Docket #0022 Date Filed: 4/12/2019

Leslie A. Cohen, Esq. (SBN: 93698)
leslie@lesliecohenlaw.com
J'aime K. Williams Esq. (SBN 261148)
jaime@lesliecohenlaw.com
LESLIE COHEN LAW, PC
506 Santa Monica Blvd., Suite 200
Santa Monica, CA 90401
Telephone: (310) 394-5900
Facsimile: (310) 394-9280

Attorneys for Defendant

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

LOS ANGELES DIVISION

In re VERITY HEALTH SYSTEM OF CALIFORNIA INC., *et al*, Debtors in Possession	Case No. 2:18-bk-20151-ER Adv. No.: 2:19-ap-01042-ER Chapter 11 **ANSWER TO FIRST AMENDED COMPLAINT**
VERITY HEALTH SYSTEM OF CALIFORNIA, INC. a California nonprofit public benefit corporation, ST. VINCENT MEDICAL CENTER, a California nonprofit public benefit corporation and ST. FRANCIS MEDICAL CENTER, a California nonprofit public benefit corporation, Plaintiffs, v. HERITAGE PROVIDER NETWORK, INC. a California corporation, Defendant	

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TO THE HONORABLE ERNEST ROBLES, TO THE PLAINTIFFS, THE OFFICE OF THE UNITED STATES TRUSTEE, AND TO INTERESTED PARTIES:

Heritage Provider Network Inc. ("**Heritage**" or "**Defendant**"), defendant in the above-captioned adversary proceeding, hereby answers the First Amended Complaint For Breach of Written Contracts, Turnover, Unjust Enrichment, Damages for Violation of the Automatic Stay and Injunctive Relief ("**FAC**") [Docket No 13] filed by Verity Health System of California, Inc. ("**Verity**"), St. Vincent Medical Center ("**St. Vincent**") and St. Francis Medical Center ("**St. Francis**," together with Verity and St. Vincent, the "**Plaintiffs**") as follows:

INTRODUCTION

1. Paragraph 1 is denied as calling for a legal conclusion.

2. Paragraph 2 is denied as calling for a legal conclusion, and is further denied to the extent that the FAC includes claims which do not arise under Bankruptcy Law.

3. Paragraph 3 is denied as calling for a legal conclusion.

4. Paragraph 4 is denied as it relates to the Plaintiffs' consent and waiver, and the Defendant lacks sufficient information, belief and/or personal knowledge. Defendant does not consent to the entry of final orders or judgments by the bankruptcy judge in this matter.

THE PARTIES

5. Defendant denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 5.

6. Defendant denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 6.

7. Defendant denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 7.

8. Paragraph 8 is admitted.

BANKRUPTCY BACKGROUND

9. Paragraph 9 is admitted.

10. Defendant denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 10.

11. Paragraph 11 is admitted.

CONTRACTS AT ISSUE

12. Defendant denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 12.

13. Paragraph 13 is admitted.

14. Paragraph 14 contains allegations which are so vague, ambiguous, compound and conclusory that Defendant lacks sufficient information and belief thereon, and on that basis, generally and specifically denies each and all allegations contained in this paragraph. To the extent the allegations invoke documents, the referenced documents speak for themselves and Defendant should not be required to draw conclusions therefrom or repeat the contents thereof, and on that basis Defendant also denies paragraph 14. To the extent the allegations in this paragraph mischaracterize and/or attempt to recharacterize agreements and/or transactions between and among persons or entities, it is also denied.

15. Paragraph 15 contains allegations which are so vague, ambiguous, compound and conclusory that Defendant lacks sufficient information and belief thereon, and on that basis, generally and specifically denies each and all allegations contained in this paragraph. To the extent the allegations invoke documents, referenced documents speak for themselves and Defendant should not be required to draw conclusions therefrom or repeat the contents thereof, and on that basis also deny. To the extent the allegations in this paragraph mischaracterize and/or attempt to recharacterize

agreements and/or transactions between and among persons or entities, it is also denied.

16. Paragraph 16 contains allegations which are so vague, ambiguous, compound and conclusory that Defendant lacks sufficient information and belief thereon, and on that basis, generally and specifically denies each and all allegations contained in this paragraph. To the extent the allegations invoke documents, referenced documents speak for themselves and Defendant should not be required to draw conclusions therefrom or repeat the contents thereof, and on that basis Paragraph 16 is also denied. To the extent the allegations in this paragraph mischaracterize and/or attempt to recharacterize agreements and/or transactions between and among persons or entities, it is also denied.

17. Paragraph 17 is denied. To the extent the allegations invoke documents, referenced documents speak for themselves and Defendant should not be required to draw conclusions therefrom or repeat the contents thereof, and on that basis is also denied. To the extent the allegations in this paragraph mischaracterize and/or attempt to recharacterize agreements and/or transactions between and among persons or entities, Paragraph 17 is also denied.

18. Paragraph 18 is denied. To the extent the allegations invoke documents, referenced documents speak for themselves and Defendant should not be required to draw conclusions therefrom or repeat the contents thereof, and on that basis is also denied. To the extent the allegations in this paragraph mischaracterize and/or attempt to recharacterize agreements and/or transactions between and among persons or entities, Paragraph 18 is also denied.

FIRST CLAIM FOR RELIEF

19. In response to paragraph 19, Defendant re-alleges and reincorporates by reference the responses set forth above as though fully set forth herein, and except

where admitted, Defendant DENIES each and every allegation contained in preceding paragraphs.

20. Paragraph 20 is denied. To the extent the allegations invoke documents, referenced documents speak for themselves and Defendant should not be required to draw conclusions therefrom or repeat the contents thereof, and on that basis is also denied. To the extent the allegations in this paragraph mischaracterize and/or attempt to recharacterize agreements and/or transactions between and among persons or entities, it is also denied.

21. Paragraph 21 is denied.

22. Paragraph 22 is denied.

23. Paragraph 23 is denied.

24. Paragraph 24 is denied.

25. Paragraph 25 is denied.

26. Paragraph 26 is denied.

27. Paragraph 27 is denied.

28. Paragraph 28 is denied.

SECOND CLAIM FOR RELIEF

29. In response to paragraph 29, Defendant re-alleges and reincorporates by reference the responses set forth above as though fully set forth herein, and except where admitted, Defendant DENIES each and every allegation contained in preceding paragraphs.

30. Paragraph 30 is admitted.

31. Paragraph 31 is denied. To the extent the allegations invoke documents, referenced documents speak for themselves and Defendant should not be required to draw conclusions therefrom or repeat the contents thereof, and on that basis is also denied. To the extent the allegations in this paragraph mischaracterize and/or attempt to

recharacterize agreements and/or transactions between and among persons or entities, it is also denied.

32. Paragraph 32 is denied.

33. Paragraph 33 is denied.

34. Paragraph 34 is denied.

35. Paragraph 35 is denied.

36. Paragraph 36 is denied.

37. Paragraph 37 is denied.

38. Paragraph 38 is denied.

THIRD CLAIM FOR RELIEF

39. In response to paragraph 39, Defendants re-allege and reincorporate by reference the responses set forth above as though fully set forth herein, and except where admitted, Defendant denies each and every allegation contained in preceding paragraphs.

40. Paragraph 40 calls for a legal conclusion, and is denied.

41. Paragraph 41 calls for a legal conclusion, and is denied.

42. Paragraph 42 calls for a legal conclusion, and is denied.

43. Defendant admits that Plaintiffs made a demand for turnover, but denies all other allegations, mischaracterizations and/or recharacterizations contained in Paragraph 43.

44. Paragraph 44 is denied. To the extent the allegations in this paragraph mischaracterize and/or attempt to recharacterize agreements and/or transactions between and among persons or entities, it is also denied.

45. Paragraph 45 is denied.

FOURTH CLAIM FOR RELIEF

46. In response to paragraph 46, Defendant re-alleges and reincorporates by reference the responses set forth above as though fully set forth herein, and except

where admitted, Defendant denies each and every allegation contained in preceding paragraphs.

47. Paragraph 47 contains allegations which are so vague, ambiguous, compound and conclusory that Defendant lacks sufficient information and belief thereon, and on that basis, generally and specifically denies each and all allegations contained in this paragraph. To the extent the allegations invoke documents, referenced documents speak for themselves and Defendant should not be required to draw conclusions therefrom or repeat the contents thereof, and on that basis is also denied. To the extent the allegations in this paragraph mischaracterize and/or attempt to recharacterize agreements and/or transactions between and among persons or entities, it is also denied.

48. Paragraph 48 is denied.

49. Paragraph 49 is denied.

50. Paragraph 50 is denied.

FIFTH CLAIM FOR RELIEF

51. In response to paragraph 51, Defendant re-alleges and reincorporates by reference the responses set forth above as though fully set forth herein, and except where admitted, Defendant denies each and every allegation contained in preceding paragraphs

52. Paragraph 52 is denied except that Defendant admits the email attached as Exhibit A to the FAC was sent by Michael Schweitzer to Lloyd Wilensky.

53. Paragraph 53 is denied. To the extent the allegations in this paragraph mischaracterize and/or attempt to recharacterize agreements and/or transactions between and among persons or entities, it is also denied.

54. Paragraph 54 is denied.

55. Paragraph 55 is denied.

56. Paragraph 56 is denied.

57. Paragraph 57 is denied.

SIXTH CLAIM FOR RELIEF

58. As to paragraph 58, Defendant re-alleges and reincorporate by reference the responses set forth above as though fully set forth herein, and except where admitted, Defendant denies each and every allegation contained in preceding paragraphs

59. Paragraph 59 is denied.

60. Paragraph 60 is denied.

WHEREFORE Defendant respectfully requests the Plaintiffs not recover on any of their claims for relief as prayed in the First Amended Complaint, and in answering Plaintiffs' prayer for relief, Defendant denies each and every allegation contained therein.

FIRST AFFIRMATIVE DEFENSE

Plaintiffs fail to adequately plead or state a claim for relief against Defendant in any of the asserted causes of action.

SECOND AFFIRMATIVE DEFENSE

By Plaintiffs' conduct or conduct of predecessors-in-interest, Plaintiffs waived or relinquished the right to assert any claim or right against Defendant or have ratified conduct of Defendant.

THIRD AFFIRMATIVE DEFENSE

Plaintiffs, or predecessors-in-interest, agreed or consented to the conduct alleged in the First Amended Complaint.

FOURTH AFFIRMATIVE DEFENSE

Plaintiffs' damages are nonexistent, and if they do exist, stated damages are entirely speculative, baseless, and not subject to reasonable determination by a trier of fact.

FIFTH AFFIRMATIVE DEFENSE

Plaintiffs' damages are nonexistent, and if they do exist, stated damages are excessive, unreasonable and oppressive.

SIXTH AFFIRMATIVE DEFENSE

Any damages allegedly suffered by Plaintiffs were caused, in whole or in part by superseding and/or intervening acts and not by any acts of Defendant.

SEVENTH AFFIRMATIVE DEFENSE

Plaintiffs are precluded from recovery by reason of their failure to mitigate their damages, if any.

EIGHTH AFFIRMATIVE DEFENSE

Any damages allegedly suffered by Plaintiffs were caused, in whole or in part, by Plaintiffs' breach of the contracts at issue.

NINTH AFFIRMATIVE DEFENSE

Defendant reserves all rights including the rights to assert additional defenses following any discovery or otherwise, and the right to amend this Answer (including should it later discover additional facts, such as those demonstrating the existence of other affirmative defenses).

RESERVATION OF RIGHTS

Defendant reserves all rights, at law and equity, in this action.

PRAYER FOR RELIEF

Based on the foregoing, Defendant respectfully prays for an order

1) Denying the relief prayed in the First Amended Complaint in its entirety;
2) Judgment be entered in Defendant's favor; and
3) For such other and further relief as the Court deems just and proper.

Respectfully Submitted,

Dated: April 12, 2019

LESLIE COHEN LAW, PC

By: /s/ Leslie A. Cohen
Leslie A. Cohen
Attorneys for the Defendants

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:

506 Santa Monica Blvd., Suite 200, Santa Monica, CA 90401

A true and correct copy of the foregoing document entitled (*specify*): **ANSWER TO FIRST AMENDED COMPLAINT** 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*) 4/12/19, 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:

Steven J Kahn skahn@pszyjw.com
United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov ☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) 4/12/19, 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 pages

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*) ___, 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.

4/12/19	Odalys Garcia	/s/ Odalys Garcia
Date	*Printed Name*	*Signature*

By US Mail:

Hon. Ernest Robles
US Bankruptcy Court
255 E. Temple Street
Los Angeles, CA 90012

Steven Kahn
Pachulski Stang Ziehl & Jones LLP
10100 Santa Monica Blvd., 13th Fl.
Los Angeles, CA 90067