TCB	#XXXXXX3611
OCH - FSA	#XXXXXX12284
SLRH - FSA	#XXXXXX12307
SMC - FSA	#XXXXXX12289
SMCC - FSA	#XXXXXX12302
SFMC - FSA	#XXXXXX12487
SVMC - FSA	#XXXXXX12062
VBS - FSA	#XXXXXX13192
VH - Operating	#XXXXXX11970
VH - Savings	#XXXXXX11975
VMF - Payroll ZBA - Wells Fargo	#XXXXXX20010

The following bank account was closed in May 2019:

Account name	Last four of account #
SVMC Foundation - EWB	#XXXXXX1162

3. The following bank accounts have had no activity and therefore bank and book balances were both zero at the end of May. These accounts are not reported on the Verity Bank Account Summary or on the Verity Bank Account Cumulative Summary.

Account name	Last four of account #
VH – Sale Proceeds	#XXXXXX0151
SMC – Sale Proceeds	#XXXXXX0071

Verity Health System, Inc.
Notes on Bank Reconciliations
May 31, 2019

4. On February 28, 2019 (the “Closing Date”), the Debtors’ asset sale to Santa Clara County (the “Santa Clara Sale Transaction”) closed and Santa Clara County wired the sale proceeds to Chicago Title Insurance Company (“Chicago Title”). As part of that transaction, operating disbursements were made by Chicago Title directly to third parties, on behalf of the Debtors that are party to the Santa Clara Sale Transaction (the “Chicago Title Disbursements”). In order to provide a full accounting of operating disbursements made by or on behalf of the Debtors in the May 2019 Monthly Operating Report, the Chicago Title Disbursements are added to the operating disbursements reported in the Verity Bank Account Summary for the nine months ending May 31, 2019 and reported in the table below (\$ 000):

	Operating Disbursements		
	for the nine months ending 5/31/19		
	Chicago Title Disb.	Op. Disb. From page 5	Total
O'Connor Hospital	\$ 21,573	\$ 110,636	\$ 132,209
St. Louise Regional Hospital	5,528	36,582	42,110
Verity Holdings, LLC	269	7,987	8,256
Verity Health System of California, Inc.	88	255,457	255,545

5. Per the Santa Clara County asset purchase agreement (the “APA”) § 1.2 and 1.1.2, \$23.5 million of sale proceeds transferred by Santa Clara County (the “Escrow Amount”) were escrowed with Chicago Title as escrow agent, subject to reductions related to post-closing obligations and damages as described in APA § 15.2. The APA provides that the Escrow Amount is security for the satisfaction of Sellers’ post-closing obligations and to offset Damages incurred by Santa Clara County as described in Section 15.2 of the APA. The APA provides that the Escrow Agent shall hold the Escrow Amount for a period of twelve months following the Closing Date, and the Escrow Agent shall disburse the same (along with any interest accrued thereon, as further described in the Escrow Agreement) upon the expiration of such twelve month period (subject to valid escrow claims) in accordance with the terms of the Escrow Agreement. The Debtors that are party to the Santa Clara Sales Transaction report the Escrow Amount as a receivable in the Consolidating Balance Sheet – Unaudited as of May 31, 2019.

Verity Status of Payments to Secured Creditors, Lessors, And Other Parties to Executory Contracts

For the month ending 05/31/2019

\$ in 000's

#	Creditor, Lessor, Etc.	Frequency of Payments (Mo/Qtr)	Amount of Payment	Post-petition Payments Not Made (Number) ^(A)	Total Due Not Paid According to Postpetition Terms
Secured Debt Holders					
1	Ally Bank ^(B)	Various	\$138,291	-	-
2	Wells Fargo - 2005 Bonds	Monthly	1,226	-	-
3	US Bank 2015 Notes	Monthly	1,044	-	-
4	Verity MOB Financing, LLC	Monthly	407	-	-
5	US Bank 2017 Notes	Monthly	254	-	-
	Subtotal		\$141,222	-	-
Top 20 Vendors					
1	Transamerica	Various	\$4,234	-	-
2	Healthnow Administrative Services	Various	3,272	-	-
3	Cardinal Health	Various	1,784	-	-
4	Medline Industries, Inc.	Various	1,736	-	-
5	Applecare Medical Group	Various	1,545	-	-
6	Rightsourcing Inc	Various	1,075	-	-
7	Verity Medical Group	Various	875	-	-
8	Sodexo, Inc & Affiliates	Various	867	-	-
9	Totalmed Staffing, Inc.	Various	797	-	-
10	Hooper Healthcare Consulting, LLC	Various	569	-	-
11	Retirement Plan For Hospital Employees	Various	568	-	-
12	Stryker Corporation	Various	505	-	-
13	Shiftwise	Various	475	-	-
14	Boston Scientific Corp	Various	473	-	-
15	Kforce Inc.	Various	454	-	-
16	American Red Cross	Various	430	-	-
17	Medtronic USA Inc	Various	429	-	-
18	Sagewell Healthcare Benefits Trust	Various	424	-	-
19	Los Angeles Department Of Water And Power	Various	423	-	-
20	Nantworks LLC	Various	408	-	-
	Subtotal		\$21,342	-	-

Notes

- A) See Notes after XI. Questionnaire.
- B) In addition to the above payments to Ally Bank, Verity also submits its cash inflows to the Debtors' DIP Lender Ally Bank on a daily basis even when there is no DIP balance outstanding. When this occurs, Ally Bank returns the funds to Verity. To the extent funds are sent to and received from Ally Bank in the same month in the case of a zero DIP balance, the transfers will net out to zero.

Debtor	Account Used	Aggregate Insider Compensation Paid
Verity Health System of California, Inc.	XXXXXX1785	\$ 381,763
O'Connor Hospital	XXXXXX3007	\$ -
Saint Louise Regional Hospital	XXXXXX7575	\$ -
St. Francis Medical Center	XXXXXX3012	\$ 10,865
St. Vincent Medical Center	XXXXXX3017	\$ 90,483
Seton Medical Center	XXXXXX3001	\$ 61,455
O'Connor Hospital Foundation		-
Saint Louise Regional Hospital Foundation		-
St. Francis Medical Center of Lynwood Foundation		-
St. Vincent Foundation		-
St. Vincent Dialysis Center, Inc.		-
Seton Medical Center Foundation		-
Verity Business Services		-
Verity Medical Foundation	XXXXXX9996	\$ -
Verity Holdings, LLC		-
DePaul Ventures, LLC		-
DePaul Ventures - San Jose Dialysis, LLC		-
		\$ 544,566

VIII SCHEDULE OF OTHER AMOUNTS PAID TO INSIDERS

Debtor	Account Used	Aggregate Insider Other Amounts Paid (a)
Verity Health System of California, Inc.	XXXXXX6440	\$ -
O'Connor Hospital	XXXXXX6389	\$ -
Saint Louise Regional Hospital	XXXXXX6421	\$ -
St. Francis Medical Center	XXXXXX6407	\$ 26,500
St. Vincent Medical Center	XXXXXX6426	\$ 10,215
Seton Medical Center	XXXXXX6365	\$ 20,250
O'Connor Hospital Foundation		\$ -
Saint Louise Regional Hospital Foundation		\$ -
St. Francis Medical Center of Lynwood Foundation		\$ -
St. Vincent Foundation		\$ -
St. Vincent Dialysis Center, Inc.		\$ -
Seton Medical Center Foundation		\$ -
Verity Business Services		\$ -
Verity Medical Foundation		\$ -
Verity Holdings, LLC		\$ -
DePaul Ventures, LLC		\$ -
DePaul Ventures - San Jose Dialysis, LLC		\$ -
		\$ 56,965

(a) For the Hospital Debtors, amounts represent payments made by the Hospitals to physician board members associated with medical directorships and on-call coverage provided. Such payments are not associated with services provided as a board member.

	O'Connor Hospital	Saint Louise Regional Hospital	St. Francis Medical Center	St. Vincent Medical Center	Seton Medical Center	Seton Medical Center Coastside (Seton Medical Center)	System Office (Verity Health System of CA, Inc.)	System Elimination - Obligated Group	Obligated Group Subtotal	Non-Debtor A	Verity Business Services	DePaul Ventures (Includes DePaul Ventures - San Jose Dialysis, LLC)
ASSETS												
Current Assets:												
Cash and cash equivalents	\$ 551	\$ 485	\$ 9,964	\$ 1,514	\$ 6,282	\$ 280	\$ 13,085	\$ -	\$ 32,161	\$ 12,792	\$ 866	\$ 87
Net patient accounts receivable	15,163	5,143	62,040	32,334	36,877	4,883	-	-	156,440	-	-	-
Due from government agencies	739	209	6,698	4,945	1,954	-	-	-	14,545	-	-	-
Due from related organizations	13,434	4,940	461,607	13,118	17,211	48	612,809	(1,045,104)	78,063	-	53,279	3,475
Other current assets	30,849	10,917	38,551	18,321	12,344	342	12,422	-	123,746	6,260	127	-
Other restricted assets	110,775	57,156	-	-	-	-	30,936	-	198,867	-	-	-
Total Current Assets	171,511	78,850	578,860	70,232	74,668	5,553	669,252	(1,045,104)	603,822	19,052	54,272	3,562
Assets Limited As To Use:												
Other investments	-	-	-	3,099	-	-	20	-	3,119	36,068	-	-
Under bond indenture agreements	-	-	-	-	34,773	-	24,770	-	59,543	-	-	-
Total Assets Limited As To Use	-	-	-	3,099	34,773	-	24,790	-	62,662	36,068	-	-
Property And Equipment, Net	-	-	86,493	44,637	41,471	652	24,109	-	197,362	-	1,545	-
Other Long-Term Assets	-	-	149	1	240	-	4,916	-	5,306	-	-	51
Total Assets	\$ 171,511	\$ 78,850	\$ 665,502	\$ 117,969	\$ 151,152	\$ 6,205	\$ 723,067	\$ (1,045,104)	\$ 869,152	\$ 55,120	\$ 55,817	\$ 3,613
LIABILITIES AND NET (DEFICIT) ASSETS												
Current Liabilities:												
Accounts payable	\$ 15,567	\$ 3,999	\$ 16,968	\$ 23,190	\$ 14,078	\$ 386	\$ 18,940	\$ -	\$ 93,128	\$ 38	\$ 5,563	\$ -
Current portion of long-term debt, net of debt issuance costs	774	469	4,076	867	1,801	-	190,670	-	198,657	-	-	-
Due to government agencies	430	-	2,568	1,605	326	-	-	-	4,929	-	-	-
Accrued expenses and other current liabilities	16,067	5,440	87,388	32,246	46,992	2,129	160,651	-	350,913	15,701	4,497	-
Due to related organizations	271,852	74,053	9,351	330,502	211,814	26,056	278,431	(1,045,104)	156,955	-	43,937	3
Total Current Liabilities	304,690	83,961	120,351	388,410	275,011	28,571	648,692	(1,045,104)	804,582	15,739	53,997	3
Other Liabilities												
Pension and other long-term liabilities	41,580	4,547	78,985	61,192	2,460	26	46,021	-	234,811	33,823	-	-
Total Other Liabilities	41,580	4,547	78,985	61,192	2,460	26	46,021	-	234,811	33,823	-	-
Long-Term Debt, Net Of Current Portion And Debt Issuance Costs	47,507	28,776	63,436	53,181	96,128	-	43,999	-	333,027	-	-	-
Total Liabilities	393,777	117,284	262,772	502,783	373,599	28,597	738,712	(1,045,104)	1,372,420	49,562	53,997	3
NET (DEFICIT) ASSETS:												
Unrestricted	(222,266)	(38,434)	402,730	(388,125)	(222,447)	(22,392)	(15,645)	-	(506,579)	5,558	1,820	3,610
Temporarily restricted	-	-	-	523	-	-	-	-	523	-	-	-
Permanently restricted	-	-	-	2,788	-	-	-	-	2,788	-	-	-
Total Net (Deficit) Assets	(222,266)	(38,434)	402,730	(384,814)	(222,447)	(22,392)	(15,645)	-	(503,268)	5,558	1,820	3,610
Total Liabilities And Net (Deficit) Assets	\$ 171,511	\$ 78,850	\$ 665,502	\$ 117,969	\$ 151,152	\$ 6,205	\$ 723,067	\$ (1,045,104)	\$ 869,152	\$ 55,120	\$ 55,817	\$ 3,613

	St. Vincent Dialysis Center Inc.	Verity Medical Foundation	O'Connor Hospital Foundation	Seton Medical Center Foundation	St. Francis Medical Center of Lynwood Foundation	Saint Louise Regional Hospital Foundation	St. Vincent Foundation	Verity Holdings, LLC	Non-Debtor B	System Elimination - Non Obligated Group	Verity Total
ASSETS											
Current Assets:											
Cash and cash equivalents	\$ 35	\$ 18,380	\$ 341	\$ 212	\$ 32	\$ 19	\$ 184	\$ 285	\$ 15	\$ -	\$ 65,409
Net patient accounts receivable	589	2,042	-	-	-	-	-	-	-	-	159,071
Due from government agencies	-	-	-	-	-	-	-	-	-	-	14,545
Due from related organizations	6,514	4,200	1	7	4	5	12,517	76,955	-	(235,020)	-
Other current assets	38	2,535	-	433	2,092	-	1,791	2,024	-	(9,484)	129,562
Other restricted assets	-	1,769	-	-	-	-	-	15,961	-	-	216,597
Total Current Assets	7,176	28,926	342	652	2,128	24	14,492	95,225	15	(244,504)	585,184
Assets Limited As To Use:											
Other investments	-	-	1,241	5,237	374	301	4,076	-	-	-	50,416
Under bond indenture agreements	-	-	-	-	-	-	-	-	-	-	59,543
Total Assets Limited As To Use	-	-	1,241	5,237	374	301	4,076	-	-	-	109,959
Property And Equipment, Net	191	855	-	-	-	-	-	13,559	-	-	213,512
Other Long-Term Assets	-	885	-	-	-	-	945	870	-	(1,454)	6,603
Total Assets	\$ 7,367	\$ 30,666	\$ 1,583	\$ 5,889	\$ 2,502	\$ 325	\$ 19,513	\$ 109,654	\$ 15	\$ (245,958)	\$ 915,258
LIABILITIES AND NET (DEFICIT) ASSETS											
Current Liabilities:											
Accounts payable	\$ -	\$ 482	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 997	\$ -	\$ -	\$ 100,208
Current portion of long-term debt, net of debt issuance costs	-	-	-	-	-	-	-	-	-	-	198,657
Due to government agencies	-	-	-	-	-	-	-	-	-	-	4,929
Accrued expenses and other current liabilities	27	10,772	-	-	-	-	-	1,790	-	(10,929)	372,771
Due to related organizations	11,687	-	7,343	1,100	8,655	5,095	874	(630)	-	(235,019)	-
Total Current Liabilities	11,714	11,254	7,343	1,100	8,655	5,095	874	2,157	-	(245,948)	676,565
Other Liabilities											
Pension and other long-term liabilities	-	7,751	70	-	-	-	93	18,362	-	(10)	294,900
Total Other Liabilities	-	7,751	70	-	-	-	93	18,362	-	(10)	294,900
Long-Term Debt, Net Of Current Portion And Debt Issuance Costs	-	-	-	-	-	-	-	105,620	-	-	438,647
Total Liabilities	11,714	19,005	7,413	1,100	8,655	5,095	967	126,139	-	(245,958)	1,410,112
NET (DEFICIT) ASSETS:											
Unrestricted	(4,347)	11,661	(7,000)	(403)	(8,527)	(5,071)	11,713	(16,665)	15	-	(514,215)
Temporarily restricted	-	-	835	2,474	2,374	301	4,390	180	-	-	11,077
Permanently restricted	-	-	335	2,718	-	-	2,443	-	-	-	8,284
Total Net (Deficit) Assets	(4,347)	11,661	(5,830)	4,789	(6,153)	(4,770)	18,546	(16,485)	15	-	(494,854)
Total Liabilities And Net (Deficit) Assets	\$ 7,367	\$ 30,666	\$ 1,583	\$ 5,889	\$ 2,502	\$ 325	\$ 19,513	\$ 109,654	\$ 15	\$ (245,958)	\$ 915,258

	O'Connor Hospital	Saint Louise Regional Hospital	St. Francis Medical Center	St. Vincent Medical Center	Seton Medical Center	Seton Medical Center Coastside (Seton Medical Center)	System Office (Verity Health System of CA, Inc.)	System Elimination - Obligated Group	Obligated Group Subtotal	Non-Debtor A	Verity Business Services	DePaul Ventures (Includes DePaul Ventures - San Jose Dialysis, LLC)
UNRESTRICTED REVENUES AND OTHER SUPPORT:												
Net patient service revenue	\$ 13,935	\$ 3,052	\$ 94,128	\$ 20,036	\$ 26,031	\$ 1,196	\$ -	\$ (912)	\$ 157,466	\$ -	\$ -	\$ -
Provision for doubtful accounts	(348)	385	(1,101)	(462)	(237)	146	-	-	(1,617)	-	-	-
Net patient service revenue less provision for doubtful accounts	13,587	3,437	93,027	19,574	25,794	1,342	-	(912)	155,849	-	-	-
Premium revenue	-	-	10,073	1,335	-	-	-	(124)	11,284	-	-	-
Other revenue	30	1	157	56	61	15	13,934	(12,788)	1,466	1,016	2,590	-
Contributions	-	-	337	40	52	-	-	-	429	-	-	-
Total Unrestricted Revenues And Other Support	13,617	3,438	103,594	21,005	25,907	1,357	13,934	(13,824)	169,028	1,016	2,590	-
EXPENSES:												
Salaries and benefits	824	275	19,221	9,901	12,317	1,395	3,715	(912)	46,736	-	2,285	-
Supplies	(105)	(3)	3,736	4,118	2,293	169	9	-	10,217	-	25	-
Purchased services, medical claims and other	5,528	1,382	27,400	10,536	9,017	(167)	3,617	(7,802)	49,511	378	226	-
Depreciation and amortization	-	-	679	462	431	10	41	-	1,623	-	22	-
Interest, net	229	139	317	229	442	-	2,146	-	3,502	-	-	-
Total Expenses	6,476	1,793	51,353	25,246	24,500	1,407	9,528	(8,714)	111,589	378	2,558	-
Operating (Loss) Income	7,141	1,646	52,240	(4,242)	1,407	(49)	4,406	(5,110)	57,439	638	31	-
Investment Income (Loss)	188	97	-	-	62	-	703	-	1,050	45	-	-
Gain (Loss) on Hospital Sales	(8)	3	-	-	-	-	-	-	(5)	-	-	-
Reorganization Items	42	36	2,407	1,510	1,345	130	5,109	(5,110)	5,469	-	31	-
Excess (Deficit) Of Revenues Over Expenses	\$ 7,279	\$ 1,710	\$ 49,833	\$ (5,752)	\$ 124	\$ (179)	\$ -	\$ -	\$ 53,015	\$ 683	\$ -	\$ -

	St. Vincent Dialysis Center Inc.	Verity Medical Foundation	O'Connor Hospital Foundation	Seton Medical Center Foundation	St. Francis Medical Center of Lynwood Foundation	Saint Louise Regional Hospital Foundation	St. Vincent Foundation	Verity Holdings, LLC	Non-Debtor B	System Elimination - Non Obligated Group	Verity Total
UNRESTRICTED REVENUES AND OTHER SUPPORT:											
Net patient service revenue	\$ 463	\$ 2,145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (27)	\$ 160,047
Provision for doubtful accounts	-	(405)	-	-	-	-	-	-	-	-	(2,022)
Net patient service revenue less provision for doubtful accounts	463	1,740	-	-	-	-	-	-	-	(27)	158,025
Premium revenue	-	227	-	-	-	-	-	-	-	-	11,511
Other revenue	-	726	-	-	-	-	-	907	-	(5,266)	1,439
Contributions	-	-	-	(116)	8	-	(10)	180	-	-	491
Total Unrestricted Revenues And Other Support	463	2,693	-	(116)	8	-	(10)	1,087	-	(5,293)	171,466
EXPENSES:											
Salaries and benefits	270	654	-	17	41	-	23	-	-	(758)	49,268
Supplies	134	(26)	-	-	-	-	-	11	-	-	10,361
Purchased services, medical claims and other	43	1,997	-	1	1	-	1	1,126	-	(4,503)	48,781
Depreciation and amortization	2	64	-	1	1	-	1	41	-	-	1,755
Interest, net	-	-	-	-	-	-	-	705	-	-	4,207
Total Expenses	449	2,689	-	19	43	-	25	1,883	-	(5,261)	114,372
Operating (Loss) Income	15	5	-	(134)	(35)	-	(35)	(795)	-	(31)	57,098
Investment Income (Loss)	-	-	2	6	1	1	2	27	-	-	1,134
Gain (Loss) on Hospital Sales	-	716	-	-	-	-	-	-	-	-	711
Reorganization Items	-	41	-	-	-	-	-	9	-	(31)	5,519
Excess (Deficit) Of Revenues Over Expenses	\$ 15	\$ 680	\$ 2	\$ (128)	\$ (34)	\$ 1	\$ (33)	\$ (777)	\$ -	\$ -	\$ 53,424

	O'Connor Hospital	Saint Louise Regional Hospital	St. Francis Medical Center	St. Vincent Medical Center	Seton Medical Center	Seton Medical Center Coastsides (Seton Medical Center)	System Office (Verity Health System of CA, Inc.)	System Elimination - Obligated Group	Obligated Group Subtotal	Non-Debtor A	Verity Business Services	DePaul Ventures (Includes DePaul Ventures - San Jose Dialysis, LLC)
UNRESTRICTED REVENUES AND OTHER SUPPORT:												
Net patient service revenue	\$ 126,785	\$ 41,106	\$ 335,902	\$ 135,569	\$ 162,591	\$ 16,913	\$ -	\$ (13,245)	\$ 805,621	\$ -	\$ -	\$ -
Provision for doubtful accounts	(4,147)	(1,701)	(3,758)	(964)	(8,864)	(684)	-	-	(20,118)	-	-	-
Net patient service revenue less provision for doubtful accounts	122,638	39,405	332,144	134,605	153,727	16,229	-	(13,245)	785,503	-	-	-
Premium revenue	-	-	77,409	11,551	-	-	-	(888)	88,072	-	-	-
Other revenue	2,252	92	1,420	1,221	897	416	119,590	(115,926)	9,962	9,625	29,210	-
Contributions	62	32	2,850	855	58	-	13,934	-	3,857	-	-	-
Total Unrestricted Revenues And Other Support	124,952	39,529	413,823	148,232	154,682	16,645	133,524	(130,059)	887,394	9,625	29,210	-
EXPENSES:												
Salaries and benefits	84,513	30,140	172,131	86,719	113,504	13,022	38,301	(13,245)	525,085	-	21,330	-
Supplies	18,436	4,037	31,781	31,007	21,334	1,394	108	-	108,097	-	202	-
Purchased services, medical claims and other	47,840	15,265	156,579	74,443	51,906	3,487	25,795	(78,284)	297,031	9,785	7,210	(76)
Depreciation and amortization	3,005	868	6,254	4,304	3,793	92	360	-	18,676	-	206	-
Interest, net	1,841	1,238	2,837	2,002	4,063	-	18,602	-	30,583	-	-	-
Total Expenses	155,635	51,548	369,582	198,475	194,600	17,995	83,166	(91,529)	979,472	9,785	28,948	(76)
Operating (Loss) Income	(30,683)	(12,019)	44,241	(50,243)	(39,918)	(1,350)	50,358	(38,530)	(92,078)	(160)	262	76
Investment Income (Loss)	562	291	-	-	145	-	2,107	-	3,105	453	-	-
Gain (Loss) on Hospital Sales	109,549	51,719	-	-	-	-	674	-	161,942	-	-	-
Reorganization Items	6,011	2,116	15,235	9,620	8,595	804	38,530	(38,531)	42,380	-	262	1
							5,109					
Excess (Deficit) Of Revenues Over Expenses	\$ 73,417	\$ 37,875	\$ 29,006	\$ (59,863)	\$ (48,368)	\$ (2,154)	\$ 14,609	\$ 1	\$ 30,589	\$ 293	\$ -	\$ 75

	St. Vincent Dialysis Center Inc.	Verity Medical Foundation	O'Connor Hospital Foundation	Seton Medical Center Foundation	St. Francis Medical Center of Lynwood Foundation	Saint Louise Regional Hospital Foundation	St. Vincent Foundation	Verity Holdings, LLC	Non-Debtor B	System Elimination - Non Obligated Group	Verity Total
UNRESTRICTED REVENUES AND OTHER SUPPORT:											
Net patient service revenue	\$ 3,741	\$ 31,758	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (983)	\$ 840,137
Provision for doubtful accounts	(251)	(1,609)	-	-	-	-	-	-	-	-	(21,978)
Net patient service revenue less provision for doubtful accounts	3,490	30,149	-	-	-	-	-	-	-	(983)	818,159
Premium revenue	-	10,514	-	-	-	-	-	-	-	-	98,586
Other revenue	-	7,987	-	-	-	-	-	10,729	-	(50,982)	16,531
Contributions	-	-	5	38	101	(1)	121	1,620	-	-	5,741
Total Unrestricted Revenues And Other Support	3,490	48,650	5	38	101	(1)	121	12,349	-	(51,965)	939,017
EXPENSES:											
Salaries and benefits	2,343	24,156	94	125	327	69	170	(9)	-	(6,013)	567,677
Supplies	1,242	10,536	-	(5)	-	-	-	56	-	-	120,128
Purchased services, medical claims and other	400	56,008	6	(6)	43	28	29	8,322	-	(45,696)	333,084
Depreciation and amortization	18	1,512	-	3	3	-	3	564	-	-	20,985
Interest, net	-	11	-	-	-	-	-	6,399	-	-	36,993
Total Expenses	4,003	92,223	100	117	373	97	202	15,332	-	(51,709)	1,078,867
Operating (Loss) Income	(513)	(43,573)	(95)	(79)	(272)	(98)	(81)	(2,983)	-	(256)	(139,850)
Investment Income (Loss)	3	-	15	50	9	6	17	573	-	-	4,231
Gain (Loss) on Hospital Sales	-	(31)	-	-	-	-	-	13,170	-	-	175,081
Reorganization Items	-	673	3	4	3	3	3	81	-	(260)	43,153
Excess (Deficit) Of Revenues Over Expenses	\$ (510)	\$ (44,277)	\$ (83)	\$ (33)	\$ (266)	\$ (95)	\$ (67)	\$ 10,679	\$ -	\$ 4	\$ (3,691)

1. Has the debtor-in-possession made any payments on its pre-petition unsecured debt, except as have been authorized by the court? If "Yes", explain below: No Yes

2. Has the debtor-in-possession during this reporting period provided compensation or remuneration to any officers, directors, principals, or other insiders without appropriate authorization? If "Yes", explain below: No Yes

3. State what progress was made during the reporting period toward filing a plan of reorganization
 On May 2, 2019, the Court entered the *Order (A) Authorizing The Sale Of Certain Of The Debtors' Assets To Strategic Global Management, Inc. ["SGM"] Free And Clear Of Liens, Claims, Encumbrances, And Other Interests; (B) Approving The Assumption And Assignment Of An Unexpired Lease Related Thereto; And (C) Granting Related Relief* [Docket No. 2306] (the "Sale Order"). Since the entry of the Sale Order, the Debtors and SGM have been working together on numerous matters related to the sale, including the submission of the application to the Attorney General on May 13, 2019 [as noticed at Docket No. 2379] and resolution of cure issues and supplemental designation of contracts and leases [Docket Nos. 2420 & 2441]. Once the sale of the Debtors' four remaining hospitals closes, the Debtors will be able to adequately formulate a plan of reorganization. During the reporting period, the Debtors also filed motions related to HealthNet of California, Inc., Silicon Valley Medical Development, Premier Inc., and Union Square Hearing, Inc. and other papers in support of their opposition to various motions to certify classes. The Debtors also continued to work closely and collaboratively with the Official Committee of Unsecured Creditors and secured creditors on issues related to, among other things, the sale of their assets and resolution of pending disputes with creditors, vendors, doctors, employees and other parties in interest.

4. Describe potential future developments which may have a significant impact on the case:
 The outcome of the sale of the Debtors' remaining Hospitals and other assets will have a significant impact on these cases, particularly any Attorney General review of the sale of the remaining Hospitals.

5. Attach copies of all Orders granting relief from the automatic stay that were entered during the reporting period.
 Attached

6. Did you receive any exempt income this month, which is not set forth in the operating report? If "Yes", please set forth the amounts and sources of the income below. No Yes

I, Anita Chou, declare under penalty of perjury that I have fully read and understood the foregoing debtor-in-possession operating report and that the information contained herein is true and complete to the best of my knowledge.

6/27/19
 Date


 Principal for debtor-in-possession

Notes

Creditor, Lessor, Etc. Not Paid According to Postpetition Terms	Frequency of Payments (Mo/Qtr)	Post-Petition payments not made (Number)	Total Due not paid according to postpetition terms	Explanation
None	n/a	-	-	n/a
TOTAL DUE:			0.00	

VI. UNITED STATES TRUSTEE QUARTERLY FEES
(TOTAL PAYMENTS - 1st QUARTERLY PERIOD)

Quarterly Period Ending (Date)	Debtor	Total Disbursements	Quarterly Fees	Date Paid	Amount Paid	Quarterly Fees Still Owing
		\$ -	\$ -		\$ -	\$ -



#	Insurance Coverage	Carrier	First Named Insured	Policy Period	Policy Number	Limits of Liability	Premium Paid Through (Date)
1	Storage Tank Liability	ACE American Insurance Company (Chubb)	O'Connor Hospital	6/30/2018-2/28/2022	G24668538 010	\$1,000,000 Per Storage Tank Incident \$2,000,000 Aggregate for ASTs \$2,000,000 Aggregate for USTs \$4,000,000 Aggregate Limit of Liability for All Storage Tank Incidents \$2,000,000 Aggregate Limit of Liability for Legal Defense Expenses \$6,000,000 Policy Aggregate	2/28/2022
2	Cyber/Network Liability	AXIS Insurance Company	Verity Health System of California, Inc.	2/4/2019-2/4/2020	P-001-000076217-01	\$2,000,000 per claim in excess of \$500,000	2/4/2020
3	Commercial Property	American Guarantee and Liability Insurance Company (Zurich)	Verity Health System of California, Inc.	7/1/2018-7/1/2019	ZMD7067455-00	\$1,000,000,000 Loss Limit	7/1/2019
4	Workers' Compensation and Employers Liability	Old Republic Insurance Company	Verity Health System of California, Inc.	7/1/2018-7/1/2019	MWC 313800-00	Workers' Compensation - Statutory Employers Liability - \$1,000,000 BI Each Accident \$1,000,000 BI Disease Each Employee \$1,000,000 BI Disease Policy Limit	7/1/2019
5	Storage Tank Liability (Consolidated)	ACE American Insurance Company (Chubb)	St. Vincent Medical Center Seton Medical Center; Verity Holdings, LLC	10/1/2018-10/1/2019	UST G71182654 001	\$1,000,000 Per Storage Tank Incident \$1,000,000 Aggregate for ASTs \$1,000,000 Aggregate for USTs \$2,000,000 Aggregate Limit of Liability for All Storage Tank Incidents \$1,000,000 Aggregate Limit of Liability for Legal Defense Expenses \$3,000,000 Policy Aggregate	10/1/2019
6	Commercial Automobile	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	Verity Health System of California, Inc.	10/1/2018-10/1/2019	CA 087 15 98	\$1,000,000 Combined Single Limit	10/1/2019
7	Helipad Liability & Non-Owned Aircraft Liability	ACE Property and Casualty Insurance Company (Chubb)	Verity Health System of California, Inc.	10/1/2018-10/1/2019	AAP N17935550 001	\$10,000,000 Each Occurrence \$10,000,000 Products-Completed Operations Aggregate \$10,000,000 Personal Injury and Advertising Injury Aggregate \$10,000,000 Hangarkeepers Any One Occurrence \$10,000,000 Hangarkeepers Any One Aircraft \$10,000,000 Non-Owned Aircraft Liability Any One Occurrence	10/1/2019
8	Sexual Misconduct and Molestation Liability	Lloyds of London (Beazley Syndicates #2623/#623)	St. Francis Medical Center (Children's Counseling Center Agreement)	10/1/2018-10/1/2019	GLOPR1801815	\$2,000,000 Any One Victim and in the Aggregate	10/1/2019
9	D&O Liability, Employment Practices Liability, Fiduciary Liability, Crime <i>Primary Layer</i>	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	Verity Health System of California, Inc.	10/1/2017-10/1/2018 (Extended to 10/1/2019)	02-359-65-60	\$10,000,000 D&O Liability and EPL (Shared) \$10,000,000 Fiduciary Liability \$10,000,000 Crime \$20,000,000 Policy Aggregate	10/1/2019
10	D&O Liability and Employment Practices Liability <i>1st Excess Layer</i>	Endurance Risk Solutions Assurance Company	Verity Health System of California, Inc.	10/1/2017-10/1/2018 (Extended to 10/1/2019)	BLX10008286901	\$10,000,000 Excess of \$10,000,000	10/1/2019
11	D&O Liability Only <i>2nd Excess Layer</i>	Argonaut Insurance Company (ARGO Group)	Verity Health System of California, Inc.	10/1/2017-10/1/2018 (Extended to 10/1/2019)	MLX 7602088-01	\$10,000,000 Excess of \$20,000,000 (D&O Liability Only)	10/1/2019
12	Excess Side A D&O Liability	National Union Fire Insurance Company of Pittsburgh, PA	Verity Health System of California, Inc.	10/1/2018-10/1/2019	02-306-61-90	\$2,000,000 Excess of \$30,000,000	10/1/2019



#	Insurance Coverage	Carrier	First Named Insured	Policy Period	Policy Number	Limits of Liability	Premium Paid Through (Date)	
13	Punitive Damages Wrap <i>Primary Layer</i>	American International Reinsurance Company, Ltd.	Verity Health System of California, Inc.	10/1/2017-10/1/2018 (Extended to 10/1/2019)	24542026	\$10,000,000 Each Occurrence \$10,000,000 Aggregate	10/1/2019	
14	Punitive Damages Wrap <i>1st Excess Layer</i>	Magna Carta Insurance, Ltd.	Verity Health System of California, Inc.	10/1/2017-10/1/2018 (Extended to 10/1/2019)	MCEN204155	\$10,000,000 Excess of \$10,000,000	10/1/2019	
15	Storage Tank Liability	Tokio Marine Specialty Insurance Company (Philadelphia)	St. Francis Medical Center	12/05/2018-12/05/2019	STEP011394-01	\$1,000,000 Remediation Expense \$1,000,000 Bodily Injury and Property Damage Resulting from Contamination \$1,000,000 Defense Expense \$1,000,000 Defense Expense Aggregate \$2,000,000 Total Policy Aggregate	12/5/2019	
16	General Liability	Chubb	St. Francis Medical Center (Lynwood Parking Agreement)	3/31/2019-3/31/2020	HPL G2181684A 012	\$1,000,000 Each Occurrence \$1,000,000 Personal Injury & Advertising Injury \$1,000,000 Products/Completed Operations Aggregate \$3,000,000 General Aggregate	3/31/2020	
Physicians Professional Liability								
17	Professional Liability	NORCAL Mutual Insurance Company	The Contracted Physicians of O'Connor Hospital	1/1/2019-1/1/2020	728814N	Per Scheduled Provider \$1,000,000 Each Claim; \$3,000,000 Aggregate	7/1/2019	
18	Professional Liability	NORCAL Mutual Insurance Company	The Contracted Physicians of St. Francis Medical Center	1/1/2019-1/1/2020	728812N	Per Scheduled Provider \$1,000,000 Each Claim; \$3,000,000 Aggregate \$2,000,000 Each Claim; \$4,000,000 Aggregate	7/1/2019	
Captive								
19	Professional and General Liability	Marillac Insurance Company, Ltd.	Verity Health System of California, Inc.	3/31/2018-3/31/2019	DOC PLGL-26000-018	Professional Liability \$2,000,000 Each Claim and Aggregate Buffer Layer xs of \$3,000,000 Each Claim \$10,000,000 Aggregate General Liability \$2,000,000 Each Occurrence \$10,000,000 Aggregate	3/31/2019	(B)
20	Excess Professional and Umbrella Liability (See Reinsurance Below)	Marillac Insurance Company, Ltd.	Verity Health System of California, Inc.	3/31/2019-3/31/2020	DOC PLGL-26000-019	Excess Professional Liability \$80,000,000 Each Occurrence \$80,000,000 Aggregate All Other Liability \$80,000,000 Each Claim \$80,000,000 Aggregate	3/31/2020	
21	Workers Compensation Deductible Liability Protection	Marillac Insurance Company, Ltd.	Verity Health System of California, Inc.	7/1/2018-7/1/2019	DED.WC-07.01.18-19	Workers' Compensation \$500,000 Each Occurrence Employers Liability \$500,000 Each Occurrence	7/1/2019	
Reinsurance								
22	Lead Excess Layer	ACE American Insurance Company (Chubb)	Verity Health System of California, Inc.	3/31/2019-3/31/2020	RBN G21816838 012	\$15,000,000 Each Professional Liability Loss Event \$15,000,000 Aggregate Professional Liability \$15,000,000 Aggregate General Liability of Ceding Company Limits	3/31/2020	



#	Insurance Coverage	Carrier	First Named Insured	Policy Period	Policy Number	Limits of Liability	Premium Paid Through (Date)
23	2nd Excess Layer	Continental Casualty Company (CNA)	Verity Health System of California, Inc.	3/31/2019-3/31/2020	HMU 2097462209-11	\$10,000,000 Each Professional Liability Claim \$10,000,000 Aggregate Professional Liability \$10,000,000 Each General Liability Occurrence \$10,000,000 Aggregate General Liability Excess of Chubb Underlying Above	3/31/2020
24	3rd Excess Layer	Berkshire Hathaway Specialty Insurance Company	Verity Health System of California, Inc.	3/31/2019-3/31/2020	47-RHC-304968-02	\$10,000,000 Each Professional Liability Claim \$10,000,000 Aggregate Professional Liability \$10,000,000 Each General Liability Occurrence \$10,000,000 Aggregate General Liability Excess of Chubb and CNA Underlying Above	3/31/2020
25	4th Excess Layer	Zurich American Insurance Company	Verity Health System of California, Inc.	3/31/2019-3/31/2020	HPC 0239123-01	\$10,000,000 Each Professional Liability Claim \$10,000,000 Aggregate Professional Liability \$10,000,000 Each General Liability Occurrence \$10,000,000 Aggregate General Liability Excess of Chubb, CNA and Berkshire Underlying Above	3/31/2020
26	5th Excess Layer	The Doctors Company Group	Verity Health System of California, Inc.	3/31/2019-3/31/2020	FRX-00015-19-00	\$15,000,000 Each Professional Liability Claim \$15,000,000 Aggregate Professional Liability \$15,000,000 Aggregate General Liability Excess of Chubb, CNA, Berkshire and Zurich Underlying Above	3/31/2020
27	6th Excess Layer	The Medical Protective Company	Verity Health System of California, Inc.	3/31/2019-3/31/2020	XOL2019-018	\$20,000,000 Each Professional Liability Claim \$20,000,000 Aggregate Professional Liability \$20,000,000 Each General Liability Occurrence \$20,000,000 Aggregate General Liability Excess of Chubb, CNA, Berkshire, Zurich and TDC Underlying Above	3/31/2020
Surety Bonds							
28	CA DHS Patient Trust Bond	Hartford Fire Insurance Company	Seton Medical Center Coastsde	12/1/2001-12/1/2019	83858BF7598	\$75,000 Bond Amount	12/1/2019
29	CA DHS Patient Trust Bond	Hartford Fire Insurance Company	St. Francis Medical Center	12/1/2001-12/1/2019	83858BF7621	\$5,000 Bond Amount	12/1/2019
30	CA DHS Patient Trust Bond	Hartford Fire Insurance Company	St. Vincent Medical Center	12/1/2001-12/1/2019	83858BF7625	\$2,000 Bond Amount	12/1/2019
31	CA DHS Patient Trust Bond	Hartford Fire Insurance Company	Saint Louise Regional Hospital	12/1/2001-12/1/2019	83858BF7637	\$10,000 Bond Amount	12/1/2019
32	CA DHS Patient Trust Bond	Hartford Fire Insurance Company	O'Connor Hospital	12/1/2001-12/1/2019	83858BF7648	\$50,000 Bond Amount	12/1/2019
33	CA DHS Patient Trust Bond	Hartford Fire Insurance Company	Seton Medical Center	12/1/2001-12/1/2019	83858BF7661	\$35,000 Bond Amount	12/1/2019



#	Insurance Coverage	Carrier	First Named Insured	Policy Period	Policy Number	Limits of Liability	Premium Paid Through (Date)	
Provider Capitation Stop Loss (Managed Care Excess Loss)								
34	Provider Capitation Stop Loss (Applicable to St. Vincent Medical Center and St. Francis Medical Center)	PartnerRe America Insurance Company	Verity Health System of California, Inc.	1/1/2019-1/1/2020	P0312544005	\$1,000,000 Maximum Benefit Per Covered Person 90% Payable in Excess of Specific Deductible if Complete Claim is Received by 2/1/20 50% Payable in Excess of Specific Deductible if Complete Claim is Not Received by 2/1/20 Transplant Services - 50% by a Non-Approved Transplant Network Provider	5/31/2019	(A)
Self-Insured Medical and Pharmacy Stop Loss								
35	Self-Insured Medical and Pharmacy Stop Loss	Reliastar Life Insurance Company (Voya)	Verity Health System of California, Inc.	1/1/19-12/31/19	70037-7	\$375,000 per Individual Coverage Period - Incurred in 12 months 1/1/19 - 12/31/19 and paid in 24 months 1/1/19 - 12/31/20	6/1/2019	(A)

(A) Premium is paid monthly.

(B) As of 5/31/19, the Professional and General liability policy for the period from 3/31/19 - 3/31/20 was bound by the broker, however, we had not yet been invoiced for the premium.

**Verity Health System
Debtor Bank Accounts
As of 05/31/19**

Number	Group	Bank Account Name	Company	Financial Institution	Account Number	Authorized Signers	
1	Obligated Group	VHS - Santa Clara Sale Proceeds	Verity Health System of California, Inc.	Bank of America	XXXXXX9087	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	(C)
2	Obligated Group	VHS - Non-Santa Clara Sale Proceeds	Verity Health System of California, Inc.	Bank of America	XXXXXX9100	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	(C)
3	Obligated Group	VHS - AP	Verity Health System of California, Inc.	Bank of America	XXXXXX6440	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
4	Obligated Group	VHS - Self Insurance	Verity Health System of California, Inc.	Bank of America	XXXXXX9250	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
5	Obligated Group	VHS - Payroll	Verity Health System of California, Inc.	Bank of America	XXXXXX1785	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
6	Obligated Group	VHS - DIP Concentration Account (formerly named Construction Escrow)	Verity Health System of California, Inc.	Bank of America	XXXXXX2889	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
7	Obligated Group	VHS - DIP Loan Proceeds	Verity Health System of California, Inc.	Bank of America	XXXXXX4358	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
8	Obligated Group	OCH - Santa Clara Sale Proceeds	O'Connor Hospital	Bank of America	XXXXXX9549	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	(C)
9	Obligated Group	OCH - Lockbox	O'Connor Hospital	Bank of America	XXXXXX2945	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
10	Obligated Group	OCH - Gross Revenue	O'Connor Hospital	Bank of America	XXXXXX3900	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
11	Obligated Group	OCH - AP	O'Connor Hospital	Bank of America	XXXXXX6389	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	

**Verity Health System
Debtor Bank Accounts
As of 05/31/19**

Number	Group	Bank Account Name	Company	Financial Institution	Account Number	Authorized Signers
12	Obligated Group	OCH - Payroll	O'Connor Hospital	Bank of America	XXXXXX3007	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
13	Obligated Group	OCH - Patient Trust	O'Connor Hospital	Bank of America	XXXXXX2662	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
14	Obligated Group	SLRH - Santa Clara Sale Proceeds	St. Louise Regional Hospital	Bank of America	XXXXXX9563	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer (C)
15	Obligated Group	SLRH - Lockbox	St. Louise Regional Hospital	Bank of America	XXXXXX2926	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
16	Obligated Group	SLRH - Gross Revenue	St. Louise Regional Hospital	Bank of America	XXXXXX3905	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
17	Obligated Group	SLRH - AP	St. Louise Regional Hospital	Bank of America	XXXXXX6421	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
18	Obligated Group	SLRH - Payroll	St. Louise Regional Hospital	Bank of America	XXXXXX7575	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
19	Obligated Group	SFMC - Sale Proceeds	St. Francis Medical Center	Bank of America	XXXXXX0090	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer (C)
20	Obligated Group	SFMC - Lockbox	St. Francis Medical Center	Bank of America	XXXXXX2940	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
21	Obligated Group	SFMC - Gross Revenue	St. Francis Medical Center	Bank of America	XXXXXX3924	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
22	Obligated Group	SFMC - AP	St. Francis Medical Center	Bank of America	XXXXXX6407	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer

**Verity Health System
Debtor Bank Accounts
As of 05/31/19**

Number	Group	Bank Account Name	Company	Financial Institution	Account Number	Authorized Signers
23	Obligated Group	SFMC - Payroll	St. Francis Medical Center	Bank of America	XXXXXX3012	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
24	Obligated Group	SFMC - Cafeteria Deposits	St. Francis Medical Center	Bank of America	XXXXXX1057	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
25	Obligated Group	SFMC - Capitation (AppleCare)	St. Francis Medical Center	Bank of America	XXXXXX1371	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer; Eleanor Ramirez, SFMC CEO
26	Obligated Group	SFMC - Capitation (Conifer)	St. Francis Medical Center	Bank of America	XXXXXX1357	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer; Eleanor Ramirez, SFMC CEO
27	Obligated Group	SFMC - Capitation AC	St. Francis Medical Center	Bank of America	XXXXXX1845	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer; Eleanor Ramirez, SFMC CEO
28	Obligated Group	SFMC - Capitation HCLA	St. Francis Medical Center	Bank of America	XXXXXX1840	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer; Eleanor Ramirez, SFMC CEO
29	Obligated Group	SFMC - Career College	St. Francis Medical Center	U S Bank	XXXXXX2162	Need to Update Signers (A)
30	Obligated Group	SVMC - Sale Proceeds	St. Vincent Medical Center	Bank of America	XXXXXX0076	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer (C)
31	Obligated Group	SVMC - Lockbox	St. Vincent Medical Center	Bank of America	XXXXXX2964	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
32	Obligated Group	SVMC - Gross Revenue	St. Vincent Medical Center	Bank of America	XXXXXX3929	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
33	Obligated Group	SVMC - AP	St. Vincent Medical Center	Bank of America	XXXXXX6426	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
34	Obligated Group	SVMC - Payroll	St. Vincent Medical Center	Bank of America	XXXXXX3017	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer

**Verity Health System
Debtor Bank Accounts
As of 05/31/19**

Number	Group	Bank Account Name	Company	Financial Institution	Account Number	Authorized Signers
35	Obligated Group	SVMC - Capitation (CHP)	St. Vincent Medical Center	Bank of America	XXXXXX0553	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer, Margaret Pfeiffer, SVMC COO
36	Obligated Group	SVMC - Capitation (Conifer)	St. Vincent Medical Center	Bank of America	XXXXXX3695	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer, Margaret Pfeiffer, SVMC COO
37	Obligated Group	SVMC - Restricted Cash	St. Vincent Medical Center	Bank of America	XXXXX00989	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer (B)
38	Obligated Group	SMC - Sale Proceeds	Seton Medical Center	Bank of America	XXXXXX0071	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer (C)
39	Obligated Group	SMC - Lockbox	Seton Medical Center	Bank of America	XXXXXX2902	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
40	Obligated Group	SMC - Gross Revenue	Seton Medical Center	Bank of America	XXXXXX3887	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
41	Obligated Group	SMC - AP	Seton Medical Center	Bank of America	XXXXXX6365	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
42	Obligated Group	SMC - Payroll	Seton Medical Center	Bank of America	XXXXXX3001	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
43	Obligated Group	SMCC - Lockbox	Seton Medical Center	Bank of America	XXXXX02907	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
44	Obligated Group	SMCC - Gross Revenue	Seton Medical Center	Bank of America	XXXXXX3882	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer

**Verity Health System
Debtor Bank Accounts
As of 05/31/19**

Number	Group	Bank Account Name	Company	Financial Institution	Account Number	Authorized Signers	
45	Obligated Group	SMCC - AP	Seton Medical Center	Bank of America	XXXXXX6384	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
46	Obligated Group	SMCC - Patient Trust	Seton Medical Center	Bank of America	XXXXX12907	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
47	Charitable Foundation	OCH Foundation	O'Connor Hospital Foundation	Bank of America	XXXXXX3433	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	(B)
48	Charitable Foundation	OCH Foundation - Investment	O'Connor Hospital Foundation	Morgan Stanley	XXXXX2-037	Ty Conner, Treasurer	(B)
49	Charitable Foundation	SLRH Foundation	St. Louise Regional Hospital Foundation	Bank of America	XXXXXX2521	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	(B)
50	Charitable Foundation	SFMC of Lynwood Foundation	St. Francis Medical Center Foundation	Bank of America	XXXXXX2809	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	(B)
51	Charitable Foundation	SVMC Foundation	St. Vincent Medical Center Foundation	Bank of America	XXXXXX3025	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	(B)
52	Non-Obligated Group	St. Vincent Dialysis Center	St. Vincent Dialysis Center	Bank of America	XXXXXX8921	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
53	Charitable Foundation	SMC Foundation	Seton Medical Center Foundation	Bank of America	XXXXXX2260	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	(B)
54	Charitable Foundation	SMC Foundation - SVCS	Healy, James T/U/A	Wells Fargo	XXXXX60089	Need to Update Signers	(A) (B)
55	Non-Obligated Group	VBS - AP	Verity Business Services	Bank of America	XXXXXX6402	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	
56	Non-Obligated Group	VBS - Payroll	Verity Business Services	Bank of America	XXXXXX2982	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer	

**Verity Health System
Debtor Bank Accounts
As of 05/31/19**

Number	Group	Bank Account Name	Company	Financial Institution	Account Number	Authorized Signers
57	Physician Foundation	VMF - Checking	Verity Medical Foundation	Wells Fargo	XXXXXX9996	Steve Campbell, CEO; Randall Roisman, CFO; and Fariba Shahbazi, Tony Armada
58	Physician Foundation	VMF - Sale Proceeds	Verity Medical Foundation	Bank of America	XXXXXX2810	Steve Campbell, CEO; Randall Roisman, CFO; and Fariba Shahbazi, Tony Armada (C)
59	Non-Obligated Group	De Paul Ventures - San Jose Dialysis, LLC	De Paul Ventures - San Jose Dialysis, LLC	Bank of America	XXXXXX2797	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
60	Non-Obligated Group	VH - Santa Clara Sale Proceeds	Verity Holdings LLC	Bank of America	XXXXXX9568	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer (C)
61	Non-Obligated Group	VH - Sale Proceeds	Verity Holdings LLC	Bank of America	XXXXXX0151	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer (C)
62	Non-Obligated Group	VH - AP	Verity Holdings LLC	Bank of America	XXXXXX1597	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
63	Non-Obligated Group	VH - MOB	Verity Holdings LLC	Bank of America	XXXXXX1248	Rich Adcock, CEO; Tony Armada, COO; Anita Chou, CFO; and Ty Conner, Treasurer
Bank Account Closed Since the Petition Date						
64	Obligated Group	SMCC - Patient Trust - TCB	Seton Medical Center	Tri Counties Bank	XXXXXX3611	Not applicable
65	Obligated Group	OCH - FSA	O'Connor Hospital	Bank of America	XXXXXX2284	Not applicable
66	Obligated Group	SLRH - FSA	St. Louise Regional Hospital	Bank of America	XXXXXX2307	Not applicable
67	Obligated Group	SFMC - FSA	St. Francis Medical Center	Bank of America	XXXXXX2487	Not applicable

**Verity Health System
Debtor Bank Accounts
As of 05/31/19**

Number	Group	Bank Account Name	Company	Financial Institution	Account Number	Authorized Signers
68	Obligated Group	SVMC - FSA	St. Vincent Medical Center	Bank of America	XXXXXX2062	Not applicable
69	Charitable Foundation	SVMC Foundation - EWB	St. Vincent Medical Center Foundation	EastWest Bank	XXXXXX1162	Not applicable
70	Obligated Group	SMC - FSA	Seton Medical Center	Bank of America	XXXXXX2289	Not applicable
71	Obligated Group	SMCC - FSA	Seton Medical Center	Bank of America	XXXXXX2302	Not applicable
72	Non-Obligated Group	VBS - FSA	Verity Business Services	Bank of America	XXXXXX3192	Not applicable
73	Non-Obligated Group	VH - Operating	Verity Holdings LLC	Bank of America	XXXXXX1970	Not applicable
74	Non-Obligated Group	VH - Savings	Verity Holdings LLC	Bank of America	XXXXXX1975	Not applicable
75	Physician Foundation	VMF - Payroll ZBA	Verity Medical Foundation	Wells Fargo	XXXXXX0010	Not applicable

Bank Account Identified After the Petition Date (Closed 10/4/18)

76		SMC Foundation - TCB	Seton Medical Center Foundation	Tri Counties Bank	XXXXXX8521	Not applicable
----	--	----------------------	---------------------------------	-------------------	------------	----------------

(A) Authorized signors are to be updated to current signors on the other Debtor accounts.

(B) This bank account contains certain funds that are donor restricted or restricted per an asset purchase agreement, and therefore, are not available for the Debtor's general operating activities. Please refer to the attached Restricted Funds schedule for additional restricted funds recorded by the Debtors that are not included in this schedule of Debtor Bank Accounts as they are not part of the cash management program.

(C) The Final DIP Order provides that the Sale Proceeds, including any deposits, shall be held in escrow in one or more deposit accounts subject to a deposit account control agreement in favor of the DIP Agent (the "Escrow Deposit Account"). Any funds held in the Escrow Deposit Account shall not be commingled with any other funds of the selling Debtor, the Sale Proceeds of any other Debtor or otherwise.

Verity Health System, Inc.
Restricted Funds Schedule
At April 30, 2019 and May 31, 2019
\$ in 000's

No.	Debtor Name	Institution Name	Type of Account	Last 4 of A/C	4/30/2019 Balance	5/31/2019 Balance	Description of Restrictions
1R	Verity Health System of California	Wells Fargo	Checking (Restricted Funds)	0300	\$ 2,000	\$ 2,000	Escrow Account - funds held in trust under bond indenture; only trustee can authorize disbursements
2R	Verity Health System of California	Wells Fargo	Checking (Restricted Funds)	8703	21,024	21,063	Debt Reserve Account - funds held in trust under bond indenture; only trustee can authorize disbursements
3R	Verity Health System of California	Wells Fargo	Checking (Restricted Funds)	8803	811	813	Debt Reserve Account - funds held in trust under bond indenture; only trustee can authorize disbursements
4R	Verity Health System of California	Wells Fargo	Checking (Restricted Funds)	8903	895	896	Debt Reserve Account - funds held in trust under bond indenture; only trustee can authorize disbursements
6R	St. Vincent Foundation	Green Oak Consulting Group	Endowment Fund (Restricted Funds)	a541a	3,254	3,141	Donor restricted funds controlled by third party; Debtor does not control disbursements from this account
7R	St. Vincent Medical Center	Northern Trust	Endowment Fund (Restricted Funds)	4098	1,854	1,785	Donor restricted funds controlled by third party; Debtor does not control disbursements from this account
8R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7000	251	252	Escrow Account - funds held in trust under bond indenture; only trustee can authorize disbursements
9R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7001	249	250	Escrow Account - funds held in trust under bond indenture; only trustee can authorize disbursements
10R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7002	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
11R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7003	16,794	16,824	Escrow Account - funds held in trust under bond indenture; only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
12R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7004	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
13R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7005	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
14R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7006	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
15R	Seton Medical Center	Wilmington Trust	Checking - Restricted	7007	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
16R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1000	141	142	Escrow Account - funds held in trust under bond indenture; only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
17R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1001	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
18R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1002	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.

See Note [A]

See Note [A]

Verity Health System, Inc.
Restricted Funds Schedule
At April 30, 2019 and May 31, 2019
\$ in 000's

No.	Debtor Name	Institution Name	Type of Account	Last 4 of A/C	4/30/2019 Balance	5/31/2019 Balance	Description of Restrictions
19R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1003	17,667	17,698	Escrow Account - funds held in trust under bond indenture; only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
20R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1004	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
21R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1005	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
22R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1006	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.
23R	Seton Medical Center	Wilmington Trust	Checking - Restricted	1007	-	-	Escrow Account - only trustee can authorize disbursements to pay for seismic-related expenditures for Seton Medical Center.

Note [A] - These accounts hold funds on a temporary basis that are exclusively used to make debt service payments to the bondholders. These funds cannot be accessed by Seton Medical Center.

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address David Pullman 9250 Robin Drive Los Angeles, CA 90069 Landline: 310 288 0558 Cell: 310 770 1695 Fax: 310 288 0908 E-Mail: dpullman@pullmanbonds.com Self-represented <input checked="" type="checkbox"/> <i>Movant appearing without an attorney</i> <input type="checkbox"/> <i>Attorney for Movant</i>	FOR COURT USE ONLY <div style="border: 1px solid black; padding: 10px; text-align: center;"> FILED & ENTERED <div style="border: 1px solid black; padding: 5px; margin: 5px auto; width: 80%;"> MAY 24 2019 </div> CLERK U.S. BANKRUPTCY COURT Central District of California BY gonzalez DEPUTY CLERK </div> <p style="text-align: center; margin-top: 20px;">CHANGES MADE BY COURT</p>
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - <u>Los Angeles</u> DIVISION	
In re: VERITY HEALTH SYSTEM OF CALIFORNIA, INC., <i>et al.</i> , Debtors and Debtors in Possession. Debtor(s).	CASE NO.: 2:18-bk-20151-ER CHAPTER: 11 <div style="text-align: center; border: 1px solid black; padding: 5px;"> ORDER GRANTING MOTION FOR RELIEF FROM THE AUTOMATIC STAY UNDER 11 U.S.C. § 362 (Action in Nonbankruptcy Forum) </div> DATE: March 18, 2019 TIME: 10:00 am COURTROOM: 1568 PLACE: 255 East Temple St. Los Angeles, CA 90012
MOVANT: David Pullman	

1. The Motion was: Opposed Unopposed Settled by stipulation
2. The Motion affects the following Nonbankruptcy Action:
- Name of Nonbankruptcy Action: David Pullman v. Rick A. Friedman, M.D., *et al.*
- Docket number: BC597684
- Nonbankruptcy court or agency where the Nonbankruptcy Action is pending: Superior Court of California, Los Angeles

3. The Motion is granted under 11 U.S.C. § 362(d)(1).
4. As to Movant, its successors, transferees and assigns, the stay of 11 U.S.C. § 362(a) is:
- Terminated as to the Debtor and the Debtor's bankruptcy estate.
 - Modified or conditioned as set forth in Exhibit _____ to the Motion.
 - Annulled retroactively to the bankruptcy petition date. Any postpetition acts taken by Movant to enforce its remedies regarding the nonbankruptcy action do not constitute a violation of the stay.
5. **Limitations on Enforcement of Judgment:** Movant may proceed in the nonbankruptcy forum to final judgment (including any appeals) in accordance with applicable nonbankruptcy law. Movant is permitted to enforce its final judgment only by (*specify all that apply*):
- Collecting upon any available insurance in accordance with applicable nonbankruptcy law.
 - Proceeding against the Debtor as to property or earnings that are not property of this bankruptcy estate.
6. This order is binding and effective despite any conversion of this bankruptcy case to a case under any other chapter of the Bankruptcy Code.
7. The co-debtor stay of 11 U.S.C. § 1201(a) or § 1301(a) is terminated, modified or annulled as to the co-debtor, on the same terms and conditions as to the Debtor.
8. The 14-day stay prescribed by FRBP 4001(a)(3) is waived.
9. This order is binding and effective in any bankruptcy case commenced by or against the Debtor for a period of 180 days, so that no further automatic stay shall arise in that case as to the nonbankruptcy action.
10. ~~This order is binding and effective in any future bankruptcy case, no matter who the debtor may be, without further notice.~~
11. Other (*specify*):

David Pullman is granted relief from the automatic stay as of March 15, 2019, on the basis that he will seek recovery only from applicable insurance, he will not seek damages that are not covered by insurance, and he waives any deficiency or other claim against the Debtor or property of the Debtors' bankruptcy estates, in accordance with the Stipulation filed March 12, 2019 {Docket No. 1787}.

###

Date: May 24, 2019



Ernest M. Robles
United States Bankruptcy Judge

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address Phillip K. Wang (Cal. Bar No. 186712) RIMON, P.C. One Embarcadero Center, Suite 400 San Francisco, California 94111 Telephone: (415) 968-2002 Facsimile: (415) 968-2002 Email: phillip.wang@rimonlaw.com	FOR COURT USE ONLY <div style="border: 1px solid black; padding: 10px; text-align: center;"> <p>FILED & ENTERED</p> <div style="border: 1px solid black; padding: 5px; margin: 5px auto; width: 80%;"> <p>MAY 02 2019</p> </div> <p>CLERK U.S. BANKRUPTCY COURT Central District of California BY gonzalez DEPUTY CLERK</p> </div>
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA LOS ANGELES DIVISION	
In re: VERITY HEALTH SYSTEM OF CALIFORNIA, INC., et al., Debtors and Debtors In Possession.	CASE NO.: 2:18-bk-20151-ER (Lead Case) CHAPTER: 11
Debtor(s).	<p>ORDER GRANTING MOTION FOR RELIEF FROM THE AUTOMATIC STAY UNDER 11 U.S.C. § 362 (PERSONAL PROPERTY) TO ALLOW PRE-PETITION SETOFF</p>
DATE: April 29, 2019 TIME: 10:00 a.m. COURTROOM: 1568 PLACE: 255 East Temple Street, Los Angeles, CA 90012	
Movant: Delta Dental of California	

1. The Motion was: Opposed Unopposed Settled by stipulation

2. The Motion affects the following personal property (Property):

Vehicle (year, manufacturer, type and model):

Vehicle identification number:
 Location of vehicle (if known):

Equipment (manufacturer, type, and characteristics):

Serial number(s):
 Location (if known):

Other personal property (*type, identifying information, and location*):

Delta Dental seeks to setoff its prepetition claim of \$888,821.94 against Debtor's prepayment deposit of \$816,900 paid to Delta Dental in 2012 for its self-funded dental insurance plan, which deposit is in Delta's possession.

See Exhibit _____ attached to the Motion.

3. The Motion is granted under:
- 11 U.S.C. § 362 (d)(1)
 - 11 U.S.C. § 362 (d)(2)
4. As to Movant, its successors, transferees and assigns, the stay of 11 U.S.C. § 362(a) is:
- Terminated as to the Debtor and the Debtor's bankruptcy estate.
 - Modified or conditioned as set forth in Paragraph 16, below, of this order.
 - Annulled retroactively to the bankruptcy petition date. Any postpetition acts taken by Movant to enforce its remedies regarding the Property do not constitute a violation of the stay.
5. Movant may enforce its remedies to repossess or otherwise obtain possession and dispose of the Property in accordance with applicable nonbankruptcy law, but may not pursue any deficiency claim against the Debtor or property of the estate except by filing a proof of claim pursuant to 11 U.S.C. § 501.
6. Movant must not repossess the Property before (*date*) _____.
7. The stay remains in effect subject to the terms and conditions set forth in the Adequate Protection Agreement to this order.
8. In chapter 13 cases, the trustee must not make any further payments on account of Movant's secured claim after entry of this order. The secured portion of Movant's claim is deemed withdrawn upon entry of this order without prejudice to Movant's right to file an amended unsecured claim for any deficiency. Absent a stipulation or order to the contrary, Movant must return to the trustee any payments received from the trustee on account of Movant's secured claim after entry of this order.
9. The co-debtor stay of 11 U.S.C. § 1201(a) or § 1301(a) is terminated or modified as to the co-debtor, as to the same terms and conditions.
10. The 14-day stay provided by FRBP 4001(a)(3) is waived.
11. This order is binding and effective despite any conversion of this bankruptcy case to a case under any other chapter of the Bankruptcy Code.
12. This order is binding in any other bankruptcy case purporting to affect the Property filed not later than 2 years after the date of entry of such order, except that a debtor in a subsequent case may move for relief from the order based upon changed circumstances or for good cause shown, after notice and hearing.
13. This order is binding and effective in any bankruptcy case commenced by or against the Debtor for a period of 180 days, so that no further automatic stay shall arise in that case as to the Property.
14. This order is binding and effective in any bankruptcy case commenced by or against any debtor who claims any interest in the Property for a period of 180 days, so that no further automatic stay shall arise in that case as to the Property.

15. This order is binding and effective in any future bankruptcy case, no matter who the debtor may be
- without further notice.
 - upon recording of a copy of this order or giving appropriate notice of its entry in compliance with applicable nonbankruptcy law.

16. Other (*specify*):

Relief from stay in these cases is granted pursuant to 11 U.S.C. § 362(d) to permit Delta Dental to effectuate a setoff pursuant to 11 U.S.C. § 553 and applicable law of its prepetition claim of \$888,821.94 against the Debtors' prepetition deposit of \$816,900. The remaining balance of Delta Dental's prepetition claim shall be \$71,921.94. The Court's tentative ruling is incorporated by this reference.

APPROVED AS TO FORM:

DENTONS US LLP

By: /s/John A. Moe, II
John A. Moe, II
Attorneys for Chapter 11 Debtors
and Debtors In Possession

###

Date: May 2, 2019


Ernest M. Robles
United States Bankruptcy Judge

1 SAMUEL R. MAIZEL (Bar No. 189301)
 samuel.maizel@dentons.com
 2 JOHN A. MOE, II (Bar No. 066893)
 john.moe@dentons.com
 3 TANIA M. MOYRON (Bar No. 235736)
 tania.moyron@dentons.com
 4 DENTONS US LLP
 601 South Figueroa Street, Suite 2500
 5 Los Angeles, California 90017-5704
 Tel: (213) 623-9300 / Fax: (213) 623-9924
 6
 7 Attorneys for the Chapter 11 Debtors and
 Debtors In Possession



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

10 In re
 11 VERITY HEALTH SYSTEM OF
 CALIFORNIA, INC., *et al.*,
 12 Debtors and Debtors In Possession.

- 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 DePaul Ventures, LLC
- Affects DePaul 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 Cases

Judge: Hon. Ernest M. Robles

**ORDER GRANTING MOTION FOR RELIEF
 FROM THE AUTOMATIC STAY FILED ON
 BEHALF OF MARY MEEKO [DOCKET NO. 2091]**

Hearing:

DATE: April 29, 2019
 TIME: 10:00 a.m.
 PLACE: Roybal Federal Building
 Courtroom 1568
 255 East Temple Street
 Los Angeles, California 90012

DENTONS US LLP
 601 SOUTH FIGUEROA STREET, SUITE 2500
 LOS ANGELES, CALIFORNIA 90017-5704
 (213) 623-9300

1 The Motion For Relief From The Automatic Stay filed on behalf of Mary Meeko [Docket
2 No. 2091], came on regularly for hearing at 10:00 a.m. on Monday, April 29, 2019, in Courtroom
3 1568, Roybal Federal Building, 255 East Temple Street, Los Angeles, California 90012. No
4 appearances were made at the hearing, as both parties rested on the Tentative Ruling.

5 Having reviewed the Motion, the Stipulation Between Verity Health System Of California,
6 Inc., Seton Medical Center, Mark Fratzke, James Jackson And Mary Meeko, Granting Mary Meeko
7 Relief From The Automatic Stay [Docket No. 2224], and good cause appearing therefor,

8 IT IS HEREBY ORDERED that:

9 1. The Motion is granted.

10 2. Pursuant to the terms of the Stipulation:

11 a. Meeko may proceed under applicable nonbankruptcy law to enforce her
12 remedies to proceed to judgment in a nonbankruptcy forum against VHS/Seton, and to enforce the
13 judgment against the VHS/Seton's insurers, provided that the stay remains in effect with respect to
14 enforcement of any judgment against the VHS/Seton or property of the VHS/Seton's bankruptcy
15 estates, other than the VHS/Seton's insurance policies.

16 b. Meeko may also file administrative claims with the U.S. Equal Employment
17 Opportunity Commission and the California Department of Fair Employment and Housing against
18 VHS/Seton and obtain right to sue letters thereon which is prerequisite to her suing VHS/Seton in
19 United States District Court on her claims under the Americans with Disabilities Act and the
20 California Fair Employment and Housing Act.

21 c. Meeko may not seek punitive damages.

22 d. Meeko shall not have relief from stay as to her claim for Personal Time Off
23 (PTO) pay, on which she has filed a Proof Of Claim.

24 e. VHS/Seton do not waive their right to assert any defenses under the law.

25 f. In *Meeko v. Fratzke, et al.*, U.S. District Court for the Northern District of
26 California No. 3:18-cv-07808-SK, Meeko Case No. 3:18-cv-07808-SK, VHS/Seton, Fratzke and
27 Jackson will enter into a stipulation: (i) giving Meeko leave to file an amended complaint adding
28 claims against VHS/Seton, including the claims alleged in the Proofs Of Claim that Meeko has

1 submitted in this bankruptcy (other than the PTO Claim); (ii) dismissing Fratzke and Jackson as
2 defendants; and (iii) providing that Meeko, and Fratzke and Jackson, will not seek an award of
3 attorneys' fees or costs against each other.

4 ###

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Date: May 2, 2019



Ernest M. Robles
United States Bankruptcy Judge

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address Steven C. Peck, Esq., SBN 097343 Adam J. Peck, Esq., SBN 262549 Peck Law Group, APC 6454 Van Nuys Boulevard, Suite 150 Van Nuys, CA 91401 Tel: (818) 908-0509 Fax: (818) 908-1158 Email: stevenpeck@thepecklawgroup.com Email: adampeck@thepecklawgroup.com <input type="checkbox"/> <i>Movant appearing without an attorney</i> <input checked="" type="checkbox"/> <i>Attorney for Movant Myung Soo Han</i>	FOR COURT USE ONLY <div style="border: 1px solid black; padding: 10px; text-align: center;"> FILED & ENTERED <div style="border: 1px solid black; padding: 5px; display: inline-block;"> MAY 16 2019 </div> CLERK U.S. BANKRUPTCY COURT Central District of California BY gonzalez DEPUTY CLERK </div> CHANGES MADE BY COURT
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION	
In re: Verity Health System of California, Inc. Debtor(s).	CASE NO.: 18-20151-ER CHAPTER: 11 <div style="text-align: center; border: 1px solid black; padding: 5px;"> ORDER GRANTING MOTION FOR RELIEF FROM THE AUTOMATIC STAY UNDER 11 U.S.C. § 362 (Action in Nonbankruptcy Forum) </div> DATE: 03/18/2019 TIME: 10:00 a.m. COURTROOM: 1568 PLACE: Edward Roybal Building
MOVANT: Myung Soo Han	

1. The Motion was: Opposed Unopposed Settled by stipulation

2. The Motion affects the following Nonbankruptcy Action:

Name of Nonbankruptcy Action: Myung Soo Han v. Verity Health System of California, Inc., et al.

Docket number: BC647082

Nonbankruptcy court or agency where the Nonbankruptcy Action is pending: Los Angeles County Superior Court

3. The Motion is granted under 11 U.S.C. § 362(d)(1).
4. As to Movant, its successors, transferees and assigns, the stay of 11 U.S.C. § 362(a) is:
 - a. Terminated as to the Debtor and the Debtor's bankruptcy estate.
 - b. Modified or conditioned as set forth in Exhibit A to the Motion.
 - c. Annulled retroactively to the bankruptcy petition date. Any postpetition acts taken by Movant to enforce its remedies regarding the nonbankruptcy action do not constitute a violation of the stay.
5. **Limitations on Enforcement of Judgment:** Movant may proceed in the nonbankruptcy forum to final judgment (including any appeals) in accordance with applicable nonbankruptcy law. Movant is permitted to enforce its final judgment only by (*specify all that apply*):
 - a. Collecting upon any available insurance in accordance with applicable nonbankruptcy law.
 - b. Proceeding against the Debtor as to property or earnings that are not property of this bankruptcy estate.
6. This order is binding and effective despite any conversion of this bankruptcy case to a case under any other chapter of the Bankruptcy Code.
7. The co-debtor stay of 11 U.S.C. § 1201(a) or § 1301(a) is terminated, modified or annulled as to the co-debtor, on the same terms and conditions as to the Debtor.
8. The 14-day stay prescribed by FRBP 4001(a)(3) is waived.
9. ~~This order is binding and effective in any bankruptcy case commenced by or against the Debtor for a period of 180 days, so that no further automatic stay shall arise in that case as to the nonbankruptcy action.~~
10. ~~This order is binding and effective in any future bankruptcy case, no matter who the debtor may be, without further notice.~~
11. Other (*specify*): The Motion is granted for the reasons set forth in the Court's tentative ruling [Doc. No. 1833], which the Court adopts as its final ruling and which is incorporated herein by reference.

###

Date: May 16, 2019


Ernest M. Robles
United States Bankruptcy Judge

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar**

Monday, March 18, 2019

Hearing Room 1568

10:00 AM

2:18-20151 Verity Health System of California, Inc.

Chapter 11

#6.00 HearingRE: [1530] Notice of motion and motion for relief from automatic stay with supporting declarations ACTION IN NON-BANKRUPTCY FORUM RE: Myung Soo Han v. Verity Health System of California et al., BC647082

Docket 1530

Tentative Ruling:

3/14/2019

For the reasons set forth below, the Motion is GRANTED; however, the order granting the Motion shall not take effect until **May 15, 2019**.

Pleadings Filed and Reviewed:

- 1) Notice of Motion and Motion for Relief from the Automatic Stay Under 11 U.S.C. § 362 [Doc. No. 1530] (the "Motion")
- 2) Debtors' Response to Motion for Relief from the Automatic Stay Filed on Behalf of Myung Soo Han [Doc. No. 1694]
- 3) Official Committee of Unsecured Creditors' Response to Motion for Relief from Stay (Non-Bankruptcy Forum) Filed by Myung Soo Han [Doc. No. 1696]
- 4) No Reply in support of the Motion is on file

I. Facts and Summary of Pleadings

On August 31, 2018 (the "Petition Date"), Verity Health Systems of California ("VHS") and certain of its subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. On August 31, 2018, the Court entered an order granting the Debtors' motion for joint administration of the Debtors' Chapter 11 cases. Doc. No. 17.

Myung Soo Han ("Movant") seeks stay-relief, pursuant to § 362(d)(1), for the purpose of litigating an action for assault and battery and elder abuse against the Debtors in the Los Angeles Superior Court (the "State Court Action"). The State Court Action alleges that while a patient at St. Vincent Medical Center, Movant was assaulted by an orderly when he requested that the temperature in his room be increased. The Motion does not indicate that Movant is willing to limit the recovery sought in the State Court Action to applicable insurance or that Movant will waive

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar**

Monday, March 18, 2019

Hearing Room 1568

10:00 AM

CONT... Verity Health System of California, Inc. Chapter 11

any deficiency claim against the Debtors. The State Court Action was filed on January 18, 2017.

In opposition to the Motion, Debtors state that they would consider stipulating to stay-relief provided Movant agreed to seek recovery only from insurance and waived any deficiency claim. Because Movant has not agreed to limit his recovery in this manner, Debtors contend that the Motion should be denied without prejudice. Debtors assert that being required to litigate the State Court Action would distract attention from pressing issues, such as the sale of the remaining hospitals.

For the same reasons, the Official Committee of Unsecured Creditors asserts that Motion should be denied without prejudice.

Movant has not filed any reply papers in support of the Motion.

II. Findings and Conclusions

As explained by the Ninth Circuit Bankruptcy Appellate Panel in *Kronemyer v. American Contractors Indemnity Co. (In re Kronemyer)* (internal citations omitted): "What constitutes 'cause' for granting relief from the automatic stay is decided on a case-by-case basis. Among factors appropriate to consider in determining whether relief from the automatic stay should be granted to allow state court proceedings to continue are considerations of judicial economy and the expertise of the state court, ... as well as prejudice to the parties and whether exclusively bankruptcy issues are involved." 405 B.R. 915, 921. The factors articulated in *In re Curtis*, 40 B.R. 795, 799-800 (Bankr. D. Utah 1984) and adopted by the bankruptcy court in *Truebro, Inc. v. Plumberex Specialty Prods., Inc. (In re Plumberex Specialty Prods., Inc)*, 311 B.R. 551, 559-60 (Bankr. C.D. Cal. 2004) are also "appropriate, nonexclusive factors to consider in deciding whether to grant relief from the automatic stay to allow pending litigation to continue in another forum." *Kronemyer*, 405 B.R. at 921. The *Curtis* factors are as follows:

- 1) Whether the relief will result in a partial or complete resolution of the issues;
- 2) The lack of any connection with or interference with the bankruptcy case;
- 3) Whether the foreign proceeding involves the debtor as a fiduciary;
- 4) Whether a specialized tribunal has been established to hear the particular cause of action and whether that tribunal has the expertise to hear such cases;
- 5) Whether the debtor's insurance carrier has assumed full financial responsibility for defending the litigation;
- 6) Whether the action essentially involves third parties, and the debtor functions

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar**

Monday, March 18, 2019

Hearing Room 1568

10:00 AM

CONT...

Verity Health System of California, Inc.

Chapter 11

- only as a bailee or conduit for the goods or proceeds in question;
- 7) Whether the litigation in another forum would prejudice the interests of other creditors, the creditors' committee and other interested parties;
 - 8) Whether the judgment claim arising from the foreign action is subject to equitable subordination under Section 510(c);
 - 9) Whether movant's success in the foreign proceeding would result in a judicial lien avoidable by the debtor under Section 522(f);
 - 10) The interests of judicial economy and the expeditious and economical determination of litigation for the parties;
 - 11) Whether the foreign proceedings have progressed to the point where the parties are prepared for trial, and
 - 12) The impact of the stay on the parties and the "balance of hurt."

Plumberex, 311 B.R. at 599.

The most important of the twelve factors is the effect of the non-bankruptcy litigation on the administration of the estate. *Curtis*, 40 B.R. at 806. The *Curtis* court held that "[e]ven slight interference with the administration may be enough to preclude relief in the absence of a commensurate benefit." *Id.*

Because Movant has not agreed to limit his recovery to insurance, granting stay-relief at this time would require the Debtors to defend against the State Court Action. Although it would certainly be possible for the Debtors to mount a defense at this time, requiring them to do so would nonetheless interfere with the case by distracting the Debtors' professionals from other pressing matters. Among other things, the State Court Complaint alleges that after Movant told an orderly that he was cold, the orderly threatened to kill Movant and then choked Movant, causing him to fall out of his hospital bed and injuring his mouth, side, and leg. If these allegations are proven, the damages would likely be substantial. While it is true that primary responsibility for the Debtors' defense could be assigned to special litigation counsel, the Debtors' general bankruptcy counsel would still be required to monitor the litigation.

An auction of four of the Debtors' hospitals is set to occur on April 8–9, with a hearing to approve the results of the auction set for April 17, 2019. To successfully prosecute the case for the benefit of creditors, Debtors will be required to devote substantial resources to the auction and the subsequent hearing to approve the results of the auction. Granting stay-relief at this juncture would require the Debtors to divert their attention from issues pertaining to the sale, which would be detrimental to creditors.

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar**

Monday, March 18, 2019

Hearing Room 1568

10:00 AM

CONT... Verity Health System of California, Inc.

Chapter 11

In view of the findings set forth above, *Curtis* factors two, five, seven, and eleven weigh against granting stay-relief at this time. However, after the April 17 auction has concluded, application of the *Curtis* factors will yield a different result. Although the relevant *Curtis* factors do not warrant stay-relief now, stay-relief will be warranted as of **May 15, 2019**.

Granting stay-relief now would interfere with the bankruptcy case by distracting the Debtors' professionals from other pressing matters (the second *Curtis* factor). With respect to factor five, the damages sought in the State Court Action are substantial; Movant has not agreed to limit his recovery to applicable insurance; and it is therefore not known whether available insurance proceeds will be sufficient to cover any judgment Movant may obtain. Factor five therefore weighs against granting immediate stay-relief. The litigation's interference with the case has the potential to reduce creditor recoveries; therefore, factor seven weighs against granting immediate stay-relief. The State Court Action has not reached the trial stage, so factor eleven also weighs against granting immediate stay-relief.

Factor twelve—the balance of the hurt—is neutral. As discussed, granting immediate stay-relief will harm the Debtors by distracting the Debtors' professionals from other pressing matters. On the other hand, Movant is prejudiced by the inability to pursue legal redress.

To the extent that they apply, the remaining *Curtis* factors weigh in favor of immediate stay-relief. The State Court Action will completely resolve the issues (factor one); the State Court is the tribunal best suited to hear the Movant's claims (factor three); and lifting the stay would result in a more expeditious determination of the State Court Action (factor ten). Nonetheless, these factors are outweighed by the harm that immediate stay-relief would impose upon the Debtors.

Having considered the applicable *Curtis* factors, the Court finds that Movant is entitled to stay-relief, effective as of **May 15, 2019**. This result gives the Debtors some breathing space to achieve their objectives, while at the same time delaying Movant's ability to proceed with the State Court Action by only two months.

III. Conclusion

Based upon the foregoing, the Motion is **GRANTED**; however, the order granting the Motion shall not take effect until **May 15, 2019**. Movants shall submit an order, incorporating this tentative ruling by reference, within seven days of the hearing.

[Note 1]

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar**

Monday, March 18, 2019

Hearing Room 1568

10:00 AM

CONT... Verity Health System of California, Inc.

Chapter 11

No appearance is required if submitting on the court's tentative ruling. If you intend to submit on the tentative ruling, please contact Jessica Vogel or Daniel Koontz at 213-894-1522. **If you intend to contest the tentative ruling and appear, please first contact opposing counsel to inform them of your intention to do so.** Should an opposing party file a late opposition or appear at the hearing, the court will determine whether further hearing is required. If you wish to make a telephonic appearance, contact Court Call at 888-882-6878, no later than one hour before the hearing.

Note 1

To ensure that the Debtors have the opportunity to review Movants' proposed order as to form, Movants shall either (a) submit a *Notice of Lodgment* of the proposed order in accordance with the procedure set forth in Local Bankruptcy Rule 9021-1(b)(3)(A) or, in the alternative, shall (b) obtain Debtors' endorsement as to the form of the proposed order pursuant to the procedure set forth in Local Bankruptcy Rule 9021-1(b)(3)(C).

Party Information

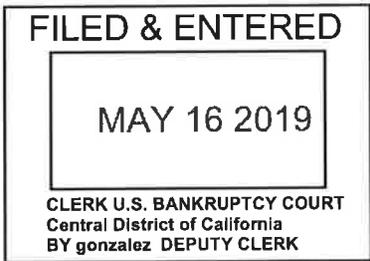
Debtor(s):

Verity Health System of California,

Represented By

Samuel R Maizel
John A Moe II
Tania M Moyron
Claude D Montgomery
Sam J Alberts
Shirley Cho
Patrick Maxcy

1 SAMUEL R. MAIZEL (Bar No. 189301)
 samuel.maizel@dentons.com
 2 JOHN A. MOE, II (Bar No. 066893)
 john.moe@dentons.com
 3 TANIA M. MOYRON (Bar No. 235736)
 tania.moyron@dentons.com
 4 DENTONS US LLP
 601 South Figueroa Street, Suite 2500
 5 Los Angeles, California 90017-5704
 Tel: (213) 623-9300 / Fax: (213) 623-9924
 6
 7 Attorneys for the Chapter 11 Debtors and
 Debtors In Possession



8 **UNITED STATES BANKRUPTCY COURT**
 9 **CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION**

10 In re
 11 VERITY HEALTH SYSTEM OF
 CALIFORNIA, INC., *et al.*,
 12 Debtors and Debtors In
 13 Possession.

- 14 Affects All Debtors
- 15 Affects Verity Health System of
California, Inc.
- 16 Affects O'Connor Hospital
- 17 Affects Saint Louise Regional Hospital
- 18 Affects St. Francis Medical Center
- 19 Affects St. Vincent Medical Center
- 20 Affects Seton Medical Center
- 21 Affects O'Connor Hospital Foundation
- 22 Affects Saint Louise Regional Hospital
Foundation
- 23 Affects St. Francis Medical Center of
Lynwood Foundation
- 24 Affects St. Vincent Foundation
- 25 Affects St. Vincent Dialysis Center, Inc.
- 26 Affects Seton Medical Center
Foundation
- 27 Affects Verity Business Services
- 28 Affects Verity Medical Foundation
- Affects Verity Holdings, LLC
- Affects DePaul Ventures, LLC
- Affects DePaul 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 Cases

Judge: Hon. Ernest M. Robles

**ORDER GRANTING MOTION FOR RELIEF
 FROM THE AUTOMATIC STAY ON BEHALF
 OF PRINCESS NAOPE AND KEHAU NAOPE
 [DOCKET NO. 2064]**

Hearing:

DATE: May 6, 2019
 TIME: 10:00 a.m.
 PLACE: Roybal Federal Building
 255 East Temple Street, Ctrrm 1568
 Los Angeles, California 90012

DENTONS US LLP
 601 SOUTH FIGUEROA STREET, SUITE 2500
 LOS ANGELES, CALIFORNIA 90017-5704
 (213) 623-9300

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

The Motion For Relief From The Automatic Stay [Docket No. 2064] filed on behalf of Princess Naope and Kehau Naope (the "NAOPES") came on regularly for hearing at 10:00 a.m. on Monday, May 6, 2019, in Courtroom 1568, Roybal Federal Building, 255 East Temple Street, Los Angeles, California 90012. No appearances were made at the hearing as both parties rested on the Tentative Ruling.

Having reviewed the Motion, Stipulation Between Debtors Verity Health System of California, Inc., St. Francis Medical Center And Princess Naope And Kehau Naope Granting Motion For Relief From The Automatic Stay [Docket No. 2223] (the "Stipulation"), and good cause appearing therefor,

IT IS HEREBY ORDERED that:

1. The Motion is granted.
2. Pursuant to the terms of the Stipulation:
 - a. Relief from the automatic stay shall not be effective until July 19, 2019.
 - b. The Complaint filed March 11, 2019, in the Superior Court for the State of California, County of Los Angeles, Case No. 19STCV08160, can be served on John A. Moe, II, at Dentons US LLP, on behalf of Defendants, on or after July 19, 2019.
 - c. The NAOPES shall seek recovery only from applicable insurance and waive any deficiency or other claim against the Debtors or property of the Debtors' bankruptcy estate.
 - d. The NAOPES will not seek damages that are not covered by insurance.



Ernest M. Robles
United States Bankruptcy Judge

Date: May 16, 2019

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address Steven C. Peck, Esq., SBN 097343 Adam J. Peck, Esq., SBN 262549 Peck Law Group 6454 Van Nuys Boulevard, Suite 150 Van Nuys, CA 91401 Tel: (818) 908-0509 Fax: (818) 908-1158 Email: stevenpeck@thepecklawgroup.com Email: adampeck@thepecklawgroup.com <input type="checkbox"/> <i>Movant appearing without an attorney</i> <input checked="" type="checkbox"/> <i>Attorney for Movant Yolanda Mancilla</i>	FOR COURT USE ONLY <div style="border: 1px solid black; padding: 10px; text-align: center; margin: 10px auto; width: 80%;"> FILED & ENTERED <div style="border: 1px solid black; padding: 5px; display: inline-block; margin: 5px auto; width: 60%;"> MAY 20 2019 </div> CLERK U.S. BANKRUPTCY COURT Central District of California BY gonzalez DEPUTY CLERK </div> CHANGES MADE BY COURT
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION	
In re: Verity Health System of California, Inc. Debtor(s).	CASE NO.: 18-20151-ER CHAPTER: 11 <div style="text-align: center; padding: 5px;"> ORDER GRANTING MOTION FOR RELIEF FROM THE AUTOMATIC STAY UNDER 11 U.S.C. § 362 (Action in Nonbankruptcy Forum) </div> DATE: 04/15/2019 TIME: 10:00 a.m. COURTROOM: 1568 PLACE: Edward Roybal Building
MOVANT: Yolanda Mancilla	

1. The Motion was: Opposed Unopposed Settled by stipulation

2. The Motion affects the following Nonbankruptcy Action:

Name of Nonbankruptcy Action: Yolanda Mancilla, et al. v. Saint Vincent Medical Center., et al.

Docket number: BC722905

Nonbankruptcy court or agency where the Nonbankruptcy Action is pending: Los Angeles County Superior Court

3. The Motion is granted under 11 U.S.C. § 362(d)(1).
4. As to Movant, its successors, transferees and assigns, the stay of 11 U.S.C. § 362(a) is:
 - a. Terminated as to the Debtor and the Debtor's bankruptcy estate. Relief from the automatic stay is effective as of **June 15, 2019**.
 - b. Modified or conditioned as set forth in Exhibit ___ to the Motion.
 - c. Annulled retroactively to the bankruptcy petition date. Any postpetition acts taken by Movant to enforce its remedies regarding the nonbankruptcy action do not constitute a violation of the stay.
5. **Limitations on Enforcement of Judgment:** Movant may proceed in the nonbankruptcy forum to final judgment (including any appeals) in accordance with applicable nonbankruptcy law. Movant is permitted to enforce its final judgment only by (*specify all that apply*):
 - a. Collecting upon any available insurance in accordance with applicable nonbankruptcy law.
 - b. Proceeding against the Debtor as to property or earnings that are not property of this bankruptcy estate.
6. This order is binding and effective despite any conversion of this bankruptcy case to a case under any other chapter of the Bankruptcy Code.
7. The co-debtor stay of 11 U.S.C. § 1201(a) or § 1301(a) is terminated, modified or annulled as to the co-debtor, on the same terms and conditions as to the Debtor.
8. The 14-day stay prescribed by FRBP 4001(a)(3) is waived.
9. This order is binding and effective in any bankruptcy case commenced by or against the Debtor for a period of 180 days, so that no further automatic stay shall arise in that case as to the nonbankruptcy action.
10. This order is binding and effective in any future bankruptcy case, no matter who the debtor may be, without further notice.
11. Other (*specify*): The Motion is granted for the reasons set forth in the Court's tentative ruling [Doc. No. 2197], which the Court adopts as its final ruling and which is incorporated herein by reference.

###

Date: May 20, 2019


Ernest M. Robles
United States Bankruptcy Judge

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar**

Monday, April 15, 2019

Hearing Room 1568

10:00 AM

2:18-20151 Verity Health System of California, Inc.

Chapter 11

#4.00 HearingRE: [1840] Notice of motion and motion for relief from automatic stay with supporting declarations ACTION IN NON-BANKRUPTCY FORUM RE: Yolanda Mancilla v Saint Vincent Medical Center, BC722905 .

Docket 1840

Tentative Ruling:

4/11/2019

For the reasons set forth below, the Motion is GRANTED; however, the order granting the Motion shall not take effect until **June 15, 2019**.

Pleadings Filed and Reviewed:

- 1) Notice of Motion and Motion for Relief from the Automatic Stay Under 11 U.S.C. § 362 [Doc. No. 1840]
- 2) Debtors' Response and Opposition to Motion for Relief from the Automatic Stay Filed on Behalf of Yolanda Mancilla [Doc. No. 1984]
- 3) Official Committee of Unsecured Creditors' Response to Motion for Relief from Stay (Non-Bankruptcy Forum) Filed by Yolanda Mancilla [Doc. No. 1978]
- 4) No Reply is on file

I. Facts and Summary of Pleadings

On August 31, 2018 (the "Petition Date"), Verity Health Systems of California ("VHS") and certain of its subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. On August 31, 2018, the Court entered an order granting the Debtors' motion for joint administration of the Debtors' Chapter 11 cases. Doc. No. 17.

Yolanda Mancilla, by and through her successor-in-interest, Fernanda Torres (the "Movant") seeks stay-relief, pursuant to §362(d)(1), to permit Movant to prosecute a wrongful death action (the "State Court Action") against the Debtors. Movant has not agreed to limit her recovery to applicable insurance. Although the State Court Action was filed on September 24, 2018, subsequent to the Petition Date, Movant does not seek retroactive annulment of the automatic stay.

In opposition to the Motion, Debtors state that they would consider stipulating to

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar**

Monday, April 15, 2019

Hearing Room 1568

10:00 AM

CONT... Verity Health System of California, Inc.

Chapter 11

stay-relief provided Movant agreed to seek recovery only from insurance and waived any deficiency claim. Because Movant has not agreed to limit her recovery in this manner, Debtors contend that the Motion should be denied without prejudice. Debtors assert that being required to litigate the State Court Action would distract attention from pressing issues, such as the sale of the remaining hospitals. In the event the Court is inclined to grant stay-relief, Debtors request that such relief not take effect until June 15, 2019.

For the same reasons, the Official Committee of Unsecured Creditors asserts that the Motion should be denied without prejudice.

No Reply in support of the Motion is on file.

II. Findings and Conclusions

The parties have not addressed a critical issue—the fact that Movant filed the State Court Action subsequent to the Petition Date without obtaining stay-relief. Unless the Court retroactively annuls the automatic stay, the filing of the State Court Action is void. *See Schwartz v. United States (In re Schwartz)*, 954 F.2d 569, 571 (9th Cir. 1992) (holding that "violations of the automatic stay are void, not voidable").

"[T]he proper standard for determining 'cause' to annul the automatic stay retroactively is a 'balancing of the equities' test." *Fjeldsted v. Lien (In re Fjeldsted)*, 293 B.R. 12, 24 (B.A.P. 9th Cir. 2003). In weighing the equities, the general trend has been to focus on two factors: "(1) whether the creditor was aware of the bankruptcy petition; and (2) whether the debtor engaged in unreasonable or inequitable conduct, or prejudice would result to the creditor." *Id.*

Movant has not requested retroactive annulment of the automatic stay. That alone is sufficient reason for the Court to decline to grant such relief. In addition, there is no evidence before the Court as to either of the two factors set forth in *In re Fjeldsted*. The Court will not retroactively annul the stay. This means that the filing of the State Court action is void.

The Court finds that stay-relief is appropriate. To enable the Debtors to focus upon the sale of their remaining hospitals, such relief shall not take effect until **June 15, 2019**.

As explained by the Ninth Circuit Bankruptcy Appellate Panel in *Kronemyer v. American Contractors Indemnity Co. (In re Kronemyer)* (internal citations omitted): "What constitutes 'cause' for granting relief from the automatic stay is decided on a case-by-case basis. Among factors appropriate to consider in determining whether relief from the automatic stay should be granted to allow state court proceedings to

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar**

Monday, April 15, 2019

Hearing Room 1568

10:00 AM

CONT... Verity Health System of California, Inc.

Chapter 11

continue are considerations of judicial economy and the expertise of the state court, ... as well as prejudice to the parties and whether exclusively bankruptcy issues are involved." 405 B.R. 915, 921. The factors articulated in *In re Curtis*, 40 B.R. 795, 799-800 (Bankr. D. Utah 1984) and adopted by the bankruptcy court in *Truebro, Inc. v. Plumberex Specialty Prods., Inc. (In re Plumberex Specialty Prods., Inc)*, 311 B.R. 551, 559-60 (Bankr. C.D. Cal. 2004) are also "appropriate, nonexclusive factors to consider in deciding whether to grant relief from the automatic stay to allow pending litigation to continue in another forum." *Kronemyer*, 405 B.R. at 921. The *Curtis* factors are as follows:

- 1) Whether the relief will result in a partial or complete resolution of the issues;
- 2) The lack of any connection with or interference with the bankruptcy case;
- 3) Whether the foreign proceeding involves the debtor as a fiduciary;
- 4) Whether a specialized tribunal has been established to hear the particular cause of action and whether that tribunal has the expertise to hear such cases;
- 5) Whether the debtor's insurance carrier has assumed full financial responsibility for defending the litigation;
- 6) Whether the action essentially involves third parties, and the debtor functions only as a bailee or conduit for the goods or proceeds in question;
- 7) Whether the litigation in another forum would prejudice the interests of other creditors, the creditors' committee and other interested parties;
- 8) Whether the judgment claim arising from the foreign action is subject to equitable subordination under Section 510(c);
- 9) Whether movant's success in the foreign proceeding would result in a judicial lien avoidable by the debtor under Section 522(f);
- 10) The interests of judicial economy and the expeditious and economical determination of litigation for the parties;
- 11) Whether the foreign proceedings have progressed to the point where the parties are prepared for trial, and
- 12) The impact of the stay on the parties and the "balance of hurt."

Plumberex, 311 B.R. at 599.

The most important of the twelve factors is the effect of the non-bankruptcy litigation on the administration of the estate (factor two). *Curtis*, 40 B.R. at 806. The *Curtis* court held that "[e]ven slight interference with the administration may be enough to preclude relief in the absence of a commensurate benefit." *Id.*

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar**

Monday, April 15, 2019

Hearing Room 1568

10:00 AM

CONT... Verity Health System of California, Inc.

Chapter 11

Because Movant has not agreed to limit her recovery to insurance, granting stay-relief at this time would require the Debtors to defend against the State Court Action. Although it would certainly be possible for the Debtors to mount a defense at this time, requiring them to do so would nonetheless interfere with the case by distracting the Debtors' professionals from the sale of their remaining hospitals. A hearing to approve the sale of the remaining hospitals is set for April 17, 2019 (the "Sale Hearing"). To successfully prosecute the case for the benefit of creditors, Debtors will be required to devote substantial resources to the Sale Hearing. Even after the Sale Hearing has been completed, Debtors will be required to devote substantial attention to issues arising in connection with the California Attorney General's review of the sale.

In view of the findings set forth above, *Curtis* factors two, five, seven, and eleven weigh against granting stay-relief at this time. Although the relevant *Curtis* factors do not warrant stay-relief now, stay-relief will be warranted as of **June 15, 2019**.

Granting stay-relief now would interfere with the bankruptcy case by distracting the Debtors' professionals from other pressing matters (the second *Curtis* factor). With respect to factor five, the damages sought in the State Court Action are substantial; Movant has not agreed to limit recovery to applicable insurance; and it is therefore not known whether available insurance proceeds will be sufficient to cover any judgment Movant may obtain. Factor five weighs against granting immediate stay-relief. The litigation's interference with the case has the potential to reduce creditor recoveries; therefore, factor seven weighs against granting immediate stay-relief. The State Court Action has not reached the trial stage, so factor eleven also weighs against granting immediate stay-relief.

Factor twelve—the balance of the hurt—is neutral. As discussed, granting immediate stay-relief will harm the Debtors by distracting the Debtors' professionals from other pressing matters. On the other hand, Movant is prejudiced by the inability to pursue legal redress.

To the extent that they apply, the remaining *Curtis* factors weigh in favor of immediate stay-relief. The State Court Action will completely resolve the issues (factor one); the State Court is the tribunal best suited to hear the Movant's claims (factor three); and lifting the stay would result in a more expeditious determination of the State Court Action (factor ten). Nonetheless, these factors are outweighed by the harm that immediate stay-relief would impose upon the Debtors.

Having considered the applicable *Curtis* factors, the Court finds that Movant is entitled to stay-relief, effective as of **June 15, 2019**. This result gives the Debtors

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar**

Monday, April 15, 2019

Hearing Room 1568

10:00 AM

CONT... Verity Health System of California, Inc.

Chapter 11

some breathing space to achieve their objectives, while at the same time delaying Movant's ability to proceed with the State Court Action by only two months.

III. Conclusion

Based upon the foregoing, the Motion is GRANTED; however, the order granting the Motion shall not take effect until **June 15, 2019**. Movant shall submit an order, incorporating this tentative ruling by reference, within seven days of the hearing.

[Note 1]

No appearance is required if submitting on the court's tentative ruling. If you intend to submit on the tentative ruling, please contact Jessica Vogel or Daniel Koontz at 213-894-1522. **If you intend to contest the tentative ruling and appear, please first contact opposing counsel to inform them of your intention to do so.** Should an opposing party file a late opposition or appear at the hearing, the court will determine whether further hearing is required. If you wish to make a telephonic appearance, contact Court Call at 888-882-6878, no later than one hour before the hearing.

Note 1

To ensure that the Debtors have the opportunity to review Movant's proposed order as to form, Movant shall either (a) submit a *Notice of Lodgment* of the proposed order in accordance with the procedure set forth in Local Bankruptcy Rule 9021-1(b)(3)(A) or, in the alternative, shall (b) obtain Debtors' endorsement as to the form of the proposed order pursuant to the procedure set forth in Local Bankruptcy Rule 9021-1(b)(3)(C).

Party Information

Debtor(s):

Verity Health System of California,

Represented By

Samuel R Maizel

John A Moe II

Tania M Moyron

Claude D Montgomery

**United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar**

Monday, April 15, 2019

Hearing Room 1568

10:00 AM

CONT... Verity Health System of California, Inc.

Chapter 11

Sam J Alberts
Shirley Cho
Patrick Maxcy