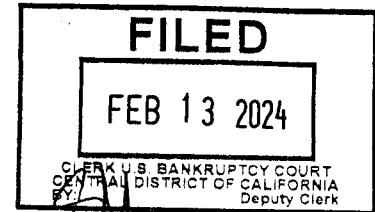


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Attorneys for Defendant,  
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**UNITED STATES BANKRUPTCY COURT**  
**CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION**

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-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

Hon. Judge Sheri Bluebond

**LIMITED OPPOSITION TO THIRD PARTY  
PLAINTIFF CINDY CAMPBELL'S MOTION  
FOR RELIEF FROM STAY AND PLAN  
INJUNCTIONS**

DATE: **February 27, 2024**  
TIME: **10:00 a.m.**  
PLACE: **Courtroom 1539  
15<sup>th</sup> Floor  
Edward R. Roybal Federal  
Building and Courthouse  
255 E. Temple Street  
Los Angeles, CA 90012**

TO ALL PARTIES AND THEIR RESPECTIVE ATTORNEYS OF RECORD

PLEASE TAKE NOTICE that Defendant ST. FRANCIS MEDICAL CENTER (“ST. FRANCIS MEDICAL CENTER”) that was part of the Verity Health System of California hereby does not oppose Plaintiff’s request with regard to the Daughters of Charity. However, ST. FRANCIS MEDICAL CENTER opposes Plaintiff’s request to lift the injunction as to ST. FRANCIS MEDICAL CENTER and to “any insurance policies covering co-Debtor St. Francis Medical Center for the sexual abuse suffered by Plaintiff in or about the year 1976.”

ST. FRANCIS MEDICAL CENTER opposes this motion on the grounds that (1) Plaintiff has alternative means of discovery by pursuing this action against the Daughters of Charity who owned and operated St. Francis Medical Center at the time of the incident, (2) Plaintiff’s request is in essence a request to the Bankruptcy Court to re-write the final Bankruptcy Plan without any offer of proof that her claim exists or justification as to why ST. FRANCIS MEDICAL CENTER, a dissolved legal entity, should engage in litigation and discovery, (3) Plaintiff’s request is overbroad and vague as Plaintiff is giving conflicting dates, and (4) Plaintiff’s request is barred by the final Modified Second Amended Joint Chapter 11 Plan of Liquidation (Dated July 2, 2020) of the Debtors.

**I. INTRODUCTION**

Plaintiff’s Complaint filed in state Court alleges a date for the sexual assault which allegedly occurred in 1989. (Exhibit A). The Motion before the Bankruptcy Court references the date of 1976. ST. FRANCIS MEDICAL CENTER was not part of Verity Health System of California (“VERITY”) until 2015. (Exhibit D). The Daughters of Charity owned and operated St. Francis Medical Center at the time of the alleged incident, and thus, Plaintiff has alternative means for discovery and potential recovery. The Daughters of Charity was not part of the Bankruptcy Plan.

Conversely, on August 12, 2020, the Bankruptcy Court entered an order (the “Order”) [Docket No. 5504] confirming the *Modified Second Amended Joint Chapter 11 Plan Of Liquidation (Dated July 2, 2020) Of The Debtors, The Prepetition Secured Creditors, And The Committee* [Docket No. 4993] (the “Plan”), which included VERITY’S ST. FRANCIS MEDICAL CENTER. (Exhibit B, C.) The Plan became effective on September 4, 2020.

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1 Plaintiff filed litigation against ST. FRANCIS MEDICAL CENTER on October 6, 2022, well after  
2 the confirmation of the Plan. (Exhibit A.) Any relief sought from the approved Plan should be denied  
3 because Plaintiff's claim is a prepetition claim that is covered by the Plan's releases. Section 13.5(a) of  
4 the Plan, titled "Releases," states "each Holder of any Claim shall be deemed to forever release, waive,  
5 and discharge all Claims... against the Debtors arising from or related to the Debtors' pre- and/or post  
6 petition actions, omission or liabilities... except as for provided in this Plan or the Confirmation Order."  
7 Plaintiff's claim existed well before approval of the plan and even the bankruptcy matter. It should be thus  
8 treated as a pre-petition claim that is barred by the approved plan.

9 While the Plaintiff wishes to pursue a potential insurance policy, Plaintiff has not provided any  
10 evidence that her allegations are supported with evidence to justify this Court amending the Bankruptcy  
11 Plan. Further, the insurance policy that Plaintiff wishes to address is from a prior ownership and it is  
12 unlikely that a dissolved legal entity is in a better position than the owner at the time of the incident to  
13 provide information related to that potential plan. Plaintiff has failed to show good cause to disrupt the  
14 final Bankruptcy Plan.

15 Thus, the Court should deny Plaintiff's request as to ST. FRANCIS MEDICAL CENTER.

16 **II. ARGUMENT**

17 ***a. Debtor VERITY Health Systems Was Not the Owner of ST. FRANCIS MEDICAL CENTER in***  
18 ***1976 or 1989***

19 VERITY did not own ST. FRANCIS MEDICAL CENTER in which Plaintiff was allegedly abused  
20 during the time these allegations supposedly occurred. ST. FRANCIS MEDICAL CENTER did not  
21 become part of Verity Health Systems of California until 2015 as shown by Exhibit D. Plaintiff is aware  
22 that VERITY did not own the hospital that is at the center of the allegations. At the time of the incident,  
23 ST. FRANCIS MEDICAL CENTER was owned by the Daughters of Charity of St. Vincent de Paul,  
24 Providence of the West ("the Daughters of Charity"). Plaintiff has means to pursue this cause of action  
25 and engage in discovery with the Daughters of Charity. Thus, Plaintiff has alternative means for recovery  
26 which do not involve disrupting the bankruptcy plan.

27 ST. FRANCIS MEDICAL CENTER hereby does not oppose Plaintiff's request with regard to the  
28 Daughters of Charity. However, ST. FRANCIS MEDICAL CENTER opposes Plaintiff's request to lift

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1 the injunction as to ST. FRANCIS MEDICAL CENTER and to “any insurance policies covering co-  
2 Debtor St. Francis Medical Center for the sexual abuse suffered by Plaintiff in or about the year 1976.” If  
3 this Court were to lift the injunction in this matter to allow Plaintiff to assert a prepetition claim against  
4 Co-Debtor in state court, it would force Co-Debtor—a dissolved legal entity—to comply with discovery  
5 requests, depositions, and motions in a matter in which Co-Debtor does not belong. Co-Debtor would be  
6 forced to spend countless hours and costs in this matter despite the fact that it was dissolved in bankruptcy.  
7 Given that this is a dissolved legal entity and the incident occurred in either 1976 or 1989, ST. FRANCIS  
8 MEDICAL CENTER would not easily be able to obtain any information about this incident, including  
9 but not limited to medical records related to the patient and insurance policies that may have existed three  
10 to four decades prior to VERITY’S ownership of ST. FRANCIS MEDICAL CENTER. This Court is in  
11 the best position to prevent such an injustice. It should deny Plaintiff’s request for relief since Co-Debtors  
12 were not the owners of the hospital at issue during the alleged sexual abuse, and Plaintiff has alternative  
13 means of recovery and discovery.

14 ***b. Plaintiff Failed to Provide Evidence that Their Claim Occurred or Is Insured.***

15 Plaintiff failed to show that the Bankruptcy Plan allows her to proceed with her causes of action  
16 at the state level. While Plaintiff states this Court must allow the state causes of action to proceed to *find*  
17 *out* whether any insurance claim existed at the time, Plaintiff cannot simply conduct a fishing expedition  
18 to investigate the possible existence of an insurance policy. First, Plaintiff cannot even indicate when  
19 allegations of sexual abuse occurred. As referenced earlier, Plaintiff gives two different years for when  
20 the allegations supposedly occurred. Plaintiff requests from this Court “any insurance policies covering  
21 co-Debtor St. Francis Medical Center for the sexual abuse suffered by Plaintiff in or about the year 1976”  
22 but in her State Court Complaint she alleged the incident took place in 1989.

23 Second, Plaintiff has not provided any evidence that an insurance policy might have existed at the  
24 time. She does not argue that an insurance policy must have existed at the time or that she believes there  
25 was an insurance policy that would cover her claims. She instead states she should be allowed to “seek  
26 any recovery available against *any* insurance policies possessed by co-Debtor St. Francis Medical Center  
27 at the time of Plaintiff’s sexual abuse.” Emphasis added. Co-Debtor St. Francis Medical Center at the time  
28 of Plaintiff’s sexual abuse, was essentially a different legal entity as it was not owned by VERITY at that

1 time. Moreover, Plaintiff has not provided medical records, police reports, or other forms of documentary  
2 evidence to support the incident that even occurred.

3 The evidence of insurance in the Plan Supplement, Schedule C, does not identify an applicable  
4 insurance policy. (Exhibit F.) While there is a professional and general liability plan under the  
5 supplement, each of these policies do not cover the time period related to Plaintiff's claim. The  
6 professional liability insurance is a "claims made" policy for the period of March 31, 2020, to March 31,  
7 2021, while the general liability insurance is an occurrence policy. The claim in this case occurred in either  
8 1976 or 1989, according to Plaintiff's conflicting claims. There is no evidence of an applicable policy for  
9 this time period in the Plan Supplement. In reference to the professional liability policy, Plaintiff's claims  
10 were not made until October 6, 2022, when she filed her suit in state court, well beyond the applicable  
11 coverage period. *Id.* As such, Defendant is unaware of any applicable policy that relates to this claim.

12 Accordingly, Plaintiff made no affirmative showing to this Court and offered no evidence in  
13 support of her allegations. Thus, the Court has no reason to alter the Bankruptcy Plan and force a dissolved  
14 entity to engage in discovery and litigation.

15 ***c. The Bankruptcy Plan Bars Plaintiff's Contingent Prepetition Claim Against Co-Debtor St.***  
16 ***Francis Medical Center.***

17 Plaintiff's attempt to seek relief from the Bankruptcy Plan and pursue her causes of action against  
18 Defendant are barred because the claim was a contingent prepetition claim that is barred by the approval  
19 of the Plan. The confirmation of a plan of reorganization under Chapter 11 "discharges the debtor from  
20 any debt that arose before the date of such confirmation" except as provided in the statute, the plan, or the  
21 order confirming the plan. 11 U.S.C. § 1141(d)(1). A claim may be interpreted broadly to mean a "right  
22 to payment whether or not such right is reduced to judgement, liquidated, unliquidated, fixed, contingent,  
23 matured, unmatured disputed, undisputed, legal, equitable, secured, or unsecured." 11 U.S.C. section  
24 101(5)(A). Here, Plaintiff's sexual abuse cause of action under the broad definition of section 101(5)(A).

25 In addition to being a contingent claim, Plaintiff's claim is a prepetition claim. In order to  
26 determine whether a claim arose prepetition, courts use the fair contemplation test. Under this test "a claim  
27 arises when a claimant can fairly or reasonably contemplate the claim's existence even if a cause of action  
28 has not yet accrued under nonbankruptcy law." *In re Castellino Villas, A. K. F. LLC*, 836 F.3d 1028, 1034

(9th Cir. 2016); *see also In re Jensen*, 995 F.2d 925 (9th Cir. 1993) (holding that that when a state environmental regulatory agency was aware that the groundwater at the debtors' site was seriously contaminated before the debtors filed a bankruptcy petition, a contingent claim for cleanup costs was in the "fair contemplation" of the state at the time the debtors filed their Chapter 7 petition). Here, the alleged cause of action for sexual abuse is certainly the kind of conduct that that qualifies as a claim for bankruptcy purposes. If indeed what Plaintiff alleges occurred, a claim for damages for such conduct was in fair contemplation of Plaintiff at the time of bankruptcy proceedings. For purposes of determining if Plaintiff's claim existed prepetition, Plaintiff was aware of a cause of action that she could have pursued. As stated previously section 13.5(a) Releases specifically indicates that each claim holder shall be deemed to forever release all claims against debtors' for their prepetition actions or liabilities. Plaintiff now brings a prepetition claim in defiance of the approved Plan. It is far too late for her to bring a contingent, prepetition claim to this Court after this Court has already approved the Plan, all sales have been completed, and the entity that Plaintiff is seeking to sue in state court no longer exists.

While Plaintiff may attempt to claim that since her cause of action was only revived after the commencement of the bankruptcy proceeding, her claim is not prepetition, Plaintiff's claim still existed before the bankruptcy proceeding, regardless of whether her state cause of action was actually enforceable. The Supreme Court directly addressed this kind of contention in *Midland Funding, LLC v. Johnson*, 581 U.S. 224, (2017). There, the Court observed that "[t]he word 'enforceable' does not appear in the Code's definition of 'claim.'" *Id.* The Supreme Court further explained that the Code contemplates unenforceable claims being within the scope of the section 101(5) definition of claim. Specifically, it stated " § 101(5)(A) says that a "claim" is a "right to payment," "whether or not such right is ... fixed, *contingent*, ... [or] *disputed*." [Emphasis added]. If a contingency does not arise, or if a claimant loses a dispute, then the claim is unenforceable. Yet this section makes clear that the unenforceable claim is nonetheless a "right to payment," hence a "claim," as the Code uses those terms.

Under the Supreme Court's interpretation, Plaintiff's causes of action are certainly claims that arose prior to the bankruptcy action. While these claims became unenforceable until the revival statute referenced in Plaintiff's motion, they nonetheless existed. Because Plaintiff's claim existed before the bankruptcy matter, it is considered a prepetition claim.

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Under the Plan and basic principles of Chapter 11 bankruptcy, Defendant is entitled to a restructuring of its financial obligations. This restructuring was delineated in the Plan which was ultimately approved by the Court. Specifically, section 13.3. states "each Holder of any Claim shall be deemed to forever release, waive, and discharge all Claims... against the Debtors arising from or related to the Debtors' pre- and/or post petition actions, omission or liabilities... except as for provided in this Plan or the Confirmation Order." Such language indicates that absent the Plan or Confirmation Order, Plaintiff may not seek to advance any prepetition claims after approval of the plan. Plaintiff has not identified any specific section that would allow her to pursue her causes of action in state court. Further, Plaintiff never filed a proof of claim. Exhibit E.

Plaintiff's claim is a contingent prepetition claim which she brought only after the approval of the Plan and conclusion of the bankruptcy matter. Under the Court's approval of the Plan, Plaintiff is barred from seeking any relief from the order, including opening discovery against ST. FRANCIS MEDICAL CENTER, and her motion should be denied.


### III. CONCLUSION

For the reasons stated above, ST. FRANCIS MEDICAL CENTER request that this Court DENY the Motion in part and prevent Plaintiff from seeking any relief from the order as to ST. FRANCIS MEDICAL CENTER, including opening discovery against ST. FRANCIS MEDICAL CENTER.

DATED: February 13, 2024

LAW OFFICES OF MICHAEL D. GONZALEZ

By:

  
MICHAEL D. GONZALEZ  
LORRAINE KIM HALL  
Attorneys for Defendant,  
ST. FRANCIS MEDICAL CENTER (DOE 1,  
HOSPITAL)

**PROOF OF SERVICE**

*Campbell v. Doe, I, et al.,*  
**LEAD CASE NO.: 2:18-bk-20151-BB**

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the action; my business address is: LAW OFFICES OF MICHAEL D. GONZALEZ, 101 N. Brand Avenue, Suite 1880, Glendale, California 91203.

On **February 13, 2024**, I served the foregoing document(s) described as **LIMITED OPPOSITION TO THIRD PARTY PLAINTIFF CINDY CAMPBELL'S MOTION FOR RELIEF FROM STAY AND PLAN INJUNCTIONS** on the interested parties in this action by placing a true copy thereof enclosed in the method described below:

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**[X] SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMIL TRANSMISSION OR EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (date) , 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.

**[X] (FEDERAL)** I declare under penalty of perjury under the laws of the United States that the above is true and correct. Executed on **February 13, 2024**, at Glendale, California.

VILMA R. ESPINOZA  
Type or print name

*Vilma R. Espinoza*  
Signature