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**ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION OF
DREAM BOATS, INCORPORATED**

**CERTIFICATE OF DESIGNATION, PREFERENCES, AND RIGHTS OF
SERIES A 2% CONVERTIBLE PREFERRED STOCK**

Pursuant to Section 607.1006 of the Florida Business Corporation Act, the undersigned, being the Chief Executive Officer of DREAM BOATS, INCORPORATED, a Florida corporation (the "Corporation"), bearing Document Number P02000062898, does hereby submit these Articles of Amendment for the purpose of amending the Corporation's Articles of Incorporation as follows:

FIRST: The Articles of Incorporation of the Corporation authorize the issuance of twenty-five million (25,000,000) shares of common stock, par value \$0.0001 per share (the "Common Stock") and five million (5,000,000) shares of preferred stock (the "Preferred Stock"), and further, authorizes the Board of Directors of the Corporation, by resolution or resolutions, at any time and from time to time, to divide and establish any or all of the shares of Preferred Stock into one or more series and, without limiting the generality of the foregoing, to fix and determine the designation of each such share, and its preferences, conversion rights, cumulative, relative, participating, optional, or other rights, including voting rights, qualifications, limitations, or restrictions thereof.

SECOND: At a meeting of the Board of Directors, the directors unanimously approved the designation of Five Hundred Thousand (500,000) shares of the Preferred Stock as Series A 2% Convertible Preferred Stock and authorized the issuance of the Series A 2% Convertible Preferred Stock at a price of \$1.25 per share (the "Original Purchase Price"). The designations, powers, preferences and rights, and the qualifications, limitations or restrictions hereof, in respect of the Series A 2% Convertible Preferred Stock shall be as hereinafter described.

Accordingly, Article IV of the Articles of Incorporation of this Corporation is amended to include the following:

Series A 2% Convertible Preferred Stock

1. **Designation and Number of Shares.** Five Hundred Thousand (500,000) shares of preferred stock (the "Shares") are hereby designated as Series A 2% Convertible Preferred Stock (the "Series A 2% Preferred Stock").

2. **Ranking.** The Series A 2% Preferred Stock shall, with respect to distribution rights upon the Liquidation (as defined in Section 3 below) of the Corporation and dividend rights, rank (a) subject to clauses (b) and (c), senior to the common stock, par value \$0.01 per share, of the Corporation (the "Common Stock") and all other preferred stock of the Corporation, and (b) as applicable, junior to or on a parity with such preferred stock of the Corporation the terms of which expressly provide

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that such preferred stock will rank senior to or on a parity with Series A 2% Preferred Stock.

3. Liquidation.

(a) 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 2% Preferred Stock shall be entitled to receive, immediately after any distributions required by the Corporation's Articles of Incorporation and any certificate(s) of designation, powers, preferences and rights in respect of any securities of the Corporation having priority over the Series A 2% Preferred Stock with respect to the distribution of the assets of the Corporation upon Liquidation, and before and in preference to any distribution or payment of assets of the Corporation or the proceeds thereof may be made or set apart with respect to any securities of the Corporation over which the Series A 2% Preferred Stock has priority with respect to the distribution of the assets of the Corporation upon Liquidation ("Junior Securities"), an amount in cash with respect to each share of Series A 2% Preferred Stock held by such holders, equal to the Original Issue Price per share (subject to adjustment in the event of stock splits, combinations or similar events) plus all accrued and unpaid dividends on such share as of the date of Liquidation, if any. If, upon such Liquidation, the assets of the Corporation available for distribution to the holders of Series A 2% Preferred Stock and any securities of the Corporation having equal priority with the Series A 2% Preferred Stock with respect to the distribution of the assets of the Corporation upon Liquidation ("Parity Securities") shall be insufficient to permit payment in full to the holders of the Series A 2% Preferred Stock and Parity Securities, then the entire assets and funds of the Corporation legally available for distribution to such holders and the holders of the Parity Securities then outstanding shall be distributed ratably among the holders of the Series A 2% Preferred Stock and Parity Securities based upon the proportion the total amount distributable on each share upon liquidation bears to the aggregate amount available for distribution on all shares of the Series A 2% Preferred Stock and of such Parity Securities, if any.

(b) Upon the completion of the distributions required by paragraph (a) of this Section 3, if assets remain in the Corporation, they shall be distributed to holders of Junior Securities in accordance with the Corporation's Articles of Incorporation and any applicable Articles(s) of designation, powers, preferences and rights.

(c) For purposes of this Section 3, a merger or consolidation or a sale or lease of all or substantially all of the assets of the Corporation shall be considered a Liquidation except in the event that in such a transaction, the holders of the Series A 2% Preferred Stock shall be entitled to receive, in preference to the holders of the Junior Securities, the greater of: (i) a per share amount equal to the Original Purchase Price for the Series A 2% Preferred Stock, plus any declared but unpaid dividends, and (ii) such amount per share that would have been payable if each share of Series A 2% Preferred Stock had been converted to Common Stock immediately prior to such liquidation.

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4. Dividends. Subject to the rights of any other series or class of Preferred Stock that may from time to time come into existence which rank senior to or pari passu with the Series A 2% Preferred Stock, the holders of Shares of Series A 2% Preferred Stock shall be entitled to receive, out of any assets legally available therefor, a cumulative dividend payable annually on each share of Series A 2% Preferred Stock, calculated at a rate of 2% of the Original Issue Price of any outstanding share of Series A 2% Preferred Stock. At the option of the Corporation, the dividends may be paid annually in either cash or shares of Common Stock. Dividends shall be paid on March 31st. The amount of such initial dividend, and any other dividend payable on the Series A 2% Preferred Stock for any partial dividend period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in the stockholder records of the Corporation at the close of business on the applicable record date, which shall be the 10th day of February of each year (the "Dividend Payment Date") or on such other date designated by the Board of Directors for the payment of dividends that is not more than 30 nor less than 10 days prior to the Dividend Payment Date. With respect to any given year, no dividends shall be paid upon, or declared and set apart for, any shares of Common Stock or any other securities of the Corporation over which the Series A 2% Preferred Stock has priority with respect to the payment of dividends if the Board of Directors of the Corporation shall have failed duly and lawfully to declare and pay in full a cash dividend to the holders of Series A 2% Preferred Stock with respect to such year in the amount described above. If such dividends on the Series A 2% Preferred Stock shall not have been paid in full for the Series A 2% Preferred Stock, the aggregate deficiency shall be cumulative and shall be fully paid prior to the payment of any dividend by the Corporation (other than a dividend payable solely in Series A 2% Preferred Stock) with respect to Common Stock or any other securities of the Corporation over which the Series A 2% Preferred Stock has priority with respect to the payment of dividends.

5. Conversion Rights. Each holder of record of shares of the Series A 2% Preferred Stock shall have the right to convert all or any part of such holder's share of Series A 2% Preferred Stock into Common Stock as follows:

(a) Optional Conversion. Subject to and upon compliance with the provisions of this Section 5, the holder of any shares of Series A 2% 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 2% Preferred Stock into fully paid and nonassessable shares of Common Stock determined on a per share basis by dividing (A) the Original Purchase Price of such shares of Series A 2% Preferred Stock by (B) the Conversion Price (as defined in Section 5(b) below) in effect on the Conversion date (as defined in Section 5(c) below) upon the terms hereinafter set forth.

(b) Conversion Price. Each share of the Series A 2% Preferred Stock shall be convertible into that number of fully paid and non-assessable shares of Common Stock of the Corporation equal to the Original Purchase Price plus accrued and unpaid dividends to the date of conversion 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 \$1.25 per share of Common Stock. The number

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of shares of Common Stock into which each share of Preferred Stock is convertible is herein referred to as the "Conversion Rate."

(c) Mechanics of Conversion.

(i) Before any holder of Series A 2% Preferred Stock shall be entitled to convert the same into shares of Common Stock, 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 2% Preferred Stock, and shall give written 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 2% 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. Conversion shall be deemed to have been effected on the date when delivery of notice of an election to convert and certificates for shares is made and such date is referred to herein as the "Optional Conversion Date."

(ii) All Common Stock which may be issued upon conversion of the Series A 2% 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. At all times that any shares of Series A 2% Preferred Stock are outstanding, the Corporation shall have authorized and shall have reserved for the purpose of issuance upon such conversion into Common Stock of all Series A 2% Preferred Stock, a sufficient number of shares of Common Stock to provide for the conversion of all outstanding shares of Series A 2% Preferred Stock at the then effective Conversion Rate. 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 2% Preferred Stock shall be proportionately increased.

(d) Conversion Price Adjustments. The Conversion Price shall be subject to the adjustment provisions of Section 6 below.

6. 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 2% Preferred Stock shall be subject to adjustment from time to time, upon the happening of the following events:

(a) Consolidation, Merger or Sale. If any consolidation or merger of the Corporation with another person, or the sale, transfer or lease of all or substantially all of its assets to another person shall be effected in such a way that holders of shares of Common Stock shall be entitled to receive stock, securities or assets with respect to or in exchange for their shares of Common Stock, then provision shall be made, in

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accordance with this Section 6(a), whereby each holder of shares of Series A 2% Preferred Stock shall thereafter have the right to receive such securities or assets as would have been issued or payable with respect to or in exchange for the shares of Common Stock into which the shares of Series A 2% Preferred Stock held by such holder were convertible immediately prior to the closing of such merger, sale, transfer or lease, as applicable. The Corporation will not effect any such consolidation, merger, sale, transfer or lease unless prior to the consummation thereof the successor entity (if other than the Corporation) resulting from such consolidation or merger or the entity purchasing or leasing such assets shall assume by written instrument (i) the obligation to deliver to the holders of Series A 2% Preferred Stock such securities or assets as, in accordance with the foregoing provisions, such holders may be entitled to purchase, and (ii) all other obligations of the Corporation hereunder. The provisions of this Section 6(a) shall similarly apply to successive mergers, sales, transfers or leases.

(b) Common Stock Dividends, Subdivisions, Combinations, etc. 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.

(c) Adjustment of Conversion Shares. Whenever the Conversion Price is adjusted pursuant to Sections 6(b) above and (e) below, the number of Conversion Shares issuable upon conversion of the Series A 2% Preferred Stock shall simultaneously be adjusted by multiplying the number of Conversion Shares initially issuable upon conversion of the Series A 2% Preferred Stock by the Conversion Price in effect on the date hereof and dividing the product so obtained by the Conversion Price, as adjusted.

(d) Notice of Adjustment. Whenever the Conversion Price is adjusted, as herein provided, the Corporation shall promptly but no later than 10 days after any request for such an adjustment by the Holder, cause a notice setting forth the adjusted Conversion Price and adjusted number of Conversion Shares issuable upon exercise of each share of Series A 2% Preferred Stock, and, if requested, information describing the transactions giving rise to such adjustments, to be mailed to the Holders at their last addresses appearing in the Share Register, 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

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Section 6, and a certificate signed by such firm shall be conclusive evidence of the correctness of such adjustment.

(e) Receipt of Securities Other than Common Stock. In the event that at any time, as a result of an adjustment made pursuant to Section 6(b) above, the holders of the Series A 2% Preferred Stock thereafter shall become entitled to receive any shares of the Corporation, other than Common Stock, thereafter the number of such other shares so receivable upon conversion of the Series A 2% 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 Sections 6(a) to (c) above.

7. Voting Rights. The holders of the Series A 2% Preferred Stock will have the right to vote the number of shares of Common Stock into which all of such holders' shares of Series A 2% Preferred Stock are convertible, as a class with the other holders of Common Stock, but not as a separate class, except as otherwise required by law or contractually agreed upon between the Corporation and the holders. To the extent that under the Florida Business Corporation Act (the "Florida Corporation Law") the vote of the holders of the Series A 2% Preferred Stock, voting separately as a class, is required to authorize a given action of the Corporation, the affirmative vote or consent of the holders of at least a majority of the outstanding shares of the Series A 2% Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of a majority of the outstanding shares of Series A 2% Preferred Stock (except as otherwise may be required under Florida Corporation law) shall constitute the approval of such action by the class.

8. Reservation of Shares. The Corporation shall at all times reserve and keep available and free of preemptive rights out of its authorized but unissued Common Stock, solely for the purpose of effecting the conversion of the Series A 2% Preferred Stock pursuant to the terms hereof, such number of its shares of Common Stock (or other shares or other securities as may be required) as shall from time to time be sufficient to effect the conversion of all outstanding Series A 2% Preferred Stock pursuant to the terms hereof. If at any time the number of authorized but unissued shares of Common Stock (or such other shares or other securities) shall not be sufficient to affect the conversion of all then outstanding Series A 2% Preferred Stock, the Corporation shall promptly take such action as may be necessary to increase its authorized but unissued Common Stock (or other shares or other securities) to such number of shares as shall be sufficient for such purpose.

9. Miscellaneous.

(a) There is no sinking fund with respect to the Series A 2% Preferred Stock.

(b) The shares of the Series A 2% Preferred Stock shall not have any preferences, voting powers or relative, participating, optional, preemptive or other

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special rights except as set forth above in this Certificate of Designation, Preferences and Rights and in the Articles of Incorporation of the Corporation.


The foregoing Amendment was adopted by the Board of Directors of the Corporation pursuant to Sections 607.0820 and 607.0602 of the Florida Business Corporation Act. Therefore, the number of votes cast for the Amendment to the Corporation's Articles of Incorporation was sufficient for approval.

IN WITNESS WHEREOF, the Corporation has caused this Amendment to be executed by its duly authorized officer.

Dated: April 18, 2006

DREAM BOATS, INCORPORATED

By:


Ralph Brown, Chief Executive Officer

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