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6 *Proposed Counsel for the Official Committee of*
7 *Unsecured Creditors of Verity Health System of*
8 *California, Inc., et al.*

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

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

14 Affects:
15 All Debtors
16 Verity Health System of California, Inc.
17 Saint Louise Regional Hospital
18 St. Francis Medical Center
19 St. Vincent Medical Center
20 Seton Medical Center
21 O’Connor Hospital Foundation
22 Saint Louise Regional Hospital
23 Foundation
24 St. Francis Medical Center of
25 Lynwood Foundation
26 St. Vincent Foundation
27 St. Vincent Dialysis Center, Inc.
28 Seton Medical Center Foundation
 Verity Business Services
 Verity Medical Foundation
 Verity Holdings, LLC
 De Paul Ventures, LLC
 De Paul Ventures - San Jose
Dialysis, LLC
Debtors and Debtors In Possession.

Lead Case No. 18-20151
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

Hon. Ernest M. Robles

**OFFICIAL COMMITTEE OF
UNSECURED CREDITORS’
RESPONSE TO CRITICAL VENDOR
MOTION [DKT. 29]**



1 The Official Committee of Unsecured Creditors of Verity Health System of
2 California, Inc., *et al.* (the “Committee”) appointed in connection with the chapter 11 cases of the
3 above-captioned debtors and debtors-in-possession (the “Debtors”), hereby submits this response
4 (the “Response”) to the *Debtors’ Emergency Motion for Entry of an Order Authorizing Debtors to*
5 *Honor Prepetition Obligations to Critical Vendors* [Dkt. 29] (the “Critical Vendor Motion”).

6 **I. INTRODUCTION**

7 1. The Committee was appointed by the United States Trustee on September 17,
8 2018. The Committee’s advisors have been getting up to speed and have been engaged in
9 discussions with the Debtors’ advisors over the past several days regarding the Critical Vendor
10 Motion. Although progress has been made, some issues remain.

11 **II. ARGUMENT**

12 2. The Committee’s principal concerns with the Critical Vendor Motion and
13 related Critical Vendor Order are largely informational. The final form of Critical Vendor Order
14 should provide the Committee and its advisors with immediate and ongoing access to all information
15 relevant to operation of the Critical Vendor program.

16 3. More specifically, the “Accountability Requirements” set forth on page 31 of
17 the Critical Vendor Motion should be amended to ensure that the Committee receives additional
18 notice and information as follows:

19 List of Critical Vendors: The Debtors’ list of potential Critical
20 Vendors should be made available to Committee’s advisors
immediately.

21 Weekly Reporting: The Committee should receive weekly, not
22 monthly, reporting as to Critical Vendor payments.

23 Notice of Large Payments: The Debtors should provide the Committee
24 with three (3) business days’ notice regarding the addition of any
proposed payments in excess of \$250,000 in the aggregate to vendors
not on the initial Critical Vendor list.

1 **III. RESERVATION OF RIGHTS**

2 4. The Committee's discussions with the Debtors regarding the Critical Vendor
3 Motion are ongoing, and, in response (in part) to the Committee's comments, the Debtors are in the
4 process of revising their proposed final form of Order on this motion. If there are any issues that
5 remain unresolved in the proposed final form of Order, the Committee reserves the right to
6 supplement this Response and address such issues at the October 3 hearing.

7 **IV. CONCLUSION**

8 5. Based on the foregoing, the Committee respectfully requests that (i) to the
9 extent that the Debtors do not adequately address the issues raised herein by the Committee, the
10 Court enter a form of Critical Vendor Order that reflects the Committee's proposed changes; and (ii)
11 the Court grant such other and further relief as the Court deems just and proper.

12 DATED: September 27, 2018

MILBANK, TWEED, HADLEY & M^cCLOY

13
14 /s/ Gregory A. Bray
GREGORY A. BRAY
15 MARK SHINDERMAN
JAMES C. BEHRENS

16 Proposed Counsel for the Official Committee of
17 Unsecured Creditors of Verity Health System of
18 California, Inc., et al.

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:

2029 Century Park E, 33rd Floor, Los Angeles, CA 90067.

A true and correct copy of the foregoing document entitled (*specify*): **OFFICIAL COMMITTEE OF UNSECURED CREDITORS' RESPONSE TO CRITICAL VENDOR MOTION [DKT. 29]**

_____ 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*) September 27, 2018, 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:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) September 27, 2018, 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.

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*) September 27, 2018, 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.

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.

September 27, 2018 Ricky Windom
Date Printed Name

/s/ Ricky Windom
Signature

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