United States Bankruptcy Court
Central District of California

Verity Health System of California, Inc.,
Plaintiff

Adv. Proc. No. 18-01277-ER

Old Republic Insurance Company,
Defendant

CERTIFICATE OF NOTICE

District/off: 0973-2 User: admin Page 1 of 1 Date Rcvd: Aug 31, 2018
Form ID: pdf031 Total Noticed: 1

Notice by first class mail was sent to the following persons/entities by the Bankruptcy Noticing Center on Sep 02, 2018.

pla +Verity Health System of California, Inc., 2040 E. Mariposa Avenue, El Segundo, CA 90245-5027

Notice by electronic transmission was sent to the following persons/entities by the Bankruptcy Noticing Center.
NONE. TOTAL: 0

***** BYPASSED RECIPIENTS (undeliverable, * duplicate) *****
dft City National Bank
dft Old Republic Insurance Company
TOTALS: 2, * 0, ## 0

Addresses marked '+' were corrected by inserting the ZIP or replacing an incorrect ZIP.
USPS regulations require that automation-compatible mail display the correct ZIP.

Transmission times for electronic delivery are Eastern Time zone.

I, Joseph Speetjens, declare under the penalty of perjury that I have sent the attached document to the above listed entities in the manner shown, and prepared the Certificate of Notice and that it is true and correct to the best of my information and belief.

Meeting of Creditor Notices only (Official Form 309): Pursuant to Fed. R. Bank. P. 2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.

Date: Sep 02, 2018 Signature: /s/Joseph Speetjens

CM/ECF NOTICE OF ELECTRONIC FILING

The following persons/entities were sent notice through the court's CM/ECF electronic mail (Email) system on August 31, 2018 at the address(es) listed below:

Tania M Moyron on behalf of Plaintiff Verity Health System of California, Inc.
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TOTAL: 2



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Proposed Attorneys for the Chapter 11 Debtors and Debtors In Possession

FILED & ENTERED

AUG 31 2018

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY gonzalez DEPUTY CLERK

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

CHANGES MADE BY COURT

In re

VERITY HEALTH SYSTEM OF CALIFORNIA, INC., *et al.*,

Debtors and Debtors In Possession.

☒ Affects All Debtors
☐ 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 Medical 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 DePaul Ventures, LLC
☐ Affects DePaul Ventures - San Jose Dialysis, LLC

Debtors and Debtors In Possession.

VERITY HEALTH SYSTEM OF CALIFORNIA, INC., *et al.*,

Debtors and Debtors In Possession

Plaintiff,

v.

OLD REPUBLIC INSURANCE COMPANY and CITY NATIONAL BANK,

Defendants.

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

(Proposed To Be) jointly administered with:

Case No. 18-	Case No. 18-
Case No. 18-	Case No. 18-
Case No. 18-	Case No. 18-
Case No. 18-	Case No. 18-
Case No. 18-	Case No. 18-
Case No. 18-	Case No. 18-
Case No. 18-	Case No. 18-
Case No. 18-	Case No. 18-
Case No. 18-	Case No. 18-

Chapter 11 Cases

ORDER GRANTING MOTION FOR TEMPORARY RESTRAINING ORDER WITHOUT NOTICE ENJOINING DEFENDANT FROM MAKING CERTAIN DRAWS ON A LETTER OF CREDIT

Adv. Proc. No. 2:18-ap-01277-ER

IN THE UNITED STATES BANKRUPTCY COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION, THIS 31ST DAY OF AUGUST, 2018, AT 1:00 P.M.:

Upon the motion (the "Motion")[1] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order (the "Order"), under Rule 7065 of the Federal Rules of Bankruptcy Procedure, temporarily enjoining defendant Old Republic Insurance Company ("Old Republic") from drawing down, in full, the Letter of Credit (and City National Bank from paying the draw) based upon the Debtors' insolvency or bankruptcy filing, as more fully set forth in the Motion; and finding that

(1) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334;

(2) issuance of this Order without notice is proper because if notice is provided to Old Republic, Old Republic could seek immediate draw on the Letter of Credit in full, in an attempt to defeat the Motion;

(3) the Debtors will suffer immediate and irreparable harm because they will most likely not be able to continue operations if Old Republic draws on the Letter of Credit in full to the grave detriment of numerous hospital patients and the public the Debtors serve;

(4) the Debtors are likely to sell some or all of their assets as a going concern and confirm a chapter 11 plan that preserves operation of the Debtors' business and hospitals, including five acute care hospitals;

(5) the balance of equities favors the Debtors since Old Republic and City National Bank will suffer no injury; Old Republic will remain fully secured with the ability to reimburse itself from the Letter of Credit for any unpaid Insurance Obligations

[1] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

and City National Bank will remain likewise fully secured;

(6) the public interest favors maintaining the viability of the Debtors' vital healthcare system;

(7) the injunction sought in the Complaint is not permanent and will expire upon plan confirmation or other resolution of the chapter 11 case;

and after due deliberation, it is HEREBY ORDERED THAT:

1. The Motion is granted.

2. Old Republic is hereby enjoined, pursuant to sections 105(a) and 362 of the Bankruptcy Code and Bankruptcy Rule 7065, from drawing down the Letter of Credit in full (and City National Bank is enjoined from paying the draw) based upon the Debtors' insolvency or bankruptcy filing.

3. This temporary restraining order is limited and it does not enjoin Old Republic from drawing the Letter of Credit to the extent needed to reimburse it for any amounts due to Old Republic, if not first paid by or on behalf of the Debtors in the ordinary course, and it will not bar City National Bank from executing on its collateral securing the Letter of Credit *pro tanto* in the event of such draw.

4. The Court will not require the Debtors to post a bond, since Old Republic and City National Bank are fully secured against any loss based on the Letter of Credit and more than $34 million in collateral that has been furnished on behalf the of the Debtors to secure the Letter of Credit.

5. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

6. Pursuant to Bankruptcy Rule 7065(b)(2), this Order shall expire fourteen (14) days after its entry, unless, before expiration, the Court extends it for good cause for a like period of time or Defendants agree to a longer extension.

7. A hearing on whether the injunction set forth in this Order should be extended beyond September 14, 2018 shall take place **on September 12, 2018, at 10:00 a.m.** Opposition to extension of the injunction is due by no later than **September 6, 2018**. The Debtors' Reply in support of extension of the injunction is due by no later than **September 10, 2018**.

8. By no later than August 31, 2018, at 5:00 p.m., the Debtors shall serve this Order upon Old Republic, and shall file a proof of service so indicating.

IT IS SO ORDERED.

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Date: August 31, 2018

Ernest M. Robles
United States Bankruptcy Judge