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 Southern Inyo Healthcare District

8
 9 **UNITED STATES BANKRUPTCY COURT**
 10 **EASTERN DISTRICT OF CALIFORNIA FRESNO DIVISION**

11 In re

12 SOUTHERN INYO HEALTHCARE
13 DISTRICT

14 Chapter 9 Debtor.

15 SOUTHERN INYO HEALTHCARE
16 DISTRICT, plaintiff

17 v.

18 HEALTHCARE CONGLOMERATE
19 ASSOCIATES, LLC; VI HEALTHCARE
20 FINANCE, INC.; and DOES 1 through 10,
21 defendants.
22

Bankruptcy Case No.: 16-10015
Chapter 9

Adv. Case No.:

COMPLAINT FOR:

- (1) AVOIDANCE OF UNAUTHORIZED POST-PETITION TRANSFERS;
- (2) BREACH OF CONTRACT;
- (3) ACCOUNTING;
- (4) NEGLIGENCE;
- (5) CONCEALMENT;
- (6) BREACH OF FIDUCIARY DUTY;
- (7) DECLARATORY RELIEF
- (8) EQUITABLE SUBORDINATION;
- (9) VIOLATION OF GOVERNMENT CODE § 8314

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 24
 25 Chapter 9 Debtor, Southern Inyo Healthcare District (“District,” “Plaintiff,” or “Debtor”)
 26 hereby submits this Complaint against Healthcare Conglomerate Associates, LLC (“HCCA”),
 27 Vi Healthcare Finance, Inc. (“Vi”), and Does 1 through 10 and hereby alleges as follows:

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1 conspirator of the other defendants, and in doing the things herein alleged, were acting within
2 the scope and course of said agency, joint venture and concert of action, and by reason thereof,
3 each of said defendants are jointly and severally liable for the harm described.

4 GENERAL ALLEGATIONS

5 11. The District is a rural healthcare district founded on July 5, 1949, under the
6 California Local Health Care District Law (formerly the Local Hospital District Law). Over the
7 60 years following its creation, the District proudly served the community of Southern Inyo
8 County, California, and expanded to serve the growing needs of the community—adding a
9 skilled nursing facility (“SNF”) and rural medical clinic.

10 12. Between 2008 and 2015, the District experienced financial problems, difficulty
11 hiring and retaining qualified medical staff in the area, declining occupancy and operational
12 revenues, discounts and reductions imposed by insurers and governmental programs, and
13 ultimately closure of its facilities. In December, 2015, the Board’s Chief Executive Officer
14 resigned, followed by the mass resignation of the five (5) member board at which point the
15 District was without executive management and governance.

16 13. On or about December 29, 2015, the Inyo County Board of Supervisors appointed
17 a new board of directors for the District and, shortly thereafter, the new board began evaluating
18 the financial condition of the District. The Board, however, had few choices. The Debtor was
19 left without an operating hospital to generate revenue or sufficient funds to restart operations.
20 The Debtor also lacked the necessary medical staff to reopen all operations. Further
21 complicating an already precarious situation, the California Department of Public Health
22 (“CDPH”) served the Debtor with a demand to either voluntarily suspend its medical licenses
23 by January 5, 2016, or the CDPH would involuntarily suspend the medical licenses.

24 14. The new District Board immediately took action. The new District Board began
25 working with defendant HCCA, who purported to be a restructuring and advisory firm focused
26 on the reorganization and operation of medical practices and hospitals, to evaluate the potential
27 reorganizational strategies and financing options to reopen the hospital, SNF and rural clinic.
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1 After evaluating the financial condition of District and potential restructuring options, the
2 District Board noticed a public hearing to obtain comments from the community regarding the
3 potential restructuring of the District through bankruptcy and the involvement of HCCA in the
4 restructuring and management of the District hospital and facilities.

5 15. On or about January 2, 2016, the District and HCCA entered the Management
6 Services Agreement (“MSA”). A true and correct copy of the MSA is attached as Exhibit 1.
7 Pursuant to the MSA, HCCA is vested with the authority to manage the operational and
8 financial aspects of the District’s facilities.

9 16. Pursuant to the MSA, HCCA was specifically retained to provide “Bankruptcy
10 Advice” and to “provide District with consultation and advice in connection with a potential
11 filing by District of a proceeding under Chapter 9 of the Bankruptcy Code”; to “arrange and
12 supervise the bankruptcy proceedings.” The MSA also provided that the Chief Restructuring
13 Officer, an employee of HCCA, “shall serve as the representative of the District in connection
14 with any such Chapter 9 bankruptcy proceeding.”

15 17. On or about January 3, 2016, the District Board adopted resolution number 16-01
16 (“Resolution”), which, among other things, declared a fiscal emergency under California
17 Government Code § 53760.5 due to the threat posed to public health and welfare from the
18 financial condition of the hospital—namely, the inability to provide emergency and critical
19 medical care to the surrounding community—and the inability to pay current obligations due to
20 the lack of any cash or short-term income potential. On or about January 4, 2016, the District
21 filed a voluntary petition for relief under chapter 9 of the Bankruptcy Code. HCCA managed
22 the District during the bankruptcy case until October 23, 2017.

23 18. In connection with the MSA, on January 2, 2016, HCCA and Debtor entered an
24 agreement for a revolving unsecured line of credit at 10% interest to, among other things, fund
25 operations and costs associated with the restructuring and the bankruptcy case and ensure that
26 crucial vendors, doctors, and nurses were paid in order to keep the facilities open.
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1 19. HCCA made at least the following advances on the line of credit without Debtor's
2 knowledge or consent as follows:

Date of Advance	Amount
December, 2016	\$50,000
January, 2017	\$310,000
February, 2017	\$60,000
March, 2017	\$330,000
April, 2017	\$90,000
May, 2017	\$10,000
July, 2017	\$150,000
September, 2017	\$250,000

13
14 20. HCCA also made unauthorized loans and transfers between the Tulare Local
15 Healthcare District ("Tulare District") and the Debtor, including in order to fund
16 intergovernmental transfers ("IGT") to the State of California.

17 21. In March 2017, Dr. Benzeevi contended that the line of credit should be paid as an
18 administrative claim in the bankruptcy case and indicated that HCCA would not advance further
19 funds under the line of credit. During this same period of time, the Debtor learned HCCA had
20 failed in its duties to collect accounts receivable to fund its operations and that the line of credit
21 was in excess of \$1,000,000.

22 22. Had HCCA exercised reasonable care in the collection of the Debtor's accounts
23 receivables, the Debtor would not have been required to borrow some or all of the line of credit
24 to fund its operations.

25 23. In April 2017, Debtor's Board learned of the possibility of obtaining a line of
26 credit from another source secured by tax deposits, which loans are available to hospitals.

1 24. At the same time, HCCA appeared to become increasingly worried about the lack
2 of collateral securing the line of credit and threatened that it would not make Debtor's payroll if
3 new terms were not agreed.

4 25. In July 2017, under the threat of not making payroll, HCCA offered Debtor terms
5 of a new line of credit. HCCA proposed to fold in the old unsecured revolving line of credit at
6 the 10% interest rate and provide new credit at 20%. HCCA also demanded that both the pre-
7 petition and post-petition lines of credit would be secured by tax revenues.

8 26. On or about July 19, 2017, Vi, another entity controlled by Dr. Benzeevi and the
9 Debtor entered a Revolving Line of Credit Note (Secured) providing Debtor a \$2,000,000 line of
10 credit ("LOC"), \$1,038,789.56 of which was the existing amounts drawn on the pre-petition line
11 of credit, secured by all of Inyo County tax revenues, including "all property tax revenues, parcel
12 tax revenues, tobacco tax revenues, [] and any other tax revenues." The security for the LOC is
13 documented in the Assignment, Security Agreement and Pledge Agreement ("Security
14 Agreement"). The Security Agreement allows Vi to collect directly all county tax revenues.

15 27. The LOC required all requests for advances to be made in writing to Vi.

16 28. The LOC provided an interest rate of 10% on the first \$1,038,789.56 borrowed
17 under the pre-petition line of credit and an interest rate of 20% on funds borrowed going
18 forward. The maturity date of the loan is "one hundred twenty (120) days after demand by
19 Lender" or four years and 360 days after the date of the note if no demand is made.

20 29. Payments under the LOC are allocated first "to the payment of reimbursement of
21 all reasonable advances, expenses and disbursements of the Lender" and second "to be applied
22 in any manner desired by the Lender to the satisfaction of the Secured Indebtedness."

23 30. On or about July 25, 2017, Debtor gave notice to the Inyo County
24 Auditor/Controller that all tax revenues had been assigned to Vi.

25 31. After obtaining the new line of credit, Debtor's Board met to create a "critical
26 vendor list" to determine which vendors absolutely needed to be paid such that the Board should
27 draw down on the 20% line of credit. The critical vendor list payments totaled approximately
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1 \$350,000. In creating the list, the Board realized that HCCA had failed to disclose that doctors
2 had not been paid.

3 32. HCCA also acted below any reasonable standard for care in other instances. For
4 example, HCCA failed to respond to a signature request to complete a hospital drug room
5 certification per state regulations, which led to an expired drug room permit and a citation from
6 the State Board of Pharmacy and the California Department of Health. HCCA also failed to
7 respond to requests for evidence of an “organized medical staff” or pharmacy and therapeutics
8 committee, which led to citations. HCCA failed to have a defined admission criteria or written
9 infection control plan, which led to unsafe conditions and citations. HCCA did not pay a
10 contracted education vendor, which lead to the District failing to meet requirements for initial
11 staff education and re-training.

12 33. HCCA failed to make an IGT payment on behalf of the District in or about
13 September 2017, which lead to the District’s loss of \$300,000 in supplemental funds.

14 34. Throughout HCCA’s relationship with the District, HCCA has failed to make
15 efforts to assist the District in obtaining a bond and tax measure, even though HCCA
16 represented to the District that it would do so and the District relied on that representation in
17 deciding to contract with HCCA.

18 35. To obtain approval of the bond measure, the District is required to conduct
19 financial analyses. Although obligated to prepare and produce such reports under the MSA,
20 HCCA failed to provide the requested reports and financial information despite repeated
21 requests from the District, both orally and in writing. Accordingly, the District Board took steps
22 to compel HCCA to comply with the request and, simultaneously, obtain the requisite financial
23 information from an alternate source. Regrettably, due to the authority granted to HCCA with
24 respect to financial matters under the MSA, the District Board has still not been able to obtain
25 complete financial records that the District believes can be relied upon.

26 36. On information and belief, HCCA transferred medical supplies to the District that
27 were owned by the Tulare District without the Tulare District’s consent or the District’s
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1 knowledge or consent. On information and belief, HCCA invoiced and payed itself with the
2 District's funds for these medical supplies.

3 37. On or about October 5, 2017, the District began to learn of the full extent of
4 HCCA's financial mismanagement. Counsel for the District obtained copies of bank statements
5 and transactional records for the District's bank accounts ("Bank Records"). The Bank Records
6 contained inconsistencies with certain reports and representations previously provided by
7 HCCA and numerous transactions not authorized by the District Board.

8 38. The Bank Records revealed numerous unauthorized transfers by and between the
9 District and the Tulare District ("Tulare Transfers").

10 39. HCCA represented that the transfer of approximately \$700,000 to Tulare District
11 on behalf of HCCA was in satisfaction of amounts owing under the line of credit extended by
12 HCCA to the District. The Bank Records, however, demonstrate that the line of credit had a
13 zero dollar (\$0.00) balance as of the date of the \$700,000 transfer. Accordingly, it appears that
14 the representation that the transfer was in satisfaction of amounts due under the HCCA line of
15 credit was false. Rather, these funds were transferred to Tulare on behalf of HCCA on account
16 of management fees to HCCA and was not for the purpose of paying down the line of credit
17 with HCCA.

18 40. On or about September 30, 2017, the Tulare District commenced its own Chapter
19 9 bankruptcy case. Shortly thereafter, the Tulare District filed a motion seeking authority to
20 reject its management agreement with HCCA. The Tulare District has alleged similar
21 wrongdoings by HCCA as those recently discovered by the District. In addition to alleging that
22 the HCCA management agreement is oppressive and entirely one-sided (as it is here), the
23 Tulare District avers that HCCA mismanaged its operations by, among other things, paying
24 management fees at the expense of employees. The Tulare District has also alleged
25 unauthorized transfers of funds by HCCA between the District and the Tulare District.
26

27 41. The financial reports prepared by HCCA represented that HCCA made numerous
28 loans and thereafter received payment on account of the purported loans. The bank statements,

1 however, appear to indicate that the payments were on account of HCCA's management fees—
2 not the repayment of any advances on the line of credit which HCCA purported to extend.

3 42. On or about October 11, 2017, the District held a special board meeting to discuss,
4 among other things, the findings from the evaluation of the bank records and whether to remove
5 HCCA through the rejection and/or termination of the MSA. Based on the available information
6 and documentation, the District Board concluded that HCCA had engaged in a series of
7 improper actions, including, without limitation, misusing and misappropriating District funds;
8 misrepresenting and misleading the District Board regarding the financial dealings of the
9 District; concealing information regarding the financial dealings of the District; and failing to
10 comply with the terms of the MSA by, among other things, failing to provide complete and
11 accurate financial reports, failing to perform its duties and failing to facilitate the preparation of
12 audited financial statements.

13 43. On October 17, 2017, the District filed an emergency motion to terminate the
14 MSA. On October 23, 2017, the Court entered an order authorizing the removal of HCCA as a
15 signatory to the District's bank accounts and continued the hearing on termination of the MSA.
16 On November 22, 2017, the District and MSA filed a settlement with the court agreeing to
17 terminate the MSA. The settlement did not contain any releases of liability.

18 44. The District will suffer irreparable injury if HCCA is not ordered to turn over all
19 tax revenues currently in its possession and to be collected in the future on account of the
20 District.

21 THE MSA

22 45. The MSA was grossly unfavorable to the District, and included several
23 unconscionable terms and conditions which are against public policy, including but not limited
24 to the below summarized terms:

- 25 • 2(c): Irrevocability of Agreement. The District "irrevocably waives and
26 relinquishes any right, power or authority existing at law or in equity to terminate this
27 Agreement, except in strict accordance with the express provisions of this Agreement."
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1 *But see* 10(d)(i) . . . Manager shall have the absolute right to terminate this
2 Agreement, with or without “cause,” upon at least thirty (30) days written notice to the
3 District.

4 • 4(g)(v): Manager is hereby authorized to make payment from the Master
5 Account or other accounts of the District . . . to itself and its Affiliates of any amounts
6 due to it or any of the by the District under this Agreement or otherwise . . . and the
7 District acknowledges that any amounts due to Manager or any of its Affiliates under
8 this Agreement, including without limitation, any Management Fee, shall be senior in
9 priority, and shall not be subordinate to the payment of, any amount due to any other
10 creditor of Company.

11 • 4(l)(ii): The District hereby grants to Manager . . . an exclusive special
12 power of attorney and appoints manager . . . the District’s exclusive true and lawful
13 agent and attorney-in-fact . . . to: (i) sign checks, drafts, bank notes or other instruments
14 on behalf of the District, (ii) make withdrawals from the Depository Account, the Master
15 Account or other the District accounts [] for payments specified in this Agreement and
16 (iii) designate, remove, and change such signatories on such accounts as Manager deems
17 necessary or appropriate . . .

18 (iii) . . . The special power of attorney granted herein is coupled with an interest
19 and shall be irrevocable except with Manager’s written consent.

20 • 6(f): The obligations of the District under this Agreement rank and shall
21 rank at least senior in priority of payment to all other unsecured debt of the District.
22 Fund transfers and other payments received by the District shall be directed, regardless
23 of the payment purpose indicated on the payment document, according to the priority
24 ranking (1) payment of the Management Fee . . . (2) payment of any secured
25 indebtedness; and (3) all other debts of the District.

26 • 8(a): The District hereby agrees to indemnify, defend and hold Manager
27 harmless from and against any and all claims, actions . . . including reasonable attorneys’
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1 fees . . . asserted against Manager on account of any of the obligations, liabilities or
2 debts of the District or the Hospital . . . The District further agrees to defend, hold
3 harmless and indemnify Manager . . . from and against any and all claims . . . arising out
4 of actions taken by Manager . . . in what Manager reasonably believed to be within the
5 scope of their responsibilities . . . However, in no event shall Manager . . . be liable to the
6 District for any loss of use, goodwill, revenue or profits . . . or any damage or expense . .
7 ..

8 • (b)(i) . . . In the event this Agreement is terminated as a result of any
9 District Default, the District shall pay a fee

10 (ii) The Termination fee shall be an amount equal to Thirty Two Thousand Five
11 Hundred Dollars (\$32,500) per month first increased by CPA, as provided below, and
12 then multiplied by the remaining number of months in the Operating Period (initially 5
13 years) at the time of termination . . .

14 46. On information and belief, the MSA was presented to the District on short notice
15 and executed under duress.

16 **FIRST CLAIM FOR RELIEF**

17 **(Avoidance of Unauthorized Post-Petition Transfer – 11 U.S.C. § 549(a) against HCCA**
18 **and Does 1-5)**

19 47. The District incorporates by reference paragraphs 1 through 46 above as though
20 set forth in full here.

21 48. The Tulare Transfers were transfers of property of the District's Estate to HCCA
22 and/or the Tulare District for the benefit of HCCA that were not authorized under Title 11 or by
23 the Court.

24 49. All payments made to HCCA for repayment of the line of credit or the
25 management fees that were made without the express written consent of the Board of the
26 District ("HCCA Transfers") were not authorized under Title 11 or by the Court.
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1 reconciliation.” It further provides that “Monthly financial statements, including income
2 statements, balance sheets, statement of cash flows . . . shall generally be available to the
3 District by the 20th day of the month following the applicable period.” In addition, the MSA
4 provides that “Authorized agents of the District shall have the right at all reasonable times
5 during the usual business hours, at the District’s expense, to audit, examine and make copies of
6 or extracts from the books of account of the District maintained by the Manager.”

7 59. The District has performed all terms, covenants, promises and conditions required
8 of it under the MSA except to the extent such performance was excused by the conduct of
9 HCCA.

10 60. HCCA has breached the MSA by, among other things, failing and refusing to
11 account to the District; denying the District the right to inspect, audit, examine and make copies
12 of the books of account for the District maintained by HCCA; improperly managing the
13 District's hospital and related healthcare clinics; and other self-dealing.

14 61. In addition, HCCA has breached the MSA by, among other things, commingling
15 the District’s and Tulare’s funds and supplies, failing to make any reasonable effort to collect
16 the District’s accounts receivable, repeatedly drawing on the line of credit to pay operating
17 expenses and failing to pay doctors and critical vendors.

18 62. As a direct and proximate result of HCCA's breaches of the MSA, the District has
19 been damaged in an amount to be determined at the time of trial.

20 **FOURTH CLAIM FOR RELIEF**

21 **(Breach of Line of Credit – against HCCA and Does 1-5)**

22 63. The District incorporates by reference paragraphs 1 through 46 above as though
23 set forth in full here.

24 64. In connection with the MSA, on January 2, 2016, HCCA and Debtor entered the
25 agreement for a revolving unsecured line of credit at 10% interest to, among other things, fund
26 operations and costs associated with the restructuring and the bankruptcy case on a limited as
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1 needed basis when accounts receivable and other income were insufficient to pay crucial
2 vendors, doctors, and nurses.

3 65. The District has performed all terms, covenants, promises and conditions
4 required of it under the revolving line of credit except to the extent such performance was
5 excused by the conduct of HCCA.

6 66. HCCA has breached the revolving line of credit by, among other things, making
7 advances without the knowledge or consent in writing of the District.

8 67. As a direct and proximate result of HCCA's breaches of the revolving line of
9 credit, the District has been damaged in an amount to be determined at the time of trial.

10 **FIFTH CLAIM FOR RELIEF**

11 **(Breach of Line of Credit – against Vi and Does 6-10)**

12 68. The District incorporates by reference paragraphs 1 through 46 above as though
13 set forth in full here.

14 69. On or about July 19, 2017, Vi and the District entered the LOC.

15 70. The LOC required all requests for advances to be made in writing to Vi.

16 71. The District has performed all terms, covenants, promises and conditions required
17 of it under the LOC except to the extent such performance was excused by the conduct of Vi.

18 72. Vi has breached the LOC by, among other things, failing to make payments to
19 creditors from funds advanced.

20 73. As a direct and proximate result of Vi's breaches of the LOC, the District has
21 been damaged in an amount to be determined at the time of trial.

22 **SIXTH CLAIM FOR RELIEF**

23 **(Accounting – against HCCA and Does 1-5)**

24 74. The District incorporates by reference paragraphs 1 through 46 above as though
25 set forth in full here.

26 75. Pursuant to the MSA, HCCA was required to “deliver to” the District, the reports
27 and financial statements reasonably requested by the Governing Body.” “Oversight shall
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1 include consultation with respect to Hospital and Other facilities: (i) General ledger/financial
2 accounting; (ii) Accounts payable; (iii) Payroll; . . . (vi) Monthly bank reconciliation.” It further
3 provides that “Monthly financial statements, including income statements, balance sheets,
4 statement of cash flows . . . shall generally be available to the District by the 20th day of the
5 month following the applicable period.” In addition, the MSA provides that “Authorized agents
6 of the District shall have the right at all reasonable times during the usual business hours, at the
7 District’s expense, to audit, examine and make copies of or extracts from the books of account
8 of the District maintained by the Manager.”

9 76. Pursuant to the terms of the MSA, HCCA owed a duty to the District to account
10 for all revenues received with respect to the hospital, and also to provide such accounting to the
11 District on a monthly, quarterly, and annual basis, and upon reasonable request.

12 77. Pursuant to the terms of the line of credit, HCCA owed a duty to the District to
13 account for all amounts drawn on the line of credit, all fees and costs, and all payments on the
14 line of credit and to provide such accounting to the District on a monthly, quarterly, and annual
15 basis, and upon reasonable request.

16 78. Despite HCCA's obligations to account under the MSA and line of credit, HCCA
17 has failed and refused to provide such an accounting to the District.

18 79. The amount of money due by HCCA to the District in connection with its
19 mismanagement of the District per the MSA and improper draws on the line of credit is
20 unknown to the District and cannot be ascertained without an accounting by HCCA. The
21 District has demanded that HCCA provide an accounting of all revenue received by HCCA and
22 all expenditures made by HCCA, however, to date, HCCA has not provided the District with a
23 full, complete and accurate accounting.
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25 **SEVENTH CLAIM FOR RELIEF**

26 **(Accounting – against Vi and Does 6-10)**

27 80. The District incorporates by reference paragraphs 1 through 46 above as though
28 set forth in full here.

1 98. HCCA's concealment was a substantial factor in causing the District's harm.

2 **TENTH CLAIM FOR RELIEF**

3 **(Breach of Fiduciary Duty – against HCCA and Does 1-5)**

4 99. The District incorporates by reference paragraphs 1 through 46 above as though
5 set forth in full here.

6 100. HCCA was charged with managing and operating the District's hospital and
7 related clinics, and therefore owed a fiduciary duty to the District and the public to refrain from
8 actions and/or conduct that would cause injury to the District and/or to deprive the District of
9 profit or economic advantages which it was rightfully entitled by virtue of its hospital and
10 facilities.

11 101. HCCA violated its fiduciary duties owed to the District by, including but not
12 limited to, misappropriating the District's funds for HCCA's benefit and gain.

13 102. In acting as described above, HCCA did not exercise the care required of
14 managers in such a fiduciary role in that HCCA acted for its own benefit and to the detriment of
15 the District, which resulted in the District losing money, property, and incurring unnecessary
16 and considerable debt or other liabilities without receipt of any benefit to the District.

17 103. As a proximate result of the acts of HCCA, as previously described, the District
18 has been damaged in an amount to be determined at trial.

19 **ELEVENTH CLAIM FOR RELIEF**

20 **(Declaratory Relief – against HCCA and Does 1-5)**

21 104. The District incorporates by reference paragraphs 1 through 46 above as though
22 set forth in full here.

23 105. An actual controversy has arisen and now exists between the District and HCCA
24 concerning their respective rights and duties under the MSA. Specifically, the District contends
25 that it has no obligation to pay HCCA a termination fee pursuant to the MSA because such
26 payment offends public policy and is prejudicial to the public's interests and because the MSA
27 was terminated based on the willful and malicious conduct of HCCA.
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1 their unlawful actions and breaches of duty;

2 8. For a constructive trust compelling HCCA to transfer all wrongfully
3 obtained property to the District pursuant to California Civil Code §§ 2223 and 2224;

4 9. For a declaratory judgment that the District does not owe HCCA any
5 termination fees pursuant to the MSA;

6 10. For an order that any secured claims asserted by HCCA or Vi against the
7 District's bankruptcy estate are equitably subordinated in their entirety;

8 11. For declaratory judgment that neither HCCA nor Vi has a security interest
9 in the District's tax revenues;

10 12. For penalties of \$1,000 for day for each day that HCCA was improperly in
11 possession of the District's funds or property for personal use;

12 13. For attorneys' fees;

13 14. For an injunction ordering HCCA to turn over all tax revenues received on
14 account of the District and currently in its possession and to cease further collection of
15 any and all tax revenues; and

16 15. For such other relief as the Court deems just and proper.

17 Dated: 5/30/2018

18 THE SHINBROT FIRM

19 By: /s/Jeffrey S. Shinbrot
20 Jeffrey S. Shinbrot, Special
21 Litigation Counsel for the Southern Inyo
22 Healthcare District
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