

GROCOCK & ABRAMSON

CORPORATE, SECURITIES AND FRANCHISE LAW

F 26156

January 14, 2000

VIA CERTIFIED MAIL
RETURN RECEIPT NO: Z 249 157 394

Florida Department of State
Division of Corporations
P.O. Box 6327
Tallahassee, FL 32314

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*****35.00 *****35.00

Re: Articles of Amendment for United Financial Group, Inc.

Ladies and Gentlemen:

Enclosed for filing is a manually signed Articles of Amendment to the Articles of Incorporation for the above-referenced corporation. Also enclosed is a duplicate copy of the same to be date-stamped and returned to us. A stamped, self-addressed envelope has been provided for your convenience.

In addition, enclosed is our firm's check in the amount of \$35.00 to cover the filing fee.

If you have any questions regarding this filing, please contact the undersigned.

Very truly yours,

SUZAN A. ABRAMSON, P.A.

By: 
Suzan A. Abramson

SAA/lms
Enclosures

cc: Harold J. Kaplan, President

forms/articles of amend ltr

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

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amend*

**ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION
OF
UNITED FINANCIAL GROUP, INC.**

United Financial Group, Inc., a Florida corporation, hereby amends its Articles of Incorporation as follows:

1. Article 3 of the Articles of Incorporation is amended in its entirety to read as follows:

“3. CAPITAL STOCK.

(A) Capital Stock. This Corporation is authorized to issue the following shares of capital stock:

(i) Common Stock. The aggregate number of shares of Common Stock which the corporation shall have authority to issue is 3,000,000 with a par value of \$.001 per share.

(ii) Preferred Stock. The aggregate number of shares of Preferred Stock which the corporation shall have authority to issue is 3,000,000 with a par value of \$.001 per share.

(B) Description of Common Stock. Holders of Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders and may not cumulate their votes for the election of directors. Shares of Common Stock are not redeemable, do not have any conversion or preemptive rights, and are not subject to further calls or assessments once fully paid.

Holders of Common Stock will be entitled to share pro rata in such dividends and other distributions as may be declared from time to time by the Board of Directors out of funds legally available therefor, subject to any prior rights accruing to any holders of Preferred Stock of the Corporation. Upon liquidation or dissolution of the Corporation, holders of shares of Common Stock will be entitled to share proportionally in all assets available for distribution to such holders.

(C) Description of Preferred Stock. Of the authorized shares of Preferred Stock, 500,000 shares are hereby designated “Series A Preferred Stock” with the rights, preferences, privileges and restrictions set forth in the succeeding provisions of this Article 3. The balance of the shares of authorized Preferred Stock may be divided into such number of series as the Board of Directors may determine. The Board of Directors is authorized to determine and alter the rights, preferences, privileges and restrictions granted to and imposed upon any wholly unissued series of Preferred Stock, and to fix the number of shares and designation of any such series of Preferred Stock. The Board of

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Directors, within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series, may increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series subsequent to the issue of shares of that series.

The rights, preferences, privileges, restrictions and other matters relating to the Series A Preferred Stock (the "Series A Preferred Stock") are as follows:

1. Dividends.

(a) Preferred Stock. The holders of the outstanding Series A Preferred Stock shall be entitled to receive in any fiscal year, when and as declared by the Board of Directors, out of any assets at the time legally available therefor, dividends in cash at the rate of \$0.3336 per share of Series A Preferred Stock (as adjusted for any combinations, consolidations, stock distributions or stock dividends with respect to such shares), before any dividend is paid on the Common Stock (other than dividends payable solely in Common Stock of the Corporation) for such fiscal year. All dividends shall be non-cumulative, and shall be payable only when and as declared by the Board of Directors.

(b) Other Distributions. No dividend or other distribution shall be paid, or declared and set apart for payment (other than dividends of Common Stock on the Common Stock of the corporation) on the shares of any class or series of capital stock of the corporation unless and until a dividend of equal or greater amount (calculated as if the shares of Series A Preferred Stock had been converted to Common Stock on the date the dividend is declared) is first declared and paid with respect to the Series A Preferred Stock.

2. Liquidation Preference.

(a) Liquidation. In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary (a "Liquidation"), the holders of the Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common Stock by reason of their ownership thereof, an amount equal to \$4.17 per share of Series A Preferred Stock (as adjusted for any combinations, consolidations, stock distributions or stock dividends with respect to such shares), plus an amount equal to all declared but unpaid dividends, if any (the "Preferential Amount"). If upon the occurrence of such event, the assets and funds thus distributed among the holders of the Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full Preferential Amount, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series A

Preferred Stock in proportion to the full Preferential Amount each such holder is otherwise entitled to receive.

(b) Distribution of Remaining Amounts. In the event of any Liquidation which results in distributable funds to the Corporation in excess of the full Preferential Amount, then such excess shall be distributed ratably among the holders of Common Stock. No holder of Series A Preferred Stock shall be entitled to receive any proceeds under this Subsection in respect of any shares of Series A Preferred Stock for which a Preferential Amount has been paid under Subsection 2(a).

(c) Consolidation, Merger, etc. A consolidation, merger of the Corporation with or into any other corporation or corporations, other corporate reorganization in which the Corporation's shareholders prior to such transaction own less than 50% of the surviving entity after the transaction, a transaction or series of related transactions in which in excess of fifty percent (50%) of the Corporation's voting power is transferred to a third party (or group of affiliated third parties) who were not shareholders of the Corporation on October 31, 1999, or a sale of all or substantially all of the assets of the Corporation (unless the shareholders of the Corporation hold more than fifty percent (50%) of the voting power of the purchasing entity), shall be deemed to be a Liquidation.

(d) Valuation of Securities. Any securities to be delivered pursuant to this Section 2 shall be valued as follows:

(i) Securities not subject to investment letter or other similar restrictions on free marketability covered by subsection 2(d)(ii) hereof:

(A) If traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the thirty (30) day period ending three (3) days prior to the closing;

(B) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever are applicable) over the thirty (30) day period ending three (3) days prior to the closing; and

(C) If there is no active public market, the value shall be the fair market value thereof, as determined by the Board of Directors.

(ii) The method of valuation of securities subject to investment letter or other restrictions on free marketability other than restrictions arising solely by virtue of a shareholder's status as an affiliate or former affiliate shall be to make an appropriate discount from the market value determined as provided in clauses (A), (B) or (C)

of subsection 2(d)(i) hereof, to reflect the approximate fair market value thereof, as determined by the Board of Directors.

3. Voting Rights. The holder of each share of Series A Preferred Stock shall be entitled to one vote per share of Series A Preferred Stock held with respect to all matters to be voted on by the shareholders of the Corporation, and shall have voting rights and powers equal to the voting rights and powers of the Common Stock (except as otherwise required by law, voting together with the Common Stock as a single class) and shall be entitled to notice of any shareholders' meeting in accordance with the Bylaws of the Corporation.

4. Convertibility.

(a) Conversion. Each share of Series A Preferred Stock shall be convertible into one share of fully paid and nonassessable Common Stock, subject to adjustment as provided in paragraph (d) below. A holder of shares of Series A Preferred stock, at his option, at any time and from time to time, may exercise this conversion right as to any or all of such shares held of record by him. All shares of Series A Preferred Stock outstanding shall automatically convert into Common Stock immediately prior to the closing of a firmly underwritten public offering of Common Stock of the Corporation.

(b) Mechanics of Conversion. The holders of Series A Preferred Stock shall deliver to the Corporation, during regular business hours, at the principal office of the Corporation or at such other place as may be designated by the Corporation, the certificate or certificates for the shares to be converted, duly endorsed or assigned in blank or to the Corporation, accompanied by written notice stating that the holder elects to convert such shares and stating the name or names (with address or addresses) in which the certificate or certificates for shares of Common Stock are to be issued. Conversion shall be deemed to have been effected on the date, in the case of an optional conversion, when such delivery of certificates for the shares to be converted is made or, in the case of automatic conversion, immediately prior to the closing of a firmly underwritten public offering of Common Stock of the Corporation. As promptly as practicable thereafter, the Corporation, at its expense, shall issue and deliver to or upon the written order of such holder, at such office or other place designated by the holder, a certificate or certificates for the number of full shares of Common Stock to which such holder is entitled.

(c) Stockholder of Record. The person in whose name the certificate or certificates for shares of Common Stock is or are to be issued shall be deemed to have become a stockholder of record on the conversion date unless the transfer books of the Corporation are closed on that date, in which event he shall be deemed to have become a stockholder of record on the next succeeding date on which the transfer books are opened.

(d) Dilution. If the Corporation increases the number of shares of Common Stock outstanding in connection with a dividend or other distribution payable in Common Stock, or shall subdivide its Common Stock into a greater number of shares of Common Stock, or shall combine its Common Stock into a smaller number of shares of Common Stock, appropriate adjustment shall be made in the conversion rate so as to make each share of Series A Preferred Stock convertible into the same proportionate amount of Common Stock as it would have been convertible into in the absence of such dividend, subdivision or combination.

5. Redemption.

(a) Mandatory Redemption. The shares of Series A Preferred Stock have been issued as part of Units consisting of shares of Series A Preferred Stock and an unsecured, subordinated promissory note in the principal amount of \$250,000 (the "Notes"). Any holder of Series A Preferred Stock may, at his option, cause the Corporation to redeem all or part of the shares of Series A Preferred Stock held by such holder at any time after such holders Note or Notes are paid in full.

(b) Redemption Price. The redemption price for each share of Series A Preferred Stock to be redeemed pursuant to Section 5(a) shall be equal to \$4.17 plus a premium at the rate of 6% per annum commencing after the holder's Note or Notes are paid in full. The 6% redemption premium payable on the Series A Preferred Stock shall not begin to accrue until the holder's Note or Notes are paid in full. After written notice of redemption is received by the Corporation, 20% of the shares of Series A Preferred Stock held by the holder requesting redemption shall be redeemed by the Corporation per year over a five-year period commencing twelve months from the date of the notice. The redemption price provided for herein, shall be equitably adjusted to reflect any stock dividend, combination or split-up with respect to the Series A Preferred Stock.

(c) Applicable Law. There shall be no redemption of any shares of Series A Preferred Stock where such action would be in violation of applicable law.

(E) Issuance of Capital Stock. All or any portion of the capital stock of the Corporation may be issued in payment for real or personal property, past or future services, or any other right or thing having a value, in the judgment of the Board of Directors, at least equivalent to the full value of the stock so to be issued as hereinabove set forth, and when so issued, shall become and be fully paid and nonassessable, the same as though paid for in cash, and the Board of Directors shall be the sole judges of the value of any property, services, right or thing acquired in exchange for capital stock, and their judgment of such value shall be conclusive."

2. The foregoing Amendment was duly adopted by the Corporation's Board of Directors pursuant to Florida Statutes Section 607.0602 on October 31, 1999.

3. Except as modified hereby, the Articles of Incorporation of the Corporation shall remain in full force and effect.

Dated this 14 day of January, 2000.

UNITED FINANCIAL GROUP, INC.

By: 

Harold J. Kaplan, President