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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 reports to the Court (*see* Dkt. Nos. 71, 80, 99,
9 113, 119, 123, 125, 130), the primary asset of the Receivership Estate is an interest in
10 recoveries (if any) generated from a portfolio of mass tort cases pending in the Los
11 Angeles County Superior Court. Until these cases are resolved, the receivership
12 continues. The mass tort cases are being handled the law firm Sanders Phillips
13 Grossman (the "Sanders Firm") and the Receiver continues to seek regular status
14 reports. Recently, the Sanders Firm reported a recent, partially favorable decision
15 from the California Court of Appeal in one of the test cases. At this point, however,
16 that decision has not generated material movement on potential settlement of these
17 cases, and the previously tolled litigation appears likely to recommence later this
18 year.

19 The only other asset remaining in the Receivership Estate are judgments
20 against Prometheus sales agents and Catipay's parents, brother, former girlfriend, and
21 ex-wife. These judgments have been recorded in the judgment debtors' local county
22 recorder's office and may eventually result in some collection. The Receiver has
23 offered the judgments for sale or on contingency basis to collections attorneys. The
24 cash offers for a sale have been small which counsels towards a contingency
25 arrangement; other vehicles for sale, including an auction on a specialized auction
26 website, are also being considered.¹

27
28 ¹ As reflected in the Receiver's status report on February 25, 2020 (Dkt. 130), the

1 Among the SEC’s considerations in seeking monetary relief is the status of
2 monies returned to investors, as compared with the amounts of investor losses. Given
3 that the amounts returnable to investors through the receivership remain to be
4 determined, the SEC anticipates awaiting further distributions prior to determining
5 whether to seek any monetary relief against the receivership entity, or whether to
6 forego such relief based on the distributions made to investors through the
7 receivership.

8 Dated: June 8, 2020

9 /s/ Amy Jane Longo
10 Amy Jane Longo
11 David M. Rosen
12 Attorneys for Plaintiff
13 Securities and Exchange Commission

14 /s/ Edward Chang
15 Edward Chang
16 Attorneys for Thomas W. McNamara,
17 Receiver

18 **LOCAL RULE 5-4.3.4(a)(2)(i) CERTIFICATION**

19 Pursuant to L.R. 5-4.3.4(a)(2)(i), I, Amy Jane Longo, attest that all signatories
20 identified above, and on whose behalf the filing is submitted, concur in the filing’s
21 content and have authorized the filing.
22

23
24 /s/ Amy Jane Longo
25 Amy Jane Longo

26 _____
27 amount in the receivership bank account was \$180,628.41. Outstanding work in
28 process fees and expenses total roughly \$40,000 for the last 22 months (since August
of 2018). Receivership expenses and operations have and will continue to be
minimized while we wait for resolution of the mass tort cases.

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 8, 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: June 8, 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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26 ***Attorneys for Thomas W. McNamara, Receiver***