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10 Attorneys for Plaintiffs  
11 ATLANTIC WAVE HOLDINGS, LLC  
12 and SECURE COMMUNITY, LLC

13 **UNITED STATES DISTRICT COURT**  
14 **SOUTHERN DISTRICT OF CALIFORNIA**

15 ATLANTIC WAVE HOLDINGS, LLC,  
16 a Virginia limited liability company and  
17 SECURE COMMUNITY, LLC, a  
18 Virginia limited Liability company,

19 Plaintiffs,

20 vs.

21 CYBERLUX CORPORATION, a  
22 Nevada Corporation and MARK D.  
23 SCHMIDT,

24 Defendants.

CASE NO. 3:24-cv-00482-RBM-VET  
*Honorable Ruth Bermudez Montenegro*

**DECLARATION OF WILLIAM  
WELTER IN SUPPORT OF  
PLAINTIFFS ATLANTIC WAVE  
HOLDINGS, LLC’S AND SECURE  
COMMUNITY, LLC’S FURTHER  
SUPPLEMENTAL UPDATE RE:  
DEFENDANTS’ MOTION TO  
VACATE**

*Filed concurrently with Further  
Supplemental Update, Declaration of  
David M. Keithly and Declaration of  
Federico J. Zablah*

**NO ORAL ARGUMENT UNLESS  
ORDERED BY THE COURT**

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**DECLARATION OF WILLIAM WELTER**

I, William Welter, declare as follows:

1. I am the Managing Director of Atlantic Wave Holdings, LLC and Secure Community, LLC, Plaintiffs in this matter. I have personal knowledge of the facts stated herein and, if called upon to testify, I could and would competently testify to them.

2. In connection with our attempts to garnish Defendants’ funds to satisfy the Virginia Judgment, Plaintiffs recently discovered that Defendants assigned their interests in future payments from a U.S. Government contract that should have been used to pay Plaintiffs, to Legalist SVP III (“Legalist”), a factoring company, without notifying Plaintiffs. (Declaration of Federico J. Zablah in Support of Plaintiffs’ Further Supplemental Update (“Zablah Decl.”), ¶¶ 10-12, Ex. D at ¶¶ 12-15.) A factoring company purchases accounts receivable from businesses at a discount, providing them with immediate cash flow. The factoring company then collects the payments directly from the customers as they become due. This assignment was made despite Defendants’ repeated assurances that funds from the contract would be used to satisfy the Judgment. The assignment effectively shields these assets from Plaintiffs, even if the contract had remained active.

3. Plaintiffs served discovery on Towne Bank in connection with a garnishment action Plaintiffs initiated to garnish Defendants’ funds held there and Towne Bank produced a statement of Cyberlux’s account dated September 30, 2023. The statement shows that Cyberlux received a \$38,700,600 payment, via wire from “HII Technical” on September 8, 2023, which is linked to drone sales and should have been used to satisfy the Judgment in full. A true and correct copy of Cyberlux’s September 30, 2023 statement from Towne Bank is attached hereto as **Exhibit A**, with unrelated information redacted.

4. Plaintiffs also recently discovered that Cyberlux failed to disclose the termination of its U.S. Government drone contract in May 2024. (Zablah Decl., ¶¶

1 10-12, Ex. D at ¶¶ 7-10). For more than a year now, this contract was repeatedly cited  
2 by Defendants as the primary source of funds to satisfy the Judgment. The  
3 cancellation of the contract is particularly significant because, for months, Defendants  
4 repeatedly asked Plaintiffs to delay enforcement of the Judgment, claiming they were  
5 about to receive an imminent payment under the contract sufficient to satisfy their  
6 Judgment debt to Plaintiffs. The failure to disclose this termination deprived Plaintiffs  
7 of critical revenue that should have been used to satisfy the Judgment, violated the  
8 Settlement Agreement's terms, and casts serious doubt on Defendants' ability to pay  
9 the Judgment debt.

10 5. In April 2024, during the litigation and in anticipation of our writ,  
11 Defendants transferred all revenue from the drone contract by assigning it to Legalist.  
12 (Zablah Decl., ¶¶ 11-13, Ex. C at ¶¶ 12-14.) This was done without informing  
13 Plaintiffs, stockholders, or the Court, in violation of the Settlement Agreement, which  
14 requires disclosure of all material information related to drone sales and status (Dkt.  
15 No. 24-1 at ¶ 8).

16 6. Defendants reconfirmed this assignment in July 2024, further  
17 entrenching their strategy to divert funds away from satisfying the Judgment (Zablah  
18 Decl., ¶ 11, Ex. C at ¶ 15).

19 7. Despite receiving substantial funds, Defendants falsely stated in October  
20 2023 that there had been "no drone sales," as per an email from Doug Grimes. This  
21 falsehood aligns with Defendants' pattern of misrepresentation intended to delay and  
22 obfuscate. A true and correct copy of the October 10, 2023 email from Doug Grimes  
23 to me is attached hereto as **Exhibit B**.

24 8. Throughout this period, Defendants also attempted to sell company  
25 assets and filed lawsuits in Virginia, misleading courts in both California and Texas  
26 by asserting that these filings were dispositive of the Judgment's validity. However,  
27 since filing these lawsuits on July 8, 2024, Defendants have taken no substantive  
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1 action, continuing their dilatory tactics (Zablah Decl., ¶¶ 13-17; Dkt No. 31 at ¶¶ 2-  
2 13).

3 9. Plaintiffs’ Judgment is rapidly losing all collateral due to Defendants’  
4 continued stalling and asset diversion strategies, necessitating swift judicial  
5 intervention to prevent further injustice.

6 10. On October 28, 2024, I attended the hearing telephonically on Cyberlux's  
7 motion to vacate Plaintiffs’ domesticated Judgment in Texas. During this hearing, I  
8 heard Defendants’ counsel falsely represent to the court that a stay of enforcement  
9 was entered in the Virginia proceedings.

10 11. The representation made by Defendants’ counsel was entirely false, as  
11 no stay has been granted or even considered in Virginia. (Zablah Decl., ¶¶ 4-5.) This  
12 misrepresentation misled the Texas court into temporarily staying enforcement of the  
13 Judgment for 30 days to allow Defendants the opportunity to present evidence of the  
14 supposed stay, although it did not halt discovery.

15  
16 I declare under penalty of perjury under the laws of the State of California that  
17 the foregoing is true and correct. This declaration was executed on November 7,  
18 2024, at Tappahannock, VA.

19 /s/ William Welter  
20 William Welter  
21 Managing Director  
22 Atlantic Wave Holdings, LLC  
23 Secure Community, LLC  
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# **Exhibit A**

**TOWNE BANK**  
P.O. Box 2818  
Norfolk, VA 23501-2818  
Return Service Requested

Account Number: XXXXX 6642  
Statement Date: 09/30/2023  
Items Enclosed: 1  
Page: 1 of 9

**Member Service Information**

-  Lost or Stolen Card: 888-638-6718
-  Email Inquiries: [info@townebank.com](mailto:info@townebank.com)
-  Visit Us Online: [www.townebank.com](http://www.townebank.com)
-  Visit Us on Facebook! [www.facebook.com/townebank](http://www.facebook.com/townebank)
-  Account Assistance: 919-415-4377



52454 MTB3733S093023092629 01 000000000 52454 010  
CYBERLUX CORPORATION



52454 0228259 0001-0009 0000000000000000


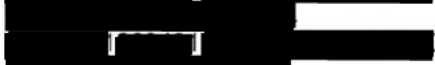


As always, online banking provides the latest balance information for your accounts!

**VALUE CLASSIC** Account Number: XXXXXX6642

**Balance Summary**

<b>Beginning Balance as of 09/01/23</b>	<b>\$20,087.01</b>
+ Deposits and Credits (10)	\$38,701,840.13
- Checks Posted (0)	\$0.00
- Withdrawals and Debits (118)	\$23,240,154.65
<b>Ending Balance as of 09/30/23</b>	<b>\$15,481,772.49</b>
Number of Days in Statement Period	30
Items Enclosed	1

**Transaction Detail**

Date	Description	Deposits	Withdrawals
Sep 01			-\$6,000.00
Sep 01			-\$40.00
Sep 05			-\$8,000.00
Sep 06			-\$3,000.00



Serving Others. Enriching Lives.®





P.O. Box 2818  
Norfolk, VA 23501-2818  
Return Service Requested

Account Owner: CYBERLUX CORPORATION  
Statement Date: 09/30/2023  
Page : 2 of 9

Transaction Detail (Continued)

52454 0228261 0002-0009 000000000000000000

Date	Description	Deposits	Withdrawals
Sep 07	[REDACTED]		-\$750.00
Sep 08	ACH DEPOSIT HII TECHNICAL SO [REDACTED]	\$38,700,600.00	
Sep 08	[REDACTED]		-\$3,000,000.00
Sep 08	[REDACTED]		-\$575,000.00
Sep 08	[REDACTED]		-\$250,000.00
Sep 08	[REDACTED]		-\$100,000.00
Sep 08	[REDACTED]		-\$100,000.00
Sep 08	[REDACTED]		-\$89,477.76
Sep 08	[REDACTED]		-\$85,768.25
Sep 08	[REDACTED]		-\$50,000.00
Sep 08	[REDACTED]		-\$50,000.00
Sep 08	[REDACTED]		-\$25,000.00
Sep 08	[REDACTED]		-\$18,540.35
Sep 08	[REDACTED]		-\$10,500.00
Sep 08	[REDACTED]		-\$10,000.00
Sep 08	[REDACTED]		-\$10,000.00
Sep 08	[REDACTED]		-\$6,500.00
Sep 08	[REDACTED]		-\$40.00
Sep 08	[REDACTED]		-\$40.00
Sep 08	[REDACTED]		-\$40.00
Sep 08	[REDACTED]		-\$40.00
Sep 11	[REDACTED]	\$120.00	
Sep 11	[REDACTED]	\$120.00	



# **Exhibit B**

**From:** Doug Grimes <[dgrimes@allenchesson.com](mailto:dgrimes@allenchesson.com)>  
**Date:** October 10, 2023 at 3:40:36PM EDT  
**To:** [willwelter@aol.com](mailto:willwelter@aol.com)

**Subject: RE: Cyberlux**

Will,

It's my understanding there have been no actual drone sales yet. Happy to discuss at your convenience.

Doug Grimes  
Allen, Chesson & Grimes PLLC  
505 N. Church Street  
Charlotte, NC 28202  
704-755-6012  
[dgrimes@allenchesson.com](mailto:dgrimes@allenchesson.com)  
[www.allenchesson.com](http://www.allenchesson.com)

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**From:** [willwelter@aol.com](mailto:willwelter@aol.com) <[willwelter@aol.com](mailto:willwelter@aol.com)>  
**Sent:** Monday, October 9, 2023 12:39 PM  
**To:** Doug Grimes <[dgrimes@allenchesson.com](mailto:dgrimes@allenchesson.com)>  
**Subject:** Re: Cyberlux

Hi, Doug

We received the October payment. Can you advise how many drones were sold?

Thanks