

MEDICAL INDUSTRIES OF AMERICA

L19230

VIA UPS OVERNIGHT MAIL

October 23, 1998

Florida Department of State
Division of Corporations
409 East Gaines Street
Tallahassee, FL 32399

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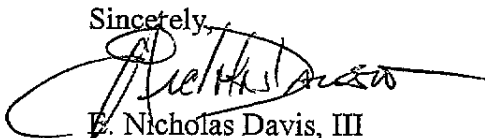
Re: Articles of Amendment to Articles of Incorporation of
Medical Industries of America, Inc.

Dear Sir or Madam:

Enclosed please find the original and one (1) copy of the Articles of Amendment to Articles of Incorporation of Medical Industries of America, Inc. together with our check made payable to Florida Department of State in the amount of \$35.00. Please file the original and return the certified copy to me at the letterhead address as soon as possible.

Thank you for your attention to this matter.

Sincerely,



E. Nicholas Davis, III
Senior Vice President
Legal Affairs

END:mh
Enclosures

Amend
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TALLAHASSEE, FLORIDA

**ARTICLES OF AMENDMENT TO
ARTICLES OF INCORPORATION OF
MEDICAL INDUSTRIES OF AMERICA, INC.**

Pursuant to the provisions of Section 607.1006 of the Florida Business Corporation Act (1993), the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation:

1. The name of the corporation is Medical Industries of America, Inc. (the "Corporation").

2. The following amendment to the Articles of Incorporation was adopted by the Directors of the Corporation without shareholder action since shareholder action was not required under the Articles of Amendment, as amended. The following amendment to the Articles of Incorporation was adopted by the Directors of the Corporation by the Unanimous Written Consent of Directors of the Corporation in Lieu of a Special Meeting dated September 30, 1998, in the manner prescribed by Sections 607.1002 and 607.1006 of the Florida Business Corporation Act:

Section C.2 of ARTICLE III of the Articles of Incorporation of the Corporation is hereby amended in its entirety to read as follows:

"2. Series B Preferred Stock:

a. Designation and Rank. Two hundred thousand (200,000) shares of the Corporation's authorized preferred stock, no par value, are hereby designated as "Series B Convertible Preferred Stock," all of which shares shall rank equally and be identical in all respects. The Series B Convertible Preferred Stock is sometimes referred to herein as the "Series B Preferred Stock."

b. Dividends.

i. None.

c. Redemption. The shares of Series B Preferred Stock shall be subject to redemption as follows:

i. The Corporation shall have the right, in its sole discretion, upon receipt of a Notice of Conversion pursuant to Section 2.d., or earlier without receipt of any notice of conversion upon 10 days written notice (the "Notice of Redemption") to the holders of the Series B Preferred Stock, to redeem in whole or in part any shares of Series B Preferred Stock submitted for conversion, immediately prior to conversion,

or otherwise outstanding and subject to a right of conversion.

ii. The Redemption Payment per Share for each redemption of the Series B Preferred Stock shall be at a stated value of \$10.00 per share. The date of receipt by the Corporation of the Notice of Conversion or the date of mailing by the Corporation of a Notice of Redemption, as the case may be, shall be the "Date of Redemption." The Corporation shall have the right to satisfy its obligations to make the Redemption Payment per Share with shares of Old Westmark Common Stock or New Westmark Common Stock (as defined in the Exchange Agreement between the Corporation and Westmark Group Holdings, Inc. dated September 30, 1998) based upon the Weighted Average Market Price (as defined in the next two sentences) of Westmark Group Holdings, Inc. ("WGHI") common stock for the twenty business days preceeding the Date of Redemption. Market Price for purposes of this paragraph shall be the last reported sales price regular way or, in case no such reported sales takes place on such day, the average of the closing bid and asked prices regular way, on the principal national securities exchange in the United States on which WGHI common stock is listed or admitted to trading, or if it is not listed or admitted to trading on any such national securities exchange, the average of the highest reported bid and lowest reported asked price as furnished by the National Association of Securities Dealers, Inc. through its automated quotation system ("Nasdaq") or a similar organization if Nasdaq is no longer reporting such information. Weighted Average Market Price for purposes of this Paragraph shall be the quotient of the sum of the products of each of the last twenty business days' Market Price preceeding the Date of Redemption multiplied by the number of shares sold for each such day, divided by the total number of shares sold during the twenty business days. If less than all of the outstanding shares of the Series B Preferred Stock are redeemed at any time under this Section 2.c., then the shares of Series B Preferred Stock held by each holder of record shall be redeemed pro rata, according to the number of shares of Series B Preferred Stock held by such holder, subject, however, to such adjustment as may be equitably determined by the Corporation in order to avoid the redemption of fractional shares.

iii. The Corporation shall effect each such redemption by giving notice of its election to redeem, by facsimile within one (1) business day of receipt of a Notice of Conversion from a Subscriber, or upon the giving of a Notice of Redemption by the Company to a Subscriber, with a copy by two-day courier, to the holder of shares of Series B Preferred Stock submitted for the conversion at the address and facsimile number of such holder appearing in the Corporation's register for the Series B Preferred Stock. Such Notice of Redemption shall indicate whether the

Corporation will redeem all or part of the shares of Series B Preferred Stock submitted for conversion and the applicable redemption price. The Corporation shall not be entitled to send any Notice of Redemption and begin the redemption procedure unless it has the full amount of the redemption price, in cash available in a demand or other immediately available account in a bank or similar financial institution on the date the redemption notice is sent to shareholders, or shares of Westmark Old Common Stock or Westmark New Common Stock based upon the Weighted Average Market Price (as defined in Section 2.c.ii.).

The Redemption Payment per Share shall be paid to the holder of shares of Series B Preferred Stock redeemed within ten (10) business days of the delivery of the Notice of Redemption to such holder; provided, however, that the Corporation shall not be obligated to deliver any portion of the Redemption Payment per Share unless either the certificate(s) evidencing the shares of Series B Preferred Stock are delivered to the Corporation or its transfer agent or the holder notifies the Corporation or its transfer agent that such certificate(s) have been lost, stolen, or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificate(s).

d. Conversion. The holders of shares of Series B Preferred Stock shall have conversion rights as follows:

i. Upon the earlier of the filing of the WGI 1999 Form 10-KSB or the sale of all the Old Westmark Common Stock and the New Westmark Common Stock by the Corporation, each Share of Series B Preferred Stock will be convertible, at the option of the holder thereof, for a period of ten (10) years from the date of issuance, exercisable by giving written notice to the Corporation not less than thirty (30) days prior to such Conversion Date (the "Notice of Conversion"), subject to adjustment as provided in the following paragraphs, into that number of shares of Common Stock equal to \$10.00 (the "Stated Value") divided by the average of the Common Stock's bid and ask price as listed by NASDAQ for the thirty (30) business days prior to receipt by the Corporation of receipt of a Notice of Conversion from the holder (the "Conversion Ratio").

ii. In the event that any dividends on the outstanding Common Stock shall have been declared prior to, and shall be payable subsequent to the conversion of such Series B Preferred Stock, such dividends shall not be payable on any Common Stock into which such Series B Preferred Stock shall have been converted.

iii. The Board of Directors of the Corporation shall reserve a sufficient number of shares of Common Stock for issuance upon conversion of shares of Series B Preferred Stock into Common Stock as aforesaid.

iv. In the event that the Corporation shall at any time or from time to time change the then outstanding shares of Common Stock into the same or different number of shares or units of any other class or classes of capital stock or other securities, then, notwithstanding the provisions thereof, from and after the first such change each holder of shares of Series B Preferred Stock shall, upon the conversion of such shares, be entitled to receive that number of shares or units of such other stock or security which such holder would then have if he (1) had, prior to the first such change, converted into shares of Common Stock, pursuant to the provisions hereof, a number of shares of Series B Preferred Stock equal to the number then being converted by him, and (2) had held the shares which he would have so received or any other shares or units into which the same would subsequently have been changed if they had then been outstanding until the day of the conversion of the shares of Series B Preferred Stock then being converted.

v. The Conversion Ratio shall be appropriately adjusted to eliminate any dilution of holders of Series B Preferred Stock by reason of any of the following events: (1) if the Corporation pays a dividend or makes a distribution in shares of Common Stock or other class of capital stock to holders of Common Stock, or (2) if the Corporation subdivides its outstanding Common Stock into a greater number of shares or combines its outstanding Common Stock into a small number of shares.

e. Voting and Preemptive Rights.

i. Except as otherwise specifically provided by the Florida Business Corporation Act, the holders of Series B Preferred Stock shall not be entitled to vote on any matters required or permitted to be submitted to stockholders of the Corporation for their approval. Notwithstanding the foregoing, the affirmative vote or written consent of the holders of a majority of the Series B Preferred Stock outstanding from time to time shall be required for the amendment of the Corporation's Articles of Incorporation to authorize the issuance of additional shares of Series B Preferred Stock.

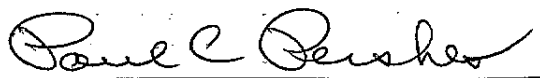
ii. The holders of shares of Series B Preferred Stock shall have no preemptive rights in connection with any security of any kind which the Corporation shall at any time issue or be authorized to issue.

f. Liquidation. The Series B Preferred Stock shall be preferred upon liquidation over the Common Stock and any other class or classes of stock of the Corporation (but shall rank in parity with any other class of preferred stock of the Corporation that so provides), so that the holders of shares of Series B Preferred Stock shall be entitled to be paid the Stated Value before any distribution is made to the holders of the Common Stock and junior stock upon the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation. If, upon any such liquidation, dissolution or winding-up of the Corporation, its net assets shall be insufficient to permit the payment in full of the amounts to which the holders of all outstanding shares of Series B Preferred Stock are entitled as above provided, the entire net assets of the Corporation remaining shall be distributed among the holders of shares of Series B Preferred Stock in amounts proportionate to the full preferential amounts to which they and holders of shares of preferred stock ranking in parity with the Series B Preferred Stock as to rights and preferences are respectively entitled. For the purpose of this Section f., the voluntary sale, lease, exchange or transfer, for cash, shares of stock, securities or other consideration, of all or substantially all the Corporation's property or assets to, or its consolidation or merger with, one or more corporations shall not be deemed to be a liquidation, dissolution or winding-up of Corporation, voluntary or involuntary.

g. Reacquired Shares. Any shares of Series B Preferred Stock that have been converted into shares of Common Stock or issued and subsequently reacquired by the Corporation or redeemed or purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such Shares upon their cancellation shall become authorized but unissued shares of the preferred stock, no par value, of the Corporation and may be reissued as part of a new series of preferred stock of the Corporation to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth in the Corporation's Articles of Incorporation."

3. Except as hereby amended, the Articles of Incorporation of the Corporation shall remain the same.

MEDICAL INDUSTRIES OF AMERICA, INC.,
a Florida corporation

By: 
Paul C. Pershes
Director and President