

July 20, 2006

## ***PGWC and Jasper Knabb: A Match Made In Penny-Stock Heaven.***

According to Securities and Exchange Commission ("SEC") filings, Jasper C. Knabb, the President of Pegasus Wireless Corporation (NASDAQ: PGWC, \$5.17), has claimed he spent more than \$26,000,000 buying shares in PGWC over the past two years. That may not sound like a lot of money, but wait until you learn a little more about Mr. Knabb's previous business dealings and Pegasus' questionable financial picture. They raise questions as to how Mr. Knabb's PGWC investment was financed and the use of those funds.

First, let's look at some recent events in the young financier's career that boomerangs back to Pegasus.

On January 14, 2002 a Motion to Be Relieved as Counsel for Mr. Knabb was filed against Mr. Knabb after he allegedly failed to pay attorneys fees in a lawsuit filed by Babak Dowlatshahi, who had sold his company to BeachAccess.Net, where Mr. Knabb served as Chief Executive Officer.

In the lawsuit, Mr. Dowlatshahi claimed that the terms of the acquisition agreement were violated and that he had been harmed after Mr. Knabb stopped paying vendors, despite making assurances that he would. The lawsuit was subsequently dismissed. However, this controversy occurred 2 years after Mr. Knabb was apparently accused of selling BeachAccess without owning it, in some sort of penny-stock scheme.

On April 1, 2000 Mr. Knabb was sued by BIFS Technologies Corp. ("BIFS"), a penny-stock company that had acquired BeachAccess.Net.

BIFS alleged that Mr. Knabb "had misrepresented his ownership of BeachAccess thus causing BIFS to attempt to purchase BeachAccess from Knabb and to enter into an employment agreement with him. Knabb did not own BeachAccess nor did he have rights during the sale of BeachAccess to the ownership rights."

The Court found that BIFS had the right to terminate the employment agreement, but not rescind the deal completely. Mr. Knabb was allowed to keep the rights to stock options he had already received. At the time of the ruling Mr. Knabb's rights to 12,000,000 shares of BIFS were worth less than \$36,000.

BIFS was de-listed from the NASDAQ Pink Sheets on July 28, 2005 as the result of an SEC Administrative Action that arose out of the company's inability to file timely financial statements.

As if this story needed a cherry on top, on June 16, 2000 BIFS announced a "strategic alliance" with a company called OTC Telecom. Mr. Knabb was then OTC's Managing Director; the company later changed its name to OTC Wireless and was acquired by Pegasus on November 5, 2004.

It was reported by Investorideas.com that Mr. Knabb sold his first company, Software Exchange Inc., d/b/a SEI, for \$80,000,000. However, we found no record of any \$80 million sale of SEI stock by Mr. Knabb or any record that Mr. Knabb owned \$80 million of SEI stock. We did find that SEI filed for bankruptcy in the Middle District of North

Carolina, on May 24, 1990.

If indeed Mr. Knabb earned \$80 million for SEI, we have to wonder why he lost his boat and went to work for a penny-stock company for a salary in 2003, shortly before his PGWC buying spree.

On March 17, 2003 a complaint was filed in the United States District Court, seeking a judgment against Mr. Knabb in the amount of \$934,081, plus attorneys' fees and other costs associated with the collection of the outstanding debt he and his wife owed on a boat. The matter was settled and the case was dismissed, after Mr. Knabb lost possession of the boat. The litigation contained promises of payments in some penny stock.

SEC filings of Wireless Frontier, Inc. (WFRI.PK, \$0.007), disclose the Mr. Knabb earned \$196,808 as Director and President of WFRI from September 16, 2003 to September 16, of 2004.

Mr. Knabb will be ringing the ceremonial NASDAQ opening bell in Times Square on Friday, July 21, 2006, at 9:30 AM Eastern Standard Time.

We look forward to the NASDAQ's explanation of the message it is sending investors by having Pegasus' Mr. Knabb ring its bell tomorrow.