

LAW OFFICES OF MICHAEL D. GONZALEZ

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9 Attorneys for Defendant
ST. FRANCIS MEDICAL CENTER

10
11 **UNITED STATES BANKRUPTCY COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION**

13 In re:
14 VERITY HEALTH SYSTEM OF CALIFORNIA,
INC., et al.,
15 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

- 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

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

Debtors and Debtors in Possession.



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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. The Plan Of Liquidation confirms that claimants have relief from stay to pursue insurance-
27 covered claims:

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1 Except to the extent that a Holder of an Insured Claim agrees to different
2 treatment, or unless otherwise provided by an order of the Bankruptcy Court
3 directing such Holder's participation in any alternative dispute resolution process,
4 on the Effective Date, or as soon thereafter as is reasonably practicable, each Holder
5 of an Insured Claim will have received or shall receive on account of its Insured
6 Claim relief from the automatic stay under § 362 and the injunctions provided under
7 this Plan for the sole and limited purpose of permitting such Holder to seek
8 recovery, if any, as determined and Allowed by an order or judgment by a court of
9 competent jurisdiction or under a settlement or compromise of such Holder's
10 Insured Claim from the applicable and available Insurance Policies maintained by
11 or for the benefit of any of the Debtors. A Holder's recovery of insurance proceeds
12 under the applicable Insurance Policy(ies) shall be the sole and exclusive recovery
13 on an Insured Claim, subject to recovery of an Insured Deficiency Claim, as
14 described in the next paragraph.

15 Plan Of Liquidation, Section 4.10, page 29, lines 1-7.

16 The estate has exhausted all funds that could have been used to pay Insured Deficiency Claims.

17 F. On October 6, 2022, Campbell filed a Complaint in the Superior Court for the State of
18 California, County of Los Angeles, Case No. 22STCV32742, asserting allegations of negligence that
19 occurred in 1989.

20 G. As set forth in the *Disclosure Statement Describing Second Amended Joint Chapter 11*
21 *Plan of Liquidation (Dated July 2, 2020) of The Debtors, The Pre-Petition Secured Creditors, and The*
22 *Committee* [Docket No. 4944], filed on July 2, 2020, at the time of the alleged negligence set forth in the
23 Superior Court Complaint, the Hospital was neither owned nor operated by Verity (because Verity did not
24 yet exist), and the Hospital was owned and operated by the Daughters of Charity.

25 H. The Superior Court will not permit Campbell to proceed, without confirmation that the
26 automatic stay does not prevent the Superior Court case from proceeding.

27 I. On January 5, 2024, Campbell filed a *Motion For Relief From Automatic Stay* [Docket
28 No. 6795] (the "Motion") in this bankruptcy proceeding.

29 J. St. Francis filed a *Limited Opposition To Third Party Plaintiff Cindy Campbell's Motion*
30 *For Relief From The Automatic Stay And Plan Injunctions* on February 15, 2024 [Docket No. 6803].
31 St. Francis asserts it has no insurance for the alleged negligence that occurred before St. Francis operated
32 the Hospital.

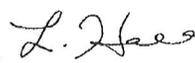
33 K. The parties have reached an agreement, stipulating to relief from stay as set forth
34 hereinbelow.

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Dated: February 20, 2024

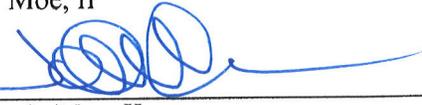
THE LAW OFFICES OF MICHAEL D. GONZALEZ
Michael D. Gonzalez
Lorraine Kim Hall

By: 
Lorraine Kim Hall

Attorneys for St. Francis Medical Center

Dated: February 20, 2024

DENTONS US LLP
John A. Moe, II

By: 
John A. Moe, II

Attorneys for St. Francis Medical Center

Dated: February 19, 2024

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

By: 
Daniel L. Varon

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 20, 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 20, 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
Law Offices of Michael D. Gonzalez
101 North Grand Blvd, 1880
Glendale, CA 91203

Daughters of Charity
of St. Vincent de Paul
2600 Atlamont 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 20, 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.

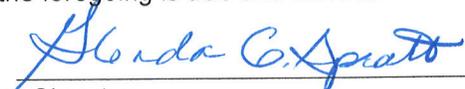
Peter J. King
pking@doc1633.org

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 20, 2024
Date

Glenda C. Spratt
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.

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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

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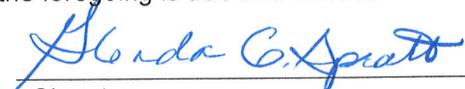
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Printed Name


Signature

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