

CAUSE NO. 2024-48085

ATLANTIC WAVE HOLDINGS, LLC AND SECURE COMMUNITY, LLC,	§	IN THE DISTRICT COURT OF
	§	
Plaintiffs/Judgment-Creditors	§	
	§	
V.	§	129th JUDICIAL DISTRICT
	§	
CYBERLUX CORPORATION and MARK SCHMIDT, Individually,	§	
	§	
Defendants/Judgment-Debtors.	§	HARRIS COUNTY, TEXAS

**APPLICATION FOR TURNOVER AFTER
JUDGMENT AND FOR APPOINTMENT OF RECEIVER**

TO THE HONORABLE JUDGE OF SAID COURT:

Comes Now, ATLANTIC WAVE HOLDINGS, LLC and SECURE COMMUNITY, LLC, Plaintiff-in-Judgment, (hereinafter called “Applicants”), and makes this Application for Turnover after Judgment And For Appointment Of Receiver as herein stated with respect to the non-exempt property of Defendants-in-Judgment, CYBERLUX CORPORATION and MARK SCHMIDT (hereinafter called “Respondents”), and as grounds therefore, Applicants would show unto this Court the following:

I. Service

Respondents, CYBERLUX CORPORATION and MARK SCHMIDT may be served by delivering the same to Respondents’ counsel as stated on the below Certificate of Service.

II. Judgment Information

On June 28, 2023, Applicant in this Court under this cause, recovered judgment against Respondents of which part of the judgment amount is unpaid at this time. On July 30, 2024, Applicants filed the Petition to Enforce Foreign Judgment in Texas. On August 23, 2024, Respondents filed a Motion to Vacate. On October 31, 2024, the Court entered its Order denying

Respondents' Motion to Vacate. As of December 31, 2024, there remains a total amount due and owing of \$1,430,551.30 on the Judgment. Said judgment is in all respects, final, valid, and subsisting. Applicants are the owners and holders of said judgment.

III. Collection Efforts/ Necessity of Receiver

The appointment of a receiver is justified to aid the Court in the performance of specific duties which a sitting court cannot undertake. A receiver will conserve the resources of the Court on routine post judgment matters, including locating and liquidating property.

Applicants have made a good faith effort to collect the judgment but has been unsuccessful prior to filing this application by serving Respondents with Post-Judgment Written Discovery, including Requests for Production and Requests for Admissions (*See Exhibit A*). Respondents have failed to respond to Applicants' discovery requests.

On August 14 and December 31, 2024, Applicants served Respondent Cyberlux Corporation ("Cyberlux") with notices of depositions of Cyberlux's corporate representatives and officers to discover assets that can be used to satisfy the judgment. On August 20, 2024, and January 6, 2025, Cyberlux filed motions to quash the notices of depositions in both instances. Cyberlux has refused to reasonably schedule depositions.

On January 6, 2025, Applicants filed a letter to the writ of execution against Respondents. Respondents owe a balance in the amount of \$1,430,551.30 on the judgment.

Applicants also discovered that Respondents' only government contract was canceled and that Respondents attempted to sell their business.

Additionally, in April 2024, Cyberlux sold the receivables from the drone contract to Legalist, a factoring company, giving the lender full rights to payments from the Drone contract. Legalist secured its position with a UCC lien, ensuring that any money owed would bypass

Cyberlux entirely. These financial maneuvers were not disclosed to Applicants. By October 2024, HII Defense, who awarded the Drone contract to Cyberlux, filed a document confirming that it did not know how much it owed to Cyberlux and that payments could only be sent to Legalist, rather than the company. Cyberlux nonetheless misleadingly booked this as “revenue,” further disguising its true financial condition.

On January 6, 2025, Defendants filed motions to quash Plaintiffs’ notices of depositions, attaching a declaration of Charles Watts, Jr., in which he states that “Cyberlux is in possession of certain personal property in Texas, which is owned by and being held for the United States Government.” (See **Exhibit B**). The declaration fails to address other assets of Defendants, including furniture, fixtures, and equipment. Defendants have an affirmative responsibility to advise Applicant of any and all changes concerning the Drone contract status.

Simply stated, Respondents are employing a strategy, forcing Applicants to spend tens of thousands of dollars on meritless motions, hoping that Applicants will abandon their collection efforts. Applicants have attempted every possible avenue short of Receivership. However, it appears that there is no other alternative. Appointment of a receiver will result in the need for fewer hearings, lower attorneys’ fees, and protect the economic interests of both the debtor and creditor. Good cause exists to appoint a Receiver.

IV. Property

Respondents own property, including present and future rights to property, that cannot be attached or levied on by ordinary legal processes and which is not exempt from attachment, execution, or seizure for the satisfaction of liabilities. In fact, Respondents have admitted such by failing to respond to post-judgment discovery, including Requests for Admissions, and refusing to cooperate in the identification of assets and the collection of said judgment.

In particular, Respondents own a 21,450 square foot manufacturing facility as an asset, which is located at 21631 Rhodes Road, Spring, Texas 77388, which is non-exempt property.

V. Authority/Compensation of Receiver

Applicants request the Court to appoint a receiver with power and authority to take possession and sell all non-exempt assets of Respondents (and all documents related thereto), including but not limited to, cash and contents in all accounts of all financial institutions and to apply the proceeds to satisfy the judgment and all amounts due under the receivership. Applicants request that Receiver have broad powers in enforcing this order, including but not limited to, ordering the production of documents, including but not limited to, the documents set forth in **Exhibit C** of this application and order.

Applicants request that Respondents be ordered to pay Receiver 25% of the recoveries, as compensation to the Receiver, and that such compensation (and out of pocket expenses directly related to the recovery) be paid, as taxable court costs, in addition to the amount owed to Plaintiff.

VI. Additional Costs

Applicants request that Respondents be ordered to pay additional and reasonable attorney's fees of at least \$500.00 for preparing and urging this Application, as authorized by Chapter 31.002, Civil Practice and Remedies Code.

VII. Prayer

WHEREFORE, PREMISES CONSIDERED, Applicants pray that Respondents be cited to answer and appear herein and that upon final hearing hereof, the Court grant the relief requested in this Application and for all further relief, at law or in equity, to which the Applicants may be justly entitled.

Respectfully submitted,

LAW FIRM OF SHAWN M. GRADY, PLLC

By: /s/ Shawn M. Grady

Shawn M. Grady
State Bar No. 24076411
shawn@gradycollectionlaw.com
2100 West Loop South, Suite 805
Houston, Texas 77027
(832) 692- 4542 – Telephone

ATTORNEY FOR PLAINTIFFS

CERTIFICATE OF CONFERENCE

The undersigned certifies that he conferred with counsel for Respondents, and Respondents are opposed to this application.

/s/ Shawn M. Grady

Shawn M. Grady

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing Application for Appointment of Turnover after Judgment and Appointment of Receiver was duly served on Counsel for Respondents, via electronic mail and first-class mail on this the 9th day of January, 2025 as follows:

Alexander J. Pennetti
THOMPSON COBURN LLP
2100 Ross Avenue, Suite 3200
Dallas, Texas 75201
apennetti@thompsoncoburn.com

/s/ Shawn M. Grady

Shawn M. Grady

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.

Shawn Grady on behalf of Shawn Grady

Bar No. 24076411

shawn@gradycollectionlaw.com

Envelope ID: 96044101

Filing Code Description: Motion (No Fee)

Filing Description: Application for Turnover After Judgment and for Appointment of Receiver

Status as of 1/9/2025 2:53 PM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Sandra Meiners		smeiners@thompsoncoburn.com	1/9/2025 1:58:23 PM	SENT
Laurie DeBardeleben		ldebardeleben@thompsoncoburn.com	1/9/2025 1:58:23 PM	SENT
Shawn Grady		shawn@gradycollectionlaw.com	1/9/2025 1:58:23 PM	SENT
Jeff Brown		jbrown@thompsoncoburn.com	1/9/2025 1:58:23 PM	SENT
Bernadette Martin		bernadette@gradycollectionlaw.com	1/9/2025 1:58:23 PM	SENT
Katharine Clark		kclark@thompsoncoburn.com	1/9/2025 1:58:23 PM	SENT
Lena Brasher		lbrasher@thompsoncoburn.com	1/9/2025 1:58:23 PM	SENT
Frankie Huff		fhuff@thompsoncoburn.com	1/9/2025 1:58:23 PM	SENT
Alex Pennetti		apennetti@thompsoncoburn.com	1/9/2025 1:58:23 PM	SENT
Edward W.Gray, Jr.		EGray@thompsoncoburn.com	1/9/2025 1:58:23 PM	SENT
Hannah Fischer		hfischer@thompsoncoburn.com	1/9/2025 1:58:23 PM	SENT
Jocelin A.Tapia		jtapia@thompsoncoburn.com	1/9/2025 1:58:23 PM	SENT