

1 AMY JANE LONGO Cal. Bar No. 198304  
Email: [longoa@sec.gov](mailto:longoa@sec.gov)  
2 DAVID M. ROSEN Cal. Bar No. \_150880  
Email: [rosend@sec.gov](mailto:rosend@sec.gov)

3 Attorneys for Plaintiff  
4 Securities and Exchange Commission  
Michele Wein Layne, Regional Director  
5 Alka N. Patel, Associate Regional Director  
444 S. Flower Street, Suite 900  
6 Los Angeles, California 90071  
Telephone: (323) 965-3998  
7 Facsimile: (213) 443-1904

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. On May 27, 2016, the Court entered  
13 judgment against defendant Catipay, by his consent, providing injunctive relief. *See*  
14 Dkt. Nos. 37, 42. On December 7, 2017, the Court entered final judgment, including  
15 injunctive and monetary relief against defendant Catipay, following the SEC’s  
16 motion. *See* Dkt. No. 107. On September 15, 2016, the Court entered final judgment  
17 against defendant Aldrich, by consent, for both injunctive and monetary relief. *See*  
18 Dkt. No. 70. Both of the individual defendants pled guilty in parallel criminal actions  
19 and were sentenced to jail time and monetary relief. *See USA v. James Catipay*, Case  
20 No. 3:16-cr-02453-JAH (S.D. Cal.) (“Catipay Dkt.”), Dkt. Nos. 5-6, 12, 26; *USA v.*  
21 *David Aldrich*, Case No. 3:16-cr-02688-JAH (S.D. Cal.) (“Aldrich Dkt.”), Dkt. Nos.  
22 4-5, 10, 21, 26.

23 On October 28, 2019, the SEC filed the Receiver’s consent to injunctive relief  
24 on behalf of the sole remaining defendant, Prometheus. *See* Dkt. No. 126. The  
25 consent states that the monetary relief against the receivership entity, if any, will be  
26 determined by noticed motion. The judgment was entered by the Court on October  
27 31, 2019. *See* Dkt. No. 128. With the entry of the consent judgment against  
28 Prometheus, the liability of all three defendants has now been resolved, as well as the

1 injunctive relief against all three defendants. The monetary relief against defendants  
2 Catipay and Aldrich has been previously determined by the Court, and thus the sole  
3 remaining issue to be determined in the litigation is the monetary relief, if any,  
4 against the receivership entity.

5 **II. CURRENT STATUS OF THE ACTION**

6 As reflected in the numerous status reports filed by the Receiver, the most  
7 significant asset held by the Receivership Estate is its interest in a mass tort case  
8 portfolio, the cases for which were sourced with Prometheus investors' funds. For a  
9 long while, the primary remaining task of this receivership has been to wait for the  
10 resolution of the cases within this mass tort case portfolio. The Receiver has no  
11 control over the outcome of these cases as it is not a client of the law firm,  
12 Paglialunga & Harris ("P&H"), which is handling the portfolio; the Receivership  
13 Estate's sole interest in the outcome of these cases is its entitlement to a percentage of  
14 the fees collected by P&H as a result of the cases' resolution. Although the  
15 Receiver's ability to evaluate the dollar value of these cases has been limited  
16 (attorney-client privilege and confidentiality prevent P&H from disclosing much  
17 about the viability of its clients' claims), the Receiver has remained in contact with  
18 P&H and Sanders Phillips Grossman (the "Sanders Firm")<sup>1</sup> throughout this process  
19 and has, at a high-level, been kept apprised of ongoing negotiations regarding the  
20 settlement of the Risperdal cases, which represent the vast majority of the cases  
21 within the portfolio.

22 Recently, P&H informed the Receiver that the Prometheus portfolio of  
23 Risperdal claims had settled. While the recovery is a long time in coming and is  
24

---

25 <sup>1</sup> Beginning in early 2019 and for approximately 20 months, the Sanders Firm  
26 handled the mass tort case portfolio. As explained in the Receiver's prior status  
27 reports, P&H encountered financial difficulties and brought in the Sanders Firm to  
28 take over primary responsibility of the case portfolio. See Dkt. No. 123 at 2-3. (This  
did not affect the receivership's interest in the portfolio.) In November 2020, the  
Sanders Firm withdrew and P&H resumed representation of the Prometheus mass tort  
claimants.

1 therefore welcome news, the settlement value per case has turned out to be  
2 substantially less than was initially expected. The Receiver has been informed that  
3 this is due to a number of factors, including the fact-specific nature of the claims  
4 (which makes a precise evaluation difficult) and adverse legal rulings and outcomes  
5 in Los Angeles County Superior Court, which is overseeing the Risperdal mass tort  
6 cases. Because the receivership is only entitled to a percentage of a percentage of the  
7 claimants' recovery (the receivership is entitled to 33 1/3% of P&H's fees, which are  
8 40% of the total recovery), the Risperdal cases would have needed to settle for more  
9 than \$90 million to make the investors whole. *See* Dkt. No. 113 at 4. Unfortunately,  
10 the Receiver has been informed that the settlement is dramatically below that amount  
11 and, as a result, he anticipates that (at most) the return to investors from these mass  
12 tort settlements will be an additional recovery of 2-3% of their losses. Once the  
13 settlement has been funded and the Receivership Estate is paid by P&H (presently  
14 estimated to occur sometime this fall), the Receiver anticipates making a final  
15 distribution to investors and then filing a final report to the Court with a request to  
16 terminate the receivership.

17 Among the SEC's considerations in seeking monetary relief against the  
18 receivership entity is the status of monies returned to investors through the  
19 receivership. Once the receivership's final distribution to investors has been  
20 determined and approved, the SEC anticipates finalizing its determination of whether  
21 to seek monetary relief against the receivership entity and in what amount, and

22 //  
23 //  
24 //  
25 //  
26 //  
27 //  
28 //

1 whether to seek to offset any portion of such relief based on the distributions made to  
2 investors through the receivership.

3  
4 Dated: June 11, 2021

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 June 11, 2021, 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: June 11, 2021

/s/ Amy Jane Longo  
Amy Jane Longo

1                    **SEC v. PLCMGMTLLC 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**

6                    James Catipay  
7                    4820 ½ McConnell Ave.  
8                    Los Angeles, CA 90066  
9                    Email: james\_catipay@yahoo.com  
10                    ***Pro Se***

11                    Scott Vick  
12                    Vick Law Group  
13                    800 West 6th Street, Suite 1220  
14                    Los Angeles, CA 90017  
15                    Email: scott@vicklawgroup.com  
16                    ***Attorney for Defendant David A. Aldrich***

17                    Logan D. Smith  
18                    Andrew W. Robertson  
19                    Edward Chang  
20                    McNamara Smith LLP  
21                    655 West Broadway, Suite 1600  
22                    San Diego, CA 92101  
23                    Email: lsmith@mcnamarallp.com  
24                    Email: arobertson@mcnamarallp.com  
25                    Email: echang@mcnamarallp.com  
26                    ***Attorneys for Thomas W. McNamara, Receiver***