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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 COUNTY OF LOS ANGELES

13 PEOPLE OF THE STATE OF CALIFORNIA,
14 Plaintiff,
15 v.
16 CARBON HEALTH TECHNOLOGIES, Inc.,
17 et al.,
18 Defendants.
19

Case No. 26STCV19242

[PROPOSED] FINAL JUDGMENT AND
PERMANENT INJUNCTION

20 Plaintiff, the People of the State of California (“**Plaintiff**” or “**People**”), through its attorney,
21 Rob Bonta, Attorney General of the State of California, by Senior Assistant Attorney General Neli
22 Palma, Supervising Deputy Attorney General David Jones, and Deputy Attorneys General Darcie
23 Tilly and Danny Lo; and Defendants Carbon Health Technologies, Inc., a Delaware Corporation,
24 Carbon Health Alpha Medical Group of California, P.C., a California professional corporation,
25 Caron Health Alpha Primary Care of California, P.C., a California Professional Corporation,
26 Carbon Health East Bay Medical Group, P.C., a California Professional Corporation, Carbon
27 Health East Bay Primary Care, P.C., a California Professional Corporation, Carbon Health Primary
28 Care of Southern California, P.C, a California Professional Corporation, Carbon Health Urgent

1 Care of California, P.C., a California Professional Corporation,, Carbon Health Medical Group of
2 Florida, P.A., a Florida Professional Service Corporation, Carbon Health Medical Group of
3 Sunnyvale, Inc., a California Professional Corporation, Carbon Health Primary Care of California,
4 P.C., a California Professional Corporation, Carbon Health South Bay Medical Group, P.C., a
5 California Professional Corporation, Carbon Health South Bay Primary Care, P.C., a California
6 Professional Corporation, and Treat Medical, Inc., a California Professional Corporation
7 (collectively, the “**Carbon Heath Entities**”); and Eren Bali, an individual, (“**Mr. Bali**” and
8 together with the Carbon Heath Entities, the “**Defendants**” and collectively with the People, the
9 “**Parties**”), have stipulated (the “**Stipulation**”) that this Final Judgment and Injunction
10 (“**Judgment**”) may be entered as a compromise of disputed claims and defenses, without trial or
11 adjudication of any issue of fact or law, and without Defendants admitting any liability or
12 wrongdoing, and with Plaintiff and Defendants having waived their right to appeal any issue of fact
13 or law arising from the allegations addressed by this Judgment. The Court having considered the
14 matter and the attached Stipulation and good cause appearing:

15 IT IS HEREBY ORDERED, ADJUDGED and DECREED AS FOLLOWS:

16 1. This Court has jurisdiction over the allegations and subject matter of the People’s
17 complaint (the “**Complaint**”) filed in this action (the “**Action**”); and the parties to this Action;
18 venue is proper in this County; and this Court has jurisdiction to enter this Judgment and to enforce
19 its provisions.

20 2. This Judgment is applicable to each Defendant and to each of their subsidiaries and
21 agents, successors and assigns, and any corporation, limited liability company, partnership, or any
22 other legal entity or organization which is controlled, owned, managed, licensed, operated, or
23 administered by Defendants, which is acting on behalf of any Defendant, and which directly, or
24 indirectly, controls, manages, and/or owns any medical clinic in California.

25 **INJUNCTION**

26 3. Under Business and Professions Code sections 17203 and 17535, Defendants are
27 hereby permanently enjoined from the following:
28

- 1 a. Engaging in the corporate practice of medicine as prohibited by Business and
2 Professions Code sections 2052, subd. (a) and 146, subd. (a), including but not
3 limited to, the following:
- 4 i. Having a management services agreement that grants the management
5 services organization complete authority over advertising, payor
6 negotiations, selection of medical equipment, and the hiring, firing, and
7 compensation of licensed medical professionals;
 - 8 ii. Granting a management services organization any ownership interest in a
9 professional corporation, including through an assignable option agreement
10 which grants the management services organization the right to acquire such
11 ownership interests for its own account;
 - 12 iii. A revolving credit agreement that requires affiliated professional
13 corporations to seek financing exclusively from the management services
14 organization at an above market rate, provided that the management
15 company will be permitted to take a first priority lien in certain of the
16 affiliated professional corporation's assets with conventional lender
17 restrictions;
- 18 b. Using unfair consumer contracts as prohibited by Civil Code section 1770, subd.
19 (a)(19), and in breach of the covenant of good faith and fair dealing as defined by
20 California Civil Jury Instruction (CACI) 325, including, but not limited, to the
21 following:
- 22 i. Failing to advise patients in a clear and conspicuous manner of the agreement
23 to automatic charging of credit cards and debit cards; and
 - 24 ii. Changing the timing of automatic charging of credit cards and debit cards
25 without appropriate advance notice to patients of such changes to the terms
26 of the automatic charging policy.
- 27 c. Improperly billing patients and insurance companies as prohibited by California and
28 Federal laws and regulations, including, but not limited, to the following:

- 1 i. Charging patients who have health maintenance organization (HMO)
- 2 coverage more than their copay, deductible, and coinsurance in violation of
- 3 Health and Safety Code section 1379, subd. (c);
- 4 ii. Collecting or attempting to collect sums not owed by the patients in violation
- 5 of Civil Code section 1788.17;
- 6 iii. Billing debit cards with less than 10 days' notice to the patient in violation
- 7 of 12 C.F.R. sections 205.10 & 1005.10 and their official interpretations
- 8 (Regulation E);
- 9 iv. Taking funds from patient credit cards or debit cards without permission in
- 10 violation of Penal Code sections 484, subd. (a) and 484e, subd. (c);
- 11 v. Accessing patient credit card or debit card information without permission
- 12 to bill in violation of Penal Code sections 502 subds. (c)(1) & (2);
- 13 vi. Submitting incorrect billing codes for reimbursement to insurance
- 14 companies in violation of Insurance Code sections 550, subds. (a)(6) & (7);
- 15 and
- 16 vii. In addition, Defendants shall not fail to ensure that patients may contact, in
- 17 a convenient manner, customer service agents who will assist patients in
- 18 promptly resolving billing issues.
- 19 d. Making or causing to be made, false or misleading statements, or any other false
- 20 advertising as prohibited by Business and Professions Code section 17500,
- 21 including but not limited, to the following:
- 22 i. Misrepresenting the in-network status of Carbon Health Entities' clinics as
- 23 they relate to patient insurance or health plans; and
- 24 ii. Misrepresenting that out-of-network patients will pay in-network rates for
- 25 services.

26 MONETARY RELIEF

27 4. Upon entry of this Judgment, (a) a civil penalty in the total amount of \$4,400,000.00
28 will be an allowed claim against the Carbon Health Entities in their Bankruptcy Cases as (i) a

1 prepetition general unsecured claim in the in the amount of \$4,025,000.00 (the “**General**
2 **Unsecured Claim**”) and (ii) an administrative expense claim, pursuant to section 503(b) of the
3 Bankruptcy Code, in the amount of \$375,000.00 (the “**Administrative Claim**”); and (b) a civil
4 penalty in the amount of \$100,000.00 against Mr. Bali (the “**Civil Penalty**”). The Administrative
5 Claim and the Civil Penalty will be paid in full by the Carbon Health Entities and Mr. Bali,
6 respectively, within three (3) business days of the Plan Effective Date.² Payment of the
7 Administrative Claim and the Civil Penalty shall be made by wire transfer to the California Attorney
8 General’s Office pursuant to instructions provided by the People.

9 OTHER TERMS

10 5. Under no circumstances shall this Judgment or the name of the Office of the
11 Attorney General or any of its employees or representatives be used by Defendants in connection
12 with any selling, advertising, or promotion of products or services, or as an endorsement or approval
13 of Defendants’ acts, practices or conduct of business.

14 6. Nothing in this Judgment shall be construed as relieving Defendants of the
15 obligation to comply with all state and federal laws, regulations, and rules, nor shall any of the
16 provisions of this Judgment be deemed to be permission to engage in any acts or practices
17 prohibited by such laws, regulations, and rules.

18 7. No court costs, if any, shall be taxed upon the Attorney General. To the extent there
19 are any court costs associated with the filing of this Judgment, Carbon Health Entities shall pay all
20 such court costs.

21 8. This Judgment shall not be construed to waive any claims of sovereign immunity of
22 the State of California may have in any action or proceeding.

23 9. If any portion of this Judgment is held invalid by operation of law, the remaining
24 terms of this Judgment shall not be affected and remain in full force and effect.

25 10. The Parties agree that this judgment does not entitle them to seek or to obtain
26 attorneys’ fees as a prevailing party under any statute, regulation, or rule, and the Parties further
27 waive any right to attorneys’ fees that may arise under such statute, regulation, or rule.

28 ² As defined in the Stipulation.

DECLARATION OF SERVICE BY E-MAIL

Case Name: In Re Carbon Health v. People of the State Of California
Case Number:

Declaration of Service by E-MAIL

1. I am at least 18 years of age and not a party to this matter.
2. I am employed in the Office of the Attorney General of the State of California. My business address is 300 South Spring Street, Suite 1702, Los Angeles, CA 90013-1230, County of Los Angeles.
3. My electronic service address is Juan.Ligutom@doj.ca.gov.
4. On June 24, 2026, I electronically served the following document[s]:

[PROPOSED] FINAL JUDGMENT AND PERMANENT INJUNCTION

5. I served the aforementioned document[s] by mailing them to the following individual[s]:

Adam J. Hepworth, Esq.
Tarek J. Helou, Esq.
E-mail Address
AHepworth@foley.com
thelou@wsgr.com

I declare under penalty of perjury under the laws of the State of California and the United States of America that the foregoing is true and correct, and that this declaration was executed on June 24, 2026.

Juan Ligutom
Declarant

Juan Ligutom
Signature