

July 26, 2006

Is Pegasus indicted Taiwanese collaborator backing out?

On July 17, 2006 Pegasus Wireless Corporation (NASDAQ: PGWC, \$7.00) announced that its Board had approved a "voluntary exchange" that will reduce "Pegasus' issued and outstanding shares by approximately 45 million."

Judging from Pegasus' long history of numerous questionable and erratic transactions that at least twice wiped-out its shareholders, Pegasus' uninformed stock promoter, the NASDAQ, who last week featured the company as a growth stock, and PGWC's shareholders, should be greatly concerned about exactly what is being exchanged and whose shares are going to be reduced.

PGWC went public in 2000 by raising \$322,900 from a group of 38 foreign individuals and two off-shore companies.

Since then, Pegasus has twice issued stock for acquisitions, only to have the acquired companies completely fail, and then twice went inactive, including once as a result of an alleged burglary; cancelled 7,125,000 shares owned by its shareholders and paid them no consideration for their cancelled shares; agreed to issue 9,000,000 shares and then cancelled the agreement; issued 3,000,000 shares for an acquisition and then voided the transaction; belatedly issued 3,623,088 shares to stockholders of an acquired company that claimed they had been unable to get their certificates in time; had shareholders of an acquisition return 381,000 shares of its stock after the deal was closed and even effected a merger with another public shell.

These irregular transactions were audited by three different auditors, none of which are well-known to say the least. These include an audit firm owned by the company's own Chief Financial Officer, who himself lost his CPA license in the State of North Carolina.

These highly material, and equally questionable, transactions affect both the assets and the ownership claims that investors rely upon to value their shares. Without reliable disclosures about such basic financial data on how many shares are outstanding, who owns them and what the company received in exchange for issuing these shares, investors should be asking how can these PGWC shares be allowed to trade, much less how could the NASDAQ allow PGWC to ring the bell and promote such a company on its website?

Click on the following link to see PGWC's President and newly announced "Co-CEO" be interviewed on the NASDAQ website and picture of what may become classic photos of NASDAQ's biggest opening bell blunder.

[Click here](http://www.asensio.com/report-images/PGWCNasdaq.wmv) to see PGWC's President and newly announced "Co-CEO" be interviewed on the NASDAQ website. [Click here](http://www.asensio.com/report-images/PGWCMarketOpen.pdf) to see pictures of what may become classic photos of the NASDAQ's biggest opening bell blunder.

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