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IN THE UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

WESTERN DIVISION, FIRST STREET COURTHOUSE

VANGUARD MEDICAL MANAGEMENT BILLING, INC., a California corporation; ONE-STOP MULTI-SPECIALTY MEDICAL GROUP, INC., a California corporation; ONE-STOP MULTI-SPECIALTY MEDICAL GROUP & THERAPY, INC., a California corporation; NOR CAL PAIN MANAGEMENT MEDICAL GROUP, INC., a California corporation; EDUARDO ANGUIZOLA, M.D., an individual, and DAVID GOODRICH, in his capacity as Chapter 11 Trustee,

Plaintiffs,

v.

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

Defendants.

5:17-cv-00965

MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO MOTION FOR PRELIMINARY INJUNCTION

Date:	June 29, 2017
Time:	8:30 a.m.
Courtroom:	9D
Judge:	The Honorable George H. Wu
Trial Date:	Not Set
Action Filed:	May 17, 2017

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INTRODUCTION

Plaintiffs seek a preliminary injunction to enjoin Defendants from enforcing California Labor Code § 4615 ("Section 4615"). Section 4615 imposes an automatic stay on workers' compensation liens filed by or on behalf of medical lien claimants charged with insurance or workers' compensation fraud. The stay prevents such providers from collecting on workers' compensation liens before the criminal charges are resolved and it is determined whether the provider's liens arose from fraudulent activity. Plaintiffs challenge Section 4615 on its face—not as applied—as violating the Sixth Amendment, the Contracts Clause, the Due Process Clause and Supremacy Clause of the United States Constitution. They also assert challenges under the California Constitution for violations of the right to counsel, the Contracts Clause, the Due Process Clause, and the Takings Clause.

Plaintiffs—a doctor charged with multiple counts of fraud and his affiliated companies, along with a bankruptcy trustee—have not established that they are likely to succeed on the merits of their claims. Plaintiffs' facial challenges require them to demonstrate that under no circumstances can Section 4615 be applied in a constitutional manner to anyone, a showing they have not made. Even if their claims were treated as as-applied challenges, Plaintiffs have not shown a likelihood of success, failing to establish various elements of their claims under their respective factual circumstances. And Plaintiffs have failed to establish that any of them will suffer any harm—let alone irreparable harm—in the absence of a preliminary injunction. Because they have failed to establish either a likelihood of success or irreparable harm, Plaintiffs are not entitled to a preliminary injunction halting the enforcement of Section 4615.

BACKGROUND

Plaintiffs' claims center on workers' compensation liens—a mechanism that allows providers of medical treatment and other services to workers' compensation applicants to seek payment from an insurer or employer. Section 4615, which went

1 into effect on January 1, 2017, provides that such liens are automatically stayed
2 "upon the filing of criminal charges against that physician or provider for an
3 offense involving fraud against the workers' compensation system, medical billing
4 fraud, insurance fraud, or fraud against the Medicare or Medi-Cal programs." Cal.
5 Lab. Code, § 4615(a).[1] This provision was enacted by the California Legislature to
6 address the problem of fraud by some medical providers within the workers'
7 compensation system.

8 **I. CALIFORNIA'S WORKERS' COMPENSATION LAW**

9 **A. Workers' Compensation Law and Medical Treatment Liens**

10 The California Constitution expressly grants the Legislature plenary power to
11 establish a workers' compensation system. Cal. Const. art. XIV, § 4. As the
12 California Supreme Court explained long ago, the Legislature's power to establish
13 such a system is an expression of its police power:

14 Under it, the state may 'prescribe regulations promoting the health,
15 peace, morals, education, and good order of the people, and legislate
16 so as to increase the industries of the state, develop its resources and
17 add to its welfare and prosperity.' In fine, when reduced to its ultimate
18 and final analysis, the police power is the power to govern.

19 *W. Indem. Co. v. Pillsbury*, 170 Cal. 686, 694 (1915) (quoting *State v. Clausen*, 65
20 Wash. 156, 177, 117 Pac. 1101 (1911)).

21 Pursuant to this plenary power, the Legislature has established various
22 requirements applicable to the provision of medical treatment and other services
23 relating to workplace injuries. § 4603.2(b). Typically, California employers
24 provide medical care and services to their employees for work-related injuries
25 through either a Medical Provider Network (MPN) or a Health Care Organization
26 (HCO). § 4600.3; *Angelotti Chiropractic, Inc. v. Baker*, 791 F.3d 1075, 1078 (9th

27 [1] All statutory citations refer to California Labor Code unless otherwise
indicated.
28

Cir. 2015). If the employer has established an MPN, the employee is required to obtain treatment within the MPN. §§ 4600(c); 4616.3. An employer may also choose not to use either option and instead fund work-related medical treatment itself. In the event an employer or insurer determines that a worker's injury was not work-related or that a particular treatment is not medically necessary, the employer may decline to provide treatment. When this occurs, a worker may seek treatment on his or her own and then file a claim for reimbursement. § 4600.

The workers' compensation law allows certain claims to be filed as liens. § 4903(b). For medical treatment liens, this typically occurs when the injured worker's claim has not been presented as a work injury to the employer, when the claim has been denied by the employer, or when the employer has determined that the injury treated is not related to the work injury. A lien is not a guarantee of payment, but a claim for potential payment that is contingent upon a number of factors, including that the injured worker's claim meets all conditions set forth in section 3600. These conditions include that "at the time of the injury, the employee [was] performing service growing out of and incidental to his or her employment and [was] acting within the course of his or her employment," and that "the injury [was] proximately caused by the employment, either with or without negligence." § 3600(a). Thus, lien claims are not, and cannot, be adjudicated until the injured worker's underlying claim is resolved, either by compromise or by trial and adjudication. See, e.g., § 4903.6(c). Lien claimants are not even formal "parties" to a workers' compensation case until "either (A) the underlying case of the injured employee . . . has been resolved or (B) the injured employee . . . choose(s) not to proceed with [the] case." Cal. Code Regs., tit. 8, § 10301(dd).

Once the injured worker's underlying claim is adjudicated (or resolved by compromise) and found to be compensable, lien claimants must still establish that that their lien filings complied with all statutory and regulatory requirements (see, e.g., §§ 4903.05, 4903.5, 4903.6), and that the lien has been filed by the proper

party and has not been improperly assigned (§ 4903.8). A medical treatment lien claimant must further establish that the treatment was authorized and compensable (§ 4600, et seq.), that the body part or condition for which the treatment was rendered is within the compensable injury, that the treatment rendered was reasonable and necessary, that the expense billed for the treatment was reasonable, and that the lien does not arise from a dispute subject to either independent bill review under section 4603.5 or independent medical review under section 4610.5. Liens are resolved by settlement or at a "lien conference," which occurs after the underlying case is resolved. Cal. Code Regs. tit. 8, § 10770.1(a)(1). If liens cannot be resolved at the lien conference, the WCAB can order a lien trial.

B. Fraud and Senate Bill 1160

Workers' compensation fraud is a pressing concern that the California Legislature and the Department of Industrial Relations ("DIR") have repeatedly addressed through legislation, rulemaking, and enforcement. The concerns about fraud in the workers' compensation system that led to the passage of Senate Bill 1160 are not new. In 2011, the California Commission on Health and Safety and Workers' Compensation reported to the Legislature that more than 350,000 liens were filed in 2010 and estimated that more than 450,000 would be filed in 2011. Request for Judicial Notice ("RJN"), Ex. 1. This extraordinary and increasing number of liens strained already over-burdened workers' compensation courts and, according to the report, created "an environment where . . . fraud and abuse by lien claimants can thrive." *Id*. at 1. In 2012, the Legislature enacted Senate Bill No. 863 as an added reform measure. S.B. 863, 2012 Leg. Reg. Sess. (Ca. 2012). The bill included various provisions intended to improve the system, including by combatting the increasing number of liens through the imposition of a filing fee. Despite the reforms implemented by S.B. 863, however, the DIR found in a 2016 assessment of the law's effectiveness that "[w]orkers' compensation fraud remains a significant concern." RJN, Ex. 2 at 3.

In 2016, the DIR prepared an issue brief examining the "issues and impact of lien filing in California Workers' Compensation System." RJN, Ex. 4. The number of liens filed each year had continued to grow, and fraud remained a concern.[2] A total of 97,079 liens, or 17% of all liens in the system filed between 2011 and 2015, were filed by parties who had been indicted or convicted on charges of medical insurance or workers' compensation fraud. The dollar amount tied to these liens totaled nearly $600 million as of August 11, 2016. *Id.* at 8.

The stay provision included in Senate Bill No. 1160, now codified as Section 4615, addresses these continuing concerns regarding fraud in the lien system. During an August 25, 2016, hearing of the Assembly Standing Committee on Insurance, the bill's author, Senator Tony Mendoza, explained that SB 1160 "expands data collection on medical disputes, and it cracks down on the cancer of fraud in workers comp." RJN, Ex. 5. He went on to say that "SB 1160 takes strong, concrete steps to eliminate fraud in our system by requiring that individuals charged with fraud have their liens stayed" and would ensure "that law-abiding doctors are appropriately paid and employers do not pay for services that are inappropriate." *Id.*

An analysis prepared in advance of the August 31, 2016, vote on the proposed bill noted that "[d]espite the efforts of the Legislature and the DWC [Department of Workers' Compensation] to control lien abuses in California's workers' compensation system," including the implementation of a filing fee for each lien filed, "the number of, and dollar value of, workers' compensation liens has returned to pre-SB 863 levels." RJN, Ex. 3 at 11. The analysis cited a DWC finding that "in the time period from 2011 through 2015, over $600 million of workers' compensation liens have been filed—and allowed to be pursued—on behalf of providers who have either been convicted of or indicted for workers' compensation

[2] The DIR found that between January 2013 and May 2016, nearly 814,000 liens were filed and another 461,000 were activated through payment of the $100 lien activation fee, implemented in 2013. Over 75% of the amount and volume of medical lien claims was attributed to the top 10% of lien filers.

fraud." *Id*. The analysis also attributed the majority of lien abuse to providers that treat workers outside the system, because doing so allows a provider to circumvent the utilization review usually performed by the insurer or employer to determine if a claim is valid. *Id*.

II. BACKGROUND OF THE CURRENT CASE

Plaintiffs filed their unverified complaint on May 17, 2017, and served it on Defendants, along with their preliminary injunction motion, on May 19, 2017. The complaint is filed on behalf of six plaintiffs and alleges five separate constitutional challenges, based on both the state and federal constitutions.[3] According to the complaint, the Sixth Amendment right-to-counsel and Fifth Amendment takings challenges are brought solely by Plaintiff Anguizola against all Defendants.[4] Complaint at ¶¶ 43-46, 59-63. The Supremacy Clause claim, which asserts that Section 4615 has interfered with the administration of a bankrupcy estate, is brought solely by Plaintiff David Goodrich in his capacity as a bankruptcy trustee. *Id*. at ¶¶ 55-58. The remaining claims, under the Contracts Clause and the Due Process Clause, are brought by all Plaintiffs against all Defendants. *Id*. at ¶¶ 47-54. The complaint seeks an injunction preventing Defendants from enforcing Section 4615.

According to the complaint, Plaintiff Eduardo Anguizola, M.D. is a doctor in Orange County who specializes in pain management. Complaint at ¶ 14. Dr. Anguizola has been indicted on 77 counts of medical insurance fraud, conspiracy to commit medical insurance fraud, and for receiving rebates for patient referrals. RJN, Ex. 6 at 3. Specifically, Dr. Anguizola was allegedly involved in a

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[3] Plaintiffs are Vanguard Medical Billing, Inc. ("Vanguard"), One Stop Multi-Specialty Medical Group, Inc., One Stop Multi-Specialty Medial Group & Therapy, Inc. (the "One Stop entities"), Nor Cal Pain Management Medical Group, Inc. ("Nor Cal"), Eduardo Anguizola, M.D. ("Dr. Anguizola"), and David Goodrich ("Goodrich" or the "Trustee") (collectively "Plaintiffs").

[4] Defendants are Christine Baker and George Parisotto, in their official capacities ("Defendants")

1 widespread fraud scheme in which three individuals offered numerous physicians,
2 including Dr. Anguizola, $90 per prescription in kickbacks to prescribe a specific
3 transdermal compound cream to workers' compensation patients.[5] *Id.* Dr.
4 Anguizola is alleged to have received over $2.5 million in kickbacks between 2010
5 and 2012. *Id.* The complaint in this case alleges that Dr. Anguizola cannot afford
6 to mount a defense to the charges against him without collecting on liens currently
7 stayed under Section 4615 as a result of those same charges. Complaint at ¶ 9.

8 The complaint provides relatively little information regarding the other
9 Plaintiffs. Two of them, the One Stop entities, are companies of which Dr.
10 Anguizola is CEO. RJN, Ex. 8. Both are described as billing entities for Dr.
11 Anguizola and other doctors. Complaint at ¶¶ 15-16. Nor Cal is another billing
12 entity that has allegedly filed liens relating to treatment provided by Dr. Anguizola
13 and other doctors, which are now "frozen," or stayed, under Section 4615.
14 Vanguard is described as "a purchaser of certain receivables related to medical
15 treatment rendered to workers' compensation patients." Complaint at ¶ 13. David
16 Goodrich, according to the complaint, is suing in his official capacity as the Chapter
17 11 Trustee in the case of *In Re Allied Medical Management, Inc.*, Case No. 6:16-
18 BK-14273-MH (Bankr. C.D. Cal.). Allied Medical Management is yet another of
19 Dr. Anguizola's entities. Declaration of Dania McClanahan, at ¶¶ 1, 3.

20 Plaintiffs' motion for preliminary injunction was filed without a notice of
21 motion or a proposed order, making it difficult to assess the precise relief sought by
22 the various Plaintiffs on the various claims.[6] Although the motion reiterates the
23
24 [5] Those three individuals have been charged in a separate indictment for involuntary manslaughter in connection with the death of a child who accidentally ingested the cream. RJN, Ex. 7.
25
26 [6] Plaintiffs failed to file a notice of motion or a proposed order, as required by Local Rules 6-1 and 7-20. In the absence of a proposed order, Defendants have had to guess based on the preliminary injunction motion and the complaint what precise relief is requested by which of the Plaintiffs. The Court could decline to consider the motion based on the Plaintiffs' failure to comply with the Local Rules. L.R. 7-4.
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1 complaint's allegations that Dr. Anguizola cannot afford his defense, no evidence
2 of Dr. Anguizola's inability to fund his legal defense or the potential cost of such a
3 defense has been submitted. Plaintiffs did not provide any contracts for the Court's
4 analysis in connection with the Contracts Clause claim. The only evidence
5 submitted in support of the motion consists of three declarations, one from Plaintiff
6 David Goodrich, the bankruptcy trustee, one from the general counsel of Vanguard,
7 and one from the office manager of the One Stop entities. Additionally, various
8 documents that appear to be hearing transcripts, legislative history, and news
9 articles, but that are not in any way authenticated, were submitted along with
10 Plaintiffs' request for judicial notice.

11 **LEGAL STANDARD**

12 To succeed in their motion for preliminary injunction, Plaintiffs must establish
13 that they are likely to succeed on the merits, that they are likely to suffer irreparable
14 harm in the absence of preliminary relief, that the balance of equities tips in their
15 favor, and that an injunction would be in the public interest. *Winter v. Natural*
16 *Resources Defense Council, Inc.*, 555 U.S. 7, 20 (2008). Injunctive relief is "an
17 extraordinary remedy that may only be awarded upon a clear showing that the
18 plaintiff is entitled to such relief." *Id.* at 22.

19 Plaintiffs challenge Section 4615 on its face only, not as applied to any of
20 them individually. See Complaint at ¶ 1 ("This is a facial challenge to the
21 constitutionality of Labor Code Section 4615"). Facial challenges to statutes are
22 disfavored for a variety of reasons. They "often rest on speculation" resulting in a
23 risk of "premature interpretation of statutes on the basis of factually barebones
24 records." *Washington State Grange v. Washington State Republican Party*, 552
25 U.S. 442, 450 (2008) (citations omitted). Facial challenges also contradict the
26 principle of judicial restraint that "courts should neither 'anticipate a question of
27 constitutional law in advance of the necessity of deciding it' nor formulate a rule of
28 constitutional law broader than is required by the precise facts to which it is to be

applied.'" *Id.* Last, but not least, "facial challenges threaten to short circuit the democratic process by preventing laws embodying the will of the people from being implemented in a manner consistent with the Constitution." *Id.*

In light of all of the potential problems posed by facial challenges, "a plaintiff can only succeed in a facial challenge by 'establish[ing] that no set of circumstances exists under which the Act would be valid,' i.e., that the law is unconstitutional in all of its applications." *Washington State Grange*, 552 U.S. at 449 (citing *U.S. v. Salerno*, 481 U.S. 739, 745 (1987)); *Morrison v. Peterson*, 809 F.3d 1059, 1064 (9th Cir. 2015). In considering a facial challenge to a statute, a court must "be careful not to go beyond the statute's facial requirements and speculate about 'hypothetical' or 'imaginary' cases." *Washington State Grange*, at 450. Although Plaintiffs challenge the statute on its face, the Court cannot consider such challenges in the abstract. "[A] person to whom a statute may constitutionally be applied will not be heard to challenge that statute on the ground that it may conceivably be applied unconstitutionally to others, in situations not before the Court." *Parker v. Levy*, 417 U.S. 733, 759 (1974).

ARGUMENT

Plaintiffs have established neither a likelihood of success on the merits nor a likelihood that they will suffer irreparable harm in the absence of an injunction. The balance of equities clearly weighs in favor of denying the request for preliminary injunction. Employers and insurers, as well as the public and the workers' compensation system itself, will be harmed if medical providers are allowed to continue collecting on potentially fraudulent liens while facing criminal charges directly related to their conduct as providers. That harm outweighs any potential harm to such criminal defendants that might result from the automatic stay. The public interest is better served by a denial of Plaintiffs' motion.

I. PLAINTIFFS HAVE NOT ESTABLISHED A LIKELIHOOD OF SUCCESS ON THE MERITS

Plaintiffs have failed to demonstrate a likelihood that they will succeed on the merits of any of their claims. They have not shown that Section 4615 is unconstitutional in all its applications, as required for a successful facial challenge.

A. Dr. Anguizola Has Not Shown a Likelihood that He Is Likely to Succeed on His Sixth Amendment Claim

While a criminal defendant who can hire his own attorney has the right to be represented by the attorney of his choice, that right does not go beyond "the individual's right to spend his own money to obtain the advice and assistance of . . . counsel." *Caplin & Drysdale, Chartered v. U.S.*, 491 U.S. 617, 626 (1989) (quoting *Walters' v. Nat'l Assn. of Radiation Survivors*, 473 U.S. 305, 370 (1985)). Nothing on the face of Section 4615 interferes with a criminal defendant's ability to hire an attorney. The statute does not prevent a medical provider charged with workers' compensation fraud from using other assets and financial resources to fund his or her defense, including previously reimbursed lien filings. And the liens subject to the automatic stay are merely contingent, subject to potentially years of delay before payment or outright denial. A stay of such contingent interests does not interfere with a defendant's Sixth Amendment right "in all possible circumstances" or, for that matter, even in most circumstances.

Plaintiffs rely heavily on the Supreme Court's recent decision in *Luis v. United States*, ___ U.S. ___, 136 S.Ct. 1083 (2016) as requiring that Dr. Anguizola be allowed to collect on his outstanding medical liens in order to pay for his legal defense in his criminal case. But *Luis* does not require this outcome; that decision held only that a criminal defendant must be permitted to use untainted funds already in her possession to pay her attorney. Nothing in *Luis* suggests that its holding would apply to *contingent* liens, particularly those related to alleged criminal misconduct like the ones at issue here.

The plaintiff in *Luis* brought an as-applied challenge to the federal statute that permits courts to freeze certain assets belonging to a criminal defendant before trial, specifically, untainted funds within her possession. *Id*. at 1087; 18 U.S.C. § 1345. Unlike the situation in *Luis*, funds within Dr. Anguizola's possession are not at issue in this case; rather, the subject statute is limited to medical liens he has filed in various workers' compensation proceedings. The liens at issue in this case may never lead to a collectable award if the WCAB determines that the worker's alleged injury is not compensable, that the services rendered were not connected to a work-related injury or that the services provided were not medically necessary, that the services were not authorized, or that the lien fails to comply with any other applicable statutory or regulatory provision. §§ 3600, 4600. Because these liens represent only a potential claim for payment, they are wholly unlike the type of assets addressed in *Luis*. "Since an injured worker's right to benefits does not vest until final judgment, the same is true for the liens at issue here, which are derivative of the underlying workers' compensation claim." *Angelotti Chiropractic*, 791 F.3d at 1082 (citing *Perrillo v. Picco & Presley*, 157 Cal. App. 4th 914, 939 (2007)).

Further, the Supreme Court in *Luis* focused on the plaintiff's right to use her untainted funds to pay for her legal defense while still acknowledging that civil forfeiture of tainted assets was constitutionally permissible. *Luis*, 136 S.Ct. at 1090, 1095. Although *Luis* held that the defendant's clearly *untainted* assets had to must be released for her use in paying for an attorney (*id*. at 1094), in this case the question of whether liens subject to an automatic stay are tainted or untainted is entirely unresolved. Indeed, as noted, that is the very purpose of the automatic stay—to allow time for disposition of the criminal proceedings and subsequent adjudication as to whether the liens are connected to the criminal activity. Under section 139.21 if a provider is convicted, his or her pending liens are consolidated and then adjudicated under a procedure in which the burden shifts to that provider to demonstrate that the liens do *not* arise out of the provider's criminal activity.

The state has a substantial interest in staying all liens that are in question until that determination occurs.

As previously noted, Dr. Anguizola has not submitted any evidence of his alleged inability to pay for his legal defense out of his other assets, or of how much that defense might cost. Although the Sixth Amendment claim is brought as a facial challenge, Dr. Anguizola's failure to identify any harm to his criminal defense undercuts his argument that Section 4615 is unconstitutional in all its applications.

B. Plaintiffs Have Not Shown that They Are Likely to Succeed on any Elements of Their Contracts Clause Claim

Plaintiffs argue that "Section 4615 clearly impairs medical providers' contract rights on a retroactive basis, thus violating the Contracts Clause." Mot. at 14.[7] In considering a challenge to a statute under the Contracts Clause, courts ask "whether the change in state law has 'operated as a substantial impairment of a contractual relationship.'" *Gen. Motors Corp. v. Romien*, 503 U.S. 181, 186 (1992) (quoting *Allied Structural Steel Co. v. Spannaus*, 438 U.S. 234, 244 (1978)). This analysis involves three components: (1) whether there is a contractual relationship, (2) whether a change in law impairs that contractual relationship, and (3) whether the impairment is substantial. *Id.* Courts then turn to the question of "whether the defendant can show that the State's police power permits the impairment because it is 'reasonable and necessary to serve an important public purpose." *California Hosp. Ass'n v. Maxwell-Jolly*, 776 F. Supp. 3d 1129, 1141 (E.D. Cal. 2011) (quoting *State of Nevada Emps. Ass'n v. Keating*, 903 F.2d 1223, 1226 (9th Cir. 1990)).

[7] Again, the motion for preliminary injunction does not make clear which Plaintiffs seek injunctive relief in connection with the Contracts Clause claim. Because the complaint states that the Contracts Clause claim is brought by all Plaintiffs against all Defendants, it is analyzed as such.

1. Plaintiffs Have Not Established that Section 4615 Is Facially Invalid in All Circumstances

On its face, Section 4615 does nothing to impair medical providers' contractual relationships. Medical providers who enter into contracts regarding workers' compensation liens are cognizant of the statutory scheme governing those liens and of the liens' contingent nature. As the Supreme Court has explained, "[i]n determining the extent of the impairment, we are to consider whether the industry the complaining party has entered has been regulated in the past." *Energy Reserves Group, Inc. v. Kansas Power and Light Co.*, 459 U.S. 400, 411 (1983) (citing *Allied Structural Steel*, 438 U.S. at 242, n.13). There can be no question that California's workers' compensation system is carefully regulated; it was created by the California Legislature pursuant to its police power and is now governed by an intricate web of statutory provisions and regulations. *See supra* § I.A. "One whose rights . . . are subject to state restriction, cannot remove them from the power of the State by making a contract about them." *Id.* (quoting *Hudson Water Co. v. McCarter*, 209 U.S. 349, 357 (1908)). Any rights to medical claimant liens that are sold as receivables from one entity to another are subject to the statutory and regulatory scheme governing those liens and, as such, are also subject to any new legislative enactments affecting those liens. Thus, any reasonable expectation arising from such contracts must take into account the uncertainty of collecting on the liens. "[S]tate regulation that restricts a party to gains it reasonably expected from the contract does not necessarily constitute a substantial impairment." *Id.*

Furthermore, the automatic stay imposed by Section 4615 does not permanently invalidate any liens held by medical providers or by other entities who might have purchased them; it simply delays the collection on any eventual amounts resulting from the liens until the disposition of the charged medical provider's criminal case. Section 4615 cannot be said to impair medical providers' contractual relationships in all—or even most—circumstances. Plaintiffs rely on a

1 case from 1880 for the proposition that a law that postpones enforcement of the
2 contract violates the Contracts Clause. *Louisiana v. City of New Orleans*, 102 U.S.
3 203, 207 (1880). But that case predated workers' compensation laws and did not
4 involve balancing contractual obligations against a public interest such as ensuring
5 that liens obtained through fraudulent activity are not paid before the resolution of
6 criminal charges.

7 Plaintiff's assertion that Section 4615 applies to providers other than those
8 charged with a crime is also incorrect. On its face, the statute applies specifically to
9 liens "filed by or on behalf of a physician or providers," which are stayed "upon the
10 filing of criminal charges against that physician or provider." Section 4615(a). In
11 considering this facial challenge, the Court is limited to the facial requirements of
12 the statute and cannot consider a hypothetical or imaginary factual scenario such as
13 the ones posited by Plaintiffs. *Morrison*, 809 F.3d at 1064.

14 **2. Plaintiffs Have Not Shown any Substantial Impairment of a**
15 **Contractual Relationship**

16 Even if their claim is treated as an as-applied challenge, Plaintiffs have not
17 established any of the three prongs required to show that Section 4615 has operated
18 as a substantial impairment of a contractual relationship. First and foremost,
19 Plaintiffs fail to identify in their motion the contract or contracts they assert Section
20 4615 to have substantially impaired. Plaintiffs argue that "Section 4615 clearly
21 impairs medical providers' contract rights on a retroactive basis." Mot. at 14. But
22 they do not explain which medical providers contracted with whom and what
23 contractual rights were created. This failure to even establish the existence of a
24 contract should be the end of the Court's analysis. Because Plaintiffs have not
25 identified the contract at issue, much less provided a contract for the Court's
26 examination, it is impossible to proceed to the next two prongs—determining
27 whether the contract has, in fact, been impaired and, if so, whether such impairment
28 is substantial.

Without expressly identifying it as the basis for their Contracts Clause claim, Plaintiffs make reference to an alleged contract between Vanguard and Proove Biosciences Incorporated for the purchase of receivables in the form of liens. See Korechoff Decl., at ¶ 3. But even if this were treated as the contract at issue for purposes of this claim, it would not support a finding that Plaintiffs are likely to succeed on the merits. Plaintiffs have not provided the contract itself for this Court to review, and so the Court cannot determine whether it was valid and what terms it included. Even where a contract has been identified, without the ability to analyze it, the Court cannot move on to the second and third prongs of the analysis—determining whether the contract has been impaired and to what degree.

3. Section 4615 Is Reasonably Necessary to Serve an Important Public Purpose

Even if Section 4615 substantially impaired one or more of the Plaintiffs' contractual relationships, their Contracts Clause challenge must fail because the stay provision is reasonably necessary to serve an important public purpose. Section 4615 was enacted to address a problem of fraud by certain medical treatment providers within the workers' compensation system. *Supra* Background Section at I.B. In the absence of a stay provision, those lien claimants could pursue the liens, collect on any awards, and spend the resulting funds before the criminal cases are resolved. Employers and insurers that pay out funds on fraudulent claims are unlikely to ever recover them. Even if Plaintiffs had established that any delays resulting from the stay provision were a substantial impairment on medical providers' contractual relationships, that impairment would be justified by the public purpose of ensuring that only legitimate, non-fraudulent claims are paid pursuant to the lien system. The Legislature established the workers' compensation system and continues to regulate it pursuant to its police power. *W. Indem. Co.*, 170 Cal. at 694. Section 4615 is a reasonably necessary exercise of that power.

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C. Federal Bankruptcy Law Does Not Preempt the Automatic Stay Under Section 4615

Plaintiffs next argue the court should enjoin enforcement of Section 4615 because it purportedly violates the Supremacy Clause of the United States Constitution. This argument fails for several reasons.

First, as noted above, this is a facial challenge to Section 4615; Plaintiffs seek to invalidate the statute entirely, not merely to enjoin its application in a particular circumstance. As such, Plaintiffs must establish that Section 4615 would be "unconstitutional in all of its applications" under the Supremacy Clause. See *Washington State Grange*, 552 U.S. at 449. They have not, and cannot, meet that standard here. Plaintiffs argue that Section 4615 violates the Supremacy Clause because it is preempted by federal bankruptcy law. But many—probably most—workers' compensation liens never become involved in bankruptcy proceedings at all. Because Section 4615 does not violate the Supremacy Clause in all of its applications, it cannot be struck down on its face.

Second, Plaintiffs argue without authority that federal bankruptcy law preempts state laws that may affect the value of property interests in bankruptcy estates. However, absent specific federal authority, the nature and extent of property interests in a bankruptcy estate are determined by state law. *Barnhill v. Johnson*, 503 U.S. 393, 398, 112 S. Ct. 1386, 1389 (1992); 1 Bankruptcy Law Manual § 5:3 (5th ed.). A bankruptcy trustee must "manage and operate the property in his possession . . . according to the requirements of the valid laws of the State." *Midlantic Nat. Bank v. New Jersey Dept. of Envtl Prot.*, 474 U.S. 494, 498 (1986). The "efforts of the trustee to marshal and distribute the assets of the estate must yield to governmental interest in public health and safety." *Id.* at 502. California therefore has the right to define and limit property interests that may, in some cases, become a part of a bankruptcy estate, including by staying workers' compensation liens pursuant to Section 4615.

Finally, Plaintiffs have set forth no operational test for federal preemption and none of the cases cited by Plaintiffs are at all analogous to the situation here. Plaintiffs rely on federal bankruptcy court decisions holding that bankruptcy debtor cities may legally cancel union contracts pursuant to a specific federal bankruptcy statute, 11 U.S.C. 365. *Int'l Bhd. of Elec. Workers, Local 2376 v. City of Vallejo* (*In re City of Vallejo*), 432 B.R. 262, 268-70 (Bankr. E.D. Cal. 2010) ("Vallejo"); *In re City of Stockton*, Cal., 478 B.R. 8, 16 (Bankr. E.D. Cal. 2012) ("Stockton"). As the court explained in *Stockton*, section 365 preempts the Contracts Clause in the California Constitution because "[t]he goal of the Bankruptcy Code is adjusting the debtor-creditor relationship. Every discharge impairs contracts." *Stockton*, 478 B.R. at 16. Here, Plaintiff Goodrich is not attempting to cancel any particular contract, but rather, seeking to entirely overturn the state law which determines the assets that one bankruptcy estate may collect. *Vallejo* and *Stockton* do not govern here.

For each of these reasons, Plaintiffs have failed to show a probability of prevailing on their Supremacy Clause claim.

D. Section 4615 Does Not Violate the Substantive Due Process Doctrine

Section 4615 does not violate the substantive due process rights of any workers' compensation lien claimants. A substantive due process claim must establish: (1) a government deprivation of life, liberty, or property," (*Action Apartment Ass'n, Inc. v. Santa Monica Rent Control Bd.*, 509 F.3d 1020, 1026 (9th Cir. 2007)) and; (2) that the government action is not reasonably related to any legitimate state interest (*Doe v. Tandeske*, 361 F.3d 594, 597 (9th Cir. 2004); *Stormans, Inc. v. Wiesman*, 794 F.3d 1064, 1085 (9th Cir. 2015)). Plaintiffs here have failed to establish either of these two elements.

First, Plaintiffs have not shown a government deprivation of property, because a workers' compensation lien is not a property interest sufficient to support a substantive due process claim. A substantive due process claim must concern a

1 vested property right. See *Lyon v. Agusta S.P.A.*, 252 F.3d 1078, 1086 (9th Cir.
2 2001); accord *Beaver v. Tarsadia Hotels*, 816 F.3d 1170, 1188 n.7 (9th Cir. 2016).
3 As a matter of law, a workers' compensation lien is not a vested property right.
4 *Angelotti Chiropractic*, 791 F.3d at 1081-1082. In *Angelotti Chiropractic*, a case
5 involving a Takings Clause challenge, the Ninth Circuit expressly held that a
6 workers' compensation lien constitutes an "inchoate right" that is not vested until it
7 is reduced to a final judgment. *Id*. at 1081; see also *Lyon*, 252 F.3d at 1086
8 (interest in a cause of action does not support claim of substantive due process
9 violation), accord *Ileto v. Glock, Inc.*, 565 F.3d 1126, 1141 (9th Cir. 2009). This is
10 because a lien claimant only has a right to payment if: (1) the injured worker proves
11 in the underlying worker's compensation proceeding that the injury was work
12 related; and (2) the claimant proves the treatment was necessary to treat the injury.[8]
13 *Angelotti Chiropractic*, 791 F.3d at 1079.
14 Second, Plaintiffs have failed to show that Section 4615 is not reasonably
15 related to any legitimate state interest. For this element, "courts do not require that
16 the policy actually advance the stated purpose; instead, they look to 'whether the
17 governmental body could have had no legitimate reason for its decision.'" *A.J.*
18 *California Mini Bus, Inc. v. Airport Comm'n of the City & Cty. of San Francisco*,
19 148 F. Supp. 3d 904, 918 (N.D. Cal. 2015) (citing *Kawaoka v. City of Arroyo*
20 *Grande*, 17 F.3d 1227, 1234 (9th Cir.1994)). "In defending a statute on rational-
21 basis review, the government has no obligation to produce evidence to sustain the
22 rationality of a statutory classification." *Kahawaiolaa v. Norton*, 386 F.3d 1271,
23 1279-80 (9th Cir. 2004). The plaintiff bears the burden "to negate every
24 conceivable basis which might support [the law], whether or not the basis has a
25 foundation in the record." *Heller v. Doe by Doe*, 509 U.S. 312, 320-321 (1993).

26 [8] In addition to these two basic requirements, there are a number of other
27 substantive and procedural grounds on which a lien claim might ultimately be disallowed (e.g., it was filed beyond the limitations period, the lien claimant failed
28 to support the claim with documentation, the filing fee was not paid, etc.).

Here, the purpose behind Section 4615 is to prevent medical providers accused of fraudulent workers' compensation practices to continue to profit from potentially fraudulent workers' compensation liens while the charges and investigations are pending. *See supra* Background § II. This is a legitimate non-punitive purpose.

Plaintiffs' cited cases do not help them establish either element of a substantive due process violation. In *Eastern Enterprises* the Supreme Court expressly declined to examine the plaintiff's substantive due process claim. *Eastern Enterprises v. Apfel*, 524 U.S. 498, 537 (1998). It did so based on "concerns about using the Due Process Clause to invalidate economic legislation" and because it had already invalidated the statute on other grounds. *Id*. Plaintiffs have also quoted dicta from *Connolly v. Pension Ben. Guar. Corp.*, 475 U.S. 211 (1986) and *Landgraf v. USI Film Products*, 511 U.S. 244 (1994). In *Connolly* Justice O'Connor's concurrence merely reiterated the rule that there must be a rational basis for a law's retroactivity. *Id*. at 229. And in *Landgraf*, the Court reiterated a general policy preference against retroactivity. Here, Section 4615 is not retroactive; it simply changes the procedures for pending liens. In any event, Plaintiffs admit in their brief that a retroactive law "will be upheld if its retroactivity is justified by a rational legislative purpose." Mot. at 22. Even if the law were interpreted as retroactive, it would be rationally justified because it protects insurers and employers from paying possibly fraudulent liens that have already been filed in workers' compensation cases. Because Section 4615 does not implicate any cognizable property interest and is reasonably related to a legitimate government purpose, it does not violate substantive due process.

E. Section 4615 Does Not Violate Either State or Federal Procedural Due Process

Section 4615 does not violate either state or federal procedural due process protections because: (1) it does not implicate a cognizable property interest under federal law; and (2) under both federal and state law, adequate procedural

1 protections exist within the workers' compensation process itself. Both the federal
2 and state Due Process Clauses require plaintiffs to prove: (a) the deprivation of a
3 cognizable interest; and (b) a lack of procedural protections. *See Brewster v. Bd. of*
4 *Educ. of Lynwood Unified Sch. Dist.*, 149 F.3d 971, 982 (9th Cir. 1998); *Chorn v.*
5 *Workers' Comp. Appeals Bd.*, 245 Cal. App. 4th 1370, 1387-89 (2016).
6 First, Plaintiffs have failed to show a deprivation of any cognizable interest to
7 support their claim of a federal due process violation. Federal due process requires
8 that the plaintiff's interest be a "constitutionally protected liberty or property
9 interest." *Wilson v. Lynch*, 835 F.3d 1083, 1098 (9th Cir. 2016), cert. denied sub
10 nom. *Wilson v. Sessions*, 137 S. Ct. 1396, 197 L.Ed. 2d 555 (2017). For property
11 interests, this means the property right must be vested. *Brenizer v. Ray*, 915
12 F. Supp. 176, 181 (C.D. Cal. 1996) (citing *Peterson v. United States Dept. of*
13 *Interior*, 899 F.2d 799, 807 (9th Cir.) cert. denied, 498 U.S. 1003 (1990)); *Weaver v.*
14 *Graham*, 450 U.S. 24, 30 (1981). As explained above with respect to substantive
15 due process, as a matter of law, a workers' compensation lien is not a vested
16 property interest. *Angelotti Chiropractic*, 791 F.3d at 1081-82. Thus, any alleged
17 deprivation of that interest cannot constitute a procedural due process violation
18 under the United States Constitution.
19 Plaintiffs cite *Chorn* for the proposition that a workers' compensation lien is
20 an interest protected by due process. However, that case only applies to the
21 California Due Process Clause. As *Chorn* clarifies, analysis of the state's provision
22 "differs from that conducted pursuant to the federal due process clause in that the
23 claimant need not establish a property or liberty interest as a prerequisite to
24 invoking due process protection." *Chorn*, 245 Cal. App. 4th at 1387.
25 Second, Plaintiff's federal and state due process claims both fail because
26 Section 4615 does not deny Plaintiffs adequate procedural protections; those
27 protections exist within the workers' compensation administrative hearing system
28 itself. Procedural due process generally requires notice and an opportunity to be

heard. *Mathews v. Eldridge*, 424 U.S. 319, 333 (1976); *Alviso v. Sonoma Cty. Sheriff's Dep't*, 186 Cal. App. 4th 198, 209 (2010). "Its essence is an emphasis on fairness in the particular procedure employed." *In re Zachary D.*, 70 Cal. App. 4th 1392, 1399 (1999). The opportunity to be heard in an administrative hearing satisfies due process. *Creed-21 v. City of San Diego*, 234 Cal. App. 4th 488, 517 (2015); *Alviso*, 186 Cal. App. 4th at 210. The opportunity to be heard need only be appropriate to the nature of the case and need not be in a formal hearing. *Pinnacle Armor, Inc. v. United States*, 648 F.3d 708, 717 (9th Cir. 2011).

Here, within the workers' compensation hearing process itself, workers' compensation lien claimants are provided notice and have the opportunity to be heard and to contest any application of Section 4615 to their liens. Following the adjudication of the underlying worker's compensation proceeding, lien claimants have the right to participate in a "lien conference" with the WCAB to discuss the liens that have not already been resolved through settlement. *Id.*; Cal. Code Regs. tit. 8, § 10770.1(a). Any issues not resolved at the lien conference are then set for a "lien trial" before the WCAB. *Angelotti Chiropractic*, 791 F.3d at 1078; Cal. Code Regs. tit. 8, § 10770.1(g). Further, any time a worker's compensation action is settled, a lien claimant has the right to "notice and an opportunity to be heard." Cal. Code Regs. tit. 8 § 10886.

Throughout this process, if another party, the workers' compensation judge, or the WCAB challenges a lien claimant's right to payment based on the automatic Section 4615 stay, a lien claimant may be heard on why Section 4615 is inapplicable to that lien, i.e. the lien was not filed by or on behalf of a provider against whom criminal fraud charges are pending. Lien claimants themselves may raise any "preliminary or intermediate procedural or evidentiary issue," including the applicability of the automatic stay. Cal. Code Regs. tit. 8, § 10770.1(d). Workers' compensation lien claimants therefore have adequate procedural protections as a matter of law. Because Plaintiffs have failed to establish both

elements of their state and federal due process claims, they have failed to show a probability of prevailing on those claims.

II. PLAINTIFFS HAVE NOT ESTABLISHED THAT THEY WILL SUFFER IRREPARABLE HARM

Plaintiffs have failed to establish that they will suffer irreparable harm absent the issuance of a preliminary injunction in this case. A preliminary injunction is "an extraordinary remedy that may only be awarded upon a clear showing that the plaintiff is entitled to such relief." *Winter*, 555 U.S. at 22. Plaintiffs must offer "evidence of actual injury to support claims of 'irreparable injury.'" *SoftMan Prods. Co., LLC v. Adobe Systems, Inc.*, 171 F. Supp. 2d 1075, 1090 (C.D. Cal. 2001). Plaintiffs have failed to offer such evidence in this case.

No evidence of harm was submitted on behalf of the One Stop entities or Nor Cal. The only information provided about these entities is found in the short statements in the complaint and preliminary injunction motion stating that they are billing entities for Dr. Anguizola and other doctors that have had liens "frozen" under Section 4615. Complaint at ¶¶ 15-17; Mot. at 8. These allegations, unsupported by evidence, are insufficient to establish irreparable injury. Plaintiff Vanguard submitted the declaration of Victor S. Korechoff, but this only explains that certain receivables purchased from Proove Biosciences, Inc. are subject to the stay provision of Section 4615 due to criminal charges brought against two doctors. Korechoff Decl., ¶ 3. With respect to the One Stop entities, Nor Cal, and Vanguard, liens filed by these entities are automatically stayed only if they are filed by or "on behalf of" a criminally-charged provider. As explained above, if Plaintiffs, as lien claimants, believe the liens are stayed in error, they may ask the WCAB to consider that in a lien conference. *See supra* § I.B; Cal. Code Regs. tit. 8, § 10770.1(d). And ultimately, the stay is only temporary, pending disposition of the criminal charges, and would be followed either by normal adjudication processes or by the process outlined for section 139.21 for criminally-convicted providers. For these

Plaintiffs, the claimed "irreparable harm" is simply that their incomes have been impacted by the application of Section 4615 to certain liens. It is well-settled that monetary harm is rarely irreparable. *See California Hosp. Ass'n*, 776 F.Supp.2d at 1157. "The temporary loss of income . . . does not usually constitute irreparable injury . . . [t]he possibility that adequate compensatory or other corrective relief will be available at a later date, in the ordinary course of litigation, weighs heavily against a claim of irreparable harm." *Los Angeles Memorial Coliseum Comm'n v. Nat'l Football League*, 634 F.2d 1197, 1202 (9th Cir. 1980) (quoting *Sampson v. Murray*, 415 U.S. 61, 88 (1974)).

Plaintiffs allege with regard to the Contracts Clause claim that they will "permanently lose the right to enforce any contracts for which the statute of limitations expires during the pendency of the criminal proceedings against them." Mot. at 20. Plaintiffs do not cite any statute or regulation imposing a statute of limitations on the enforcement (as opposed to the filing) of medical treatment liens, and no such limitations period exists.

Plaintiff Goodrich has also failed to establish that he will suffer any irreparable harm. Mot. at 21. Neither the motion nor the declaration explain why the alleged harm—the disruption of the administration of the Allied Medical Management estate—is irreparable or why the Trustee should be permitted to collect on potentially fraudulent liens in order to pay the estate's creditors, in direct contradiction to Section 4615. In fact, "[t]he purpose of bankruptcy is not to permit debtors or nondebtors to wrest competitive advantage by exempting themselves from the myriad of laws that regulate business." *In re White Crane Trading Co., Inc.*, 170 B.R. 694, 702 (Bankr. E.D. Cal. 1994). Furthermore, the issue of whether the liens are properly stayed may be raised and resolved in the workers' compensation proceeding. Cal. Code Regs. tit. 8 § 10770.1. Thus, the Trustee is not without an adequate remedy at law such that a preliminary injunction is merited.

Northern California Power Agency v. Grace Geothermal Corp., 469 U.S. 1306, 1306 (1984).

The only Plaintiff who has alleged a non-monetary injury is Dr. Anguizola, but there is a complete failure of proof that he will suffer irreparable harm without a preliminary injunction. Dr. Anguizola failed to submit a declaration in support of the motion asserting that he lacks assets to fund a defense of his criminal case. And Dr. Anguizola has not offered any evidence of the amount such a legal defense would cost, an amount that defines the Sixth Amendment interest. *Fed. Sav. And Loan Ins. Corp. v. Ferm*, 909 F.2d 372, 374 (9th Cir. 1990) (courts may "limit [or] review the amount payable to attorneys from frozen assets before a final judgment on the merits has been reached.") The only evidence offered regarding Dr. Anguizola's practice or his liens is a declaration from Dania McClanahan, a business office manager for several entities owned by Dr. Anguizola, asserting that the stay on Dr. Anguizola's liens has affected his income. But the McClanahan declaration offers no evidence demonstrating that Dr. Anguizola cannot afford a legal defense without the lien proceeds.

"[W]hile the right to select and be represented by one's preferred attorney is comprehended by the Sixth Amendment, the essential aim of the Amendment is to guarantee an effective advocate for each criminal defendant rather than to ensure that a defendant will inexorably be represented by the lawyer whom he prefers." *Wheat v. U.S.*, 486 U.S. 153, 159 (1988). Dr. Anguizola has not established that he will be denied effective representation if the injunction—which would halt enforcement of the stay for all liens, not just for his liens—is not granted.

In addition to the reasons stated above, Plaintiff's delay in filing its lawsuit and seeking a preliminary injunction weighs against a finding of irreparable harm. The delay "implies a lack of urgency and irreparable harm." *Oakland Tribune, Inc. v. Chronicle Pub. Co., Inc.*, 762 F.2d 1374, 1377 (9th Cir. 1985). Section 4615 was passed on August 31, 2016 and went into effect on January 1, 2017. Yet Plaintiffs

1 waited until May 19, 2017 to seek a preliminary injunction. They now insist that
2 they will suffer irreparable harm and cannot wait to have their challenges resolved
3 in the course of litigation. This delay in seeking relief shows otherwise.

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III. THE BALANCE OF HARDSHIPS AND PUBLIC INTEREST FAVOR DENIAL OF THE MOTION

6 "In deciding whether to grant a preliminary injunction, the court must consider
7 the equities as between the parties to the action, as well as consider whether there
8 exists some critical public interest that would be injured by the grant of preliminary
9 relief." *California Hosp. Ass'n*, 776 F. Supp. 2d at 1158 (citations omitted). Just
10 such a critical public interest is at issue here—the interest in preventing medical
11 providers charged with fraud from collecting money on liens stemming from that
12 fraud. On the other hand, each of the Plaintiffs aside from Dr. Anguizola has only
13 alleged harm from lost income—income that may not, in fact, be lost but merely
14 delayed by the stay, depending on the ultimate disposition of the criminal charges
15 and the adjudication as to whether the affected liens arise from criminal activity.
16 As for Dr. Anguizola, he has failed to demonstrate that the stay has actually
17 prevented him from paying for his legal defense in the criminal case against him or
18 that he will be unable to obtain counsel. The injunction that Plaintiffs seek, if
19 granted, would harm the employers and insurers who would be put in the position
20 of paying or sett ling liens that might have resulted from fraud. The balance of
21 equities favors and the public interest requires the denial of Plaintiffs' preliminary
22 injunction motion.

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CONCLUSION

24 For the foregoing reasons, Defendants respectfully request that the Court deny
25 Plaintiffs' Motion for Preliminary Injunction in its entirety.

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Dated: June 12, 2017

Respectfully submitted,

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Attorneys for Defendants Christine Baker and George Parisotto, in their official capacities

CERTIFICATE OF SERVICE

Case Name:	**Vanguard Medical Management, et al. v. Christine Baker, et al.**	Case No.	**5:17-cv-00965**

I hereby certify that on June 12, 2017, I electronically filed the following documents with the Clerk of the Court by using the CM/ECF system:

MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO MOTION FOR PRELIMINARY INJUNCTION

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 June 12, 2017, at Los Angeles, California.

Beth Capulong	/s/ *Beth Capulong*
Declarant	Signature

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