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The SEC Finally Catches up to Pegasus Wireless

Eleven reports were issued by asensio.com on Pegasus Wireless Corporation (OTC: PGSW) in July and August 2006. On July 20, 2006, executives from Pegasus were selected to ring the opening bell for NASDAQ, and on October 17, 2006 Pegasus was de-listed from NASDAQ. Nearly three years later, the US. Securities and Exchange Commission (SEC) is finally catching up to Pegasus.

On May 27, 2009, the SEC announced that it filed securities fraud charges against Pegasus and against the company's former CEO, Jasper Knabb, and CFO, Stephen Durland. To read the SEC release, click [here](http://www.asensio.com/Reports/SEC_Pegasus.mht).

The SEC complaint against Pegasus, Knabb and Durland states, "After creating Pegasus from a dormant shell company, president Jasper Knabb and CFO Stephen Durland touted a series of acquisitions that caused Pegasus' stock price to rise precipitously, briefly giving this once unheralded penny stock a market capitalization of more than \$1.4 billion. Unbeknown to investors, however, Knabb and Durland secretly controlled hundreds of millions of Pegasus shares, which they dumped on individual investors and the open market throughout 2006 and 2008, as Pegasus' share price steadily declined to pennies."

Click [here](http://www.asensio.com/Reports/Pegasus_Complaint.pdf) to read the full SEC complaint.

The complaint goes on to allege that Knabb and Durland gained more than \$30 million by selling stock they controlled through "Knabb's mother-in-law, his sister-in-law, his then-mistress, and an entity ostensibly managed by Knabb's pilot," without reporting any of the stock sales to the SEC. Knabb and Durland also issued hundreds of millions of shares to pay a fake debt, dumped the shares on the market, and then kept the proceeds for themselves. The complaint states, "Knabb and Durland were basically printing Pegasus shares to enrich themselves. By February 2008, Pegasus had issued more than 75% of its total outstanding shares in this fraudulent manner."

Pegasus twice filed for bankruptcy in 2007 and 2008, and both times the court dismissed the petition. Pegasus currently maintains a mailbox in Palm Beach, Florida.