

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
May 27, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13488

In the Matter of

**PEGASUS WIRELESS
CORPORATION**

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS AND
NOTICE OF HEARING PURSUANT TO
SECTION 12(j) OF THE SECURITIES
EXCHANGE ACT OF 1934**

I.

The Securities and Exchange Commission (“Commission”) deems it necessary and appropriate for the protection of investors that public administrative proceedings be, and hereby are, instituted pursuant to Section 12(j) of the Securities Exchange Act of 1934 (“Exchange Act”) against Pegasus Wireless Corporation (“Pegasus” or “Respondent”).

II.

As a result of an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Pegasus is a Nevada corporation formed in 2000. After several failed enterprises, it became a shell company by 2003. In June 2005, through a series of reverse mergers, it acquired OTC Wireless, Inc., a private company incorporated in California that designs wireless networking devices. Pegasus had headquarters in Fremont, California, until about January 2007. It currently maintains a mailbox in Palm Beach, Florida. Since April 11, 2001, Pegasus has had a class of securities registered with the Commission pursuant to Section 12(g) of the Exchange Act. Its shares currently trade on the OTC Bulletin Board and briefly traded on NASDAQ between April and October 2006. Pegasus filed for bankruptcy in January 2008.

B. DELINQUENT PERIODIC FILINGS

2. Section 13(a) of the Exchange Act and the rules promulgated thereunder require issuers of securities registered pursuant to Section 12 of the Exchange Act to file with the

Commission current and accurate information in periodic reports, even if the registration is voluntary under Section 12(g). Specifically, Rule 13a-1 requires issuers to file annual reports (Forms 10-K or 10-KSB), and Rule 13a-13 requires issuers to file quarterly reports (Forms 10-Q or 10-QSB).

3. Since November 19, 2007, when it filed a Form 10-QSB for the quarter ending September 30, 2007, and while its securities have been registered with the Commission, Pegasus has failed to make any of its periodic reports required by Section 13(a) and Rules 13a-1 and 13a-13 under the Exchange Act.

4. As a result, Pegasus has failed to comply with Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 under the Exchange Act.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate for the protection of investors that public administrative proceedings be instituted to determine:

A. Whether the allegations in Section II are true and to afford Respondent an opportunity to establish any defenses; and

B. Whether it is necessary or appropriate for the protection of investors to suspend for a period not exceeding twelve months or to revoke the registration of each class of Pegasus' securities identified in Section II registered pursuant to Section 12 of the Exchange Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an answer to the allegations contained in this Order within ten (10) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, Respondent may be deemed in default and the proceedings may be determined against it upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f), and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f), and 201.310.

This Order shall be served upon Respondent in accordance with the provisions of Rule 141 of the Commission's Rules of Practice, 17 C.F.R. § 201.141.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 120 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, 17 C.F.R. § 201.360(a)(2).

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy
Secretary