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9 IN THE UNITED STATES DISTRICT COURT
 10 FOR THE CENTRAL DISTRICT OF CALIFORNIA
 11 CENTRAL CIVIL WEST
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13 VANGUARD MEDICAL
 MANAGEMENT BILLING, INC., a
 14 California corporation; ONE-STOP
 MULTI-SPECIALTY MEDICAL
 15 GROUP, INC., a California corporation;
 ONE-STOP MULTI-SPECIALTY
 16 MEDICAL GROUP & THERAPY,
 INC., a California corporation; NOR
 17 CAL PAIN MANAGEMENT
 MEDICAL GROUP, INC., a California
 18 corporation; EDUARDO
 ANGUIZOLA, M.D., an individual, and
 19 DAVID GOODRICH, in his capacity as
 Chapter 11 Trustee;

20 Plaintiffs,
 21

22 v.

23 CHRISTINE BAKER, in her official
 capacity as Director of the California
 24 Department of Industrial Relations;
 GEORGE PARISOTTO, in his official
 25 capacity as the Acting Administrative
 Director of the California Division of
 26 Workers Compensation; and DOES 1
 through 10, inclusive,
 27

28 Defendants.

5:17-cv-00965

**DEFENDANTS' NOTICE OF NEW
 LEGISLATION AND REQUEST
 FOR JUDICIAL NOTICE**

Date: September 28, 2017
 Time: 8:30 a.m.
 Courtroom: 9D
 Judge: Hon. George H. Wu

1 Defendants make this submission to inform the Court of new legislation
2 signed by Governor Edmund G. Brown Jr. on September 26, 2017. Defendants
3 request that this Court take judicial notice of the new legislation, pursuant to
4 Federal Rule of Evidence 201, because it amends Labor Code section 4615, which
5 is the statute challenged by Plaintiffs in this action.

6 On September 26, 2017, Governor Brown signed Assembly Bill No. 1422
7 (“AB 1422”), enacting that statute into law, effective January 1, 2018. AB 1422 is
8 a cleanup bill that amends Labor Code sections 139.21 and 4615, the two workers’
9 compensation anti-fraud statutes that were adopted in 2016 as part of Assembly Bill
10 No. 1244 and Senate Bill No. 1160. A true and correct copy of the full text of AB
11 1422 is attached hereto as Exhibit A and is posted on the official California
12 Legislative Information website and available here:

13 http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180

14 [AB1422](#). The legislative committee reports for this bill, which summarize the
15 cleanup nature of the legislation, are available on the California Legislative
16 Information website here:

17 http://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201720180

18 [AB1422](#).

19 Among other provisions, AB 1422 amends Labor Code section 4615, the
20 constitutionality of which has been challenged by the Plaintiffs in this case. As
21 amended, effective January 1, 2018, the new text of Labor Code section 4615 will
22 read in full as follows:

23 4615. (a) Upon the filing of criminal charges against a physician,
24 practitioner, or provider for any crime described in subparagraph (A)
25 of paragraph (1) of subdivision (a) of Section 139.21, the following
26 shall occur:

27 (1) Any lien filed by, or on behalf of, the physician, practitioner, or
28 provider or any entity controlled, as defined in paragraph (3) of
subdivision (a) of Section 139.21, by the physician, practitioner, or

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provider for medical treatment services under Section 4600 or medical-legal services under Section 4621, and any accrual of interest related to the lien, shall be automatically stayed.

(2) Except as provided in subdivisions (b) and (c), the stay shall be in effect from the time of the filing of the charges until the disposition of the criminal proceedings.

(b) Upon conviction, as defined in paragraph (4) of subdivision (a) of Section 139.21, of the physician, practitioner, or provider for any crime described in subparagraph (A) of paragraph (1) of subdivision (a) of Section 139.21, the automatic stay shall remain in effect for any liens not dismissed pursuant to paragraph (1) of subdivision (e) of Section 139.21 until the commencement of lien consolidation procedures under paragraph (2) of subdivision (e) of Section 139.21.

(c) The automatic stay required by this section shall not preclude a physician, practitioner, or provider from requesting the dismissal with prejudice and forfeiture of sums claimed therein of any liens subject to the stay. Upon the receipt of that request and for good cause shown, the chief judge of the Division of Workers Compensation or his or her designee may lift the stay as to one or more of those liens and order that they be dismissed with prejudice.

(d) The administrative director shall promptly post on the division's Internet Web site the names of any physician, practitioner, or provider of medical treatment services whose liens are stayed pursuant to this section.

(e) The automatic stay required by this section shall not preclude the appeals board from inquiring into and determining within a workers' compensation proceeding whether a lien is stayed pursuant to subdivision (a) or whether a lien claimant is controlled by a physician, practitioner, or provider.

(f) The administrative director may adopt rules for the implementation of this section.

(g) Notwithstanding this section, the filing of new or additional criminal charges against a physician, practitioner, or provider who has been suspended pursuant to subparagraph (A) of paragraph (1) of

1 subdivision (a) of Section 139.21 shall not stay liens that are subject to
2 consolidation and adjudication pursuant to subdivisions (e) to (i),
3 inclusive, of Section 139.21, unless a determination has been made
4 pursuant to subdivision (i) of Section 139.21 that a lien did not arise
5 from the conduct that subjected the physician, practitioner, or provider
6 to suspension.

7 Defendants bring the Court's attention, in particular, to new subdivision (e)
8 in the text above.

9 The Governor included a Signing Message with his signing of the bill. The
10 signing message is attached hereto as Exhibit B and is posted on the Governor's
11 webpage here:

12 https://www.gov.ca.gov/docs/AB_1422_Signing_Message_2017.pdf.

13 The Signing Message states in full:

14 To the Members of the California State Assembly:

15 I am signing AB 1422 which is clean-up legislation to last year's workers'
16 compensation anti-fraud bills, AB 1244 and SB 1160. Those measures
17 established new requirements and authority to help prevent and reduce fraud
18 in the workers' compensation system. Specifically, they require the
19 suspension of medical providers who have been convicted of crimes
20 involving fraud or abuse. They also require placing a stay on any liens filed
21 by providers charged with such crimes (pending disposition of the charges).

22 AB 1422 confirms that the Workers' Compensation Appeals Board retains
23 jurisdiction to resolve disputes about the applicability of the automatic stay
24 provision to specific liens. This bill is declaratory of existing law which
25 provides for the resolution of these disputes through the Board's current
26 practices and procedures. Nothing in last year's legislation creating the stay
27 was intended, or operated, to divest the Board from jurisdiction over these
28 issues.

Sincerely,

Edmund G. Brown Jr.

1 Legislative history is an appropriate subject of judicial notice. See *Arce v.*
2 *Douglas*, 793 F.3d 968, 979, n. 4 (9th Cir. 2015) (“We take judicial notice of
3 legislative history materials pursuant to Federal Rules of Evidence Rule 201(b).”),
4 citing *Aramark Facility Servs. v. SEIU, Local 1877*, 530 F.3d 817, 826 n. 4 (9th
5 Cir. 2008); see also *Ass’n des Eleveurs de Canards et d’Oies du Quebec v. Harris*,
6 729 F.3d 937, 945 (9th Cir. 2013); *Chaker v. Crogan*, 428 F.3d 1215, 1223 (9th
7 Cir. 2005).

8 Dated: September 27, 2017

Respectfully submitted,

9 XAVIER BECERRA
10 Attorney General of California
11 MARK R. BECKINGTON
12 Supervising Deputy Attorney General

13 /s/ Amie L. Medley
14 AMIE L. MEDLEY
15 Deputy Attorney General
16 *Attorneys for Defendants Christine*
17 *Baker and George Parisotto, in their*
18 *Official Capacities*
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CERTIFICATE OF SERVICE

Case Name: **Vanguard Medical
Management, et al. v. Christine
Baker, et al.**

No. **5:17-cv-00965**

I hereby certify that on September 27, 2017, I electronically filed the following documents with the Clerk of the Court by using the CM/ECF system:

NOTICE OF NEW LEGISLATION AND REQUEST FOR JUDICIAL NOTICE

I certify that **all** participants in the case are registered CM/ECF users and that service will be accomplished by the CM/ECF system.

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on September 27, 2017, at Los Angeles, California.

Amie L. Medley
Declarant

/s/ Amie L. Medley
Signature