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8 **UNITED STATES DISTRICT COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA**  
10 **Western Division**

11 **SECURITIES AND EXCHANGE**  
12 **COMMISSION,**

13 Plaintiff,

14 vs.

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

18 Defendants.  
19

Case No. 2:16-cv-02594-TJH-FFM

**PLAINTIFF SEC AND RECEIVER'S**  
**JOINT STATUS REPORT**

1 **I. PROCEDURAL BACKGROUND**

2 The SEC filed its complaint against three defendants: PLCMGMT LLC, dba  
3 Prometheus Law (“Prometheus”), James A. Catipay (“Catipay”), and David A.  
4 Aldrich (“Aldrich”) on April 15, 2016 (*see* Dkt. No. 1), asserting claims for  
5 violations of Sections 5(a) and (c) and 17(a) of the Securities Act of 1933 (“Securities  
6 Act”), 15 U.S.C. §§ 77e, q(a), and Sections 10(b) and 15(a) of the Securities  
7 Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78j(b), 78o(1), and Exchange  
8 Act Rule 10b-5, 17 C.F.R. § 240.10b-5. The same day that it filed the complaint, the  
9 SEC filed a motion for preliminary injunction, seeking appointment of a receiver,  
10 asset freezes and other ancillary relief. *See* Dkt. No. 7. On April 26, 2016, the Court  
11 permanently appointed receiver Thomas McNamara (“the “Receiver”) over  
12 Prometheus by consent. *See* Dkt. No. 20.

13 ***The individual defendants.*** On May 27, 2016, the Court entered judgment  
14 against defendant Catipay, by his consent, providing injunctive relief. *See* Dkt. Nos.  
15 37, 42. On December 7, 2017, the Court entered final judgment, including injunctive  
16 and monetary relief against defendant Catipay, following the SEC’s motion. *See* Dkt.  
17 No. 107. On September 15, 2016, the Court entered final judgment against defendant  
18 Aldrich, by consent, for both injunctive and monetary relief. *See* Dkt. No. 70.

19 Both of the individual defendants pled guilty in parallel criminal actions and  
20 were sentenced to jail time and monetary relief. *See USA v. James Catipay*, Case No.  
21 3:16-cr-02453-JAH (S.D. Cal.) (“Catipay Dkt.”), Dkt. Nos. 5-6, 12, 26; *USA v. David*  
22 *Aldrich*, Case No. 3:16-cr-02688-JAH (S.D. Cal.) (“Aldrich Dkt.”), Dkt. Nos. 4-5, 10,  
23 21, 26.

24 ***The corporate defendant in receivership.*** On October 28, 2019, the SEC filed  
25 the Receiver’s consent to injunctive relief on behalf of the sole remaining defendant,  
26 Prometheus. *See* Dkt. No. 126. The consent states that the monetary relief against  
27 the receivership entity, if any, will be determined by noticed motion. The judgment  
28 was entered by the Court on October 31, 2019. *See* Dkt. No. 128.

1 With the entry of the consent judgment against Prometheus, the liability of all  
2 three defendants has now been resolved, as well as the injunctive relief against all  
3 three defendants. The monetary relief against defendants Catipay and Aldrich has  
4 been previously determined by the Court, and thus the sole remaining issue to be  
5 determined in the litigation is the monetary relief, if any, against the receivership  
6 entity.

## 7 **II. CURRENT STATUS OF THE ACTION**

8 As reflected in the Receiver's status reports, there are two remaining assets in  
9 the estate. *See* Dkt. Nos. 71, 80, 94, 113, 119, 123, 125, 130, and 146. The first is  
10 the Case Portfolio, an estate interest in the attorneys' fees collected by counsel in a  
11 portfolio of mass tort cases. The second are judgments entered against sales agents,  
12 and friends and family of Defendant Catipay. We continue to expect some recovery  
13 on these assets to distribute to investors, though it is becoming clear that the further  
14 distribution will be quite modest.

15 The Receiver has recently been in frequent communication with counsel  
16 handling the prosecution of the Case Portfolio. Counsel indicates there have been  
17 settlement discussions concerning the Risperdal cases, which constitute the vast  
18 majority of the cases in the portfolio. A written offer on these cases is expected soon.  
19 However, based on the settlement discussions, counsel has bluntly warned that the  
20 offer will be very low. As for the collection efforts on the judgments against sales  
21 agents, family and friends, contingency counsel has issued post-judgment asset  
22 discovery and requested some debtor exams, but courts have thus far been reluctant to  
23 allow them to move forward given the COVID-19 pandemic. Contingency counsel  
24 expects to see some results in the next quarter.

25 Among the SEC's considerations in seeking monetary relief is the status of  
26 monies returned to investors, as compared with the amounts of investor losses. Given  
27 that the amounts returnable to investors through the receivership remain to be  
28 determined, the SEC anticipates awaiting further distributions prior to determining

1 whether to seek any monetary relief against the receivership entity, or whether to  
2 forego such relief based on the distributions made to investors through the  
3 receivership.

4 Dated: December 4, 2020

5 /s/ Amy Jane Longo  
6 Amy Jane Longo  
7 David M. Rosen  
8 Attorneys for Plaintiff  
9 Securities and Exchange Commission

10 /s/ Logan D. Smith  
11 Logan D. Smith  
12 Attorneys for Thomas W. McNamara,  
13 Receiver

14  
15  
16 **LOCAL RULE 5-4.3.4(a)(2)(i) CERTIFICATION**

17 Pursuant to L.R. 5-4.3.4(a)(2)(i), I, Amy Jane Longo, attest that all signatories  
18 identified above, and on whose behalf the filing is submitted, concur in the filing's  
19 content and have authorized the filing.  
20

21 /s/ Amy Jane Longo  
22 Amy Jane Longo  
23  
24  
25  
26  
27  
28

**PROOF OF SERVICE**

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION,  
444 S. Flower Street, Suite 900, Los Angeles, California 90071  
Telephone No. (323) 965-3998; Facsimile No. (213) 443-1904.

On December 4, 2020, I caused to be served the document entitled **PLAINTIFF SEC AND RECEIVER’S JOINT STATUS REPORT** on all the parties to this action addressed as stated on the attached service list:

**OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency’s practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

**PERSONAL DEPOSIT IN MAIL:** By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

**EXPRESS U.S. MAIL:** Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

**HAND DELIVERY:** I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

**UNITED PARCEL SERVICE:** By placing in sealed envelope(s) designated by United Parcel Service (“UPS”) with delivery fees paid or provided for, which I deposited in a facility regularly maintained by UPS or delivered to a UPS courier, at Los Angeles, California.

**ELECTRONIC MAIL:** By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

**E-FILING:** By causing the document to be electronically filed via the Court’s CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

**FAX:** By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

I declare under penalty of perjury that the foregoing is true and correct.

Date: December 4, 2020

/s/ Amy Jane Longo  
Amy Jane Longo

1                    **SEC v. PLCMGMT LLC dba Prometheus Law, et al.**  
2                    **United States District Court—Central District of California**  
3                    **Case No. 2:16-cv-02594-TJH-FFM**  
4                    **LA-4552**

5                    **SERVICE LIST**

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16                   ***Attorney for Defendant David A. Aldrich***

17                   Logan D. Smith  
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24                   ***Attorneys for Thomas W. McNamara, Receiver***