

01/24/2012 12:57 SHUMAKER, LOOP & KENDRICK

(813) 229-1660

P001/009

P04000156766

Florida Department of State
Division of Corporations
Electronic Filing Cover Sheet

Note: Please print this page and use it as a cover sheet. Type the fax audit number (shown below) on the top and bottom of all pages of the document.

((H12000019790 3)))



H120000197903ABC\$

Note: DO NOT hit the REFRESH/RELOAD button on your browser from this page. Doing so will generate another cover sheet.

To:

Division of Corporations
Fax Number : (850) 617-6380

From:

Account Name : SHUMAKER, LOOP & KENDRICK LLP
Account Number : 075500004387
Phone : (813) 229-7600
Fax Number : (813) 229-1660

FILED
12 JAN 24 AM 11:33
SECRETARY OF STATE
ALF A. BARNETT, FLORIDA

****Enter the email address for this business entity to be used for future annual report mailings. Enter only one email address please.****

Email Address: _____

RECEIVED

12 JAN 24 PM 8:01

STATE OF FLORIDA
TALLAHASSEE, FLORIDA

**COR AMND/RESTATE/CORRECT OR O/D RESIGN
KINGSTONE MEDIA GROUP, INC.**

Certificate of Status	0
Certified Copy	1
Page Count	08
Estimated Charge	\$43.75

Amend.

Electronic Filing Menu

Corporate Filing Menu

Help

Dr 01/25/12

H12000019790 3

**CERTIFICATE OF AMENDMENT TO
ARTICLES OF INCORPORATION OF
KINGSTONE MEDIA GROUP, INC.**

**CERTIFICATE OF DESIGNATION,
PREFERENCES AND RIGHTS
OF
SERIES A CONVERTIBLE PREFERRED STOCK**

FILED
12 JAN 24 AM 11:33
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Kingstone Media Group, Inc., a corporation organized and existing under the laws of the State of Florida (the "Corporation"), hereby certifies that the Board of Directors of the Corporation (the "Board"), pursuant to authority of the Board as required by applicable corporate law, and in accordance with the provisions of its Articles of Incorporation and Bylaws, has and hereby authorizes a series of the Corporation's previously authorized Preferred Stock, par value \$1.00 per share (the "Preferred Stock"), and hereby states the designation and number of shares, and fixes the rights, preferences, privileges, powers and restrictions thereof, as set forth below. The amendment was adopted on January 16, 2012 by the Board without shareholder action and shareholder action was not required.

SERIES A CONVERTIBLE PREFERRED STOCK
DESIGNATION AND AMOUNT

Twenty Million (20,000,000) shares of the authorized and un-issued Preferred Stock of the Corporation are hereby designated "Series A Convertible Preferred Stock" with the following rights, preferences, powers, privileges, restrictions, qualifications and limitations:

1. **Stated Value.** The stated value of each issued share of Series A Convertible Preferred Stock shall be deemed to be \$0.25 (the "Stated Value"), as the same may be equitably adjusted whenever there may occur a stock dividend, stock split, combination, reclassification or similar event affecting the Series A Convertible Preferred Stock.

2. **Dividends.** The holders of Series A Convertible Preferred Stock shall not be entitled to, and the Series A Convertible Preferred Stock shall not accrue, any dividends.

3. **Voting.**

(a) **Number of Votes.** On any matter presented to the shareholders of the Corporation for their action or consideration at any meeting of shareholders of the Corporation (or by written consent of shareholders in lieu of a meeting), each holder of outstanding shares of Series A Convertible Preferred Stock shall be entitled, to cast the number of votes for the Series A Convertible Preferred Stock in an amount equal to the number of whole shares of Common Stock into which the shares of Series A Convertible Preferred Stock held by such holder are convertible as of the record date for determining shareholders entitled to vote on such matter.

(b) **Senior Securities or Financial Instruments.** At any time when a minimum \$1,500,000 of the Stated Value of the shares of Series A Convertible Preferred Stock is outstanding, except where the vote or written consent of the holders of a greater number of shares of the Corporation is required by law, by the Corporation's Articles of Incorporation, as amended (the "Articles of Incorporation"), or by this Certificate of Designations, Preferences and Rights of Series

H12000019790 3

A Convertible Preferred Stock (the "Certificate of Designations"), and in addition to any other vote required by law, the Articles of Incorporation, or this Certificate of Designations, without the written consent or affirmative vote of the holders of fifty percent (50%) of the then-outstanding shares of Series A Convertible Preferred Stock given in writing or by vote at a meeting, consenting or voting (as the case may be) as a separate class from the Common Stock, the Corporation shall not, either directly or by amendment, merger, consolidation, share exchange or otherwise, issue any Additional Shares of Capital Stock (as defined in Section 5(e) below) unless the same rank junior to the Series A Convertible Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding-up of the Corporation and with respect to the payment of dividends and redemption rights, if applicable.

(c) **Other Limitations on Corporate Action.** At any time when a minimum of \$1,500,000 of the Stated Value of the shares of Series A Preferred Stock is outstanding, except where the vote or written consent of the holders of a greater number of shares of the Corporation is required by law, the Articles of Incorporation, or by this Certificate of Designations, and in addition to any other vote required by law, the Articles of Incorporation, or by this Certificate of Designation, without the written consent or affirmative vote of the holders of no-less than fifty percent (50%) of the outstanding Stated Value of the Series A Convertible Preferred Stock consenting or voting (as the case may be) as a separate class from the Common Stock, the Corporation shall not, either directly or by amendment, merger, consolidation, share exchange or otherwise:

(i) purchase or redeem or pay or declare any dividend or make any distribution on, any shares of stock other than the Series A Convertible Preferred Stock as expressly authorized herein, or permit any subsidiary to take any such action, except for (A) securities repurchased from former employees, officers, directors, consultants, or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service; or (B) securities repurchased upon the exercise of the Corporation's right of first refusal to purchase such securities, each as approved by the Board;

(ii) alter or change the voting or other powers, preferences, or other rights, privileges, or restrictions of the Series A Convertible Preferred Stock contained herein (by merger, consolidation, share exchange or otherwise); or

(iii) make, or permit any subsidiary to make, any loan or advance to any person, including, without limitation, any employee or director of the Corporation, or incur any indebtedness, except: (i) trade payables incurred in the ordinary course of business; (ii) one or more debt facilities used to finance the purchase of inventory or raw materials for products manufactured by the Corporation; (iii) factoring of accounts receivables; (iv) surety bonds and letters of credit issued or obtained in the ordinary course of business; and (v) the refinancing of debt existing as of the date of this Agreement, upon substantially similar terms.

4. Liquidation, Dissolution, or Winding-Up.

(a) **Payments to Holders of Series A Convertible Preferred Stock.** Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of the shares of Series A Convertible Preferred Stock shall be paid, before any payment shall be paid to the holders of Common Stock, or any other stock ranking on liquidation junior to the Series A Convertible Preferred Stock (the "Junior Stock"), an amount for each share of Series A Convertible Preferred Stock held by such holder equal to the Stated Value thereof (such applicable

H12000019790 3

amount payable with respect to a share of Series A Convertible Preferred Stock sometimes being referred to as the "Individual Series A Preferred Liquidation Preference Payment" and with respect to all shares of Series A Convertible Preferred Stock in the aggregate sometimes being referred to as the "Aggregate Series A Liquidation Preference Payment"). If, upon such liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the assets to be distributed among the holders of shares of Series A Convertible Preferred Stock shall be insufficient to permit payment to the holders of Series A Convertible Preferred Stock of an aggregate amount equal to the Aggregate Series A Liquidation Preference Payment, then the entire assets of the Corporation to be so distributed shall be distributed ratably among the holders of Series A Convertible Preferred Stock (based on the Individual Series A Preferred Liquidation Preference Payments due to the respective holders of Series A Convertible Preferred Stock).

(b) **Merger, Consolidation, or Share Exchange.** Any merger, consolidation, or share exchange of the Corporation into or with another corporation in which the Corporation is not the surviving entity, or sale or other disposition of all or substantially all of the assets of the Corporation (excluding any sale or other disposition of all or substantially all of the Corporation's assets where the proceeds of such sale are reinvested in assets of the general type used in the business of the Corporation) shall upon the granting of written consent by a majority vote of the existing Series A Convertible Preferred Stock be deemed to be a liquidation, dissolution, or winding-up of the Corporation as provided in Section 4(a), entitling Series A Convertible Preferred Stock holders the Individual Series A Preferred Liquidation Preference Payment.

(c) **Payments to Holders of Junior Stock.** After the payment of all preferential amounts required to be paid to the holders of the Series A Convertible Preferred Stock and any other class or series of stock of the Corporation ranking on liquidation senior to or on a parity with the Series A Convertible Preferred Stock, the holders of shares of Junior Stock then outstanding shall be entitled to receive the remaining assets of the Corporation available for distribution to its shareholders as otherwise set forth in the Articles of Incorporation.

5. **Conversion.** The holders of Series A Convertible Preferred Shares shall have the conversion rights as follows:

(a) **Automatic Conversion.** Each outstanding share of Series A Preferred Stock shall automatically be converted, without any further act of the Corporation or its shareholders, into Common Stock upon the closing of an underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offering and sale of the Common Stock for the account of the Corporation in which the aggregate gross cash proceeds (prior to deduction of underwriters' commissions and expenses, if any) received by the Corporation equals or exceeds \$15,000,000 at an offering price which equals or exceeds \$5.00 per share.

(b) **Right to Convert.** At any time three years after the date of issuance of Series A Convertible Preferred Stock, upon a minimum of 120 days' written notice to the Corporation, and without the payment of additional consideration by the holder thereof, each share of Series A Convertible Preferred Stock shall be convertible into Common Stock upon the granting of written consent to conversion by at least a 66 2/3% vote of the existing Series A Convertible Preferred Stock.

H12000019790 3

(c) **Conversion Rate.** The Series A Convertible Preferred Stock shall be converted into shares of Common Stock at a value of one preferred share per one common share (the "Series A Conversion Rate").

(d) **Mechanics of Conversion.**

(i) For a holder of Series A Convertible Preferred Stock to voluntarily convert shares of Series A Convertible Preferred Stock into shares of Common Stock, that holder shall surrender the certificate or certificates for such shares of Series A Convertible Preferred Stock (or, if the registered holder alleges that such certificate has been lost, stolen, or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft, or destruction of such certificate), at the office of the transfer agent for the Series A Convertible Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that the holder elects to convert all or any number of the shares of the Series A Convertible Preferred Stock represented by such certificate or certificates and, if applicable, any event on which such conversion is contingent. The notice shall state the holder's name or the names of the nominees in which the holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her, or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent of such certificates (or lost certificate affidavit and agreement) and notice (or by the Corporation if the Corporation serves as its own transfer agent) shall be the time of conversion (the "Conversion Time"), and the shares of Common Stock issuable upon conversion of the shares represented by such certificate shall be deemed to be outstanding of record as of that date. The Corporation shall, as soon as commercially practicable after the Conversion Time, issue and deliver at such office to the holder of Series A Convertible Preferred Stock, or to his, her, or its nominee(s), a certificate or certificates for the number of shares of Common Stock to which the holder(s) shall be entitled, together with cash in lieu of any fraction of a share, if applicable.

(ii) The Corporation shall at all times while the Series A Convertible Preferred Stock is outstanding, reserve and keep available out of its authorized but unissued stock, for the purpose of effecting the conversion of the Series A Convertible Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Series A Convertible Preferred Stock; and if, at any time, the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then-outstanding shares of the Series A Convertible Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite shareholder approval of any necessary amendment to the Articles of Incorporation.

(iii) All shares of Series A Convertible Preferred Stock that shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding, and all rights with respect to such shares, including the rights, if any, to receive notices, to vote, and to receive payment of any dividends accrued or declared but unpaid thereon, shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefore. Any shares of Series A Convertible Preferred Stock so

H12000019790 3

converted shall be retired and cancelled and shall not be reissued as shares of such series, and the Corporation (without the need for shareholder action) may from time to time take such appropriate action as may be necessary to reduce the authorized number of shares of Series A Convertible Preferred Stock accordingly.

(iv) The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Series A Convertible Preferred Stock pursuant to this Section 5. The Corporation shall not, however, be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Series A Convertible Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid

(e) *Special Definitions*. For purposes of this Section 5, the following definitions shall apply:

(A) "Series A Original Issue Date" shall mean the date of issuance of the first share of Series A Convertible Preferred Stock.

(B) "Option" shall mean rights, options, or warrants to subscribe for, purchase, or otherwise acquire Common Stock or Convertible Securities.

(C) "Convertible Securities" shall mean any evidence of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(D) "Additional Shares Of Capital Stock" shall mean all shares of Stock issued by the Corporation after the Series A Original Issue Date, other than the following:

(I) shares of Common Stock issued or deemed issued as a dividend or distribution on Series A Convertible Preferred Stock.;

(II) shares of Common Stock issued or issuable by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Section 5(f), 5(g) or 5(h) below;

(III) shares of Common Stock issued or deemed issued to employees or directors of, or consultants to, the Corporation or any of its subsidiaries for services rendered pursuant to a plan, agreement, or arrangement approved by the Board;

(IV) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options, or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities provided the issuance is pursuant to the terms of such Option or Convertible Security;

(V) shares of Common Stock issued or deemed issued in connection with a bona fide joint venture or business acquisition of or by the Corporation, whether

H12000019790 3

by merger, consolidation, sale of assets, sale or exchange of stock, or otherwise; provided that any such issuance is approved by the Board.

(f) **Adjustment for Stock Splits and Combinations.** If the Corporation shall, at any time or from time to time after the Series A Original Issue Date, effect a subdivision of the outstanding Common Stock without a comparable subdivision of the Series A Convertible Preferred Stock, or combine the outstanding shares of Series A Convertible Preferred Stock without a comparable combination of the Common Stock, the Series A Conversion Rate shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding or in proportion to such decrease in the aggregate number of shares of Series A Convertible Preferred Stock outstanding, as applicable. If the Corporation shall, at any time or from time to time after the Series A Original Issue Date, combine the outstanding shares of Common Stock without a comparable combination of the Series A Convertible Preferred Stock or effect a subdivision of the outstanding shares of Series A Convertible Preferred Stock without a comparable subdivision of the Common Stock, the Series A Conversion Rate in effect immediately before the combination or subdivision shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding or in proportion to such increase in the aggregate number of shares of Series A Convertible Preferred Stock outstanding, as applicable. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

(g) **Adjustment for Certain Dividends and Distributions.** If the Corporation shall, at any time or from time to time after the Series A Original Issue Date, make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then, and in each such event, the Series A Conversion Rate shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Series A Conversion Rate by a fraction (i) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefore, the Series A Conversion Rate shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A Conversion Rate shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and provided further, however, that no such adjustment shall be made if the holders of Series A Convertible Preferred Stock simultaneously receive (i) a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Series A Convertible Preferred Stock had been converted into Common Stock on the date of such event; or (ii) a dividend or other distribution of shares of Series A Convertible Preferred Stock that are convertible, as of the date of such event, into such number of shares of Common Stock as is equal to the number of additional shares of Common Stock being issued with respect to each share of Common Stock in such dividend or distribution.

H12000019790 3

(h) **Adjustments for Other Dividends and Distributions.** If the Corporation shall, at any time or from time to time after the Series A Original Issue Date, make or issue, or fix a record date for the determination of holders of capital stock of the Corporation entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property (other than cash), then, and in each such event, the holders of Series A Convertible Preferred Stock shall receive, simultaneously with the distribution to the holders of such capital stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Series A Convertible Preferred Stock had been converted into Common Stock on the date of such event; and provided further, however, that no such adjustment shall be made if the holders of Series A Convertible Preferred Stock simultaneously receive (i) a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Series A Convertible Preferred Stock had been converted into Common Stock on the date of such event; or (ii) a dividend or other distribution of shares of Series A Convertible Preferred Stock that are convertible, as of the date of such event, into such number of shares of Common Stock as is equal to the number of additional shares of Common Stock being issued with respect to each share of Common Stock in such dividend or distribution.

(i) **Notice of Record Date.** In the event:

(i) the Corporation shall take a record of the holders of its Common Stock (or other stock or securities at the time issuable upon conversion of the Series A Convertible Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right; or

(ii) of any capital reorganization of the Corporation or any reclassification of the Common Stock; or

(iii) of the voluntary or involuntary dissolution, liquidation, or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Series A Convertible Preferred Stock a notice specifying, as the case may be, (A) the record date for such dividend, distribution, or right, and the amount and character of such dividend, distribution, or right; or (B) the effective date on which such reorganization, reclassification, consolidation, merger, share exchange, transfer, dissolution, liquidation, or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other stock or securities at the time issuable upon the conversion of the Series A Convertible Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, share exchange, transfer, dissolution, liquidation, or winding-up, and the amount per share and character of such exchange applicable to the Series A Convertible Preferred Stock and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice. Any notice required by the provisions hereof to be given to a holder of shares of Series A Convertible Preferred Stock shall be deemed sent to such holder if deposited in the United States mail, postage prepaid, and addressed to such holder at his, her, or its address appearing on the books of the Corporation.

H12000019790 3

6. **Optional Redemption.** Subject to the provisions of this Section 6, the Corporation may, at any time after the fifth anniversary of the Series A Original Issue Date, deliver a notice to the holders of Series A Convertible Preferred Stock (an "Optional Redemption Notice" and the date such notice is deemed delivered hereunder, the "Optional Redemption Notice Date") of its election to redeem all (and not less than all) of the then outstanding Series A Preferred Stock (an "Optional Redemption") for an amount, in cash, equal to the Optional Redemption Amount (as defined below). "Optional Redemption Amount" shall mean the Stated Value of the Series A Preferred Stock then outstanding. The closing of the Optional Redemption shall take place within thirty (30) days of the Optional Redemption Notice Date (the "Optional Redemption Date") at the office of the Corporation. The Optional Redemption Amount is due in full on the Optional Redemption Date. If any portion of the cash payment for an Optional Redemption shall not be paid by the Corporation by the respective due date, interest shall accrue thereon at the rate of 12% per annum (or the maximum rate permitted by applicable law, whichever is less) until the payment of the Optional Redemption Amount, plus all amounts owing thereon is paid in full. In addition, if any portion of the Optional Redemption Amount remains unpaid after such date, the holders of Series A Preferred Stock subject to such Optional Redemption may elect, by written notice to the Corporation given at any time thereafter, to invalidate *ab initio* such redemption, notwithstanding anything herein contained to the contrary. The holders of Series A Preferred Stock may elect to convert their shares of Series A Preferred Stock pursuant to Section 5 at any time prior to the Optional Redemption Date by delivery of a notice of conversion (as contemplated by Section 5(d)) to the Corporation.

7. **Waiver.** Any of the rights, powers, or preferences of the holders of Series A Convertible Preferred Stock set forth herein may be waived by the affirmative consent or vote of the holders of at least a majority of the shares of Series A Convertible Preferred Stock then outstanding.

IN WITNESS WHEREOF, this Certificate of Designation has been executed by a duly authorized officer of the Corporation on this 16th day of January, 2012.

KINGSTONE MEDIA GROUP, INC.

By: _____

Name: Art A. Ayris

Title: Chief Executive Officer