

CAUSE NO. 2024-48085

ATLANTIC WAVE HOLDINGS, LLC and
SECURE COMMUNITY, LLC,

Plaintiffs/Judgment-Creditors,

v.

CYBERLUX CORPORATION and
MARK D. SCHMIDT, Individually,

Defendants/Judgment Debtors.

§
§
§
§
§
§
§
§
§
§

IN THE DISTRICT COURT

129TH JUDICIAL DISTRICT

OF HARRIS COUNTY, TEXAS

**DEFENDANTS' OBJECTION TO RECEIVER'S FOURTH AND FINAL REPORT,
FINAL ACCOUNTING, VERIFIED MOTION FOR DISBURSEMENT OF FUNDS AND
MOTION TO TERMINATE RECEIVERSHIP**

Defendants and Former Judgment Debtors Cyberlux Corporation ("**Cyberlux**") and Mark D. Schmidt ("**Schmidt**") (collectively, "**Defendants**") file this Objection to Receiver's Fourth and Final Report, Final Accounting, Verified Motion for Disbursement of Funds and Motion to Terminate Receivership ("**Objection**") and request a ruling on all objections herein. In support thereof, Defendants rely on the exhibits attached to this Objection and respectfully show unto the Court as follows:

A. Introduction

On May 22, 2025, the Court entered its Order Appointing Receiver ("**Receivership Order**," attached as Exhibit 1) appointing Robert W. Berleth ("**Receiver**") as a post-judgment receiver under TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3) to collect an underlying Virginia state-court judgment ("**Underlying Judgment**") domesticated in this Court against Defendants. On May 7, 2026, the Receiver filed his Fourth and Final Report, Final Accounting, Verified Motion for Disbursement of Funds, and Motion to Terminate Receivership ("**Final Report**," attached as Exhibit 2). Pursuant to paragraph 47 of the Receivership Order, Defendants hereby submit these

general and specific objections to the Final Report and the Declaration of Robert W. Berleth in Support of Receiver's Fees and Expenses ("*Berleth Declaration*").

B. General Objections

Defendants submit the following general objections to the Final Report, Berleth Declaration, and Receiver's Invoice:

1. Defendants object to the Receiver's requested fee of \$1,017,601.11 as unreasonable, unnecessary, and not authorized by the Receivership Order. Paragraph 53 of the Receivership Order provides that the Receiver is entitled "to a fee equal to 25% of all sales of assets that come into his actual, constructive, or legal possession, and all recoveries and credits against the judgment," so long as the *Rohrmoos Ventures* elements have been satisfied and after notice and a hearing. See Receivership Order ¶ 53, Ex. 1. To the extent the Receiver collects the full amount of the Underlying Judgment, the Court may award the Receiver 33% of the collected funds. Here, the Receiver did not "collect" the Underlying Judgment by his actions. Rather, on June 11, 2025, Defendants' lender, Legalist SPV III, LP ("*Legalist*"), voluntarily wired¹ \$3,083,639.75 to the Receiver to satisfy the Underlying Judgment. See Original Final Report ¶¶ 2, 6, Exhibit 3; Wire Transfer Confirmation and Judgment Calculation, Ex. 4. Of that amount, \$873,849.02 was disbursed to Plaintiffs by the Receiver. The Receiver is thus not entitled to 33% of the Underlying Judgment. Instead, the Receiver is entitled to, at a maximum, 25% of what the Receiver disbursed to Plaintiffs, which is \$218,462.30 and the amount agreed upon via settlement between Plaintiffs and Defendants. See Joint Notice of Settlement, Ex. 5. Any fee in excess of that amount would be unreasonable under the circumstances.

¹ The wire was authorized on June 10, 2025, and processed on June 11, 2025. See Wire Transfer Confirmation, Ex. 4.

2. Defendants object to the Receiver's requested reimbursement of \$722,728.68 in expenses to the extent incurred after June 11, 2025, save and except these expenses addressed in paragraph 5, sections j., p., and q. below, to which Defendants object for independent reasons.² On that date, Legalist voluntarily wired \$3,083,639.75 to the Receiver to satisfy the Underlying Judgment. *See* Wire Transfer Confirmation and Judgment Calculation, Ex. 4. In his original Final Report, Final Accounting, Verified Motion for Disbursement of Funds, and Motion to Terminate Receivership ("**Original Final Report**," Ex. 2), filed June 11, 2025, the Receiver conceded that those funds had been received and that "[t]he Receivership ha[d] completed with no further remaining issues pending the final distribution of funds" *See* Original Final Report ¶ 9, Ex. 3. In the Virginia Interpleader, explained in more detail below, the United States District Court for the Eastern District of Virginia likewise held that "Legalist satisfied [the Underlying Judgment] in June 2025." *See* E.D. Va. Memorandum Order p. 3, Ex. 6. Thus, any expenses incurred after June 11, 2025, were unreasonable and unnecessary.

3. Defendants object to the Receiver's requested fee and reimbursement of \$722,728.68 in expenses that were incurred for actions taken or for expenses paid that exceeded the scope of the Receiver's authority under the Receivership Order and TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3). The Receiver was appointed as a post-judgment receiver for the sole purpose of collecting the Underlying Judgment against Defendants. Actions taken and expenses incurred beyond that purpose are *ultra vires*.³

4. Defendants object to the Receiver's requested reimbursement of \$722,728.68 in expenses to the extent the alleged expenses are otherwise found to be unreasonable, unnecessary,

² Any objection to all expenses incurred after June 11, 2025 herein is subject to the same exceptions.

³ This is not the first time the Receiver has acted *ultra vires*. *See* United States Court of Appeals for the Fifth Circuit - 12.31.24 Per Curiam Opinion, Ex. 7.

or unauthorized by the Receivership Order at the hearing on Defendants' Motion for Adjudication of the Receiver's Fees and Expenses and Return of Receivership Assets ("Hearing").

5. Defendants object to the Receiver's Final Report to the extent the Receiver fails to demonstrate entitlement to the fee and expenses requested at the Hearing, as required by the Receivership Order and applicable law.

6. Defendants object to all fees and expenses claimed by the Receiver in connection with the interpleader action styled *HII Mission Technologies Corp. v. Cyberlux Corp., et al.*, Civil Action No. 3:25-cv-483, in the United States District Court for the Eastern District of Virginia (the "*Virginia Interpleader*"), because the Receiver was not authorized by Texas law or the Receivership Order to take any action in the Virginia Interpleader or to otherwise insert himself into other litigation in other jurisdictions that were none of his business, let alone at the expense of Defendants. The Virginia Interpleader was filed on June 24, 2025, after the Receiver acknowledged that the receivership here was complete and moved to terminate it. See Original Final Report ¶ 9, Ex. 3; Complaint for Interpleader, Ex. 8. HII Mission Technologies Corp. ("*HII*") filed the interpleader complaint on its own initiative after it received competing claims to funds owed to Cyberlux. The Receiver played no role in causing HII to file the interpleader or in generating the approximately \$25 million that was interpleaded into the federal court. On April 7, 2026, the court *sua sponte* ordered the Receiver to show cause why his continued involvement in the litigation was appropriate, noting that this Court had denied the Receiver's motion to expand his authority. See Virginia Show Cause Order, Ex. 9. On May 11, 2026, the court terminated the Receiver as an interpleader-defendant, finding that the Receiver's involvement in the Virginia Interpleader was predicated on his purported authority as a receiver, but given the Underlying

Judgment was satisfied on June 11, 2025, the Receiver had no claim to the interpleaded funds. *See* E.D. Va. Memorandum Order, Ex. 6.

7. Defendants object to the Receiver's Final Report to the extent the expenses requested were incurred between June 30, 2025, to August 29, 2025, while the Receivership Order was stayed. *See* Tex. Ct. App. Memorandum Opinion, Ex. 10.

8. Defendants object to the Receiver's Final Report to the extent the Receiver has failed to support the Final Report with documentary evidence, including but not limited to that which is necessary to demonstrate that expenses were actually incurred and paid and invoices showing that the services of various attorneys were reasonable and necessary.

C. Objections to Final Report

Defendants submit the following specific objections to the Final Report, paragraph by paragraph, as follows:

1. Defendants object to paragraph 1 of the Final Report to the extent the work allegedly performed and identified in paragraph 1: (a) exceeded the scope of the Receiver's authority under the Receivership Order, TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3), and applicable law and was thus *ultra vires*; (b) was undertaken after June 11, 2025, after the receivership concluded by the Receiver's own admission; and (c) was not otherwise reasonable or necessary.

2. Defendants object to paragraph 2 of the Final Report because the Receiver did not "recover" \$3,083,639.75. Rather, Legalist voluntarily wired \$3,083,639.75 to the Receiver to satisfy the Underlying Judgments. *See* Original Final Report ¶¶ 2, 6, Ex. 3.

3. Defendants object to paragraph 3 of the Final Report because the Receiver's actions in this receivership to date were largely unauthorized, *ultra vires*, unreasonable, and unnecessary,

and so the fee and expenses allegedly incurred were not “customary, reasonable, and necessary.” Nor did the Receiver collect the full amount of the Underlying Judgment due to his own actions. Rather, Legalist voluntarily wired \$3,083,639.75 to the Receiver to satisfy the Underlying Judgment. *See* Original Final Report ¶¶ 2, 6, Ex. 3. The Receiver is thus not entitled to a fee of 33% of the amount allegedly collected. The Receiver is instead entitled to, at most, \$218,462.30, which is 25% of the amounts disbursed by the Receiver in this action and the amount agreed upon via settlement between Plaintiffs and Defendants. *See* Joint Notice of Settlement, Ex. 5.

4. Defendants object to paragraph 4 of the Final Report because the expenses that the Receiver alleges to have incurred were not “necessary.” In the Receiver’s Original Final Report, filed on June 11, 2025, the Receiver advised that the receivership had concluded with no further remaining issues pending the final distribution of the funds received from Legalist. *See* Original Final Report ¶ 9, Ex. 3; E.D. Va. Memorandum Order p. 3, Ex. 6. In the Original Final Report, the Receiver claimed only \$83,341.22 in expenses. *Id.* at ¶ 7(e). The increase of more than \$639,000 in alleged expenses results entirely from activities undertaken *after* the Underlying Judgment was satisfied and receivership had concluded on June 11, 2025, by the Receiver’s own admission.

5. Defendants object to paragraph 5 of the Final Report to the extent it alleges “several potential TRO/serial receiverships . . . will take effect upon the termination of this receivership.” That allegation is irrelevant to this action and appears designed to justify the continuation of receivership proceedings that the Receiver himself represented had concluded long ago. *See* Original Final Report ¶ 9, Ex. 3. The existence of other potential receiverships does not authorize this Receiver to continue incurring fees and expenses at the expense of Defendants. In one “potential” receivership, the District Court for the 152nd Judicial District of Harris County, Texas

summarily *denied* an application to appoint Robert W. Berleth as a general receiver over Cyberlux after this Court had declined to confer that authority here. *See* Order Denying *Ex Parte* Emergency Application to Appoint Receiver, attached as Exhibit 11.

6. Defendants object to paragraph 6 of the Final Report to the extent the Receiver is implying that he “recovered” the funds that Legalist voluntarily paid.

7. Defendants object to the subparagraphs of paragraph 7 of the Final Report, as follows:

a. Defendants object to subparagraph 7(a) of the Final Report in that the funds identified therein were already paid to Plaintiffs pursuant to this Court’s March 2, 2026, Order on Judgment Creditors’ Second Amended Motion for Distribution of Funds and Defendants’ Motion.

b. Defendants object to subparagraph 7(b) of the Final Report because the expenses claimed were unreasonable and unnecessary because they include numerous expenses that were: (a) incurred after June 11, 2025, when the Receivership concluded by the Receiver’s own admission; (b) incurred for action taken or expenses paid that exceeded the scope of the receivership under the Receivership Order and TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3); and (c) were otherwise unreasonable and unnecessary.

c. Defendants object to subparagraph 7(c) of the Final Report because the Receiver’s fee should be limited to, at most, \$218,462.30, which is 25% of the amounts disbursed by the Receiver in this action and the amount agreed upon via settlement between Plaintiffs and Defendants. *See* Joint Notice of Settlement, Ex. 5.

8. Defendants agree that funds have been distributed to Plaintiffs in satisfaction of the Underlying Judgment and that the Receiver is still holding proceeds to be distributed.

9. Defendants agree that the Receivership concluded when the Underlying Judgment was satisfied. In his Original Final Report of June 11, 2025, the Receiver himself acknowledged that the receivership had concluded. *See* Original Final Report ¶ 9, Ex. 3 (“The Receivership has completed with no further remaining issues”). Defendants object to paragraph 9 of the Final Report to the extent it requests a final distribution as set out in paragraph 7 of the Final Report.

10. Defendants object to paragraph 10 of the Final Report and the relief requested therein. Defendants object to the subparagraphs⁴ of paragraph 10 of the Final Report, as follows:

- a. Defendants object to the first subparagraph because neither the fee requested nor actions taken by the Receiver were reasonable;
- b. Defendants agree with the second subparagraph that the Receiver disbursed \$873,639.75 to Plaintiffs’ Counsel;
- c. Defendants object to the third subparagraph because they include numerous expenses that were unreasonable and unnecessary because they were: (a) incurred after June 11, 2025, when the Receivership concluded by the Receiver’s own admission; (b) incurred for action taken or expenses paid that exceeded the scope of the receivership under the Receivership Order and TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3); and (c) were otherwise unreasonable and unnecessary.
- d. Defendants object to the fourth subparagraph because the Receiver’s fee should be limited to, at most, \$218,462.30, which is 25% of the amounts

⁴ In the Final Report, the subparagraphs of paragraph 10 are mislabeled and out of order.

disbursed by the Receiver to Plaintiffs in this action and the amount agreed upon via settlement between Plaintiffs and Defendants. *See* Joint Notice of Settlement, Ex. 5.

- e. Defendants object to the fifth subparagraph in that the Receivership has already terminated as a matter of law.
- f. Defendants object to the sixth subparagraph to the extent the Receiver requests expenses that were unreasonable and unnecessary because they were: (a) incurred after June 11, 2025, when the Receivership concluded by the Receiver's own admission; (b) incurred for action taken or expenses paid that exceeded the scope of the receivership under the Receivership Order and TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3); and (c) were otherwise unreasonable and unnecessary.

D. Objections to Berleth Declaration

Defendants object to the Berleth Declaration, paragraph by paragraph, as follows:

- 1. Paragraph 1 of the Berleth Declaration does not require an objection. Defendants reserve the right to challenge the Receiver's experience and qualifications at the hearing thereon.⁵
- 2. Defendants object to paragraph 2 of the Berleth Declaration to the extent it is offered to establish the Receiver's qualifications to justify the unreasonable, unnecessary, and/or unauthorized fee and expenses demanded. Defendants reserve the right to challenge the Receiver's experience and qualifications at the hearing thereon.
- 3. Defendants object to paragraph 3 of the Berleth Declaration to the extent it is offered to establish the Receiver's qualifications to justify the exorbitant fee and expenses

⁵ *See* Bankr. S.D. Tex. Memorandum Opinion and Order, Ex. 12; S.D. Tex. Memorandum Opinion and Order, Ex. 13.

demanded. Defendants reserve the right to challenge the Receiver's experience and qualifications at the hearing thereon.

4. No objection.

5. No objection.

6. No objection.

7. No objection.

8. Defendants object to paragraph 8 of the Berleth Declaration because the fees and expenses requested are unreasonable and unnecessary, as described in this Objection. Defendants further object to the extent the Receiver has not proved the reasonableness of the requested fee and expenses at a hearing, as required by the Receivership Order, and Defendants reserve their right to challenge the requested fee and expenses at any such hearing.

9. No objection.

10. Defendants object to paragraph 10 of the Berleth Declaration because the Receiver did not collect the Underlying Judgment by his own actions. Rather, Legalist voluntarily wired \$3,083,639.75 to the Receiver to satisfy the Underlying Judgment. See Original Final Report ¶¶ 2, 6, Ex. 3; Joint Notice of Settlement, Ex. 5. Defendants also object in that this case was made complex and difficult due to the Receiver's *ultra vires* actions that exceeded the scope of the Receivership Order and TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3).

11. Defendants object to paragraph 11 of the Berleth Declaration because it misstates the Receiver's entitlement to a fee under the Receivership Order. Defendants incorporate their General Objection No. 1 fully herein by reference.

12. Defendants object to paragraph 12 of the Berleth Declaration because the collection of the Underlying Judgment did not require immense skill, time, or energy. Indeed, it required

virtually none. The Underlying Judgment was satisfied by Legalist. Defendants also object because, as set forth in Defendants' General Objection No. 6, incorporated fully herein by reference, the Virginia Interpleader has nothing to do with this action and the collection of the Underlying Judgment, and the Receiver's actions taken in that matter were unauthorized, *ultra vires*, and took place *after* the Receiver acknowledged the receivership had concluded. See Original Final Report ¶ 9, Ex. 3.

13. Defendants object to paragraph 13 of the Berleth Declaration because actions taken to maintain the warehouse, provide oversight and payroll, and handle deliveries had nothing to do with the Receiver's appointment as a post-judgment receiver to collect the Underlying Judgment, as provided under TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3). Those actions are *ultra vires*. Defendants also object because as set forth in Defendants' General Objection No. 6, incorporated fully herein by reference, the Virginia Interpleader has nothing to do with this action and the collection of the Underlying Judgment, and the Receiver's actions taken in that matter were unauthorized, *ultra vires*, and took place *after* the Receiver acknowledged the receivership had concluded. See Original Final Report ¶ 9, Ex. 3.

14. Defendants object to paragraph 14 of the Berleth Declaration and Exhibit 1 cited therein for the following reasons:

- a. The Receiver has failed to provide itemized invoices for attorney's fees and expenses paid to the Receiver's counsel, without which there is no way to determine whether the fees and expenses paid were reasonable and necessary, even if they were authorized (they were not).
- b. Expenses identified in Exhibit 1 for purchasing meals for the Receiver's staff are unreasonable and unnecessary and should not be compensated at Defendants'

expense. In addition, the Receiver has failed to provide documentary evidence that these expenses were actually incurred and paid.

- c. The Receiver has failed to provide documentary evidence that all expenses identified in Exhibit 1 for locksmiths, storage, and security were actually incurred and paid.
 - d. All expenses identified in Exhibit 1 for advisory services in Ukraine, travel expenses and per diem related to the Virginia Interpleader, payments to employees, consultant fees, and related matters were not incurred for purposes of collecting the Underlying Judgment and were thus incurred beyond the Receiver's authority. Defendants also object to all expenses incurred prior to the Receiver's appointment and *after* the Receiver acknowledged the receivership had concluded on June 11, 2025. *See* Original Final Report ¶ 9, Ex. 3. Nor has the Receiver provided documentary evidence that any of these expenses were actually incurred and paid.
15. Defendants object to subparagraphs "A" through "DD" of paragraph 15 of the Berleth Declaration, as follows:
- a. Defendants object to subparagraph 15(A) because the Receiver has failed to provide documentary evidence that storage fees were actually incurred.
 - b. Defendants object to subparagraph 15(B) because the retainer was paid to a law firm on August 8, 2025, *after* the Receiver acknowledged the receivership had concluded. *See* Original Final Report ¶ 9, Ex. 3. Moreover, as set forth in Defendants' General Objection No. 6, incorporated fully herein by reference, the Virginia Interpleader had nothing to do with this action and the collection of the Underlying Judgment, and the Receiver's actions taken in that matter were

unauthorized and *ultra vires*. Defendants also object because the Receiver has failed to provide the underlying itemized invoices, without which it is impossible to determine whether the fees and expenses incurred were reasonable and necessary. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

c. Defendants object to subparagraph 15(C) of the Berleth Declaration because paying employees had nothing to do with the Receiver's appointment as a post-judgment receiver to collect the Underlying Judgment, as provided under TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3). Paying those expenses exceeded the Receiver's authority. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

d. Defendants object to subparagraph 15(D) of the Berleth Declaration because paying employees had nothing to do with the Receiver's appointment as a post-judgment receiver to collect the Underlying Judgment, as provided under TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3). Paying those expenses exceeded the Receiver's authority. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

e. Defendants object to subparagraph 15(E) of the Berleth Declaration because paying employees had nothing to do with the Receiver's appointment as a post-judgment receiver to collect the Underlying Judgment, as provided under TEX. CIV. PRAC. &

REM. CODE § 31.002(b)(3). Paying those expenses exceeded the Receiver's authority. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

f. Defendants object to subparagraph 15(F) of the Berleth Declaration because paying employees had nothing to do with the Receiver's appointment as a post-judgment receiver to collect the Underlying Judgment, as provided under TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3). Paying those expenses exceeded the Receiver's authority. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

g. Defendants object to subparagraph 15(G) of the Berleth Declaration because paying employees had nothing to do with the Receiver's appointment as a post-judgment receiver to collect the Underlying Judgment, as provided under TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3). Paying those expenses exceeded the Receiver's authority. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

h. Defendants object to subparagraph 15(H) because the attorney's fees and expenses were paid to a law firm *after* the Receiver acknowledged the receivership had concluded on June 11, 2025. *See* Original Final Report ¶ 9, Ex. 3. Moreover, as set forth in Defendants' General Objection No. 6, incorporated fully herein by reference, the Virginia Interpleader had nothing to do with this action and the

collection of the Underlying Judgment, and the Receiver's actions taken in that matter were unauthorized and *ultra vires*. Defendants also object because the Receiver has failed to provide the underlying itemized invoices, without which it is impossible to determine whether the fees and expenses incurred were reasonable and necessary. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

i. Defendants object to subparagraph 15(I) because the attorney's fees and expenses were paid to a law firm *after* the Receiver acknowledged the receivership had concluded on June 11, 2025. *See* Original Final Report ¶ 9, Ex. 3. Moreover, as set forth in Defendants' General Objection No. 6, incorporated fully herein by reference, the Virginia Interpleader had nothing to do with this action and the collection of the Underlying Judgment, and the Receiver's actions taken in that matter were unauthorized and *ultra vires*. Defendants also object because the Receiver has failed to provide the underlying itemized invoices, without which it is impossible to determine whether the fees and expenses incurred were reasonable and necessary. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

j. Defendants object to subparagraph 15(J) to the extent the Receiver has failed to provide the underlying itemized invoices, without which it is impossible to determine whether the fees and expenses incurred were reasonable and necessary. Even if the claimed expenses were authorized, the Receiver has provided no

documentary evidence that these expenses were actually incurred and paid or how much of the alleged retainer was applied in the payment thereof.

- k. Defendants object to subparagraph 15(K) because the attorney's fees and expenses were paid to a law firm *after* the Receiver acknowledged the receivership had concluded on June 11, 2025. *See* Original Final Report ¶ 9, Ex. 3. Moreover, as set forth in Defendants' General Objection No. 6, incorporated fully herein by reference, the Virginia Interpleader had nothing to do with this action and the collection of the Underlying Judgment, and the Receiver's actions taken in that matter were unauthorized and *ultra vires*. Defendants also object because the Receiver has failed to provide the underlying itemized invoices, without which it is impossible to determine whether the fees and expenses incurred were reasonable and necessary. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.
- l. Defendants object to subparagraph 15(L) of the Berleth Declaration because paying employees had nothing to do with the Receiver's appointment as a post-judgment receiver to collect the Underlying Judgment, as provided under TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3). Paying those expenses exceeded the Receiver's authority. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.
- m. Defendants object to subparagraph 15(M) of the Berleth Declaration because paying employees had nothing to do with the Receiver's appointment as a post-

judgment receiver to collect the Underlying Judgment, as provided under TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3). Paying those expenses exceeded the Receiver's authority. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

- n. Defendants object to subparagraph 15(N) of the Berleth Declaration because paying employees had nothing to do with the Receiver's appointment as a post-judgment receiver to collect the Underlying Judgment, as provided under TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3). Paying those expenses exceeded the Receiver's authority. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.
- o. Defendants object to subparagraph 15(O) of the Berleth Declaration because paying employees had nothing to do with the Receiver's appointment as a post-judgment receiver to collect the Underlying Judgment, as provided under TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3). Paying those expenses exceeded the Receiver's authority. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.
- p. Defendants object to subparagraph 15(P) of the Berleth Declaration because the Receiver has failed to provide the underlying itemized invoices, without which it is impossible to determine whether the fees and expenses incurred were reasonable and necessary. Defendants further object in that if the claimed expenses were

authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid or how much of the alleged retainer was applied in the payment thereof.

- q. Defendants object to subparagraph 15(Q) because the Receiver has failed to provide the underlying itemized invoices, without which it is impossible to determine whether the fees and expenses incurred were reasonable and necessary. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.
- r. Defendants object to subparagraph 15(R) of the Berleth Declaration because paying an attorney to prepare a release of a noncompete agreement for a former employee had nothing to do with the Receiver's appointment as a post-judgment receiver to collect the Underlying Judgment, as provided under TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3). Paying those expenses exceeded the Receiver's authority, as did consulting counsel regarding winding down Cyberlux. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.
- s. Defendants object to subparagraph 15(S) of the Berleth Declaration because paying employees had nothing to do with the Receiver's appointment as a post-judgment receiver to collect the Underlying Judgment, as provided under TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3). Paying those expenses exceeded the Receiver's authority. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

- t. Defendants object to subparagraph 15(T) of the Berleth Declaration because the Receiver has provided no documentary evidence that the storage fees were actually incurred and paid.
- u. Defendants object to subparagraph 15(U) because the attorney's fees and expenses were paid to a law firm *after* the Receiver acknowledged the receivership had concluded on June 11, 2025. *See* Original Final Report ¶ 9, Ex. 3. Moreover, as set forth in Defendants' General Objection No. 6, incorporated fully herein by reference, the Virginia Interpleader had nothing to do with this action and the collection of the Underlying Judgment, and the Receiver's actions taken in that matter were unauthorized and *ultra vires*. Defendants also object because the Receiver has failed to provide the underlying itemized invoices, without which it is impossible to determine whether the fees and expenses incurred were reasonable and necessary. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.
- v. Defendants object to subparagraph 15(V) because the Receiver incurred the expenses listed for travel related to the Virginia Interpleader. As set forth in Defendants' General Objection No. 6, incorporated fully herein by reference, the Virginia Interpleader had nothing to do with this action and the collection of the Underlying Judgment, and the Receiver's actions taken in that matter were unauthorized and *ultra vires*. Additionally, these expenses were incurred *after* the Receiver acknowledged the receivership had concluded on June 11, 2025. *See* Original Final Report ¶ 9, Ex. 3. Defendants also object because the Receiver has

failed to provide the underlying itemized invoices, without which it is impossible to determine whether the fees and expenses incurred were reasonable and necessary. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

- w. Defendants object to subparagraph 15(W) because the Receiver incurred the expenses listed for travel related to the Virginia Interpleader. As set forth in Defendants' General Objection No. 6, incorporated fully herein by reference, the Virginia Interpleader had nothing to do with this action and the collection of the Underlying Judgment, and the Receiver's actions taken in that matter were unauthorized and *ultra vires*. Additionally, these expenses were incurred *after* the Receiver acknowledged the receivership had concluded on June 11, 2025. *See* Original Final Report ¶ 9, Ex. 3. Defendants also object because the Receiver has failed to provide the underlying itemized invoices, without which it is impossible to determine whether the fees and expenses incurred were reasonable and necessary. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.
- x. Defendants object to subparagraph 15(X) because the attorney's fees and expenses were paid to a law firm *after* the Receiver acknowledged the receivership had concluded on June 11, 2025. *See* Original Final Report ¶ 9, Ex. 3. Defendants further object because the Court denied the Receiver's motion to expand the receivership, and so any legal fees paid to prepare that motion are unreasonable,

unnecessary, and not compensable. See Order Denying Expanding Receiver's Authority, attached as Exhibit 14. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

- y. Defendants object to subparagraph 15(Y). It appears the Receiver is requesting he be reimbursed for paying to Plaintiffs funds received from Legalist to satisfy the Underlying Judgment. The Receiver is not entitled to reimbursement for amounts paid to Plaintiffs as an expense.
- z. Defendants object to subparagraph 15(Z) because the attorney's fees and expenses were paid to a law firm *after* the Receiver acknowledged the receivership had concluded on June 11, 2025. See Original Final Report ¶ 9, Ex. 3. Moreover, as set forth in Defendants' General Objection No. 6, incorporated fully herein by reference, the Virginia Interpleader had nothing to do with this action and the collection of the Underlying Judgment, and the Receiver's actions taken in that matter were unauthorized and *ultra vires*. Defendants also object because the Receiver has failed to provide the underlying itemized invoices, without which it is impossible to determine whether the fees and expenses incurred were reasonable and necessary. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.
- aa. Defendants object to subparagraph 15(AA) because the attorney's fees and expenses were paid to a law firm *after* the Receiver acknowledged the receivership had concluded on June 11, 2025. See Original Final Report ¶ 9, Ex. 3. Moreover,

as set forth in Defendants' General Objection No. 6, incorporated fully herein by reference, the Virginia Interpleader had nothing to do with this action and the collection of the Underlying Judgment, and the Receiver's actions taken in that matter were unauthorized and *ultra vires*. Defendants also object because the Receiver has failed to provide the underlying itemized invoices, without which it is impossible to determine whether the fees and expenses incurred were reasonable and necessary. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

bb. Defendants object to subparagraph 15(BB) because the fees and costs identified were incurred by the Receiver in retaining a consultant to analyze Cyberlux's government contracts. These consultant fees were incurred *after* the Receiver acknowledged the receivership had concluded on June 11, 2025. *See* Original Final Report ¶ 9, Ex. 3. Moreover, the consultant work has nothing to do with the Receiver's authority to collect the Underlying Judgment, which had already been satisfied, and so were *ultra vires*. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

cc. Defendants object to subparagraph 15(CC) because the attorney's fees and expenses were paid to a law firm *after* the Receiver acknowledged the receivership had concluded on June 11, 2025. *See* Original Final Report ¶ 9, Ex. 3. Moreover, as set forth in Defendants' General Objection No. 6, incorporated fully herein by reference, the Virginia Interpleader had nothing to do with this action and the

collection of the Underlying Judgment, and the Receiver's actions taken in that matter were unauthorized and *ultra vires*. Defendants also object because the Receiver has failed to provide the underlying itemized invoices, without which it is impossible to determine whether the fees and expenses incurred were reasonable and necessary. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

dd. Defendants object to subparagraph 15(DD) because the attorney's fees and expenses were paid to a law firm *after* the Receiver acknowledged the receivership had concluded on June 11, 2025. See Original Final Report ¶ 9, Ex. 3. Moreover, as set forth in Defendants' General Objection No. 6, incorporated fully herein by reference, the Virginia Interpleader had nothing to do with this action and the collection of the Underlying Judgment, and the Receiver's actions taken in that matter were unauthorized and *ultra vires*. Defendants also object because the Receiver has failed to provide the underlying itemized invoices, without which it is impossible to determine whether the fees and expenses incurred were reasonable and necessary. Defendants further object in that even if authorized, the Receiver has provided no documentary evidence that these expenses were actually incurred and paid.

16. Defendants object to paragraph 16 of the Berleth Declaration because the claimed level of work and attention required by a receivership of less than three weeks in duration was due largely to the Receiver's unauthorized actions, which exceeded the scope of the Receivership Order. The Underlying Judgment was not recovered by the Receiver but funded by Legalist.

17. Defendants object to paragraph 17 of the Berleth Declaration because the Receiver's claimed fee exceeds the scope of the Receivership order and should be limited to, at most, \$218,462.30, which is 25% of the amounts disbursed by the Receiver to Plaintiffs in this action and the amount agreed upon by Plaintiffs and Defendants. *See* Joint Notice of Settlement, Ex. 5. The expenses claimed are also unreasonable and were unnecessary because they were: (a) incurred after June 11, 2025, when the Receivership concluded by the Receiver's own admission; (b) incurred for action taken or expenses paid that exceeded the scope of the receivership under the Receivership Order and TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3); and (c) were otherwise unreasonable and unnecessary.

To the extent Exhibit 1 to the Berleth Declaration lists fees and expenses not cited in the declaration and addressed above, Defendants object to those fees and expenses, as follows:

- a. Defendants object to all fees and expenses incurred related to the Virginia Interpleader for the reasons set forth in Defendants' General Objection No. 6, incorporated fully herein by reference.
- b. Defendants object to all fees and expenses incurred to pay employees because paying employees had nothing to do with the Receiver's appointment as a post-judgment receiver to collect the Underlying Judgment, as provided under TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3).
- c. Defendants object to all fees and expenses incurred for security, a constable, locksmiths, and storage fees because the Receiver has failed to provide documentary evidence that those expenses were actually incurred and actually paid.
- d. Defendants object to all fees and expenses incurred for North Axis Advisory, to other consultants, and for staff meals, as those matters had nothing to do with the

Receiver's appointment as a post-judgment receiver to collect the Underlying Judgment, as provided under TEX. CIV. PRAC. & REM. CODE § 31.002(b)(3).

- e. Defendants object to all fees and expenses incurred prior to the Receiver's appointment and after the Receiver acknowledged the receivership had concluded on June 11, 2025. *See* Original Final Report ¶ 9, Ex. 3.
- f. Defendants object to all fees and expenses not supported by documentary evidence that the fees and expenses were actually incurred and paid.

PRAYER

WHEREFORE, Defendants and Former Judgment Debtors Cyberlux Corporation and Mark D. Schmidt respectfully pray that this Court sustain this Objection, deny the relief requested in the Final Report except as to confirming the receivership has terminated as a matter of law, and grant the Defendants and Judgment Debtors such other and further relief to which they may be justly entitled.

Respectfully submitted,

ADAMS & REESE, LLP

By: /s/ Evan A. Moeller

Evan A. Moeller
State Bar No. 24051067
evan.moeller@arlaw.com
Aaron G. McLeod
State Bar No. 24100888
aaron.mcleod@arlaw.com
LyondellBasell Tower
1221 McKinney St., Suite 4400
Houston, Texas 77010
Telephone: (713) 652-5151
Facsimile: (713) 652-5152

***Attorneys for Cyberlux Corporation and
Mark D. Schmidt***

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was served pursuant to the Texas Rules of Civil Procedure upon all parties on this 27th day of May, 2026.

/s/ Evan A. Moeller
Evan A. Moeller

Unofficial Copy Office of Martin Burgess, Esq., Clerk

Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Monica Rodriguez on behalf of Evan Moeller

Bar No. 24051067

monica.rodriguez@arlaw.com

Envelope ID: 115418415

Filing Code Description: Motion (No Fee)

Filing Description: Defendants' Objection to Receiver's Fourth and Final Report, Final Accounting, Verified Motion for Disbursement of Funds and Motion to Terminate Receivership

Status as of 5/28/2026 10:22 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Ashish Mahendru		amahendru@thelitigationgroup.com	5/27/2026 7:59:12 PM	SENT
Darren Andrew Braun		dbraun@thelitigationgroup.com	5/27/2026 7:59:12 PM	SENT
M. H. Cersonsky		mhcersonsky@law-cmpc.com	5/27/2026 7:59:12 PM	SENT
Evan A. Moeller		evan.moeller@arlaw.com	5/27/2026 7:59:12 PM	SENT
Evan A. Moeller		evan.moeller@arlaw.com	5/27/2026 7:59:12 PM	SENT
Danielle Butler		dbutler@thelitigationgroup.com	5/27/2026 7:59:12 PM	SENT
LaDonna Arey		LArey@bellnunnally.com	5/27/2026 7:59:12 PM	SENT
Linda Carranza		lcarranza@thompsoncoburn.com	5/27/2026 7:59:12 PM	SENT
Elizabeth Myers		emyers@thompsoncoburn.com	5/27/2026 7:59:12 PM	SENT
Tara Rollin		tara.rollin@arlaw.com	5/27/2026 7:59:12 PM	SENT
Robert W. Berleth		rberleth@berlethlaw.com	5/27/2026 7:59:12 PM	SENT
David A. Walton		dwalton@bellnunnally.com	5/27/2026 7:59:12 PM	SENT
Travis Vargo		tvargo@vargolawfirm.com	5/27/2026 7:59:12 PM	SENT
Micah Jackson		mjackson@berlethlaw.com	5/27/2026 7:59:12 PM	SENT
Brice B. Beale		beale@hooverslovacek.com	5/27/2026 7:59:12 PM	SENT
Mary Jahn		mary.jahn@arlaw.com	5/27/2026 7:59:12 PM	SENT
Shawn Grady		shawn@gradycollectionlaw.com	5/27/2026 7:59:12 PM	SENT
Shawn Grady		shawn@gradycollectionlaw.com	5/27/2026 7:59:12 PM	SENT
Aaron McLeod		aaron.mcleod@arlaw.com	5/27/2026 7:59:12 PM	SENT
Jeff Brown		jbrown@thompsoncoburn.com	5/27/2026 7:59:12 PM	SENT
Paula Gentry		pgentry@thompsoncoburn.com	5/27/2026 7:59:12 PM	SENT

Automated Certificate of eService

This automated certificate of service was created by the e filing system. The filer served this document via email generated by the e filing system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Monica Rodriguez on behalf of Evan Moeller

Bar No. 24051067

monica.rodriguez@arlaw.com

Envelope ID: 115418415

Filing Code Description: Motion (No Fee)

Filing Description: Defendants' Objection to Receiver's Fourth and Final Report, Final Accounting, Verified Motion for Disbursement of Funds and Motion to Terminate Receivership

Status as of 5/28/2026 10:22 AM CST

Case Contacts

Paula Gentry		pgentry@thompsoncoburn.com	5/27/2026 7:59:12 PM	SENT
Bernadette Martin		bernadette@gradycollectionlaw.com	5/27/2026 7:59:12 PM	SENT
Bernadette Martin		bernadette@gradycollectionlaw.com	5/27/2026 7:59:12 PM	SENT
Records Department		Records@bellnunnally.com	5/27/2026 7:59:12 PM	SENT
Michael Poynter		mpoynter@vargolawfirm.com	5/27/2026 7:59:12 PM	SENT
Emory Powers		emory.powers@arlaw.com	5/27/2026 7:59:12 PM	SENT
Caroline Pritikin		cpritikin@thompsoncoburn.com	5/27/2026 7:59:12 PM	SENT
Laurie DeBardeleben		ldebardeleben@thompsoncoburn.com	5/27/2026 7:59:12 PM	SENT
Roxanna Lock		rlock@thompsoncoburn.com	5/27/2026 7:59:12 PM	SENT
Frankie Huff		fhuff@thompsoncoburn.com	5/27/2026 7:59:12 PM	SENT
Alex Pennetti		apennetti@thompsoncoburn.com	5/27/2026 7:59:12 PM	SENT
Sheli Davis		sdavis@berlethlaw.com	5/27/2026 7:59:12 PM	SENT
Tristian Harris		tharris@berlethlaw.com	5/27/2026 7:59:12 PM	SENT
Corinne Martin		cmartin@berlethlaw.com	5/27/2026 7:59:12 PM	SENT
Douglas S.Lang		dlang@thompsoncoburn.com	5/27/2026 7:59:12 PM	SENT
Polly Bates		polly.bates@vkhk.com	5/27/2026 7:59:12 PM	SENT
Alayna EllenAbbott		aabbott@law-cmpc.com	5/27/2026 7:59:12 PM	SENT
Edward W.Gray, Jr.		EGray@thompsoncoburn.com	5/27/2026 7:59:12 PM	SENT
Daniel AArdmore		ardmorelawfirm@gmail.com	5/27/2026 7:59:12 PM	SENT
VHH EFILE		efile@vkhk.com	5/27/2026 7:59:12 PM	SENT
Monica Rodriguez		monica.rodriguez@arlaw.com	5/27/2026 7:59:12 PM	SENT
Daniel AArdmore		daniel.ardmore@ardmorelawfirm.com	5/27/2026 7:59:12 PM	SENT

Automated Certificate of eService

This automated certificate of service was created by the e filing system. The filer served this document via email generated by the e filing system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Monica Rodriguez on behalf of Evan Moeller

Bar No. 24051067

monica.rodriguez@arlaw.com

Envelope ID: 115418415

Filing Code Description: Motion (No Fee)

Filing Description: Defendants' Objection to Receiver's Fourth and Final Report, Final Accounting, Verified Motion for Disbursement of Funds and Motion to Terminate Receivership

Status as of 5/28/2026 10:22 AM CST

Case Contacts

Daniel A Ardmore		daniel.ardmore@ardmorelawfirm.com	5/27/2026 7:59:12 PM	SENT
Farah Ardmore		farah.ardmore@ardmorelawfirm.com	5/27/2026 7:59:12 PM	SENT
Hannah Fischer		hfischer@thompsoncoburn.com	5/27/2026 7:59:12 PM	SENT
Jocelin A. Tapia		jtapia@thompsoncoburn.com	5/27/2026 7:59:12 PM	SENT
Jemisha Gandhi		jgandhi@bellnunnally.com	5/27/2026 7:59:12 PM	SENT
David M. Keithly		dkeithly@mortensontaggart.com	5/27/2026 7:59:12 PM	SENT
Tia Archuleta		tia.archuleta@ecf.courtdrive.com	5/27/2026 7:59:12 PM	SENT
Tia Archuleta		tia.archuleta@vkhh.com	5/27/2026 7:59:12 PM	SENT
Austin D Priddy		Austin.Pridy@vkhh.com	5/27/2026 7:59:12 PM	SENT