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8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

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SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

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

Defendants.

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

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

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

**RECEIVER’S SEVENTH STATUS REPORT
AND ACCOUNTING**

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

I. Receivership Accounting

The receivership bank account currently has a cash balance of \$155,115.91. Attached as Exhibit A is the SEC Standardized Fund Accounting Report for the receivership period from appointment on April 26, 2016 through August 26, 2019. That report indicates total receipts of \$2,089,650.93, less total disbursements of \$1,934,535.02, resulting in net cash of \$155,115.91.

II. Receivership Assets

A. Clawback Claims

1. Sales Agents

To date, clawback claims against Prometheus sales agents have contributed \$470,765.36 to the receivership. After filing the clawback lawsuit against twenty sales agents with whom we could not settle pre-litigation,² eleven defendants settled after the complaint was filed and one defendant was dismissed for improper venue. The Court entered the following default judgments against the eight remaining defendants: Lee Samuel Allen – \$25,500 plus \$8,386.35 prejudgment interest; William Baylin – \$5,500 plus \$1,485.75 prejudgment interest; Anthony L. Cantu – \$60,906 plus \$15,464.32 prejudgment interest; Michael Givilancz – \$485,546 plus \$105,970.56 prejudgment interest; Gene Langenberg \$31,867.95 plus \$7,454.20 prejudgment interest; Adam Leiter – \$78,485 plus \$17,202.15 prejudgment interest; Kimberly Leiter – \$29,950.88 plus \$6,560.82 prejudgment

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).

1 interest; and Michael McNamara – \$68,308.07 plus \$19,466.60 prejudgment
 2 interest. *See McNamara v. Allen, et al.*, (C.D. Cal.) Case No. 2:17-cv-02858-TJH
 3 (FFMx), ECF No. 96 (C.D. Cal. Apr. 26, 2019). Three of these defendants are
 4 located outside of California. We registered these judgments with their local
 5 district court and are in the process of recording them with the local county
 6 recorder’s office.

7 2. Catipay’s Family and Friends

8 The clawback lawsuit against Catipay’s family and friends³ sought recovery
 9 of approximately \$1.3 million disbursed to Catipay’s parents, sister, brother, ex-
 10 wife, and former girlfriend. Shortly after the complaint was served, we reached a
 11 settlement with Catipay’s sister for \$21,112 (75% of our claim), which she
 12 fulfilled.

13 Catipay’s parents filed for bankruptcy in Los Angeles after they were served
 14 with the complaint. When they failed to comply with various Chapter 13
 15 bankruptcy requirements, their bankruptcy case was dismissed. The Court granted
 16 our motion for default judgment against Catipay’s parents and entered judgments
 17 in the amount of \$54,170 plus prejudgment interest of \$11,667.97 against Teresita
 18 Catipay and \$47,300 plus prejudgment interest of \$10,185.61 against Anthony
 19 Catipay.⁴

20 Additionally, the Court entered default judgment against Catipay’s brother
 21 in the amount of \$122,500 plus prejudgment interest of \$21,963.15.⁵ The Court

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

24 ⁴ For Teresita Catipay, prejudgment interest from March 29, 2016 to January 4,
 25 2019 in the amount of \$10,504.29 plus prejudgment interest at the rate of \$10.39
 26 per day from January 4, 2019 to April 26, 2019 (the date the Court entered default
 27 judgment) or \$1,163.68 (112 days x \$10.39). For Anthony Catipay, \$9,169.77
 (prejudgment interest from March 29, 2016 to January 4, 2019) plus \$1,015.84
 (112 days x \$9.07 per day). *See McNamara v. Catipay, et al.*, No. 2:17-cv-04347-
 TJH (FFMx), ECF No. 56 (C.D. Cal. Apr. 26, 2019).

28 ⁵ Prejudgment interest from April 25, 2016 to September 17, 2018, in the amount
 of \$20,553.75 plus prejudgment interest at the rate of \$23.49 per day from
 September 17, 2018 to November 16, 2018 (the date the Court entered default

1 also entered judgment in the amount of \$327,333.94 against Catipay’s former
2 girlfriend. As previously reported, our bankruptcy counsel obtained a
3 nondischargeable default judgment against Catipay’s ex-wife in the amount of
4 \$792,218. Except for one remaining judgment, which will be recorded shortly, all
5 judgments have been recorded with the local county recorder’s office. We are
6 evaluating how to cost-effectively collect on these judgments.

7 **B. Case Portfolio**

8 The case portfolio of mass tort cases generated by Prometheus-funded
9 marketing remains the primary potential asset of the receivership. However, even
10 at this late date the ultimate value of the case portfolio, which is primarily made up
11 of Risperdal cases, remains uncertain. The receivership has thus far received
12 \$287,595.24 as its fee share on settlements of 28 non-Risperdal cases.

13 As previously reported, the law firm Sanders Phillips Grossman (the
14 “Sanders Firm”) took over primary responsibility of the case portfolio. Previous
15 counsel Paglialunga & Harris remain as co-counsel and the receivership estate’s
16 interest in the cases has not changed as a result of the substitution of counsel. The
17 Sanders Firm has reported that, upon further review, a significant number of claims
18 held by the receivership estate are not viable for a variety of reasons. Those that
19 are viable are either presently the subject of tolling agreements or have been filed
20 and are pending in the Los Angeles County Superior Court. Unfortunately, the
21 filed cases are moving very slowly through the Superior Court. The Sanders Firm
22 advises not expect any material changes in the immediate future. We will check
23 back with the Sanders Firm in the Fall for an update.

24 Dated: August 27, 2019

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

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28 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).

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CERTIFICATE OF SERVICE

I hereby certify that on August 27, 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