

# Scandal Unfolds at Cyberlux: \$3.4 Million Transferred to Executive Amid Financial Turmoil

## Description

A detailed timeline of court filings and financial disclosures has brought to light a series of troubling transactions at Cyberlux Corporation, raising significant questions about its leadership and ability to meet contractual commitments. Over \$3.4 million was reportedly funnelled from company accounts to its CEO, Mark Schmidt, against a backdrop of legal disputes and mounting financial losses.

The timeline begins in January 2023, when Denis Kalenja of Montague Partners acquired 30 million Series B shares for a mere \$30,000. This unusual transaction granted Montague voting power equivalent to 6 billion common shares, in a company that had issued a total of 7 billion. By June 2023, a settlement agreement between Cyberlux and Atlantic Wave Holdings (AWH) seemingly resolved prior disagreements.

However, matters took a sharp turn in August 2023, when HII Defense awarded Cyberlux a \$78.8 million FMF contract for Ukraine, involving the production of 2,000 drones. This triggered a 21-day acceleration clause, requiring immediate payment of the settlement owed to AWH. As of 1 September 2023, Cyberlux's cash reserves were reportedly less than \$20,000.

On 8 September 2023, the company received a \$38 million deposit to kick-start the drone production. On the same day, Schmidt allegedly began a series of significant withdrawals, starting with \$250,000. Over the following months, he reportedly transferred \$213,000 from the company accounts to Fletcher Jones Mercedes, \$600,000 to his personal investment account, and \$994,460 to G2G Global Ltd, a UK-based entity linked to legal consultant Carson John Tucker. These transactions took place amidst escalating financial and legal troubles. By 30 September 2023, Cyberlux held just \$15.5 million in cash, despite the recent inflow of funds. Internal communications revealed growing confusion over the company's operations, with the company's lawyer, Doug Grimes, admitting in an email on 10 October 2023 that "there have been no actual drone sales yet."

The situation worsened in early 2024, when Cyberlux reported an \$11 million loss from divestments in its long-overdue Q3 2023 filings. Meanwhile, Schmidt continued to withdraw funds, including a \$290,000 transfer in March 2024. By 17 May 2024, Cyberlux's largest drone contract had been cancelled.

## Legal Fallout and Financial Woes

Between September 2023 and April 2024, Schmidt is alleged to have transferred \$3,422,745.06 from company accounts into his personal accounts. These revelations have led to a series of lawsuits, including a breach-of-contract case filed in December 2023. In April 2024, Legalist Inc., a contract factoring creditor, filed a lien against all receivables for Cyberlux and its subsidiaries, deepening the company's woes.

## A Company in Crisis

Once hailed as a rising star in the drone technology sector, Cyberlux now finds itself mired in controversy. Its 2023 annual report boasted \$15 million in drone shipments, but Schmidt's financial dealings and the company's operational inconsistencies have cast a long shadow over its credibility. Analysts now doubt whether Cyberlux can recover from this turmoil.

## Unanswered Questions

To date, Schmidt has not addressed the allegations publicly, and Cyberlux has failed to explain how the \$3.4 million in transactions aligns with its business operations. With lawsuits piling up and investor confidence in freefall, the company's future appears precarious.

This unfolding scandal serves as a stark reminder of the importance of transparency and accountability in corporate governance. For Cyberlux, time is running out to restore trust and salvage its reputation in an increasingly competitive industry.

[Atlantic\\_Wave\\_Holdings\\_LLC\\_et\\_v\\_Cyberlux\\_Corporation\\_casdce-24-00482\\_0029.1Download](#)

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