

Prometheus Law Receivership
Securities and Exchange Commission v. PLCMGMT LLC, dba Prometheus Law, et al.
U.S. District Court for the Central District of California
Case No. 2:16-cv-02594-TJH (FFMx)

PROCEDURES FOR THE RECEIVER'S FINAL DETERMINATION OF INVESTOR
CLAIMS AND PRO RATA DISTRIBUTIONS TO INVESTORS WITH APPROVED CLAIMS

1. Definitions. The following definitions shall apply to these Procedures:
 - a. "Prometheus" shall mean Defendant PLCMGMT LLC, dba Prometheus Law and its predecessor entities.
 - b. "Net stripped capital" shall mean funds invested in Prometheus by or for the benefit of an investor less any funds distributed by Prometheus to or for the benefit of that investor.
 - c. "Receiver" shall mean Thomas W. McNamara, the court-appointed Receiver of Prometheus, appointed by the Court's Preliminary Injunction Order entered April 26, 2016 (ECF No. 20).

2. Notice
 - a. After entry of the Court's Order approving these procedures (the "Order"), the Receiver shall immediately post the following on the Receiver's website at <http://regulatoryresolutions.com/case/securities-exchange-commission-v-plcmgmt-llc-et-al/>: (1) the "Notice to Prometheus Investors" in the form attached as page 3 to these procedures; (2) a complete copy of these procedures; and (3) a copy of the Court's Order.
 - b. Within three (3) business days after entry of the Order, the Receiver shall also send the Notice to Prometheus Investors to investors identified by the Receiver to have suffered a net stripped capital loss or any investor who has asserted such a claim to the Receiver. The Notice shall be sent by both U.S. Mail and by email, to the extent such addresses are contained in the Receiver's database. The Receiver shall make all reasonable efforts to confirm current postal and email addresses for each investor.

3. Receiver's Preliminary Schedule
 - a. The Receiver shall calculate investor claims based solely on the investor's net stripped capital. Investor claims shall not include any provision for lost or reduced account values, but shall be limited only to net stripped capital.
 - b. The Receiver has prepared a Preliminary Schedule of Approved Investor Claims ("Preliminary Schedule") based on the records of Prometheus and communications with investors.
 - c. A form of that Preliminary Schedule, amended to identify only the last name, first initial, and city of each investor shall be immediately posted on the Receiver's website.

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4. Objections to Preliminary Schedule

- a. All investors shall have an opportunity to serve objections on the Receiver to the extent they dispute the amount of their claim in the Preliminary Schedule.
- b. All objections shall be in writing and shall include all supporting details and documents, and shall be sent to the Receiver by registered or certified mail and postmarked no later than fifteen (15) days after the date the Order is entered. The Receiver's address for such objections is 655 West Broadway, Suite 1600, San Diego, CA 92101.

5. Receiver's Final Schedule

- a. The Receiver shall fully investigate and make all reasonable efforts to resolve any objections to the Preliminary Schedule which are timely served on the Receiver pursuant to this Order.
- b. The Receiver shall file with the Court the Receiver's Final Schedule of Investor Claims ("Final Schedule") within ten (10) business days after the postmark deadline for objections in Paragraph 4b and shall simultaneously post the Final Schedule on the Receiver's website. The Receiver shall also send individual notice, via the most recently available U.S. Mail and email address in the Receiver's database, to each investor who submitted an objection to the Preliminary Schedule with a statement of decision on his or her objection.
- c. The decisions of the Receiver as to the Final Schedule shall be final.

6. Interim Distributions

- a. Within five (5) business days after the Receiver files and posts the Final Schedule pursuant to Paragraph 5, the Receiver shall make an initial pro rata distribution to investors with approved claims in the total amount of \$1,056,435, which represents 9% of the total losses. Each investor shall receive 9% of their approved claim. For example, a \$100,000 investor will receive \$9,000 and a \$10,000 investor will receive \$900.
- b. The Receiver is authorized to make additional pro rata distributions in the future which shall be in the amounts and at such times as the Receiver deems appropriate. After completing any such distributions, the Receiver shall file a Notice of Interim Distribution with the Court.