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THINKING CRAFT, INC.

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February 21, 2007

FLORIDA DEPARTMENT OF STATE
Division of Corporations

THINKING CRAFT, INC.
1909 TYLER STREET
SUITE #500
HOLLYWOOD, FL 33020

SUBJECT: THINKING CRAFT, INC.
REF: P00000015240

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TALLAHASSEE, FLORIDA

ARTICLES OF AMENDMENT

OF

THINKING CRAFT, INC.

A FLORIDA CORPORATION

PURSUANT TO SECTION 607.0602 OF THE
FLORIDA BUSINESS CORPORATION ACT

The undersigned **DOES HEREBY CERTIFY** that the following resolution was duly adopted by the Board of Directors (the "**Board of Directors**") of **THINKING CRAFT, INC.**, a Florida corporation (the "**Corporation**"), on February 14, 2007:

RESOLVED, that there be, and hereby is, created out of the class of 20,000,000 shares of preferred stock of the Corporation, par value \$0.001 per share, a series of preferred stock with the following designations, powers, preferences and relative, participating, optional or other special rights, qualifications, limitations or restrictions (this instrument hereinafter referred to as this "**Designation**"):

1. **Designation and Number of Shares.** 1,500,000 shares of preferred stock (the "**Shares**") are hereby designated as Series A 9.5% Convertible Preferred Stock, par value \$0.001 per share (the "**Series A Preferred Stock**") having a stated value of One Dollar (\$1.00) per share (the "**Stated Value**").

2. **Rank.** The Series A Preferred Stock shall rank: (i) junior to any other class or series of capital stock of the Corporation hereafter created specifically ranking by its terms senior to the Series A Preferred Stock; (ii) prior to all of the Corporation's common stock, par value \$0.001 per share (the "**Common Stock**"); (iii) prior to any other series of preferred stock or any class or series of capital stock of the corporation hereafter created not specifically ranking by its terms senior to or on parity with the Series A Preferred Stock (collectively, with the Common Stock, "**Junior Securities**"); and (iv) on parity with any class or series of capital stock of the Corporation hereafter created specifically ranking by its terms on parity with the Series A Preferred Stock, in each case as to the payment of dividends, as provided in Section 4.

3. **Liquidation.** Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary ("**Liquidation**"), the holders of record of the shares of the Series A Preferred Stock shall share ratably (on an as-converted basis) with the holders of Common Stock in any assets of the Corporation available for distribution to its shareholders. For purposes of calculating the amount of any payment to be paid upon such Liquidation pursuant to

this Section 3, each share of Series A Preferred Stock shall be deemed to represent that number of shares (including fractional shares) of Common Stock into which the Series A Preferred Stock is then convertible, rounded to the nearest one-tenth of a share.

4. Dividends.

(A) The holders of record of shares of Series A Preferred Stock shall be entitled to receive, when and as declared and paid by the Board of Directors or upon conversion of the Series A Preferred Stock, out of any funds legally available for the declaration and payment of dividends, and in preference to any declaration or payment of dividends and distributions on any Junior Securities, dividends at the rate of 9.5% of the Stated Value per share per annum. Such dividends shall accrue monthly beginning on the earlier to occur of (i) July 1, 2008, and (ii) the date that the Company has repaid in full all outstanding indebtedness to TC Investor Group LLC, a Delaware limited liability company ("*Investor*") under that certain Secured Promissory Note in the principal amount of \$800,000 made by the Corporation in favor of Investor pursuant to an Investment Agreement dated February 20, 2007 between Investor and the Company. Dividends per share shall be payable in cash, and shall be cumulative so that if, for any dividend accrual period, dividends in the amount specified in this Section 4(A) are not declared and paid or set aside for payment, the amount of accrued but unpaid dividends shall accumulate and be added to the dividends payable for subsequent dividend accrual periods. Dividends shall be paid to the holders of the Series A Preferred Stock not later than five business days after the end of each period for which dividends are payable.

(B) Unless full cumulative dividends on all outstanding shares of Series A Preferred Stock for all past dividend periods have been declared and paid, or declared and a sufficient sum for the payment thereof set apart, no dividend whatsoever shall be declared or paid upon, nor shall any distribution be made upon (including upon a Liquidation), any Junior Securities, nor shall any shares of Junior Securities be purchased or redeemed by the Corporation nor shall any moneys be paid to or made available for a sinking fund for the purchase or redemption of any Junior Securities (other than, in each case, a distribution or payment made solely in shares of Junior Securities), without, in each such case, the written consent of the holders of a majority of the outstanding shares of Series A Preferred Stock, voting together as a class.

5. **Conversion Rights.** Shares of the Series A Preferred Stock shall convert into Common Stock as follows:

(A) **Conversion at the Option of the Holder.** Subject to and upon compliance with the provisions of this Section 5, the holder of any shares of Series A Preferred Stock shall have the right at such holder's option, at any time or from time to time, to convert any of such shares of Series A Preferred Stock into the number of fully paid and nonassessable shares of Common Stock (the "*Conversion Shares*") as is determined pursuant to Section 5(B) below.

(B) **Conversion Amount.** Each share of the Series A Preferred Stock shall be convertible into that number of fully paid and non-assessable Conversion Shares equal to the Stated Value divided by the conversion price in effect at the time of conversion (the "*Conversion*

Price"), determined as hereinafter provided. The Conversion Price shall initially be \$0.034264549 per share. The Conversion Price shall be subject to adjustment as set forth in Section 7 hereof.

(C) **Mechanics of Conversion.** Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Common Stock pursuant to Section 5(A), such holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Series A Preferred Stock, and shall give written notice ("*Conversion Notice*") to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been effected immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock to be converted, and the person or persons entitled to receive shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date. All Common Stock which may be issued upon conversion of the Series A Preferred Stock will, upon issuance, be duly issued, fully paid and non-assessable and free from all taxes, liens, and charges with respect to the issuance thereof.

(D) **Automatic Conversion.** Each share of Series A Preferred Stock shall automatically be converted into shares of Common Stock at the then-effective Conversion Price upon the earlier of (i) the date specified by vote or written consent or agreement of the Investor and, if applicable, the holders of a majority of the shares of Series A Preferred Stock then outstanding, or (ii) immediately upon the closing of the sale of the Corporation's Common Stock in a firm commitment, underwritten public offering registered under the Securities Act of 1933, as amended, other than a registration relating solely to a transaction under Rule 145 under the Securities Act (or any successor thereto) or to an employee benefit plan of the Corporation, that results in gross offering proceeds (before deduction of underwriters' discounts and expenses) to the Corporation of not less than \$10,000,000.

(E) **Authorized Shares.** At all times that any shares of Series A Preferred Stock are outstanding, the Corporation shall have authorized and shall have reserved for the purpose of issuance upon conversion into Common Stock of all shares of Series A Preferred Stock, a sufficient number of shares of Common Stock to provide for the conversion of all outstanding shares of Series A Preferred Stock at the then effective Conversion Price. Without limiting the generality of the foregoing, if, at any time, the Conversion Price is decreased, the number of shares of Common Stock authorized and reserved for issuance upon the conversion of the Series A Preferred Stock shall be proportionately increased.

6. **Priority.** The Corporation may create, authorize and issue, in the future, without the consent of holders of the Series A Preferred Stock, other series of preferred stock which rank junior to the Series A Preferred Stock as to dividend rights. The Corporation shall not create, authorize or issue any series of preferred stock which is senior to or *pari passu* to the Series A

Preferred Stock as to dividend rights without the consent of the holders of a majority of the then outstanding shares of the Series A Preferred Stock.

7. Anti-Dilution Provisions. The Conversion Price in effect at any time and the number and kind of securities issuable upon the conversion of the Series A Preferred Stock shall be subject to adjustment from time to time upon the happening of certain events as follows:

(A) In case the Corporation shall hereafter (i) declare a dividend or make a distribution on its outstanding shares of Common Stock in shares of Common Stock, (ii) subdivide or reclassify its outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the Conversion Price by a fraction, the denominator of which shall be the number of shares of Common Stock outstanding after giving effect to such action, and the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action. Such adjustment shall be made successively whenever any event listed above shall occur.

(B) Whenever the Conversion Price is adjusted pursuant to Subsection (A) above, the number of shares of Common Stock issuable upon conversion of the Series A Preferred Stock shall simultaneously be adjusted by multiplying the number of shares of Common Stock initially issuable upon conversion of the Series A Preferred Stock by the Conversion Price in effect on the date hereof and dividing the product so obtained by the Conversion Price, as adjusted.

(C) Whenever the Conversion Price is adjusted, as herein provided, the Corporation shall promptly cause a notice setting forth the adjusted Conversion Price and adjusted number of Conversion Shares issuable upon conversion of each share of Series A Preferred Stock, and information describing the transactions giving rise to such adjustments, to be mailed to the holders at their last address appearing on the books and records of the Corporation maintained for such purpose, and shall cause a certified copy thereof to be mailed to its transfer agent, if any. The Corporation may retain a firm of independent certified public accountants selected by the Board of Directors (who may be the regular accountants employed by the Corporation) to make any computation required by this Section 7, and a certificate signed by such firm shall be conclusive evidence of the correctness of such adjustment, absent manifest error.

(D) In the event that at any time, as a result of an adjustment made pursuant to this Section 7, the holders of the Series A Preferred Stock thereafter shall become entitled to receive any securities, other than Common Stock, thereafter the number of such other securities so receivable upon conversion of the Series A Preferred Stock shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Stock contained in Subsections (A) to (C), inclusive above.

(E) In case of any reorganization, reclassification or change of the Common Stock (including any such reorganization, reclassification or change in connection with a

consolidation or merger in which the Corporation is the continuing entity), or any consolidation of the Corporation with, or merger of the Corporation with or into, any other entity (other than a consolidation or merger in which the Corporation is the continuing entity), or of any sale of the properties and assets of the Corporation as, or substantially as, an entirety to any other person or entity, each share of Series A Preferred Stock then outstanding shall thereafter be convertible into the kind and amount of stock or other securities or property receivable upon such reorganization, reclassification, change, consolidation, merger or sale by a holder of the number of shares of Common Stock into which such shares of Series A Preferred Stock would have been converted prior to such transaction. The provisions of this Paragraph (E) shall similarly apply to successive reorganizations, reclassifications, changes, consolidations, mergers or sales immediately prior to such reorganization, reclassification, change, consolidation, merger or sale.

8. Voting Rights.

(A) In addition to any other rights provided for herein or by law, the holders of Series A Preferred Stock shall be entitled to vote, together with the holders of Common Stock as one class, on all matters as to which holders of Common Stock shall be entitled to vote, in the same manner and with the same effect (subject to the provisions of the next sentence) as such holders of Common Stock. In any such vote, each share of Series A Preferred Stock shall entitle the holder thereof to a number of votes equal to the number of whole shares of Common Stock into which a share of Series A Preferred Stock is then convertible, calculated to the nearest whole share.

(B) In the event the holders of the Series A Preferred Stock are required to vote as a class, the affirmative vote of holders of not less than a majority of the then outstanding shares of Series A Preferred Stock shall be required to approve each such matter to be voted upon, and if any matter is approved by such requisite percentage of holders of Series A Preferred Stock, such approval shall bind all holders of Series A Preferred Stock.

(C) The terms of the Series A Preferred Stock may be amended, modified or waived only with the consent of the holders of at least two-thirds of the then outstanding Series A Preferred Stock, voting as one class, either expressed in writing or at a meeting called for that purpose.

(D) Each share of the Series A Preferred Stock shall entitle the holder thereof to one vote on all matters to be voted on by the holders of the Series A Preferred Stock as a class.

9. **Miscellaneous.** The holders of the Series A Preferred Stock shall be entitled to receive all communications sent by the Corporation to the holders of the Common Stock.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to be signed by its President on this 20 day of February, 2007.

THINKING CRAFT, INC.

By. 

Name: Mark Knobel

Title: President