1	ROB BONTA	Exempt from filing fees pursuant to
2	Attorney General of California JENNIFER EULER	Government Code section 6103  FILED
3	Chief Assistant Attorney General JOEL SAMUELS, State Bar No. 234574	Superior Court of California County of Alameda 03/14/2024
	Supervising Deputy Attorney General	Chad Finky Execuptive Optacer/Clenk of the Cour
4	2329 Gateway Oaks Drive, Suite 200 Sacramento, CA 95833-4252	JEFFREY S. ROSELL By: District Attorney of Santa Cruz County
5	Telephone: (916) 621-1839	Douglas B. Allen, State Bar No.
6	Fax: (916) 263-0426 E-mail: Joel.Samuels@doj.ca.gov	99239 Assistant District Attorney
		701 Ocean Street, Suite 200
7	PAMELA Y. PRICE District Attorney of Alameda County	Santa Cruz, CA. 95060 Telephone: (831) 454-2930
8	SIMONA FARRISE BEST, SBN 171708 Senior Assistant District Attorney	Fax: (831) 454-2227 E-mail:
9	CARLOS J.E. GUZMÁN, State Bar No. 219185	Douglas.Allen@santacruzcounty.us
10	Deputy District Attorney 1225 Fallon Street, Suite 900	GEORGE GASCON
	Oakland, CA 94612-4208	District Attorney of Los Angeles County
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13	LORI E. FRUGOLI District Attorney of Marin County	Deputy District Attorney 211 West Temple Street, Suite 1000
	Andres Perez, State Bar No. 186219	Los Angeles, ĈA 90012
14	Deputy District Attorney 3501 Civic Center Drive, Suite 145	Telephone: (213) 257-2450 E-mail: lyklein@da.lacounty.gov
15	San Rafael, CA 94903-4189	
16	Telephone: (415) 473-6450 Fax: (415) 473-3719	Attorneys for Plaintiff, The People of the State of California
	E-mail: Aperez@marincounty.org	The reopie of the state of cumornia
17	SUPERIOR COURT OF TH	E STATE OF CALIFORNIA
18		
19	FOR THE COUNT	TY OF ALAMEDA
20	PEOPLE OF THE STATE OF CALIFORNIA,	Case No.: RG21095881
21	Plaintiff,	
22	VS.	STIPULATED FINAL JUDGMENT
23	MARINER HEALTH CARE INC., a Delaware	
24	corporation; et. al.	
25	Defendants.	
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28		1
	STIPULATED FINAL JUDGMENT	

STIPULATED FINAL JUDGMENT

OPERATING COMPANY, LP, HAYWARD HILLS OPERATING COMPANY LP, INGLEWOOD OPERATING COMPANY LP, VERDUGO VISTA OPERATING COMPANY LP, MONTEREY PALMS OPERATING COMPANY LP, PARKVIEW OPERATING COMPANY LP, SAN RAFAEL OPERATING COMPANY LP, PALM SPRINGS OPERATING COMPANY LP, REHABILITATION CENTER OF SANTA MONICA OPERATING COMPANY LP, SANTA MONICA OPERATING COMPANY LP, SKYLINE SAN JOSE OPERATING COMPANY LP, VALE OPERATING COMPANY LP, and SAN MARCOS OPERATING COMPANY LP, (hereinafter collectively "Defendants").

6. The injunctive terms herein further apply to Defendants and to any person or entity involved in the operation of their licensed Skilled Nursing Facilities in California (as defined under California Health and Safety Code section 1250 and 22 CCR 72103, which applies to define terms when hereinafter using the terms "Skilled Nursing Facilities," Skilled Nursing Operators" and "Skilled Nursing Operations."). The injunctive terms apply to all aiders and abettors, subsidiaries, agents, servants, employees, representatives, officers, directors, managers, and specifically management companies and Limited Partnership or Limited Liability Company managers, successors, and any corporation, limited liability company, partnership, or any other entity or organization which is controlled, owned, managed, licensed, operated, administered by Defendants, their owners, officers or directors or any of them singularly or in any combination (collectively, the "Enjoined Parties").

#### **JURISDICTION AND VENUE**

7. This civil law enforcement action is brought by Plaintiff in the public interest under the laws of the State of California. The Alameda County Superior Court has jurisdiction of the subject matter hereof and of the Parties hereto and is a proper venue for this action.

#### **RELATED BANKRUPTCY ACTION**

8. On September 19, 2022, two Defendants, PARKVIEW OPERATING COMPANY LP, and MARINER HEALTH CENTRAL INC., and a related management company, Parkview Holding Company LP, LLC ("Debtors"), filed for Chapter 11 protection in United States Bankruptcy Court for the District of Delaware, Case 22-10878. The bankruptcy cases were ordered

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 Bankruptcy Plan as described herein will automatically lift any stay on monetary awards to

to be jointly administered. On October 25, 2022, venue of the jointly administered cases along with related adversary proceedings were transferred to the Northern District Bankruptcy Court of California, Oakland Division, Case number, 22-41079 WJL. Also transferred was the adversary proceeding entitled MARINER HEALTH CENTRAL, INC., PARKVIEW HOLDING COMPANY GP, LLC AND PARKVIEW OPERATING COMPANY, LP, vs. THE PEOPLE OF THE STATE OF CALIFORNIA, Adversary Proceeding No. 22-04052. The Debtors are seeking approval of a plan of reorganization which will resolve the jointly administered bankruptcy cases and adversary proceedings ("Bankruptcy Plan"). The proposed Bankruptcy Plan is to utilize the monetary resources of non-debtor affiliates of the Debtors, which will include the Defendants. In order to accommodate the Bankruptcy Plan, this Court will by this stipulated judgment stay portions of the monetary awards herein in order to support the successful completion of the Bankruptcy Plan of reorganization in the above referenced bankruptcy cases as described more fully below. "Successful Completion" means the fulfillment of all obligations of the Bankruptcy Plan as approved by the United States Bankruptcy Court in Case number, 22-41079 WJL, including but not limited to, payment of all sums to personal injury claimants against Defendants and any of them as required by the Bankruptcy Plan, and payment of sums due to the Plaintiffs herein as required by this Stipulated Judgment through the Bankruptcy Plan. The stay provisions require that the Bankruptcy estate be fully administered in a Chapter 11 reorganization and a final decree closing the case has been entered. Any failure by Defendants to achieve the Successful Completion of their

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Plaintiffs under this Final Judgment as described more fully below. 9. Pursuant to Business and Professions Code sections 17203 and 17535, Defendants and

including but not limited to any of the following:

**INJUNCTION** 

all Enjoined Parties are hereby enjoined and precluded from failing to comply with Federal or California laws and regulations, applicable to Skilled Nursing Facilities in California for a period of five years unless otherwise extended by this Court or as set forth in subparagraph "E" below,

Monitor to determine and report on compliance with the Preliminary Injunction (a copy of which

is attached hereto as Exhibit "A"). On August 25, 2023, this Court Modified the Preliminary Injunction (the "First Modified Preliminary Injunction" is attached hereto as Exhibit "B"). The Compliance Monitor appointed for the Preliminary Injunction, David Farrell and his team, is hereby appointed to monitor compliance with this final injunction with the same powers and authority as set forth in the Preliminary Injunction and First Modified Preliminary Injunction and as expanded and modified herein. Specifically, the scope of monitoring is hereby expanded to include the monitoring of all aspects of the injunctive terms of this Stipulated Judgment and is applicable to all facilities and Skilled Nursing Operations and related activities of all Defendants.

- 11. The Compliance Monitor shall continue monitoring for a period of three years following the court's acceptance of this judgment or terminate upon Successful Completion of the Bankruptcy Plan, whichever is later. This Court may for good cause shown continue the compliance monitoring beyond the three years or limit the monitoring and/or impose other remedies as authorized by law to ensure compliance with the injunction herein. Accordingly, the duration of the monitoring shall be for no less than three years, including payment to the Plaintiffs of costs as required below and under the Plan, unless extended or modified by this Court ("Monitoring Period").
- 12. The Monitor shall continue to have access to all records of Defendants' California Nursing Facilities including, but not limited to, *Matrix®*, *Kronos®* or other *cloud-based* or electronic records and Defendants shall continue to provide passwords and other required credentials to enable ongoing remote access to staffing and patient records, including, but not limited to patient/resident charts, medical records, trust account records and records reflecting cost sharing. The monitor shall also have access to records related to staffing, including, but not limited to, Key Factor Reports, Labor Management Reports, access to any electronic data management system which houses real-time or historical staffing data, and the general ledger of the operating companies and related entities, including but not limited to GranCare Holding Company LLC, GC Operating Company LLC, GC Holding Company 2 LLC, GC Holding Company 3, LLC, MHC Holding Company, MHC West Holding Company, Bio-Pacific LLC, MHC Recruiting Company, Mariner Insurance Company, Mariner Health Care Inc., National Senior Care Inc., Mariner Health

Care Management Company and Mariner Health Central Inc., which fund or pay for staffing. Defendants shall provide reasonable access to the facilities, residents, and residents' representatives. The Monitor shall be copied on all reports and notices as required herein and as required to be submitted to any public agency or non-profit by law or regulation regarding the conduct of skilled nursing activities in California that in the Monitor's discretion are reasonably necessary to determine compliance with the terms of this Stipulated Judgment. The Monitor shall be provided access to facilities on an unannounced basis to engage in impromptu checks to ensure ongoing compliance with the injunctive terms herein and reduce the need and expense of ongoing supervision.

- 13. The Monitor shall continue to maintain confidentiality of records covered by the Federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), California medical privacy laws, and third-party privacy rights, such as employee records and non-public financial records, disclosing them only to Monitor's staff, facility staff, counsel for both parties and their employees, agents and experts, who shall also maintain such confidentiality.
- 14. The Monitor and the Monitor's staff shall continue to document their activities on an hourly basis and prepare invoices that segregate costs according to each respective facility of Defendants commensurate with the time allocated to perform duties for the respective skilled nursing facilities ("Monitor Fees and Costs"). Any dispute regarding Monitor Fees and Costs shall be resolved by this Court through procedures as set forth in the Preliminary Injunction and First Modified Preliminary Injunction.
- 15. On an annual basis the parties shall meet and confer regarding the scope of the monitoring, the financial burden thereof, facility staffing, and the financial resources devoted to meeting required staffing, and other operational and financial issues related to compliance with this Stipulated Judgment in this action and the Reorganization Plan in case number Case No. 22-41079 WJL.
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#### **MONETARY RELIEF**

- 16. Subject to the provisions below including without limitation Paragraph 18(C), Penalties are hereby awarded to Plaintiff against all Defendants jointly and severally in the amount of fifteen million five hundred thousand dollars (\$15,500,000).
- 17. Costs are awarded to Plaintiff against all Defendants jointly and severally in the amount of two million two hundred and fifty thousand dollars (\$2,250,000.00) as reimbursement for the costs of investigation of this case.

#### **STAY OF MONETARY RELIEF**

- 18. Payment of the Costs and Penalties awarded herein shall be stayed pending confirmation or rejection of the Bankruptcy Plan in Case number, 22-41079 WJL. Upon the Effective Date of the Bankruptcy Plan by order of the Bankruptcy Court, the stay by this Court shall be lifted as to Costs in their entirety which amounts shall be paid pursuant to the Bankruptcy Plan. The stay by this Court shall continue to indefinitely apply to the Penalties unless lifted as follows:
- A. Should the Bankruptcy Plan not be confirmed by the Court in Case number, 22-41079 WJL, and instead be converted to a Chapter 7, or a Chapter 11 Trustee be appointed, then the stay shall be lifted as to the \$15,500,000 in Penalties and \$2,500,000 in Costs as to the Debtors only;
- B. Should the Bankruptcy Plan be confirmed, but not result in Successful Completion, or post confirmation should the Case number, 22-41079 WJL be dismissed or converted to a Chapter 7 bankruptcy, or should the Bankruptcy Plan be modified to not pay the personal injury plaintiffs or to become a liquidating plan, or should a Trustee be appointed, or for any other reason the Chapter 11 Plan not result in Successful Completion, the stay on both Penalties and Costs is automatically lifted in its entirety.
- C. Should there be a failure to pay the Monitor Fees and Costs or should there be a material violation of the injunctive terms herein, as determined by this Court, in addition to all other available remedies for such violation, the stay of the remaining Penalties shall be lifted as to an amount within the discretion of this Court.

- D. If the stay is lifted in part or in whole as determined by this Court as a result of a failure to pay the Monitor Fees and Costs or a material violation of the injunctive terms herein the Judgment for lifted Penalties as determined by this Court will be applicable against: (1) all Defendants which proximately caused the violation or failure, jointly and severally, and (2) unless funds are used for payment of ordinary course operating expenses, Penalties as determined by this Court will be applicable against any other entity, including, but not limited to GC Operating Company LLC, GC Holding Company 2 LLC, GC Holding Company 3, LLC, GranCare, LLC, and Mariner Health Central Inc., that has possession of the operating proceeds of the responsible companies, has possession of the loan facilities secured by the assets of the responsible companies, or has received any funds of the responsible companies. If there is a dispute as to what constitutes an ordinary course expense, the Parties shall meet and confer regarding such issue and if no agreement is reached shall raise such issue with the Court.
- 19. Should the Bankruptcy Plan result in Successful Completion including the payment of the Costs and Penalties awarded herein, and the Monitoring Period completed, including any extensions by this Court, and the stay having not been lifted otherwise as to the remaining amount of the stayed Penalties, then the Penalties awarded herein which have remained stayed, shall be permanently stayed.
- 20. The accumulation of statutory interest upon the award of Costs and Penalties shall not commence until the stay is lifted as to the respective sums pursuant to this judgment and as carried out by the Bankruptcy Plan. Statutory interest shall begin to accumulate on the entire amount of Costs awarded herein upon the triggering of the obligation by Defendants for the commencement of payments under the Plan toward the award of Costs and unstayed Penalties herein.
- 21. Payment of Costs and Penalties pursuant to this Judgment shall be paid to the Office of the California Attorney General, care of Supervising Deputy Attorney General Joel Samuels and shall be divided between the Department of Justice of the State of California and the other Prosecuting Agencies according to their own accounting and agreed distribution. Payment shall be made by cashier's check, wire transfer or other certified funds payable to the Attorney General,

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Division of Medical Fraud and Elder Abuse, care of Supervising Deputy Attorney General, Joel Samuels. It shall be the responsibility of the Office of the Attorney General, Division of Medical Fraud and Elder Abuse to reimburse the Department of Justice of the State of California and other participating Prosecuting Agencies for their respective share in the penalties and costs award.

22. Should any entity responsible for payment of Penalties or Costs hereunder, except those under the current jurisdiction of Northern District Bankruptcy Court of California, Oakland Division, Case number, 22-41079 WJL, file for bankruptcy or make an assignment for the benefit of creditors to avoid collection of any Penalties assessed by this Court pursuant to Paragraph 18(C), or should any RELATED PARTY<sup>1</sup> to Defendants upon being served with process to collect unstayed Penalties or Costs hereunder seek to avoid personal jurisdiction of this Court, then the entire stay shall be automatically lifted as to all sums awarded hereunder including all Penalties and Costs.

## PROTECTIVE ORDER PENDING PAYMENT OF UNSTAYED PENALTIES AND COSTS

23. During the time in which the Defendants are under the Injunctive and Monitoring Terms of this Judgment and Costs and Penalties are not paid hereunder, and until all remaining penalties are permanently stayed, transfers and expenditures by the Defendants to any RELATED PARTY shall be reported to the People if out of the ordinary course of business or in excess of

<sup>&</sup>lt;sup>1</sup> "RELATED PARTY" is defined as that term is defined by the Center for Medicare and Medicaid Services ("CMS") Cost Reports Manual, the term "RELATED PARTY" or "RELATED PARTIES" shall mean the same definition as set forth in Section 4020.3.1. of the Office of Statewide Health, Planning, and Development "Accounting and Reporting Manual for California Long-Term Care Facilities" manual. As defined therein, the term "RELATED PARTY" means "an organization that is related to the FACILITY, as defined in 42 C.F.R. Section 413.17(b), and means that the provider, to a significant extent, is associated or affiliated with or has control of or is controlled by the organization furnishing services, facilities, or supplies. Common ownership exists when an individual or individuals possess significant ownership or equity in the facility and the institution or the organization serving the facility. Control exists when an individual or organization has the power, directly or indirectly, to significantly influence or direct the actions or policies of the facility. An Affiliate is defined as a person, entity, or organization controlling, controlled by, or under common control with another person, entity, or organization, including, but not limited to parent corporation, holding companies, related entities, joint ventures and partnerships. Factors to be considered include: common ownership of 50% or more, shared board of directors; purpose; and whether an entity operates for the benefit of others.

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amounts allowed under the limits set forth in the CMS Cost Reports Manual. Upon request of the People, the Parties will meet and confer regarding these transfers or expenditures. Failure to meet and confer regarding any such transfer(s) or expenditure(s) shall be cause to lift the stay in whole or in part upon application to the Court. Should the parties not reach agreement in the meet and confer process they may apply to this Court for resolution to protect against transfers or expenditures which appear designed to impair the collection by the People of any sums due hereunder.

In addition to the financial records provided to the Monitor to the extent required above and in the preceding paragraph, Defendants and all RELATED PARTIES shall also make available and provide such financial records to the People and their forensic accountants as requested, including but not limited to, bank records, financial statements, California income tax returns, and the general ledger of any of the defendant companies and RELATED PARTIES if unpaid Penalties are due and outstanding.

#### RETENTION OF JURISDICTION AND OTHER TERMS

- 25. Nothing in the judgment is intended to impose a standard lower than that imposed by law, or excuse Defendants from complying with all applicable laws, regulations, and directives from regulatory agencies and shall not be deemed to relieve Defendants of the obligation to follow any applicable law, statute or regulation not referenced herein.
- 26. Any failure by any party to this Final Judgment to insist upon the strict performance by any other party of any of the provisions of this Final Judgment shall not be deemed a waiver of any of the provisions of this Final Judgment, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Final Judgment.
- 27. This Stipulated Judgment does not apply to, resolve, estop, adjudicate, preclude or bar any claims for civil, criminal, or administrative liability that any person or entity, including

<sup>&</sup>lt;sup>2</sup> Such cost must not exceed the price of "comparable services, facilities, or supplies that could be purchased elsewhere..." and "are reasonable if the costs incurred are comparable with the marketplace prices for similar services, or provide for a total guaranteed cost equal to or less than the provider's current cost for such department or service." See CMS Provider Reimbursement Manual, Sections 2135.3, 2150.1.

Defendants, has or may have to the State's Medicaid Program (Cal. Welfare & Inst. Code §§ 14000, et seq., 14200 et seq.; 42 U.S.C. Chapter 7 Subchapter XIX), including any such liability to the State's Medicaid Program arising from "managed care entities" as defined by 42 U.S.C. § 1396u-2(a)(1)(B).

- 28. This Court retains jurisdiction over this Final Judgment and the Parties hereto for the purposes of enabling any party to this Final Judgment to apply to the Court at any time for such order or directions as may be necessary or appropriate for the construction of, or carrying out, of this Final Judgment, or for the modification, addition or termination of any of the injunctive provisions, or for good cause shown for appointment of a receiver.
- 29. The People may move this Court for additional relief for any violation, including but not limited to, contempt, additional injunctive provisions, and the appointment of a receiver. The People may file a new action for additional penalties pursuant to California Business and Professions Code §17207 or any other applicable law or remedy. Unless otherwise set forth herein, nothing in the Final Judgment shall limit any rights of the People to seek any other relief or remedies provided by law, including but not limited to liability for submission of false claims.
- 30. During the term of the injunctive terms herein, Defendants may sell one or more of their licensed facilities and in addition to compliance with all applicable State and Federal statutes and regulations regarding any such sale, Defendants will provide all available information requested by the People to ascertain the qualifications and affiliations of any prospective buyer of the entities or their assets or any portion thereof to ensure that such prospective buyer is not directly or indirectly affiliated with any of the Defendants or Enjoined Parties, or any of their direct or indirect affiliates. Upon the People being satisfied that the buyer is qualified to assume whatever duties of skilled nursing operations that are transferred, and that the buyer is not affiliated in any way with the persons or entities identified as Enjoined Parties, and upon approval by the People the injunction will terminate as to such facility. Any dispute regarding the People's decision may be addressed to this Court for resolution.
  - 31. No costs are awarded to either party in this action, except as provided above.

1	32. All parties have waived their right to appeal, and this Final Judgment shall take		
2	effect immediately upon entry hereof, and the Parties have waived notice of entry of judgment.		
3	33. Documents produced by Defendants pursuant to the terms of this Stipulated Final		
4	Judgment may be designated as confidential and governed by the terms of the Protective Order		
5	entered by the Court on July 13, 2022 and shall be subject to the dispute resolution provisions as		
6	set forth therein.		
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9	CALLE		
10	The Honorable Tara Desautels JUDGE OF THE SUPERIOR COURT		
11	Tara Desautels / Judge		
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	STIPULATED FINAL JUDGMENT		

#### Reserved for Clerk's File Stamp SUPERIOR COURT OF CALIFORNIA **COUNTY OF ALAMEDA FILED** COURTHOUSE ADDRESS: Superior Court of California Rene C. Davidson Courthouse County of Alameda 1225 Fallon Street, Oakland, CA 94612 03/18/2024 PLAINTIFF/PETITIONER: Chad Finky ∫Execuptive O±Acer/Clerk of the Court The People of the State of California et al Tumonon DEFENDANT/RESPONDENT: National Senior Care, INC., a Delaware Corporation et al CASE NUMBER: CERTIFICATE OF ELECTRONIC SERVICE CODE OF CIVIL

I, the below named Executive Officer/Clerk of Court of the above-entitled court, do hereby certify that I am not a party to the cause herein, and that on this date I served one copy of the Stipulated (proposed) Final Judgment entered herein upon each party or counsel of record in the above entitled action, by electronically serving the document(s) from my place of business, in accordance with standard court practices.

PROCEDURE 1010.6

Darryl Alan Ross Mariner Health Care, Inc. daross@marinerhealthcare.com

Dated: 03/18/2024

Scott Jason Kiepen Hooper Lundy & Bookman, Inc skiepen@health-law.com

RG21095881

TRACY D. FORBATH LEWIS BRISBOIS BISGAARD & SMITH LLP tracy.forbath@lewisbrisbois.com

Chad Finke, Executive Officer / Clerk of the Court

By:

A. Tumonong, Deputy Clerk

De La Turney

#### Reserved for Clerk's File Stamp SUPERIOR COURT OF CALIFORNIA **COUNTY OF ALAMEDA FILED** COURTHOUSE ADDRESS: Superior Court of California Rene C. Davidson Courthouse County of Alameda 1225 Fallon Street, Oakland, CA 94612 03/18/2024 PLAINTIFF/PETITIONER: Chad Finky ∫Execuptive O±Acer/Clerk of the Court The People of the State of California et al DEFENDANT/RESPONDENT: National Senior Care, INC., a Delaware Corporation et al CASE NUMBER:

I, the below-named Executive Officer/Clerk of the above-entitled court, do hereby certify that I am not a party to the cause herein, and that on this date I served the attached document upon each party or counsel named below by placing the document for collection and mailing so as to cause it to be deposited in the United States mail at the courthouse in Oakland, California, one copy of the original filed/entered herein in a separate sealed envelope to each address as shown below with the postage thereon fully prepaid, in accordance with standard court practices.

**CERTIFICATE OF MAILING** 

Luke VanderDrift N/A 2329 Gateway Oaks Drive Suite 200 Sacramento, CA 95833-4252

Dated: 03/18/2024

Mariner Health Central INC,a Delaware Corporation 44 Montgomery St., Ste. 3500 San Francisco, CA 94104

RG21095881

Chad Finke, Executive Officer / Clerk of the Court

By:

A. Tumonong, Deputy Clerk

The Lig Thomas