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8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

10
11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 v.

14 PLCMGMT LLC, dba PROMETHEUS
15 LAW, JAMES A. CATIPAY, and
16 DAVID A. ALDRICH,

17 Defendants.

Case No. 2:16-cv-02594-TJH (FFMx)

**RECEIVER'S SIXTH STATUS
REPORT AND ACCOUNTING**

Judge: Hon. Terry J. Hatter, Jr.
Ctrm.: 9B

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**RECEIVER'S SIXTH STATUS REPORT
AND ACCOUNTING**

As the Court-appointed Receiver of Defendant PLCMGMT LLC, dba Prometheus Law ("Prometheus"),¹ I submit this Sixth Status Report and Accounting.

I. Receivership Accounting

The receivership bank account currently has a cash balance of \$150,015.91. Attached as Exhibit A is the SEC Standardized Fund Accounting Report for the receivership period from appointment on April 26, 2016 through February 22, 2019. That report indicates total receipts of \$2,085,550.93, less total disbursements of \$1,934,535.02, resulting in net cash of \$150,015.91.

II. Receivership Assets

A. Clawback Claims

1. Sales Agents

To date, clawback claims against Prometheus sales agents have contributed \$466,165.36 to the receivership. For the clawback lawsuit against the twenty sales agents with whom we could not settle pre-litigation,² eleven defendants settled after the complaint was filed, one defendant was dismissed for improper venue and defaults were entered against eight defendants. We filed a default judgment motion against the eight remaining defendants, which is currently pending.

2. Catipay's Family and Friends

The clawback lawsuit against Catipay's family and friends³ seeks recovery of approximately \$1.3 million disbursed to Catipay's parents, sister, brother, ex-wife, and former girlfriend. Shortly after Catipay's sister was served, we reached a

¹ I was appointed by the Court's Preliminary Injunction entered April 26, 2016 (ECF No. 20).

² *McNamara v. Allen, et al.*, (C.D. Cal.) Case No. 2:17-cv-02858-TJH (FFMx).

³ *McNamara v. Catipay, et al.*, (C.D. Cal.) Case No. 2:17-cv-04347-TJH (FFMx).

1 settlement of \$21,112 (75% of our claim) with her. She recently made her final
2 settlement payment and satisfied the settlement agreement in full.

3 After Catipay's parents filed for bankruptcy in Los Angeles, they failed to
4 comply with various Chapter 13 bankruptcy requirements. The bankruptcy trustee
5 filed a motion to dismiss, which the bankruptcy court granted. Since the
6 bankruptcy case ended and the automatic stay no longer applied to Catipay's
7 parents, we filed a motion for default judgment against Catipay's parents, which is
8 currently pending.

9 Additionally, the Court entered default judgment against Catipay's brother
10 in the amount of \$122,500 plus prejudgment interest of \$21,963.15.⁴ The Court
11 also entered judgment in the amount of \$327,333.94 against Catipay's former
12 girlfriend. As previously reported, our bankruptcy counsel obtained a
13 nondischargeable default judgment against Catipay's ex-wife in the amount of
14 \$792,218. We are currently evaluating how to cost-effectively collect on these
15 judgments.

16 **B. Case Portfolio**

17 The case portfolio of mass tort cases generated by Prometheus-funded
18 marketing remains the primary potential asset of the receivership. However, the
19 ultimate value of the case portfolio remains uncertain. To date, the receivership
20 has received \$287,595.24 as its fee share on settlements of 28 non-Risperdal cases.

21 While Paglialunga & Harris ("P&H") was previously lead counsel for the
22 cases, P&H encountered financial difficulties and brought in the law firm Sanders
23 Phillips Grossman (the "Sanders Firm") to take over primary responsibility of the
24 case portfolio. P&H remains co-counsel and the receivership estate's interest in
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26 ⁴ Prejudgment interest from April 25, 2016 to September 17, 2018, in the amount
27 of \$20,553.75 plus prejudgment interest at the rate of \$23.49 per day from
28 September 17, 2018 to November 16, 2018 (the date the Court entered default
judgment) or \$1,409.40 (60 days x \$23.49). *See McNamara v. Catipay, et al.*, No.
2:17-cv-04347-TJH (FFMx), ECF No. 50 (C.D. Cal. Nov. 16, 2018).

1 the portfolio remains the same. The Sanders Firm previously assisted in the
2 settlement of the transvaginal mesh cases in the case portfolio and they have
3 significant experience with Risperdal cases. In fact, the Sanders Firm has the
4 largest portfolio of Risperdal cases on the West Coast. We recently asked for an
5 update from the firm. Unfortunately, there has not been much progress. The cases
6 continue to move very slowly in the Los Angeles Superior Court, and one of the
7 decisions in a lead case has been appealed. We do not expect any material changes
8 in the cases in the immediate future, and will check back with the Sanders Firm in
9 the Spring.

10 Dated: March 1, 2019

By: /s/ Thomas W. McNamara
Thomas W. McNamara,
Receiver

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CERTIFICATE OF SERVICE

I hereby certify that on March 1, 2019, I caused the foregoing to be electronically filed with the Clerk of the Court using the CM/ECF system, which will send notification of the filing to all participants in the case who are registered CM/ECF users.

/s/ Edward Chang
Edward Chang