

LAW OFFICES OF MICHAEL D. GONZALEZ

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ST. FRANCIS MEDICAL CENTER

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.

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

Debtors and Debtors in Possession.

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

Jointly Administered with:
Case No. 2:18-bk-20162-BB
Case No. 2:18-bk-20163-BB
Case No. 2:18-bk-20164-BB
Case No. 2:18-bk-20165-BB
Case No. 2:18-bk-20167-BB
Case No. 2:18-bk-20168-BB
Case No. 2:18-bk-20169-BB
Case No. 2:18-bk-20171-BB
Case No. 2:18-bk-20172-BB
Case No. 2:18-bk-20173-BB
Case No. 2:18-bk-20175-BB
Case No. 2:18-bk-20176-BB
Case No. 2:18-bk-20178-BB
Case No. 2:18-bk-20179-BB
Case No. 2:18-bk-20180-BB
Case No. 2:18-bk-20181-BB

Honorable Sheri Bluebond

STIPULATION RESOLVING CINDY CAMPBELL'S MOTION FOR RELIEF FROM STAY

DATE: February 27, 2024
TIME: 10:00 a.m.
PLACE: Courtroom 1539, 15th Floor
Edward R. Roybal Federal Building
and U.S. Courthouse



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1 THIS STIPULATION is entered into by and between Post-Effective Date Debtor St. Francis
2 Medical Center ("St. Francis"), through the Law Offices of Michael D. Gonzalez by attorney Lorraine
3 Kim Hall, and Dentons US LLP by attorney John A. Moe, II, and Cindy Campbell ("Campbell" or the
4 "Plaintiff") through The Zalkin Law Firm, P.C., by attorney Daniel L. Varon, with respect to the following
5 facts:

6 A. On August 31, 2018, Verity Health System of California, Inc. ("Verity"), and St. Francis,
7 together with fifteen related entities ("Debtors," when referring to all 17 debtors), filed for protection
8 under Chapter 11 of the United States Bankruptcy Code, in the United States Bankruptcy Court for the
9 Central District of California, Case Nos. 2:18-bk-20151-BB and 2:18-bk-20164-BB, respectively.

10 B. During the course of the Chapter 11 bankruptcy proceeding, the hospital (the "Hospital")
11 operated by St. Francis was sold to Prime Healthcare Services, Inc., free and clear of all liens and
12 encumbrances, in accordance with the *Order (A) Authorizing The Sale Of Certain Of The Debtors Assets*
13 *To Prime Healthcare Services, Inc., Pursuant To The APA Attached Hereto Free And Clear Of Liens,*
14 *Claims, Encumbrances, And Other Interests; (B) Approving The Assumption And Assignment Of Certain*
15 *Assigned Contracts Related Thereto; And (C) Granting Related Relief* [Docket No. 4511], entered on
16 April 9, 2020.

17 C. The Debtors' proposed *Modified Second Amended Joint Chapter 11 Plan Of Liquidation*
18 *(Dated July 2, 2020) Of The Debtors, The Pre-Petition Secured Creditors And The Committee* [Docket
19 No. 5466] (the "Plan Of Liquidation") was confirmed by entry of the *Order Confirming Modified Second*
20 *Amended Joint Chapter 11 Plan Of Liquidation (Dated July 2, 2020) Of The Debtors, The Pre-Petition*
21 *Secured Creditors, And The Committee* [Docket No. 5504], entered on August 14, 2020.

22 D. The Plan Of Liquidation became effective on September 4, 2020, as set forth in the *Notice*
23 *Of Occurrence Of Effective Date Of Modified Second Amended Joint Chapter 11 Plan Of Liquidation*
24 *(Dated July 2, 2020) Of The Debtors, The Pre-Petition Secured Creditors And The Committee* [Docket
25 No. 6044], filed on September 4, 2018.

26 E. On October 6, 2022, Campbell filed a Complaint in the Superior Court for the State of
27 California, County of Los Angeles, Case No. 22STCV32742, asserting allegations of negligence that
28 occurred in 1989.

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1 F. As set forth in the *Disclosure Statement Describing Second Amended Joint Chapter 11*
2 *Plan of Liquidation (Dated July 2, 2020) of The Debtors, The Pre-Petition Secured Creditors, and The*
3 *Committee* [Docket No. 4944], filed on July 2, 2020, at the time of the alleged negligence set forth in the
4 Superior Court Complaint, the Hospital was owned and operated by the Daughters of Charity.

5 G. The Superior Court will not permit Campbell to proceed against the Daughters of Charity,
6 without confirmation that the automatic stay does not prevent the Superior Court case from proceeding.

7 H. On January 5, 2024, Campbell filed a *Motion For Relief From Automatic Stay* [Docket
8 No. 6795] (the “Motion”) in this bankruptcy proceeding.

9 I. St. Francis filed a *Limited Opposition To Third Party Plaintiff Cindy Campbell's Motion*
10 *For Relief From The Automatic Stay And Plan Injunctions* on February 15, 2024 [Docket No. 6803].

11 J. The parties have reached an agreement, stipulating to relief from stay as set forth
12 hereinbelow.

13 WHEREFORE, the parties agree as follows:

14 1. To the extent the automatic stay is asserted as an impediment to proceeding against the
15 Daughters of Charity, St. Francis hereby stipulates that the automatic stay does not prevent Campbell from
16 proceeding against the Daughters of Charity or seeking payment from the Daughters of Charity's
17 insurance policy, to the extent insurance ever existed that might provide coverage for the alleged
18 negligence described in the Complaint that took place in 1989.

19 2. The Plaintiff's rights, if any, to pursue insurance issued in favor of St. Francis, and all
20 defenses that may be asserted by St. Francis—including but not limited to the assertion that no applicable
21 insurance exists and that St. Francis has no liability for events that occurred when the Daughters of Charity
22 operated the Hospital—are preserved for future resolution if ever required.

LAW OFFICES OF MICHAEL D. GONZALEZ

1 Dated: February __, 2024


THE LAW OFFICES OF MICHAEL D.
GONZALEZ
Michael D. Gonzalez
Lorraine Kim Hall

3 By: 
4 Lorraine Kim Hall

5 Attorneys for St. Francis Medical Center

6 Dated: February 20, 2024

DENTONS US LLP
John A. Moe, II

8 By: 
9 John A. Moe, II

10 Attorneys for St. Francis Medical Center

11 Dated: February 19, 2024

THE ZALKIN LAW FIRM, P.C.
Daniel L. Varon

13 By: 
14 Daniel L. Varon

15 Attorneys for Cindy Campbell

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
601 S Figueroa Street, 25th Floor, Los Angeles, California 90017

A true and correct copy of the foregoing document entitled (*specify*): Stipulation Resolving Cindy Campbell's Motion For Relief From Stay.

will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) February 21, 2024, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Daniel Varon daniel@zalkin.com, michelle@zalkin.com

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) February 21, 2024, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Michael D. Gonzalez
Lorraine K. Hall
ILaw Offices of Michael D. Gonzalez
101 North Grand Blvd, 1880
Glendale, CA 91203

Daughters of Charity
of St. Vincent de Paul
2600 Altamont Road
Los Altos Hills, CA 94022-4317

Peter J. King
Daughters of Charity
of St. Vincent de Paul
2600 Altamont Road
Los Altos Hills, CA 94022-4317

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) February 21, 2024, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Peter J. King
pking@doc1633.org

☐ Service information continued on attached page

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

February 21, 2024 Glenda C. Spratt
Date Printed Name


Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.