Docket #0015 Date Filed: 1/21/2020

FILED & ENTERED

JAN 21 2020

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

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA—LOS ANGELES DIVISION

In re: Verity Health System of California, Inc., *et al.*,

Debtors and Debtors in Possession.

☒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 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 De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose Dialysis, LLC

Debtors and Debtors in Possession.

Lead Case No.: 2:18-bk-20151-ER
Adv. Case. No.: 2:20-ap-01001-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;

Chapter 11 Cases.

ORDER (1) DENYING SGM'S REQUEST FOR A HEARING ON ITS MOTION ON 48 HOURS' NOTICE, (2) SETTING SGM'S MOTION FOR HEARING ON FEBRUARY 11, 2020, AT 10:00 A.M., AND (3) *SUA SPONTE* EXTENDING DEFENDANTS' DEADLINE TO RESPOND TO THE COMPLAINT

Verity Health System of California, Inc., et al.,

Plaintiffs,

v.

Strategic Global Management, Inc., et al.,

Defendants

[No hearing required pursuant to Federal Rule of Civil Procedure 78(b) and Local Bankruptcy Rule 9013-1(j)(3)]

1820151200121000000000002

Having reviewed *Strategic Global Management, Inc.'s Emergency Motion to Stay Adversary Proceeding* (the "Motion") [Bankr. Doc. No. 3949], the *Debtors' Opposition to Strategic Global Management, Inc.'s Emergency Motion to Stay Adversary Proceeding* (the "Debtor's Opposition") [Doc. No. 3961], and the *Official Committee of Unsecured Creditors' Opposition to Strategic Global Management, Inc.'s Emergency Motion to Stay Adversary Proceeding* (the "Committee's Opposition") [Doc. No. 3963], the Court **HEREBY FINDS AND ORDERS AS FOLLOWS:**

1) To enable the Motion to be heard on regular notice, the Court on its own motion extends the deadline for Defendants to respond to the Complaint from February 5, 2020 to **February 19, 2020**. A hearing on regular notice is warranted so that the parties can adequately brief the substantive issues raised by the Motion. Facilitating a hearing on regular notice is cause for enlargement of Defendants' response deadline. *See* Bankruptcy Rule 9006(b)[1] (providing that "the court for cause shown may at any time in its discretion … with or without motion or notice order" the enlargement of any deadline).
2) Plaintiffs and the Official Committee of Unsecured Creditors accuse Strategic Global Management, Inc. ("SGM") of strategically manufacturing the emergency necessitating extension of the response deadlines. The Court does not agree. Plaintiffs served the Summons and Complaint upon SGM on January 13, 2020. On January 14, 2020, SGM requested that Plaintiffs extend the response deadline by 30 days. On January 15, 2020, Plaintiffs declined to extend the response deadline by thirty days, offering instead an extension of seven days. Although the seven day extension would have allowed the Motion to be heard prior to the response deadline, it would not have provided SGM sufficient time after obtaining a ruling on the Motion to prepare a response to the Complaint, if necessary. In sum, contrary to Plaintiffs' assertions, SGM has not engaged in gamesmanship or delay tactics in filing the Motion.
3) A hearing on the Motion shall take place on **February 11, 2020, at 10:00 a.m.** Opposition to the Motion shall be filed by no later than **January 29, 2020**. Defendants' reply shall be filed by no later than **February 5, 2020**.
4) On January 16, 2020, the Court ordered Defendants to submit evidence supporting the confidentiality of certain materials that Plaintiffs had sought to file under seal by no later than January 30, 2020.[2] In view of the **February 11, 2020** hearing on SGM's Motion to stay this action, the Court on its own motion extends the deadline for Defendants to submit such evidence to **February 19, 2020**.
5) SGM mistakenly filed the Motion in the main bankruptcy case (Case No. 2:18-bk-20151-ER) rather than in the adversary proceeding (Adv. No. 2:20-ap-01001-ER). The Debtor's Opposition and the Committee's Opposition were also filed in the main bankruptcy case so that they could be linked to the Motion through CM/ECF. By no later than **January 22, 2020**, the Motion, the Debtor's Opposition, and the Committee's Opposition shall be

[1] Unless otherwise indicated, all "Civil Rule" references are to the Federal Rules of Civil Procedure, Rules 1–86; all "Bankruptcy Rule" references are to the Federal Rules of Bankruptcy Procedure, Rules 1001–9037; all "Evidence Rule" references are to the Federal Rules of Evidence, Rules 101–1103; all "LBR" references are to the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central District of California, Rules 1001-1–9075-1; and all statutory references are to the Bankruptcy Code, 11 U.S.C. §§ 101–1532.

[2] *See* Order (1) Denying Without Prejudice *Ex-Parte* Motion to File Materials Under Seal and (2) Requiring Defendants to Submit Evidence Supporting the Confidentiality of the Materials By No Later than January 30, 2020 [Adv. Doc. No. 13].

refiled in the adversary proceeding. All subsequent briefing on the Motion shall be filed in the adversary proceeding.

IT IS SO ORDERED.

###

Date: January 21, 2020

Ernest M. Robles
United States Bankruptcy Judge