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ELECTRONICALLY FILED  
Superior Court of California  
County of Santa Barbara  
Darrel E. Parker, Executive Officer  
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By: Sarah Sisto, Deputy

[EXEMPT FROM FILING FEES  
UNDER GOVT. CODE, § 6103]

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
12 COUNTY OF SANTA BARBARA

14  
15 **THE PEOPLE OF THE STATE OF CALIFORNIA,**  
16 **Plaintiff,**  
17 **v.**  
18 **COTTAGE HEALTH, GOLETA VALLEY**  
19 **COTTAGE HOSPITAL, SANTA BARBARA**  
20 **COTTAGE HOSPITAL, AND SANTA YNEZ**  
21 **VALLEY COTTAGE HOSPITAL,**  
22 **Defendants.**

Case No. 17CV05269

**STIPULATION FOR ENTRY OF FINAL  
JUDGMENT AND PERMANENT  
INJUNCTION**

The Honorable Thomas Pearce Anderle  
Department 3

24 Plaintiff, the People of the State of California (“the People” or “Plaintiff”), through its  
25 attorney, Xavier Becerra, Attorney General of the State of California, by Deputy Attorney  
26 General Lisa B. Kim, and defendants Cottage Health, Goleta Valley Cottage Hospital, Santa  
27 Barbara Cottage Hospital, and Santa Ynez Valley Cottage Hospital (collectively “Cottage” or  
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1 “Defendants”), appearing through their attorneys, Jones Day, by Jeffrey Rabkin, stipulate as  
2 follows:

3 1. Plaintiff will file a civil complaint against Cottage alleging causes of action  
4 involving two separate data incidents discovered in 2013 and 2015, respectively. Cottage  
5 has not reviewed the complaint and does not know its contents. Cottage does not admit,  
6 agree or stipulate to any of the facts, allegations or characterizations set forth in the  
7 complaint filed in this matter.

8 2. This Court has jurisdiction of the subject matter hereof and the parties to this  
9 Stipulation for Entry of Final Judgment and Permanent Injunction (“Stipulation”).

10 3. The Final Judgment and Permanent Injunction (“Judgment”), a true and  
11 correct copy of which is attached hereto as Exhibit 1, may be entered by any judge of the  
12 Santa Barbara County Superior Court.

13 4. Plaintiff and Cottage (collectively, “the Parties”) agree that the Attorney  
14 General may submit the Judgment to any judge of the Superior Court for approval and  
15 signature during the Court’s *ex parte* calendar or on any other *ex parte* basis. Plaintiff  
16 agrees to coordinate the date of the *ex parte* hearing with Cottage so that Cottage’s counsel  
17 can appear.

18 5. Cottage represents that it has already implemented and is compliance with  
19 Paragraphs 4 through 7 of the Judgment.

20 6. The Parties hereby waive their right to move for a new trial or otherwise  
21 seek to set aside the Judgment through any collateral attack, and further waive their right to  
22 appeal from the Judgment, except that Plaintiff and Cottage each agree that this Court shall  
23 retain jurisdiction for the purposes specified in Paragraph 12 of the Judgment.


24 7. Cottage will accept service of any Notice of Entry of Judgment entered in  
25 this action by delivery of such notice to its counsel of record, and agrees that service of the  
26 Notice of Entry of Judgment will be deemed personal service upon it for all purposes.

27 8. The individuals signing below represent that they have been authorized by  
28 the parties they represent to sign this Stipulation.

1           9.     This Stipulation may be executed in counterparts, and the Parties agree that a  
2 facsimile signature shall be deemed to be, and shall have the full force and effect as, an  
3 original signature.

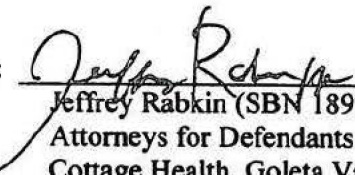
4  
5 Dated: November 15, 2017

XAVIER BECERRA  
Attorney General of California

6  
7  
8  
9 By:   
10 Lisa B. Kim (SBN 229369)  
Deputy Attorney General  
Attorneys for Plaintiff

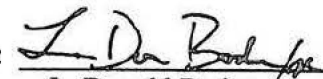
11 Dated: November 15, 2017

JONES DAY

12  
13  
14 By:   
15 Jeffrey Rabkin (SBN 189798)  
16 Attorneys for Defendants  
17 Cottage Health, Goleta Valley  
Cottage Hospital, Santa Barbara  
Cottage Hospital, and Santa Ynez  
Valley Cottage Hospital

18 Dated: November 15, 2017

COTTAGE HEALTH

19  
20 By:   
21 L. Donald Boden  
22 General Counsel (Retained)  
23 Cottage Health, Goleta Valley  
24 Cottage Hospital, Santa Barbara  
Cottage Hospital, and Santa Ynez  
Valley Cottage Hospital

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# **EXHIBIT 1**

1 XAVIER BECERRA  
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11 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
12 COUNTY OF SANTA BARBARA

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15 **THE PEOPLE OF THE STATE OF CALIFORNIA,**  
16 **Plaintiff,**  
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20 **COTTAGE HOSPITAL, AND SANTA YNEZ**  
21 **VALLEY COTTAGE HOSPITAL,**  
22 **Defendants.**

Case No. 17CV05269

**[PROPOSED] FINAL JUDGMENT AND  
PERMANENT INJUNCTION**

The Honorable Thomas Pearce Anderle  
Department 3

24  
25 Plaintiff, the PEOPLE OF THE STATE OF CALIFORNIA (“People”), appearing through  
26 their attorney Xavier Becerra, Attorney General of the State of California, by Deputy Attorney  
27 General Lisa B. Kim, and defendants Cottage Health, Goleta Valley Cottage Hospital, Santa  
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1 liability, and without Defendants agreeing, stipulating, or admitting to any of the veracity or  
2 merits of any of the facts, allegations, or characterizations set forth in the complaint filed in this  
3 matter, which Defendants have not seen, and with all parties having waived their right to appeal,  
4 and the Court having considered the matter and good cause appearing:

5 **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:**

6 1. This Court has jurisdiction over the allegations and subject matter of the People's  
7 Complaint filed in this action, and the parties to this action; venue is proper in this County; and  
8 this Court has jurisdiction to enter this Judgment. This Judgment is entered under and subject to  
9 Business and Professions Code section 17200 *et seq.*

10 **INJUNCTIVE PROVISIONS**

11 2. Pursuant to Business and Professions Code section 17203, Defendants are hereby  
12 permanently enjoined as set forth in Paragraphs 3, 4, 5, 6, and 7 of this Judgment. The  
13 obligations set forth in Paragraph 6 shall expire three (3) years after the entry of this Judgment.  
14 The terms of this Judgment, including the injunctive terms contained in Paragraphs 3, 4, 5, 6, and  
15 7 shall apply to Defendants, as well as their subsidiaries, their successors and the assigns of all or  
16 substantially all of the assets of its businesses; and their directors, officers, employees, agents,  
17 independent contractors, partners, associates, and representatives of each of them.

18 3. Cottage shall comply with Civil Code sections 56.101 and 56.36.

19 4. Cottage shall maintain reasonable security practices and procedures to protect  
20 patients' medical information from unauthorized access and/or disclosure, including access by or  
21 via internet search engines.

22 5. Cottage shall maintain an information security program that ensures that Cottage  
23 protects the security, integrity, and confidentiality of patients' medical information that Cottage  
24 collects, processes, uses, maintains, and/or stores. The program shall meet reasonable security  
25 practices and procedures for the health care industry.

26 6. Cottage's information security program set forth in Paragraphs 4 and 5 shall  
27 include reasonable efforts to accomplish the following:  
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- a. Assess hardware and software used within Cottage’s computer network for potential risks and vulnerabilities to the confidentiality, integrity, and availability of patients’ medical information, and updating security settings and access controls where appropriate;
- b. Evaluate the response to and protections from external threats, including firewall security;
- c. Encrypt patients’ medical information in transit in accordance with health care industry best practices;
- d. Maintain reasonable policies and protocols for all information practices regarding data retention, internal audits, security incident tracking reports, risk assessments, incident management, and remediation plans;
- e. Conduct periodic vulnerability/penetration testing designed to identify, assess, and remediate vulnerabilities within Cottage’s computer network; and
- f. Train employees regarding the collection, use, and storage of patients’ medical information.

7. Within 60 days from the date of entry of this Judgment, Cottage shall notify the California Attorney General’s Office of the names of the employee or employees designated to make good-faith efforts to:

- a. Be knowledgeable of relevant and applicable California and federal privacy statutes;
- b. Ensure that Cottage develops and follows privacy policies and procedures for Cottage that are consistent with applicable state and federal privacy laws;
- c. Oversee Cottage’s compliance with such policies and procedures;
- d. Maintain and monitor Cottage’s information security program referenced in Paragraphs 4, 5, and 6; and
- e. Provide reasonable oversight of third-party vendors handling patients’ medical information to ensure that such vendors are complying with Cottage’s information security program.

1 Such employee or employees, in their capacity as the person or persons with these  
2 responsibilities, shall have authority and autonomy to perform these responsibilities and to report  
3 any significant privacy concerns to the Chief Executive Officer and/or other designated Cottage  
4 executives.

5 8. For two years from the date of entry of this Judgment, Cottage shall complete an  
6 annual privacy risk assessment addressing Cottage's efforts to comply with applicable privacy  
7 laws governing Cottage's patients' medical information and evaluating the effectiveness of  
8 Cottage's information security program. Cottage shall deliver a copy of the final report generated  
9 from the privacy risk assessment to the California Attorney General's Office, Cottage's Chief  
10 Executive Officer, and Cottage's Board of Directors.

#### 11 **MONETARY PROVISIONS**

12 9. Pursuant to Business and Professions Code section 17206, Cottage shall pay to the  
13 People the amount of \$2,000,000. Payment shall be made by wire transfer to the California  
14 Attorney General's Office pursuant to instructions provided by the California Attorney General's  
15 Office, no later than thirty (30) days after the date this Judgment is entered.

16 10. Said payment shall be used by the California Attorney General for attorneys' fees  
17 and other costs of investigation and litigation, used to defray costs of the inquiry leading to this  
18 Judgment, and for the California Attorney General's enforcement of California's consumer  
19 protection and privacy laws, at the sole discretion of the California Attorney General.

20 11. Except as otherwise expressly provided herein, each party shall bear its own  
21 attorney's fees and costs.

#### 22 **GENERAL PROVISIONS**

23 12. This Court retains jurisdiction of this matter for purposes of construction,  
24 modification, and enforcement of this Judgment.

25 13. Nothing in this Judgment shall be construed as relieving Cottage of its obligations  
26 to comply with all state and federal laws, regulations, or rules, or as granting permission to  
27 engage in any acts or practices prohibited by such law, regulation, or rule.  
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14. Cottage shall use reasonable efforts to notify its officers, directors, employees, agents, and contractors responsible for carrying out and effecting the terms of this Judgment.

15. This Judgment shall take effect immediately upon entry thereof.

16. The clerk is directed to enter this Judgment forthwith.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Judge of the Superior Court

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