

Air, Cash, and Ego: The Deal That Paid Everyone But Delivered Nothing

Description

There's always a moment when the story stops spinning. Cyberlux hit that moment when a North Texas judge placed it into receivership. Suddenly the narrative didn't belong to the press releases, or the executive YouTube videos, or even to the lawsuits. It belonged to someone new—a court-appointed receiver tasked with one of the few clean-slate jobs left in corporate drama: sort the real from the theater.

The job is basic on paper: find the assets, pay the creditors, clear the mess. But in practice, it demands judgment—especially when the debts on file don't all come from vendors or clean contractual disputes. Some come from schemes. Some come wrapped in deals that weren't quite what they claimed to be.

And that's where *RB Capital v. Cyberlux* stands out.

At first glance, it's a straightforward case. A financier lends money. The company doesn't repay. The lender sues. Happens all the time. But that's not this.

This? This is something else entirely.

Because this wasn't just a bad deal. It was a brilliant, ludicrous, borderline operatic display of human greed operating at full throttle. The company gave away value, the financier flipped it, and they both walked away a little richer each time. Meanwhile, shareholders—those hopeful, often faceless believers in the promise of growth—footed the bill.

It's the oldest trick in the capitalist playbook: convince someone they're part of the opportunity, then quietly make them the source of the yield. It's not illegal to want profit. But this structure? It made a spectacle of it. And they ran it three times, without blinking.

The financier was Brett Rosen, managing partner of RB Capital Partners, Inc. And the structure wasn't a clean loan. It was a closed loop dressed up as growth financing.

Let's walk through it.

Step One: Stock Issuance Without Cash

Cyberlux issued massive blocks of common stock to RB Capital. In one documented case from December 2023, Rosen received 165 million shares—ostensibly to cancel \$825,000 in debt. But that debt didn't originate from traditional financing. It came from loans Rosen had made using funds acquired by selling *previous* Cyberlux stock he'd received.

Step Two: Share Liquidation

With those shares in hand, RB Capital liquidated them into the public market. There are no direct trade records disclosed, but the pattern, the volume, and the email language all point one direction: these shares were sold quickly to generate cash. That cash was not used to build anything. It went to Step Three.

Step Three: Loaning Back a Portion

Rosen then took part of the money from the stock sales and lent it back to Cyberlux. In return, he received convertible promissory notes—agreements that let him convert the debt into more shares, at terms heavily favorable to him. Then the note converted. Then more shares were issued. Then more were sold.

Three times this happened. Three full loops.

If your head is spinning, that's the point. Because this wasn't financing in the traditional sense. It was synthetic equity laundering—a phrase that sounds dramatic until you realize how perfectly it fits: equity granted, sold, partially recycled, and used to justify more equity. All within a closed ecosystem of press releases and paperwork.

And here's the extraordinary part: Cyberlux CEO Mark Schmidt *confirms the structure*. In his own filings. In official court documents. In emails with Rosen. This isn't theory. It's transcript.

CYBERLUX CORP.
[OTCPink: CYBL]

Shares Authorized = 8,750,000,000
Shares Outstanding = 5,504,594,661 (as of 9/16/2021)
Float = 3,779,932,470
Par Value = \$0.001
Shareholders of Record = 614
Average Trading Vol. (30d) = 122,309,505 shares/day; \$5,100,000/day
Market Cap = \$231.1M
Bid/Ask = \$0.0419 / \$0.042 (September 24, 2021 @ 10:59 a.m. PST)

PROPOSED CONFIDENTIAL TERM SHEET

Funding

Amount: **\$4,500,000 - \$15,000,000+ USD**

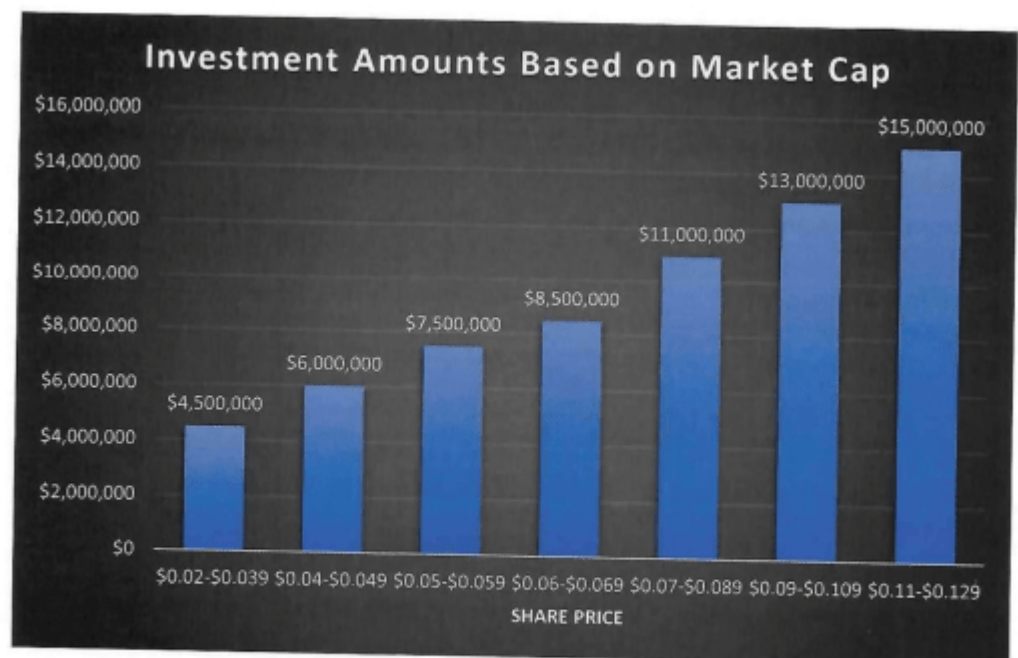
The aggregate funding amount above the minimum is tied to the market cap of the Company as it relates to the trading price of CYBL common stock as described in Step #7 below.

- Step #1: Purchase an agreed upon amount of 3rd party, non-affiliate debt owed by CYBL and memorialized in the form of a convertible or non-convertible debenture (e.g. promissory note); and evidenced on the Company's financial statements.
- Step #2: By way of addendum with unanimous board approval, the promissory note conversion price is amended to an agreed upon fixed price. Unlike most convertible promissory notes, this note will NOT have a variable conversion rate, but rather a fixed price that never changes regardless of the direction of the stock price.
- Step #3: The promissory note purchased in Step #1 will be converted into shares of CYBL common stock according to the agreed upon terms of the note.
- Step #4: These shares are issued by Standard Registrar & Transfer Co., Inc. (Transfer agent) in electronic format, deposited with a broker via DWAC or DRS, and then cleared to trade.
- Step #5: CYBL will receive \$1,500,000 within (3) days of the shares from Step #4 being cleared to trade. This investment tranche, and all subsequent tranches will be

CYBL_0000

issued in the form of convertible promissory notes with a 5x valuation (or greater) to the current price or a conversion price of roughly \$0.25 per share (*See attached promissory note*). These premium to market promissory notes will help correct any outstanding derivative liability and do NOT contain any ratchet clauses or provisions. In addition, CYBL is NOT required to register any shares (a Reg-A, S-1 or S-3 registration statement is NOT required) regarding this transaction meaning that this is NOT an “at-the-market (ATM)” transaction. This is a straight Rule 144 unregistered stock transaction, meaning the restriction is lifted based on waiting out a 6-month holding period (e.g., restricted stock).

- Step #6: CYBL will gain new market interest, both retail and institutional based on the loans valuing CYBL at 500% of the current market value and increased market maker involvement.
- Step #7: CYBL receives \$4,500,000-\$15,000,000+ over the course of (30) days in the form of convertible promissory notes with 5x valuations. CYBL will receive between \$4,500,000 and \$15,000,000+ in the form of “500% premium-to-market” convertible promissory notes based upon the Company’s market cap.



Which brings us to the legal tension.

Are these debts enforceable? Technically, yes. The notes exist. The documents are signed. But the receiver's job isn't just to look at paperwork. It's to examine substance. If the money lent to Cyberlux originated from the company's own stock and if the notes merely formalized a value extraction loop then the receiver has every right to question whether they were legitimate obligations or just instruments of continued dilution.

Let's put it this way: if you borrow your own money from someone and agree to pay it back with interest, is that really a loan? Or is it just the financial equivalent of spinning your wheels in wet sand burning value, making noise, and going absolutely nowhere?

Receiverships aren't just cleanup operations. They're truth-finding missions. And this case deserves that.

Because while toxic financing is endemic to the penny stock world, it rarely gets documented this clearly. It rarely ends in litigation. And it almost never includes the company itself admitting, on the record, how the money moved.

Legality here rests on nuance. A convertible note isn't illegal. Selling stock isn't illegal. Even loaning money back to a company isn't inherently wrong. But **if** the same financier receives free shares, sells them, loans back part of the proceeds, and uses that to claim more shares **and if the company hides that loop behind opaque filings and inflated press releases** then it begins to look like something far more dangerous: a feedback loop designed to look like capital formation while quietly destroying shareholder value.

That's what the receiver now has to untangle.

RB Capital is suing Cyberlux to collect on those notes. But the notes are the final stage of a much larger cycle. And once the pattern is clear, the real question isn't whether the company owes Rosen. It's whether Rosen should have ever been issued the shares that made the loans possible.

This isn't a story about unpaid debt. It's about what happens when a public company becomes a vending machine for synthetic liquidity. When the same dollar gets run through three times and each time exits with less value attached.

This case won't set federal precedent. But it might set a tone. Because once someone with no stake in the illusion looks at the structure with fresh eyes, the story stops being about notes and starts being about truth.

Let's see if the court agrees.

Disclaimer

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Category

1. Cyberlux

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