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IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

THE PEOPLE OF THE STATE OF CALIFORNIA ex
rel. BILL LOCKYER, as Attorney General of the
State of California,

Plaintiff,

v.

TENET HEALTHSYSTEM DFH, INC., a
corporation; TENET HEALTHCARE
CORPORATION, a corporation; and
DOES 1 through 50,

Defendants.

Case No.: BC 277716

SETTLEMENT AGREEMENT
AND JUDGMENT

Dept.: 62

Honorable Richard C. Hubbell

SETTLEMENT AGREEMENT

The parties, plaintiff People of The State of California ex rel. BILL LOCKYER, as Attorney General of the State of California (“People” or “Plaintiff”), and defendants TENET HEALTHSYSTEM DFH, INC. and TENET HEALTHCARE CORPORATION (collectively referred to as “Tenet” or “Defendants”), desiring to avoid the expense, uncertainty, and inconvenience of further litigation in the above-captioned matter, hereby stipulate and agree to settle the above-captioned action on the following facts, terms, and conditions:

1. The Court has jurisdiction of the parties hereto and the subject matter hereof.
2. Within ten calendar days after this Settlement Agreement and Judgment is entered by the Court, Tenet shall pay \$100,000 to the Attorney General as reimbursement of the People’s

1 costs in investigating, bringing, and resolving this action, to be used by the Attorney General for
2 the purpose of obtaining experts and consultants, and defraying other costs associated with the
3 investigation and prosecution of other actions arising out of the Attorney General's oversight
4 responsibilities regarding nonprofit public benefit corporations and other charitable entities.

5 3. Within thirty calendar days after this Settlement Agreement and Judgment is entered by
6 the Court, Tenet shall deposit \$400,000 with the California Community Foundation for making
7 grants to one or more non-hospital, tax-exempt charitable organizations that provide medical
8 patient care at a low cost or free to people of low income and that have a patient volume
9 consisting of no less than 10 percent of persons who reside in the following zip codes: 90045,
10 90066, 90292, 90291, 90230, 90293, 90232, and 90245. The California Community Foundation
11 will provide notice to potential grantees of the availability of funds and the method of selection,
12 stating that significant weight will be given to a prospective grantee's ability to perform the
13 funded task and its reliability and accountability, and of the time frames for the selection process.
14 The California Community Foundation will collect and review the grant applications. After notice
15 to the Attorney General's Office, the California Community Foundation will select the grantees,
16 then disburse the funds, monitor and evaluate how the grantees use the funds, and prepare a
17 report for the Attorney General's Office. The Attorney General agrees to provide Tenet with a
18 copy of the report.

19 4. With respect to Tenet's announcement on May 29, 2002, of its intent to close and
20 steps taken to close Daniel Freeman Marina Hospital and its Emergency Room in 2002, including
21 but not limited to those steps listed in paragraph 6 below, as of the date of this Settlement
22 Agreement and Judgment, Tenet has complied with Conditions IX and XVIII of the Attorney
23 General's consent dated December 7, 2001, to the purchase by defendant Tenet HealthSystem
24 DFH, Inc. of Daniel Freeman Marina Hospital ("Marina") and Daniel Freeman Memorial Hospital
25 ("Memorial"), attached hereto as Exhibit 1, and related provisions of the Asset Purchase
26 Agreement (including but not limited to Sections 10.3 and 10.5, subdivision (b)), attached hereto
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1 as Exhibit 2, by having: 1) engaged in a “comprehensive assessment and planning process”
2 concerning the proposed closure by consulting with the Marina and Daniel Freeman Memorial
3 Hospital (“Memorial”) governing boards, Marina and Memorial medical staffs, Marina and
4 Memorial employees, elected officials, community leaders, Los Angeles county health officials,
5 including the Emergency Medical Services Agency, the public, several community-based
6 healthcare organizations, and consultants and experts in this field; 2) consulted with the Marina
7 Governing Board prior to any further decision by Tenet to close Marina Hospital and its
8 Emergency Room or eliminate or transfer any significant medical service being provided at
9 Marina Hospital.

10 5. The preliminary injunction issued on August 13, 2002, is dissolved effective upon the
11 date this Settlement Agreement and Judgment is issued by the Court.

12 6. Effective upon the execution of this Settlement Agreement and Judgment by all parties,
13 and the defendants’ payment of \$100,000 as specified in paragraph 2 and payment of \$400,000 as
14 specified in paragraph 3, the parties hereby release and forever discharge each other from all
15 claims, demands, causes of action, and liabilities of any kind or description, whether in law or in
16 equity, in contract or in tort, and whether or not presently known, suspected, claimed or alleged,
17 based upon, or arising from the following specific acts in the period from May to August, 2002,
18 and only in that period, and no other acts: defendants’ announcement on May 29, 2002, that they
19 intended to close Marina, that they would immediately stop admitting new non-emergency
20 patients at Marina, and that they would close the Marina Emergency Room on August 26, 2002;
21 defendants’ refusal to admit new non-emergency patients at Marina; steps taken by defendants to
22 close Marina, including but not limited to defendants’ removal of medical equipment from Marina
23 and the closure of the psychiatric, rehabilitation and chemical dependency units at Marina;
24 defendants’ announcement on June 18, 2002, of their intent to close Marina and its Emergency
25 Room on July 22, 2002; and defendants’ announcement of their intent to close Marina and its
26 Emergency Room allegedly without having first satisfied Conditions IX and XVIII of the
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1 Attorney General's Consent. At a minimum, this release and discharge does not include
2 enforcement of Condition VI of the Attorney General's consent dated December 7, 2001.

3 7. The release and discharge set forth in Paragraph 6 extends to all claims, whether
4 known or unknown, and to all injuries or damages, and all rights of action therefor. The parties
5 expressly waive California Civil Code section 1542 and certify they have read and acknowledge
6 the significance and consequences of California Civil Code section 1542, which states: "A general
7 release does not extend to claims which the creditor does not know or suspect to exist in his favor
8 at the time of executing the release, which if known by him must have materially affected his
9 settlement with the debtor."

10 8. This Court will retain jurisdiction over this action to enforce any provision of this
11 Settlement Agreement and Judgment.

12 9. Neither this Settlement Agreement and Judgment nor any action taken pursuant to this
13 Settlement Agreement and Judgment shall constitute any admission of any wrongdoing, fault,
14 violation of law, or liability of any kind on the part of the parties, or any admission by the parties
15 of any claim or allegations made in any action.

16 10. Each party shall cooperate fully in the execution of this Settlement Agreement and
17 Judgment and any other documents, and in any other actions that may be necessary or appropriate
18 to give full force and effect to the terms and intent of this Settlement Agreement and Judgment.

19 11. The terms of this Settlement Agreement and Judgment are contractual and not mere
20 recitals.

21 12. This Settlement Agreement and Judgment shall be governed by the laws of the State
22 of California.

23 13. This document is the sole, entire, and complete agreement between the parties
24 concerning the above-captioned action and is made to resolve the above-captioned action, and no
25 promise, inducement or agreement not herein expressed has been made.

26 14. Defendants acknowledge that each of them has been represented by independent legal
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1 counsel of their own choice throughout all of the negotiations which preceded the execution of
2 this Settlement Agreement and Judgment and that each of them has executed this Settlement
3 Agreement and Judgment with the consent and on the advice of such independent legal counsel,
4 and that each of them specifically requests and instructs their legal representative to execute this
5 document on presentation of the same. Any person executing this Settlement Agreement and
6 Judgment on behalf of any party does hereby personally represent and warrant to the other parties
7 that she/he has the authority to execute this Settlement Agreement and Judgment on behalf of,
8 and to fully bind, such party.

9 15. If any provision of this Settlement Agreement and Judgment is held to be invalid, void
10 or unenforceable, the remaining provisions shall nevertheless continue in full force without being
11 impaired or invalidated in any way.

12 16. This Settlement Agreement and Judgment is a product of mutual negotiation and
13 compromise and no one party shall be considered its author.

14 17. This Settlement Agreement and Judgment shall be binding upon the heirs, devisees,
15 executors, affiliates, administrators, successors, assigns, officers, directors, agents and employees
16 of the parties hereto, wherever the context requires or permits.

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4 18. Except as otherwise stated herein, each party shall bear its own attorney's fees and
5 costs.

6 Dated: _____

BILL LOCKYER, Attorney General
of the State of California
RICHARD M. FRANK
Chief Assistant Attorney General
DENNIS M. EAGAN
Senior Assistant Attorney General
JAMES M. CORDI
Supervising Deputy Attorney General

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By _____
WENDI A. HORWITZ, Deputy Attorney General

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Attorneys for Plaintiff, the People of the State of California

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Dated: _____

GIBSON, DUNN & CRUTCHER, LLP

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By _____
MARJORIE EHRICH LEWIS

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Attorneys for Defendants, Tenet HealthSystem DFH, Inc.
and Tenet Healthcare Corporation

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Dated: _____

TENET HEALTHSYSTEM DFH, INC

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By _____
Its: _____

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Dated: _____

TENET HEALTHCARE CORPORATION

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By _____
Its: _____

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JUDGMENT

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JUDGMENT IS ENTERED IN ACCORDANCE WITH THE FOREGOING

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1 SETTLEMENT AGREEMENT.

2 Dated: _____

3 HONORABLE RICHARD C. HUBBELL
4 Judge of the Superior Court

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