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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. 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"), which has worked with  
19 P&H on some of the cases, throughout this process and has, at a high-level, been kept  
20 apprised of ongoing negotiations regarding the settlement of the Risperdal cases,  
21 which represent the vast majority of the cases within the portfolio.

22 The Receiver's focus in recent months has been on closing out the  
23 receivership's interest in the mass tort portfolio. Spotty recordkeeping by P&H,  
24 coupled with the fact that P&H in turn referred many of the Catipay cases to other  
25 counsel (creating a sort of "daisy chain" of firms involved<sup>1</sup>), has meant that the  
26 Receiver has not been able to rely on either P&H or the Sanders Firm provide regular,  
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28 <sup>1</sup> This includes more than 100 Risperdal cases P&H referred to the law firm Girardi & Keese, which is now under the control of a bankruptcy trustee.

1 accurate updates on the cases within the portfolio. Accordingly, the Receiver's  
2 counsel has taken a larger role in reconciling the cases within the portfolio, as well as  
3 determining the amounts due and owing to the receivership. After the Receiver's  
4 counsel prompted P&H for updates on the status of a number of particular cases, the  
5 Sanders Firm acknowledged the cases had settled and made a distribution to the  
6 receivership for these matters. With respect to the Risperdal cases, which comprise  
7 the vast majority of the cases within the portfolio, the cases have settled and a special  
8 master is presently reviewing the cases to determine the allocation of funds. Once  
9 that process is complete, the distribution to case plaintiffs and the Receiver can begin.  
10 While P&H has indicated that it is impossible to give a hard date for the conclusion  
11 of the matter, counsel estimates that distributions might be made on the Risperdal  
12 settlements within 60 to 90 days. The Receiver will continue to update the Court on  
13 this front.

14 The Receiver has also begun efforts to sell the unsatisfied judgments from the  
15 clawback actions he brought against Prometheus sales agents and Catipay's family  
16 and friends, which total roughly \$2.3 million. *See McNamara v. Allen, et al.*, Case  
17 No. 2:17-cv-0285-TJH (FFMx), ECF No. 96 (C.D. Cal. Apr. 26, 2019); *McNamara v.*  
18 *Catipay, et al.*, Case No. 2:17-cv-04347-TJH (FFMx), ECF Nos. 46, 50, and 56 (C.D.  
19 Cal.); *McNamara v. Palacio*, Case No. 2:18-ap-01056-VZ, ECF No. 24 (Bankr. C.D.  
20 Cal. July 13, 2018). The Receiver previously entered into a contingency arrangement  
21 with collection counsel to pursue these judgments. *See* ECF No. 146. When  
22 collection counsel had still not obtained any recovery after nearly a year of pursuing  
23 the judgment debtors, however, the Receiver made the decision to terminate his  
24 contract with counsel. In light of the uncertainties inherent in a contingency  
25 collection model and the need to complete the receivership, the Receiver has  
26 determined that the best alternative is to sell the unsatisfied judgments to a third  
27 party. The Receiver will keep the Court apprised of his efforts to sell the judgments.

28 Among the SEC's considerations in seeking monetary relief is the status of

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

7 Dated: September 30, 2021

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

13 /s/ Cornelia J. B. Gordon  
14 Cornelia J. B. Gordon  
15 Attorneys for Thomas W. McNamara,  
16 Receiver

17  
18  
19 **LOCAL RULE 5-4.3.4(a)(2)(i) CERTIFICATION**

20 Pursuant to L.R. 5-4.3.4(a)(2)(i), I, Amy Jane Longo, attest that all signatories  
21 identified above, and on whose behalf the filing is submitted, concur in the filing's  
22 content and have authorized the filing.  
23

24 /s/ Amy Jane Longo  
25 Amy Jane Longo  
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 September 30, 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: September 30, 2021

/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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15                   Email: scott@vicklawgroup.com  
16                   ***Attorney for Defendant David A. Aldrich***

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26                   ***Attorneys for Thomas W. McNamara, Receiver***