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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 Debtor and Debtor 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

- 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
Medical 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 De Paul Ventures, LLC
 Affects De Paul Ventures - San Jose Dialysis,
LLC

Chapter 11 Cases

**DEBTORS' EMERGENCY MOTION
(A) APPROVING THE DEBTORS FILING A
CONSOLIDATED LIST OF FIFTY LARGEST
GENERAL UNSECURED CREDITORS FOR
ALL CASES; (B) APPROVING THE DEBTORS
FILING A CONSOLIDATED MASTER
MAILING MATRIX FOR ALL CASES; AND (C)
PERMITTING THE DEBTORS' CLAIMS AND
NOTICING AGENT TO MAINTAIN THE
MASTER MAILING MATRIX;
MEMORANDUM OF POINTS AND
AUTHORITIES**

[Declaration of Richard G. Adcock In Support Of
Emergency Motions File Don August 3, 2018]

Emergency Hearing:

Date: September 5, 2018
Time: 10:00 a.m.
Place: Courtroom 1568

Hon Judge



182015118083100000000040

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EMERGENCY MOTION

Verity Health System of California, Inc., a California nonprofit public benefit corporation (“VHS”) and the above-referenced affiliated debtors, debtors and debtors in possession in the above-captioned case (collectively, the “Debtors”), hereby move (the “Motion”) the Court on an emergency basis for the entry of an Order approving each Debtor having filed in its respective case: a consolidated list of the fifty largest general unsecured creditors for all 17 Debtors and a consolidated Master Mailing Matrix for all 17 Debtors; and permitting the Debtors’ Claims and Noticing Agent (Kurtzman Carson Consultants) to maintain and update the Master Mailing Matrix.

SUMMARY OF REQUESTED RELIEF

The Debtors seek entry of an Order approving each Debtor having filed in its respective case: a consolidated list of the fifty largest general unsecured creditors for all 17 Debtors and a consolidated Master Mailing Matrix for all 17 Debtors; and permitting the Debtors’ claims and Noticing Agent (Kurtzman Carson Consultants) to maintain and update the Master Mailing Matrix.

ADDITIONAL INFORMATION

This Motion is based the *Notice Of Emergency Motions* that will be filed and served after obtaining a hearing date for the Debtor’s “First Day” Emergency Motions, the attached Memorandum Of Points And Authorities, the concurrently filed Declaration of Richard G. Adcock filed August 31, 2018, in support of the Emergency Motions, and the arguments of counsel and other admissible evidence properly brought before the Court at or before the hearing on this Motion. In addition, the Debtors request that the Court take judicial notice of all documents filed with the Court in this Case.

Counsel to the Debtors will serve this Motion, the attached Memorandum of Points and Authorities, the Adcock Declaration and the Notice of First Day Motions on: (i) the Office of the United States Trustee; (ii) the Lenders; (iii) the fifty (50) largest general unsecured creditors appearing on the consolidated list filed in accordance with Rule 1007(d) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”); (iv) the United States of America, and the State

1 of California; and (vi) parties that file with the Court and serve upon the Debtors requests for
2 notice of all matters in accordance with Federal Rule of Bankruptcy Procedure (“Bankruptcy
3 Rule”) 2002(i). To the extent necessary, the Debtors request that the Court waive compliance
4 with Rule 9075-1(a)(6) of the Local Bankruptcy Rules and approve service (in addition to the
5 means of services set forth in such Local Bankruptcy Rule) by overnight delivery. Among other
6 things, the Notice of Emergency Motions will provide that any opposition or objection to the
7 Motion may be presented at any time before or at the hearing regarding the Motion, but that
8 failure to timely object may be deemed by the Court to constitute consent to the relief requested
9 herein.

10 In the event that the Court grants the relief requested by the Motion, the Debtors shall
11 provide notice of the entry of the order granting such relief upon each of the foregoing parties and
12 any other parties in interest as the Court directs. The Debtors submit that such notice is sufficient
13 and that no other or further notice be given.

14 **WHEREFORE**, the Debtors respectfully request that this Court enter an Order:

15 (i) Approving the Debtors having filed in each case a consolidated list of the 50
16 largest general unsecured creditors for all 17 Debtors;

17 (ii) Approving the Debtors having filed in each case a consolidated Master Mailing
18 Matrix for all 17 Debtors;

19 (iii) Permitting the Debtors’ Claims And Noticing Agent (Kurtzman Carson
20 Consultants) to maintain and update the Master Mailing Matrix; and

21 (iv) Granting such other and further relief as is just and proper under the
22 circumstances.

23 Dated: August 31, 2018

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25
26
27 By /s/John A. Moe, II
JOHN A. MOE, II

28 Proposed Attorneys for Debtors

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I.**

3 **INTRODUCTION**

4 Verity Health System of California, Inc. (“VHS”), and affiliated debtors, debtors and
5 debtors in possession in the above-captioned jointly administered chapter 11 cases (the
6 “Debtors”), request an entry of Order:

- 7 • Approving the filing by all of the Debtors in each of their respective cases, of the
8 identical consolidated list of the fifty largest general unsecured creditors in these
9 cases, in lieu of filing separate lists of the twenty largest unsecured creditors for
10 each operating Debtor;
- 11 • Approving the filing by all of the Debtors in each of their respective cases, of the
12 identical consolidated Master Mailing Matrix in lieu of a separate list in each case;
13 and;
- 14 • Permitting the Debtors’ Claims and Noticing Agent (Kurtzman Carson
15 Consultants) to maintain the Master Mailing List, to provide, upon request, the
16 Master Mailing List in electronic format to whoever requests it.

17 **II.**

18 **JURISDICTION**

19 This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and
20 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this
21 Court pursuant to 28 U.S.C. § 1408 and 1409.

22 **III.**

23 **VERITY GLOBAL FACTS**

24 **A. General Background.**

25 1. On August 31, 2018 (“Petition Date”), Verity Health System of California, Inc.
26 (“VHS”) and the above-referenced affiliated debtors, the debtors and debtors in possession in the
27 above-captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), each filed a voluntary
28 petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

1 Since the commencement of their cases, the Debtors have been operating their businesses as
2 debtors in possession pursuant to §§¹ 1107 and 1108 of the Bankruptcy Code.

3 2. Debtor VHS, a California nonprofit public benefit corporation, is the sole
4 corporate member of the following five Debtor California nonprofit public benefit corporations
5 that operate six acute care hospitals, O'Connor Hospital, Saint Louise Regional Hospital, St.
6 Francis Medical Center, St. Vincent Medical Center, Seton Medical Center, and Seton Medical
7 Center Coastside (collectively, the "Hospitals") and other facilities in the state of California.
8 Seton Medical Center and Seton Medical Center Coastside operate under one consolidated acute
9 care license.

10 3. VHS, the Hospitals, and their affiliated entities (collectively, "Verity Health
11 System") operate as a nonprofit health care system, with approximately 1,680 inpatient beds, six
12 active emergency rooms, a trauma center, eleven medical office buildings, and a host of medical
13 specialties, including tertiary and quaternary care.

14 4. The VHS affiliated entities, including the Debtors and non-debtor entities, are as
15 follows:

- 16 • O'Connor Hospital
- 17 • Saint Louise Regional Hospital
- 18 • St. Francis Medical Center
- 19 • St. Vincent Medical Center
- 20 • Seton Medical Center, including Seton Medical Center Coastside campus
- 21 • Verity Business Services
- 22 • Marillac Insurance Company, Ltd.
- 23 • O'Connor Hospital Foundation
- 24 • Saint Louise Regional Hospital Foundation
- 25 • St. Francis of Lynwood Medical Center Foundation
- 26 • St. Vincent Medical Center Foundation
- 27 • Seton Medical Center Foundation
- 28 • St. Vincent de Paul Ethics Corporation
- St. Vincent Dialysis Center
- De Paul Ventures, LLC
- De Paul Ventures - San Jose Dialysis, LLC
- De Paul Ventures - San Jose ASC, LLC
- Verity Medical Foundation
- Verity Holdings, LLC

1 All references to "§" or "section" herein are to the Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.*,
as amended.

1 5. Verity Medical Foundation (“VMF”), incorporated in 2011, is a medical
2 foundation, exempt from licensure under California Health & Safety Code § 1206(l). VMF
3 contracts with physicians and other healthcare professionals to provide high quality,
4 compassionate, patient-centered care to individuals and families throughout California. With
5 more than 100 primary care and specialty physicians, VMF offers medical, surgical and related
6 healthcare services for people of all ages at community-based, multi-specialty clinics
7 conveniently located in areas served by the Debtor Hospitals. VMF holds long-term professional
8 services agreements with the following medical groups: (a) Verity Medical Group; (b) All Care
9 Medical Group, Inc.; (c) CFL Children’s Medical Associates, Inc.; (d) Hunt Spine Institute, Inc.;
10 (e) San Jose Medical Clinic, Inc., D/B/A San Jose Medical Group; and (f) Sports, Orthopedic and
11 Rehabilitation Associates.

12 6. Verity Holdings, LLC (“Holdings”) is a direct subsidiary of its sole member VHS
13 and was created in 2016 to hold and finance VHS’ interests in four medical office buildings
14 whose tenants are primarily physicians, medical groups, healthcare providers, and certain of the
15 VHS Hospitals. Holdings’ real estate portfolio includes more than 15 properties. Holdings is the
16 borrower on approximately \$66 million of non-recourse financing secured by separate deeds of
17 trust and revenue and accounts pledges, including the rents on each medical office building.

18 7. O’Connor Hospital Foundation, Saint Louise Regional Hospital Foundation, St.
19 Francis of Lynwood Medical Center Foundation, St. Vincent Medical Center Foundation, and
20 Seton Medical Center Foundation handle fundraising and grant-making programs for each of their
21 respective Debtor Hospitals.

22 8. As of August 31, 2018, the Debtors have approximately 7,385 employees, of
23 whom 4,733 are full-time employees. Approximately 74% of these employees are represented by
24 collective bargaining units. A majority of the employees are represented by either the Service
25 Employees International Union (approximately 39% of employees) or California Nurses
26 Associations (approximately 22% of employees).

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1 9. Each of the Debtors is exempt from federal income taxation as an organization
2 described in Section 501(c)(3) of the Internal Revenue Code of 1986, except for Verity Holdings,
3 LLC, DePaul Ventures, LLC, and DePaul Ventures - San Jose Dialysis, LLC.

4 10. To date, no official committee or examiner has been appointed by the Office of the
5 United States Trustee in these chapter 11 Cases.

6 **B. Historical Challenges.**

7 11. The Hospitals and VMF were originally owned and operated by the Daughters of
8 Charity of St. Vincent de Paul, Province of the West (the “Daughters of Charity”), to support the
9 mission of the Catholic Church through a commitment to the sick and poor. The Daughters of
10 Charity began their healthcare mission in California in 1858 and they ministered to ill, poverty-
11 stricken individuals for more than 150 years. In March 1995, the Daughters of Charity merged
12 with Catholic Healthcare West (“CHW”). In June 2001, Daughters of Charity Health System
13 (“DCHS”) was formed, and in October 2001, the Daughters of Charity withdrew from CHW. In
14 2002, DCHS commenced operations and was the sole corporate member of the Hospitals, which
15 at that time were California nonprofit religious corporations.

16 12. Between 1995 and 2015, the Daughters of Charity and DCHS struggled to find a
17 solution to continuing operating losses, either through a sale of some or all of the hospitals or a
18 merger with a more financially sound partner. All these efforts failed. During these efforts,
19 however, the health system’s losses continued to mount, and the health system borrowed more
20 than \$500 million – including through a 2008 bond issuance (the “2008 Bonds”) – to fund
21 operations, acquire assets, fund needed capital improvements and/or refinance existing debt.

22 13. Despite continuous efforts to improve operations, operating losses continued to
23 plague the health system due to, among other things, mounting labor costs, low reimbursement
24 rates and the ever-changing healthcare landscape. In 2013, DCHS actively solicited offers for
25 O’Connor Hospital, St. Louise Regional Hospital, Seton Medical Center and Seton Medical
26 Center Coastsides. In 2013, to avoid failing debt covenants, the Daughters of Charity Foundation,
27 an organization separate and distinct from DCHS, donated \$130 million to DCHS to allow it to
28 retire the 2008 Bonds in the total amount of \$143.7 million.

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1 14. In early 2014, DCHS announced that they were beginning a process to evaluate
2 strategic alternatives for the health system. Throughout 2014, DCHS explored offers to sell their
3 health system and, in October of 2014, they entered into an agreement with Prime Healthcare
4 Services and Prime Healthcare Foundation (collectively, “Prime”) to sell the health
5 system. However, to keep the hospitals open, DCHS needed to borrow another \$125 million to
6 mitigate immediate cash needs during the sales process; in other words, to allow DCHS to
7 continue to operate until the sale could be consummated. In early 2015, the California Attorney
8 General consented to the sale to Prime, subject to conditions on that sale that were so onerous that
9 Prime terminated the transaction.

10 15. In 2015, DCHS again marketed their health system for sale, and, again, focused on
11 offers that maintained the health system as a whole, and assumed all the obligations. In July
12 2015, the DCHS Board of Directors selected BlueMountain Capital Management LLC
13 (“BlueMountain”), a private investment firm, to recapitalize its operations and transition
14 leadership of the health system to the new Verity Health System (the “BlueMountain
15 Transaction”).

16 16. In connection with the BlueMountain Transaction, BlueMountain agreed to make a
17 capital infusion of \$100 million to the hospital system, arrange loans for another \$160 million to
18 the health system, and manage operations of the health system, with an option to buy the health
19 system at a future time. In addition, the parties entered into a System Restructuring and Support
20 Agreement (the “Restructuring Agreement”), DCHS’s name was changed to Verity Health
21 System, and Integrity Healthcare, LLC (“Integrity”) was formed to carry out the management
22 services under a new management agreement.

23 17. On December 3, 2015, the California Attorney General approved the
24 BlueMountain Transaction, subject to conditions. Despite BlueMountain’s infusion of cash and
25 retention of various consultants and experts to assist in improving cash flow and operations, the
26 health system did not prosper.

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1 18. In July 2017, NantWorks, LLC (“NantWorks”) acquired a controlling stake in
2 Integrity. NantWorks brought in a new CEO, CFO, and COO. NantWorks loaned another \$148
3 million to the Debtors.

4 19. Despite the infusion of capital and new management, it became apparent that the
5 problems facing the Verity Health System were too large to solve without a formal court
6 supervised restructuring. Thus, despite VHS’ great efforts to revitalize its Hospitals and
7 improvements in performance and cash flow, the legacy burden of more than a billion dollars of
8 bond debt and unfunded pension liabilities, an inability to renegotiate collective bargaining
9 agreements or payor contracts, the continuing need for significant capital expenditures for seismic
10 obligations and aging infrastructure, and the general headwinds facing the hospital industry, make
11 success impossible. Losses continue to amount to approximately \$175 million annually on a cash
12 flow basis.

13 20. Additional background facts on the Debtors, including an overview of the Debtors’
14 business, information on the Debtors’ capital structure and additional events leading up to these
15 chapter 11 cases, are contained in the Declaration of Richard G. Adcock.

16 **C. Relevant Facts To Motion**

17 Section 521(a) of the Bankruptcy Code, Bankruptcy Rule 1007(a)(1), and Rule 1007-1(a)
18 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central District of
19 California (“LBR”) require a debtor in a voluntary chapter 11 case to file a list containing the
20 name and complete address of each creditor. In addition, Bankruptcy Rule 1007 requires a debtor
21 to file a list containing the names, addresses, and claims of the creditors holding the twenty (20)
22 largest unsecured claims against the debtor. Bankruptcy Rule 2002(a)(1) also provides that the
23 clerk (or other person directed by the court) must provide the debtor, the United States Trustee,
24 all creditors, and any indenture trustee at least 21-days’ notice by mail of the meeting of creditors
25 under section 341 of the Bankruptcy Code. Bankruptcy Rule 2002(f)(1) also provides that notice
26 of “the order for relief” shall be sent by mail to all creditors.

27 There are 17 entities that are Debtors in these chapter 11 cases. As of the Commencement
28 Date, the Debtors estimate that they have over \$1 billion in liabilities and they have over 40,000

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1 potential creditors and parties in interest (on a consolidated basis) in these chapter 11 cases.
2 Many of the Debtors' creditors overlap. As such, requiring the Debtors to prepare individual Top
3 20 Lists of Creditors and individual Mailing Matrixes for each Debtor would be an exceptionally
4 burdensome task and would greatly increase the risk and recurrence of error of information
5 already on computer systems maintained by the Debtors or their agents.

6 The Debtors have retained Kurtzman Carson Consultants to serve as claims and noticing
7 agent.

8 **IV.**

9 **ARGUMENT**

10 **A. A Consolidated List Of The Fifty Largest General Unsecured Creditors Is**
11 **Appropriate Under The Circumstances Of These Chapter 11 Cases.**

12 Section 521(a) of the Bankruptcy Code and the Bankruptcy Rule 1007(d) require that a
13 debtor must file a list setting forth the names, addresses and claim amounts of the creditors
14 (excluding insiders) holding the twenty largest general unsecured claims in the debtor's case (the
15 "Top 20 List").

16 Given the integrated nature of the Debtors' businesses, the Debtors submit that it was
17 efficient and beneficial for them to file one single consolidated list of the fifty largest general
18 unsecured creditors (the "Consolidated Top 50 List") rather than each Debtor filing a separate
19 Top 20 List, as ordinarily required by Bankruptcy Rule 1007(d).

20 In light of the Debtors' corporate structure, the nature of their businesses and creditor
21 composition, all as set forth in the Declaration of Richard G. Adcock filed in support of
22 Emergency Motions, separate Top 20 Lists would have resulted in substantial overlap and
23 duplication which will hamper rather than facilitate the United States Trustee's review of
24 creditors' claims and/or its appointment of a Creditors' Committee in these cases. The Debtors
25 believe that the Consolidated Top 50 List that was filed on behalf of all Debtors, in each case, is
26 more representative of the parties in interest in these chapter 11 cases.

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1 And, each Debtor will file a separate set of Schedules and a separate Statement Of
2 Financial Affairs, so the creditors of each case will be identified for the Court, the creditors and
3 the U.S. Trustee.

4 Relief similar to the relief requested in this Motion has been granted by other bankruptcy
5 courts in similarly large cases. *See, e.g., In re Autoseis, Inc.*, Case No. 14-20130, 2014
6 WL1405005 (Bankr. S.D. Tex. 2014) (authorizing the filing of a consolidated list for all debtors
7 of the 30 largest unsecured creditors); *In re Onco Investment Co.*, No. 40, Case No. 04-10558-RB
8 (Bankr. D. Del. Feb. 24, 2014 (authorizing Debtors to file a consolidated list of Top 50 unsecured
9 creditors); *In re Solutia, Inc.*, Nos. 4 and 164, Case No. 03-17949 (PCB) (Bankr. S.D.N.Y. Dec.
10 17, 2003) (the “Debtors are authorized to file the Modified Consolidated Top 50 List in lieu of
11 filing a separate Top 20 List in each of the Debtors’ chapter 11 cases”); *In re HQ Global*
12 *Holdings, Inc.*, No. 6, Case No. 02-10760 (MFW) (Banks. D. Del. Mar. 14, 2002) (the “Debtors
13 are authorized to file a single consolidated list of their combined thirty largest creditors in Lieu of
14 top thirty lists for reach Debtor”).

15 **B. A Consolidated Master Mailing List Is Appropriate Under The Circumstances Of**
16 **These Chapter 11 Cases.**

17 Bankruptcy Rule 1007(a)(1) requires that a debtor file with its voluntary petition a list
18 setting forth the name and address of each creditor. LBR 1007-1(a)(1) requires a Debtor to file a
19 Master Mailing List with the petition in the format specified in the Court Manual.

20 There are 17 entities that are debtors in these chapter 11 cases. As of the Petition Date,
21 the Debtors estimate they have over \$1.2 billion in liabilities and over 20,000 creditors and
22 parties-in-interest. Requiring the Debtors to prepare individual Matrixes for each debtor would
23 be an exceptionally burdensome task, increasing the risk of errors to the information to be
24 included in the Matrixes.

25 When considering the Debtors’ corporate structure, the nature of their businesses and
26 creditor composition, separate Master Mailing Matrixes would have resulted in substantial
27 overlap and duplication. Filing a different Mailing Matrix in every case would have been time
28 consuming, tedious, difficult and likely subject to error. Accordingly, VHS and its affiliated

1 Debtors each filed in their respective bankruptcy cases the same consolidated Master Mailing List
2 identifying all interested parties in all seventeen cases.

3 Relief similar to the relief requested in this Motion has been granted in other bankruptcy
4 courts in similarly large cases. *See, e.g., In re Autoseis, Inc.*, Case No. 14-20130, 2014
5 WL 1405005 (Bankr. S.D. Tex. 2014) (the “Debtors are authorized to file a single consolidated
6 creditor matrix in lieu of separate creditor matrices for each of the Debtors”); *In re Solutia, Inc.*,
7 Nos. 4 and 164, Case No. 03-17949 (PCB) (Bankr. S.D.N.Y., Dec. 17, 2003) (the “Debtors are
8 authorized to prepare . . . a Creditors List, identifying their respective creditors on a consolidated
9 basis, . . . in lieu of filing a creditor matrix for each Debtor”); *In re HQ Global Holdings, Inc.*,
10 No. 29, Case No. 02-10760 (MFW) (Bankr. D. Del. Mar. 14, 2002) (authorizing debtors to file a
11 single consolidated list of creditors in lieu of matrixes identifying their respective creditors); *In re*
12 *Parkway Calabasas, Ltd.*, 89 B.R. 832, 836 (Bankr. C.D. Cal. 1988) (citing Advisory Committee
13 Note to Bankruptcy Rule 1015 (1983) (joint administration of affiliated debtors’ claims, including
14 the use of a single claims register, is appropriate where it results in easier and less costly case
15 administration).

16 **C. The Debtors Claims And Noticing Agent Should Be Authorized To Maintain The**
17 **Master Mailing List.**

18 The Debtors believe that going forward, the proposed Claims and Noticing Agent,
19 Kurtzman Carson Consultants (“KCC”) should be permitted to maintain the Master Mailing List.

20 In the ordinary course of their business, the Debtors (or their agents) maintain
21 computerized lists of the names and addresses of their creditors that may be consolidated into
22 creditor databases and used efficiently to provide interested parties with the notices that must be
23 provided in these cases (the “Notices”), as required by LBR 2002-1, 2072-1, 3001-1 and 9013-3.²

24 _____
25 ² The Debtors anticipate that such notices will include notice of (a) the commencement of these
26 chapter 11 cases and the initial meeting of the Debtors’ creditors in accordance with section 341
27 of the Bankruptcy Code, (b) any deadlines for filing of proofs of claim or interest in these
28 chapter 11 cases, (c) the hearing on any disclosure statement for a plan of reorganization, (d) the
commencement of voting and solicitation procedures and the distribution of any ballots to solicit
acceptances of a plan of reorganization, as well as the hearing to confirm the plan of
reorganization, and (e) the notice of the occurrence of the effective date of a plan of
reorganization.

1 In accordance with 28 U.S.C. § 156(c) and as contemplated by LBR 5075-1, the Debtors
2 have concurrently filed a Motion seeking this Court's approval for the employment of KCC as the
3 Claims and Noticing Agent in these cases. After consulting KCC, the Debtors believe that
4 permitting KCC to maintain the Master Mailing List would be more expeditious and efficient
5 than requiring the Clerk's office to maintain and update that list.

6 The Debtors believe that permitting KCC to maintain the Master Mailing List will be
7 more efficient and cost effective, will reduce the risk and recurrence of error that would result
8 from preparing separate lists or matrixes to be filed and supplemented regularly by the Court.
9 The Debtors have furnished KCC with the lists of creditors that will allow KCC to maintain the
10 Master Mailing List that will then be used to provide notice as required in these cases. As already
11 noted, the Debtors have filed a consolidated Master Mailing List in the format required by the
12 Local Bankruptcy Rules with each of the Debtors' petitions, but propose that KCC will maintain
13 and update that List thereafter.

14 Bankruptcy courts have granted relief in other chapter 11 cases similar to the relief
15 requested by Debtors here. *See e.g., In re Solutia, Inc.*, Nos. 4 and 164, Case No. 03-17949
16 (PCB) (Bank. S.D.N.Y. Dec. 17, 2003) (authorizing debtors to prepare and maintain with their
17 court approved claims agent, and to make available upon request, a Creditors List, identifying
18 their respective creditors on a consolidated basis in the format currently kept, in the ordinary
19 course of business).

20 **V.**

21 **CONCLUSION**

22 Under the circumstances of these cases, the proposed modifications to certain
23 requirements of the Bankruptcy Rules and Local Bankruptcy Rules are warranted. Therefore, the
24 Debtors respectfully request that this Court enter an Order:

- 25 (i) Approving the consolidated list of the fifty largest general unsecured creditors;
26 (ii) Approving the consolidated Master Mailing List;
27 (iii) Approving KCC to maintain and update the Master Mailing List; and,
28 (iv) Granting such other and further relief as may be just and proper.

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Dated: August 31, 2018

DENTONS US LLP
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