

How did the Rosen financing arrangement work?

Description

Cyberlux and RB Capital weren't just doing business—they were engaged in a high-stakes financial tango, one that looks an awful lot like a classic **convertible note stock flip cycle**. If you break it down, the process follows a clear four-step pattern:

- 1. Cyberlux gives Brett Rosen (RB Capital) shares** — Typically, these come through a **convertible note** or a direct stock issuance at a discount.
- 2. Rosen sells those shares on the open market** — Cashing in on the difference between the discount price he received and the current market price.
- 3. Rosen then loans Cyberlux money** — But instead of a standard loan, he structures it as another **convertible promissory note**, which allows him to turn his debt back into stock at a (likely favorable) conversion price later.
- 4. The cycle repeats** — As long as the stock price stays high enough to sell, and Cyberlux can keep issuing shares, this financial loop continues.

Now, RB Capital is in court claiming Cyberlux **defaulted** on payments, while Cyberlux is waving a stack of paperwork saying, *“Not so fast—this was always structured as a bigger deal, and you knew the risks.”*

Cyberlux's CEO, Mark Schmidt, isn't just defending against the breach-of-contract allegations—he's **trying to kick this whole thing into arbitration**, arguing that the agreements between them were never meant to be hashed out in court. His supplemental declaration drags out some key documents, including:

• A **2021 term sheet** (Exhibit B) showing this wasn't just a one-off loan, but part of a much larger financing structure.

• A **press release** (Exhibit C) where RB Capital allegedly signed off on publicly framing this as an investment rather than a debt deal.

• A **December 2023 email from Brett Rosen** (Exhibit E) that suggests he himself referred to all the notes as *“one deal”* and was actively involved in structuring the conversions.

At its core, this is a battle over **intent vs. execution**. Cyberlux wants the court to see this as a **willing investment deal gone sour**, where RB Capital took calculated risks and now wants to rewrite the terms. RB Capital, on the other hand, wants the judge to focus on the **basic principle of debt**: *We loaned you money. You didn't pay. Give us our cash.*

Whether Cyberlux succeeds in pushing this into arbitration or whether RB Capital gets its day in court remains to be seen. But one thing is clear—this isn't just about unpaid loans. It's about a

financial feedback loop that worked until it didn't, and now both sides are fighting over who gets stuck holding the bag.

Read how it worked [HERE](#)

[RB_Capital_Partners_Inc_v_Cyberlux_Corporation_et_al__casdce-24-01434__0018.1Download](#)

Disclaimer

All posts, articles, and op-eds about Cyberlux Corporation are grounded entirely in information sourced from publicly available court records, government documents, and financial disclosures filed with OTC Markets. This content is intended for informational purposes only—it's not legal advice, it's not financial guidance, and it's definitely not an invitation to dive headfirst into investment decisions. Our interpretations, opinions, and conclusions stem exclusively from these accessible resources. Ultimate adjudication of legal matters rests with the courts and qualified legal professionals. As always, you're encouraged to verify independently because, let's face it, trust but verify is a motto that never goes out of style. If you believe there is an error in our reporting and have **verifiable** proof, we encourage you to present it, and we will promptly review and address any inaccuracies.

Category

1. Cyberlux

Date Created

February 20, 2025

Author

jackson