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BASIC AMENDMENT

ILIAN CORPORATION

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

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Certificate of Status	0
Certified Copy	1
Page Count	07
Estimated Charge	\$43.75

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Amendment
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SECRETARY OF STATE
TALLAHASSEE, FLORIDA
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**ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
ILIAN CORPORATION**

ILIAN Corporation, a corporation organized and existing under the laws of the State of Florida (the "Corporation"), in order to amend its Articles of Incorporation in accordance with the requirements of Chapter 607, Florida Statutes, does hereby certify as follows:

- 1. The amendment to the Articles of Incorporation being effected hereby is to add to the existing Article IV of the Articles of Incorporation of this Corporation to designate a series of preferred stock to be known as "Series A Convertible Preferred Stock" and the following specifies the preferences, limitations and relative rights of such preferred stock:

.....
Designation of Series A Convertible Preferred Stock

WHEREAS, pursuant to Article IV 1.(b)(i) of the Articles of Incorporation of this Corporation, the Board of Directors of this Corporation does hereby adopt the following resolutions establishing a series of Preferred Stock of this Corporation which shall be designated "Series A Convertible Preferred Stock", and pursuant to which 2,500,000 shares of Series A Convertible Preferred Stock shall be authorized, with the designations, preferences, limitations and relative rights set forth as follows:

NOW, THEREFORE, BE IT RESOLVED, THAT 2,500,000 shares of the Series A Convertible Preferred Stock of this Corporation be, and it hereby is, authorized and established, with the designations, preferences, limitations and relative rights set forth as follows:

1. Dividends. The holders of record of shares of Series A Convertible Preferred Stock shall not be entitled to any dividend preference over the holders of any other class or series of stock of this Corporation (including the Common Stock). The holders of record of shares of Series A Convertible Preferred Stock shall receive dividends when, as and if declared by the Board of Directors of this Corporation.

2. Ranking; Preference on Liquidation.

(a) The Series A Convertible Preferred Stock ranks senior to all of this Corporation's Common Stock (collectively, the "Junior Securities").

(b) If the Corporation liquidates, dissolves, or winds up its affairs (voluntarily or involuntarily) (a "Liquidation Event"), after paying or providing for payment of its debts and other liabilities, the Corporation will pay to the holders of Series A Convertible Preferred Stock, before paying any amount to the holders of Junior Securities, an amount for each share of Series A Convertible Preferred Stock equal to the Liquidation Price, as defined below, plus any accrued and unpaid dividends applicable to the Series A Convertible Preferred Stock. If its assets to be distributed among the holders of Series A Convertible Preferred Stock on a Liquidation Event are insufficient to permit the Corporation to pay the full Liquidation Price for each share of Series A Convertible Preferred Stock, plus accrued and unpaid dividends applicable to the Series A Convertible Preferred Stock, the Corporation will distribute its assets among the holders of Series A Convertible Preferred Stock ratably based on the respective amounts otherwise payable to them. The Liquidation Price shall be paid in cash or in property taken at its fair value, or both, at the election of the Board of Directors. If such payment shall have been made in full to the holders of the Series A Convertible Preferred Stock, the remaining assets and funds of the Corporation shall be distributed among the holders of Junior Securities, according to their respective shares. Neither the consolidation nor merger of the Corporation into or with another corporation or corporations, nor the sale, lease or transfer of all or substantially all of the assets of the Corporation to another corporation or corporations shall be deemed a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of this paragraph.

(c) The "Liquidation Price" for a Liquidation Event will be the amount of \$2.00 per share. If the Corporation at any time subdivides (by any stock split, stock dividend or otherwise) its outstanding shares of any series into a greater number of shares, the Liquidation Price for such series of Series A Convertible Preferred Stock in effect immediately prior to such subdivision will be proportionately reduced in the discretion of the Board of Directors of this Corporation, and conversely, if the outstanding shares of any series of Series A Convertible Preferred Stock are combined into a smaller number of shares, the Liquidation Price for such series of Series A Convertible Preferred Stock in effect immediately prior to such combination will be proportionately increased in the discretion of the Board of Directors of this Corporation.

3. Redemption. The Series A Convertible Preferred Stock shall subject to redemption at the option of any of the holders of the Series A Convertible Preferred Stock with respect to the shares of Series A Convertible Preferred Stock owned by that holder upon the occurrence of a "Change in Control" of this Corporation, as defined below.

(a) **Change in Control.** For purposes of this Section 3, a "Change in Control" of this Corporation shall be deemed to occur if the Corporation shall (1) sell, convey, or otherwise dispose of all or substantially all of its property or business or merge or consolidate with any other corporation (other than a wholly-owned subsidiary or other affiliated corporation) where the stockholders of the Corporation own less than fifty percent (50%) of the voting power of the surviving entity after such merger or consolidation or (2) effect any other transaction or series of related transactions in which more than fifty percent (50%) of the voting power of the Corporation is disposed of, provided that a merger or consolidation or other reorganization of this Corporation

effected solely for the purpose of changing the domicile of the Corporation shall not be deemed a "Change in Control" of this Corporation.

(b) **Redemption Price.** The redemption price (the "Redemption Price") to be paid upon the redemption of the Series A Convertible Preferred Stock of this Corporation at the option of any of the holders thereof upon a Change in Control of this Corporation shall be equal to the Liquidation Price.

(c) **Notice of Change in Control.** The Corporation shall give each holder of record of Series A Convertible Preferred Stock written notice of an impending Change in Control transaction not later than ten (10) days prior to the stockholders' meeting called to approve such transaction, or ten (10) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. Any holder of Series A Convertible Preferred Stock electing to require the Corporation to redeem such Series A Convertible Preferred Stock shall so notify the Corporation in writing within five (5) days of receipt of such notice of a Change in Control.

(d) **Payment of Redemption Price.** The Redemption Price shall be paid to any electing holder of Series A Preferred Stock simultaneously with the closing or other Effective Date of the Change in Control transaction.

4. **Conversion.** Each share of Series A Convertible Preferred Stock is convertible by its holder into Common Stock as follows:

(a) **Voluntary Conversion.** Each share of Series A Convertible Preferred Stock then outstanding will be subject to conversion at the election of any holder thereof at any time after the date of issuance of such shares, at the office of the Corporation or any transfer agent for such Preferred Stock, into one share of the Common Stock of this Corporation, subject to adjustment as provided in Section 4(d) below.

(b) **Mandatory Conversion.** Each share of Series A Convertible Preferred Stock then outstanding will automatically be converted into one fully paid and non-assessable share of Common Stock of this Corporation as of the date that the Securities and Exchange Commission declares effective a registration of the Common Stock under the Securities Act of 1933, as amended, and the Corporation completes a bona fide offering of its Common Stock to the general public (a "Public Offering") that is underwritten on a firm commitment basis by one or more nationally recognized underwriters, subject to adjustment as provided in Section 4(d) below.

(c) **Mechanics of Conversion.** Each holder of outstanding Series A Convertible Preferred Stock will promptly surrender its stock certificates to the Corporation on a voluntary or mandatory conversion pursuant to this Section 4. As promptly as practicable after the Conversion Date and in any event within ten days after surrender of the certificate or certificates representing converted shares of Series A Convertible Preferred Stock, the Corporation will issue and deliver, or cause to be issued or delivered, at its expense to a converting holder, a certificate evidencing the number of whole shares of Common Stock to which such holder is entitled. The person in whose name the certificate or certificates for Common Stock are to be issued will be deemed the holder of such Common Stock as of the close of business on the Conversion Date. At the

close of business on the Conversion Date, (1) the converted shares of Series A Convertible Preferred Stock will cease to be outstanding, (2) the holders of the converted shares will cease to have any further rights with respect to those shares, except to receive Common Stock and cash (as specified below) with respect to the converted shares, and (3) the holders of the converted shares will be deemed to have become the record holder of the Common Stock for all purposes.

(d) **Adjustments.** In the case of any classification, reclassification, or other reorganization of the Corporation's capital stock, or in the case of the merger or consolidation of the Corporation with or into another corporation, or the conveyance to another corporation of all or any major portion of the Corporation's assets, then, as part of the classification, reclassification, merger, consolidation, or conveyance, adequate provision will be made with respect to the rights and interests of the holders of the Series A Convertible Preferred Stock in the discretion of the Board of Directors of this Corporation to the end that the provisions of this Section 4 will be applicable to the shares of stock, securities, or other property deliverable upon conversion; and, as a condition of any consolidation, merger, or conveyance, any corporation that succeeds to the Corporation by reason of the merger, consolidation or conveyance will assume the obligation to deliver, upon conversion, the shares of stock, securities or other considerations that the holders of the Series A Convertible Preferred Stock are entitled to receive pursuant to this Section 4. In addition, in case the Corporation declares a dividend or makes any other distribution on stock of the Corporation payable in Common Stock or subdivides, combines or otherwise reclassifies its outstanding shares of Common Stock into a greater or lesser number of shares, adequate adjustment will be made with respect to the conversion of the Series A Convertible Preferred Stock in the discretion of the Board of Directors of the Corporation.

(e) **Reservation of Stock Issuable Upon Conversion.** The Corporation will reserve out of its authorized but unissued Common Stock, solely for the purposes of effecting the conversion of the Series A Convertible Preferred Stock, the number of shares of Common Stock issuable on conversion of all outstanding Series A Convertible Preferred Stock. If at any time the number of authorized but unissued shares of Common Stock are not sufficient to effect the conversion of all then outstanding shares of the Series A Convertible Preferred Stock, in addition to such other remedies as are available to the holder to the Series A Convertible Preferred Stock, the Corporation shall take the corporate action that in the opinion of its counsel is necessary to increase its authorized but unissued shares of Common Stock to the number of shares that are sufficient for those purposes, including engaging in its best efforts to secure the requisite shareholder approval of any needed amendment to these Articles of Incorporation.

(f) **Payment of Taxes.** The Corporation will pay any and all taxes, documentary or otherwise, that are payable with respect to the issuance or delivery of Common Stock on conversion of the Series A Convertible Preferred Stock. The Corporation will not, however, be required to pay tax with respect to a transfer involved in the issue or transfer and delivery of shares of Common Stock in a name other than the record name of the converted Series A Convertible Preferred Stock, and no issuance or delivery will be made unless and until the person requesting such issue pays to the Corporation the amount of any such tax or establishes to the Corporation's satisfaction

payment of the tax or that no tax is due. In no event need the Corporation pay or reimburse a registered holder for any income tax or ad valorem tax payable by the holder because of the issuance of Common Stock on conversion of Series A Convertible Preferred Stock.

(g) No Reissuance of Series A Convertible Preferred Stock. The Corporation will cancel shares of Series A Convertible Preferred Stock converted pursuant to this Section 4.

5. Voting. In addition to voting rights specially granted by applicable law, the holder of each share of Series A Convertible Preferred Stock is entitled to one vote for each share of Common Stock into which such share of Series A Convertible Preferred Stock could then be converted (in each case as adjusted for any stock split, combination or subdivision and the like with respect to such shares as provided in Section 4(d)), and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision hereof, to notice of any stockholders' meeting in accordance with the Articles of Incorporation or bylaws of the Corporation or applicable law, and shall be entitled to vote, together with holders of Common Stock, with respect to any question upon which holders of Common Stock have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted basis shall be rounded to the nearest whole number (with one-half being rounded upward).

6. Reissuance of Shares. Any shares of Series A Convertible Preferred Stock redeemed or otherwise reacquired by the Corporation will be canceled and not available for further issuance.

FURTHER RESOLVED, that the proper officers of this Corporation be, and each of them hereby is, authorized and directed in the name and on behalf of this Corporation, and under its corporate seal, or otherwise, to take such additional actions including, without limitation, the preparation and filing of Articles of Amendment to the Articles of Incorporation of this Corporation with respect to the issuance of the Series A Convertible Preferred Stock with the Secretary of State of the State of Florida, and all other appropriate documents, certificates, instruments, agreements and arrangements (including the execution and filing of all appropriate certificates or other filings with appropriate federal, state and local authorities) as any of them may deem necessary or appropriate to carry out the intent and accomplish the purposes of the foregoing preamble and resolutions, the approval thereof to be conclusively evidenced by the execution and delivery or filing of any such document, instrument, certificate or agreement; and any and all such actions as they or any of them shall deem necessary or appropriate to cause this Corporation to comply in all respects with and to carry out all of its obligations under the foregoing resolutions.

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2. This amendment to the Articles of Incorporation was approved and adopted pursuant to Section 607.0602, Florida Statutes, by a written consent of the entire Board of Directors of this Corporation dated April 20, 2000 which was sufficient to approve the amendment, and no stockholder action was required.
3. This amendment to the Articles of Incorporation shall be effective immediately upon filing by the Secretary of State of the State of Florida, all required taxes and fees having been paid.

IN WITNESS WHEREOF, these Articles of Amendment to the Articles of Incorporation of this Corporation have been executed as of this 20th day of April, 2000.

ILIANI CORPORATION

By: 
Richard Ferrelli, President

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