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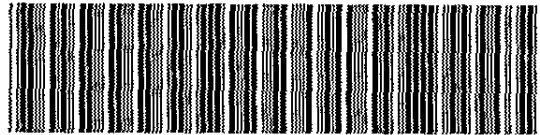
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FILED
2006 JUL 17 AM 8:52
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Amend.

G. Coullatte JUL 25 2006

ARTICLES OF AMENDMENT
COVER LETTER

Amendment Section
Division of Corporations
P.O. Box 6327
Tallahassee, FL 32314

NAME OF CORPORATION: Backvault Direct, Inc.

DOCUMENT NUMBER: P05000094130

The enclosed Articles of Amendment and fee are submitted for filing.

Please return all correspondence concerning this matter to the following:

Joel Bernstein, Esq.
2666 Tigertail Ave.
Suite 104
Miami, FL 33133

For further information concerning this matter, please call Joel Bernstein at 305-858-7300

Enclosed is a check to the Florida Department of State in the amount of \$35.00.

**ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
BACKVAULT DIRECT, INC.**

2006 JUL 17 AM 8:52
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

FILED

Pursuant to the provisions of Section 507.1006 and 607.0602 of the Florida Business Corporation Act, the undersigned Corporation adopts the following Articles of Amendment to its Articles of Incorporation.

FIRST: The name of the Corporation is BACKVAULT DIRECT, INC.

SECOND: Set forth below is a resolution duly adopted by the Board of Directors on April 10, 2006 establishing a series of Preferred Stock of this Corporation. The amendment was duly adopted by the Board of Directors without shareholder action and shareholder action was not required.

Dated: April 10, 2006

BACKVAULT DIRECT, INC.

By:


Elliot Krashow, President

RESOLVED, that, pursuant to authority conferred upon the Board of Directors by the Articles of Incorporation, there is hereby created out of the authorized but unissued shares of the Preferred Stock of the Corporation, 150,000 shares of Series A 8% Convertible Preferred Stock having the voting, dividend, conversion, priorities, preferences and relative and other rights and qualifications, limitations and restrictions set forth as follows:

Section 1. Designation and Amount. 150,000 shares of the Company's authorized but undesignated preferred stock shall be designated as Series A 8% Convertible Preferred Stock (the "Series A Convertible Preferred Stock"). The Series A Convertible Preferred Stock shall have a stated value of \$10.00 per share (the "Original Series A Convertible Issue Price").

Section 2. Rank. The Series A Convertible Preferred Stock shall rank: (i) junior to any other class or series of capital stock of the Company hereafter created specifically ranking by its terms senior to the Series A Convertible Preferred Stock (collectively, the

"Senior Stock"); (ii) prior to all of the Company's Common Stock ("Common Stock"); (iii) prior to any class or series of capital stock of the Company hereafter created specifically ranking by its terms junior to any Series A Convertible Preferred Stock (collectively, with the Common Stock, "Junior Stock"); and (iv) on parity with any class or series of capital stock of the Company hereafter created specifically ranking by its terms on parity with the Series A Convertible Preferred Stock ("Parity Stock") in each case as to distributions of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary (all such distributions being referred to collectively as "Distributions").

Section 3. Dividends.

(a) In each year the holders of the Series A Convertible Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors of the Corporation, out of funds legally available for that purpose, dividends payable in cash on September 1 in each year (each such date being referred to herein as "Dividend Payment Date"), commencing September 1, 2006, at the rate of \$.80 per share per annum. Such dividends shall accumulate daily from the date of original issuance and shall be payable in arrears on each Dividend Payment Date, provided that if any such payment date is not a business day then such dividend shall be payable on the next business day.

(b) If such dividends shall not be paid on such Dividend Payment Date, then dividends shall accrue and be cumulative from the last Dividend Payment Date on which such dividends have been paid. Dividends paid on shares of Series A Convertible Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro-rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of Series A Convertible Preferred Stock entitled to receive payment of a dividend declared thereon, which record date shall be no more than sixty days prior to the date fixed for the payment thereof.

(c) Whenever dividends payable on the Series A Convertible Preferred Stock as provided in this Section 3 are in arrears, thereafter and until dividends, including all accrued dividends, on shares of the Series A Convertible Preferred Stock outstanding shall have been paid in full or declared and set apart for payment, the Corporation shall not (i) pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Convertible Preferred Stock, (ii) pay dividends on or make any other distributions on any stock ranking on a parity (either as to dividends or upon liquidation, dissolution, or winding up) with the Series A Convertible Preferred Stock, except dividends paid ratably on the Series A Convertible Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled, (iii) redeem or purchase or otherwise acquire for consideration any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Convertible Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking on a parity or junior to the Series A Convertible Preferred Stock, (iv) purchase or otherwise acquire for consideration any

shares of the Series A Convertible Preferred Stock, unless required or as provided in Section 5, or any shares of stock ranking on a parity with the Series A Convertible Preferred Stock, except with respect to the exchange of any Stock ranking below the Series A Convertible Preferred Stock as to liquidation or dividends for debt of the Corporation. The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could purchase such shares at such time and in such manner.

Section 4. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Company ("Liquidation Event"), either voluntary or involuntary, the Holders of shares of Series A Convertible Preferred Stock shall be entitled to receive, immediately after any distributions to Senior Stock required by the Company's Articles of Incorporation and prior in preference to any distribution to Junior Stock but in parity with any distribution to Parity Stock, an amount per share equal to the sum of (i) \$10.00 and (ii) all accrued and unpaid dividends thereon. If upon the occurrence of such event, and after payment in full of the preferential amounts with respect to the Senior Stock, the assets and funds available to be distributed among the Holders of the Series A Convertible Preferred Stock and Parity Stock shall be insufficient to permit the payment to such Holders of the full preferential amounts due to the Holders of the Series A Convertible Preferred Stock and the Parity Stock, respectively, then the entire assets and funds of the Company legally available for distribution shall be distributed among the Holders of the Series A Convertible Preferred Stock and the Parity Stock, pro rata, based on the respective liquidation amounts to which the Holders of each such series are entitled by the Company's Articles of Incorporation.

(b) Upon the completion of the distribution required by subsection 4(a), if assets remain in this Company, they shall be distributed to holders of Junior Stock ranking senior to the Common Stock.

(c) Upon the completion of the distributions required by Section 4(a) and Section 4(b), if assets remain in the Corporation, they shall be distributed pro rata, on an as-converted to Common Stock basis, to the holders of the Common Stock.

Section 5. Conversion. The record Holders of the Series A Convertible Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Holders Right to Convert. Each record Holder of Series A Convertible Preferred Stock shall be entitled to convert (in multiples of one preferred share) any or all of the shares of Series A Convertible Preferred Stock held by such Holder at any time into 5-1/3 fully-paid and non-assessable shares of Common Stock of the Company (the "Conversion Price") subject to adjustment as set forth below.

(b) Mechanics of Conversion. Before any holder of Series A Convertible Preferred Stock shall be entitled to convert the same into shares of Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or of any transfer agent for the Common Stock, and shall give written notice to

the Company (the "Notice of Conversion") at such office that he elects to convert the same and shall state therein the number of shares of Series A Convertible Preferred Stock being converted. Thereupon the Company shall promptly issue and deliver at such office to such holder of Series A Convertible Preferred Stock a certificate or certificates for the number of shares of Common Stock to which he shall be entitled.

Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Convertible Preferred Stock to be converted, and the person or persons entitled to receive the 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 on such date.

(i) **Lost or Stolen Certificates.** Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of any Series A Convertible Preferred Stock Certificates, and (in the case of loss, theft or destruction) of indemnity or security reasonably satisfactory to the Company and its Transfer Agent, and upon surrender and cancellation of the Series A Convertible Preferred Stock Certificate(s), if mutilated, the Company shall execute and deliver new Series A Convertible Preferred Stock Certificate(s) of like tenor and date. However, the Company shall not be obligated to re-issue such lost or stolen Series A Convertible Preferred Stock Certificates if Holder contemporaneously requests Company to convert such Series A Convertible Preferred Stock into Common Stock.

(ii) **No Fractional Shares.** If any conversion of the Series A Convertible Preferred Stock would create a fractional share of Common Stock to a holder or a right to acquire a fractional share of Common Stock, such fractional share shall be disregarded and the number of shares of Common Stock issuable upon conversion, shall be the next higher number of shares, or the Company may at its option pay cash equal to fair value of the fractional share based on the fair market value of one share of the Company's Common Stock on the date of conversion, as determined in good faith by the Board of Directors.

(c) **Reservation of Stock Issuable Upon Conversion.** The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the Series A Convertible Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all then outstanding Series A Convertible Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Series A Convertible Preferred Stock, the Company will immediately take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(d) **Adjustment to Conversion Price.**

(i) **Adjustment Due to Stock Split, Stock Dividend, Etc.** If, prior to the conversion of all of the Series A Convertible Preferred Stock, the number of outstanding shares of Common Stock is increased by a stock split, stock dividend, or other similar

event, the Conversion Price and number of shares of Common Stock issuable on conversion shall be proportionately reduced, or if the number of outstanding shares of Common Stock is decreased by a combination or reclassification of shares, or other similar event, the Conversion Price shall be proportionately increased.

(ii) Adjustment Due to Merger, Consolidation, etc. If, prior to the conversion of all Series A Convertible Preferred Stock, there shall be any merger, consolidation, exchange of shares, recapitalization, reorganization, or other similar event, as a result of which shares of Common Stock of the Company shall be changed into the same or a different number of shares of the same or another class or classes of stock or securities of the Company or another entity (each a "Business Combination Event"), then the Holders of Series A Convertible Preferred Stock shall thereafter have the right to receive upon conversion of Series A Convertible Preferred Stock, upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock immediately theretofore issuable upon conversion, such stock, securities and/or other assets which the Holder would have been entitled to receive in such transaction had the Series A Convertible Preferred Stock been converted into Common Stock immediately prior to such transaction, and in any such case appropriate provisions shall be made with respect to the rights and interests of the Holders of the Series A Convertible Preferred Stock to the end that the provisions hereof (including, without limitation, provisions for the adjustment of the Conversion Price and of the number of shares issuable upon conversion of the Series A Convertible Preferred Stock) shall thereafter be applicable, as nearly as may be practicable in relation to any securities thereafter deliverable upon the exercise hereof.

(iii) No Fractional Shares. If any adjustment under this Section 5(e) would require the issuance of a fractional share of Common Stock to a holder, such fractional share shall be disregarded and the number of shares of Common Stock issuable upon conversion shall be the next higher full number of shares.

Section 6. Redemption by Company.

(a) Company's Right to Redeem at its Election. By notice given from time to time within thirty (30) days after the Company's Common Stock has traded on a national stock exchange, the NASDAQ Stock Market, or the over-the-counter market at a closing bid price of \$10.00 or more for 10 consecutive trading days, the Company shall have the right, in its sole discretion, to redeem ("Redemption at Company's Election"), any or all of the Series A Convertible Preferred Stock. Such notice shall give notice of any such redemption as provided in subparagraph 6(c) below. If the Company elects to redeem some, but not all, of the Series A Convertible Preferred Stock, the Company shall redeem a pro-rata amount from each Holder of the Series A Convertible Preferred Stock.

(b) Redemption Price At Company's Election. The "Redemption Price at Company's Election" shall be an amount per share equal to the sum of (i) \$10.00, (ii) all accrued and unpaid dividends thereon, whether or not earned or declared, and (iii) two (2) shares of Common Stock subject to adjustment as set forth in the same manner as set forth in Section 5(d).

(c) Mechanics of Redemption at Company's Election. The Company shall effect each such redemption by giving at least thirty (30) days prior written notice ("Notice of Redemption") to the Holders of the Series A Convertible Preferred Stock selected for redemption, by first class, mail, postage prepaid at the address set forth on the stockholder records for the Series A Convertible Preferred Stock. Such Notice of Redemption shall indicate (i) the number of shares of Series A Convertible Preferred Stock that have been selected for redemption, (ii) the date which such redemption is to become effective (the "Date of Redemption At Company's Election") which shall not be less than 30 days or greater than 60 days following the mailing of the Notice of Redemption and (iii) the applicable Redemption Price At Company's Election, as defined in (b) above. Notwithstanding the above, Holder may convert into Common Stock, prior to the close of business on the Date of Redemption at Company's Election, any Series A Convertible Preferred Stock which it is otherwise entitled to convert.

(d) Company Must Have Immediately Available Funds or Credit Facilities. The Company shall not be entitled to effect any redemption or begin any redemption procedure (including the delivery of any notice required by this Section 6) under Section 6(a) or Section 6(b) unless it has:

(i) 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; or

(ii) immediately available credit facilities, in the full amount of the redemption price with a bank or similar financial institution; or

(iii) an agreement with any underwriter or investor willing to purchase from the Company a sufficient number of shares of stock to provide proceeds necessary to redeem any stock that is not converted prior to redemption; or

(iv) a combination of the items set forth in (i), (ii) and (iii) above, aggregating the full amount of the redemption price.

(e) Payment of Redemption Price.

Each Holder submitting Preferred Stock being redeemed under this Section 6 shall send its Series A Convertible Preferred Stock Certificates so redeemed to the Company and the Company shall pay the applicable redemption price to that Holder by within five (5) business days of the Company's receipt of Preferred Stock Certificates representing the Series A Convertible Preferred Stock to be redeemed. The Company shall not be obligated to deliver the redemption price unless the Preferred Stock Certificates so redeemed are delivered to the Transfer Agent, or, in the event one or more certificates have been lost, stolen, mutilated or destroyed, the Holder has complied with Section 5(b)(i).

Section 7. Voting Rights.

The Holders of the Series A Convertible Preferred Stock shall have no voting power whatsoever, and no Holder of Series A Convertible Preferred Stock shall vote or otherwise participate in any proceeding in which actions shall be taken by the Company or the shareholders thereof or be entitled to notification as to any meeting of the shareholders except as otherwise provided by the Florida Business Corporation Act ("Florida Law").

To the extent that under Florida Law the vote or consent of the Holders of the Series A Convertible Preferred Stock, voting separately as a class, is required to authorize a given action of the Company, the affirmative vote or consent of the Holders of at least a majority of the shares of the Series A Convertible Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of a majority of the shares of Series A Convertible Preferred Stock (except as otherwise may be required under Florida Law) shall constitute the approval of such action by the class.

Holders of the Series A Convertible Preferred Stock shall be entitled to notice of all shareholder meetings or written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the Company's by-laws and applicable statutes.

Section 8. Status of Converted Stock. Any shares of Series A Convertible Preferred Stock which have not been issued within one year following the filing of the Amendment to the Articles of Incorporation creating the Series A Convertible Preferred Stock or which have been redeemed or converted shall return to the status of authorized but unissued Preferred Stock of no designated series.