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**ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
THREE PALMS CAPITAL, INC.**

**(Certificate of Designation for Series A Convertible Preferred Stock
and Series B Preferred Stock)**

Article III of the articles of incorporation of Three Palms Capital, Inc., a Florida corporation, was amended by the corporation's board of directors effective March 24, 2006. The corporation is filing these articles of amendment to articles of incorporation pursuant to F.S. 607.0602.

1. The name of the corporation is Three Palms Capital, Inc.
2. Article III of the articles of incorporation of Three Palms Capital, Inc. was amended to read as follows:

"The maximum number of shares of stock that this corporation is authorized to have outstanding at any one time is 30,000,000 shares of common stock having \$.0001 par value per share; and 5,000,000 shares of preferred stock, with the specific terms, conditions, limitations, and preferences to be determined by the Board of Directors without shareholder approval.

A. Series A Convertible Preferred Stock.

1. **Designation of Series A Convertible Preferred Stock.** Fifty-thousand (50,000) shares of preferred stock are hereby designated as Series A Convertible Preferred Stock (the "Series A Preferred") having a par value of \$.0001 per share, with an original purchase price of \$100.00 per share (the "Face Value").

2. **Dividends.** The holders of the Series A Preferred shall be entitled to receive out of the corporation's legally available funds, dividends per share at a rate of eight percent (8%) of the Face Value per share per annum, payable in cash, monthly on the fifteenth day of each month beginning with the next calendar month after issuance. Dividends will begin to accrue three (3) business days after the corporation accepts a fully executed Subscription Agreement from the investor and receives full payment for the shares of Series A Preferred, so long as the Minimum Offering is reached, as defined in the corporation's March 31, 2006, private offering memorandum. The dividends shall be cumulative and payable before any dividends shall be paid on the corporation's common stock.

In the event of the occurrence, or threat of, an "adverse material event", the corporation shall, at its sole discretion, have the option of deferring up to six (6) consecutive dividend payments without penalty and without the approval of Series A Preferred shareholders. The term "adverse material event" shall mean in the sole and absolute judgment of the corporation's Board of Directors, any of the following occur: (i) any act or event beyond the reasonable control of the corporation, including, but not limited to, a strike, labor dispute, lockout, fire, flood, tornado, hurricane, earthquake, explosion, act of God or the public enemy, war (declared or undeclared), blockade,

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governmental regulation, governmental treaty, order or decree, insurrection, riot, terrorism, other civil disturbance, or epidemic, (ii) the actual or impending insolvency or bankruptcy of the corporation, (iii) a ten percent (10%) or greater decrease in the operating cash flow of the corporation during any fiscal year or quarter for the immediately prior comparable period, or (iv) the acquisition, merger, consolidation, reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities by the corporation, if in the business judgment of the corporation's Board of Directors there is a valid business reason for the cessation of payments and such cessation is not solely to circumvent the payment of dividends herein. In order to defer dividend payments for all outstanding Shares of Series A Preferred beyond the initial six (6) months without penalty, approval by a simple majority of the shares of Series A Preferred then outstanding shall be required, however, individual shareholders may agree to defer their dividend payments at any time, at their option.

At the discretion of the corporation, so long as any shares of Series A Preferred remain outstanding, the corporation shall, at its option, either: (i) maintain a cash reserve for dividend payments equal to three (3) monthly dividend payments (approximately two percent (2%) of the value of all outstanding shares of Series A Preferred), or (ii) set aside a "sinking fund" for the payment of any principal amount of outstanding Series A Preferred, including any declared but unpaid dividends, in the amount necessary to cover the corporation's obligations of up to twenty percent (20%) of the outstanding shares of Series A Preferred.

3. **Liquidation Preference.** In the event of any liquidation, dissolution or winding up of the corporation, the holders of the Series A Preferred shall be entitled to receive in preference to the shares of common stock an amount payable in cash equal to the Face Value for the Series A Preferred plus declared and unpaid dividends (the "Liquidation Preference") thereon. To the extent the available assets are insufficient to fully satisfy such amounts, then the holders of the Series A Preferred shall share ratably in such distribution in the proportion that the number of each holder's Series A Preferred shares bears to the total number of shares of the Series A Preferred outstanding. After the payment of all amounts owing to the holders of stock ranking prior to the common stock, the holders of common stock shall share ratably in the distribution of the remaining available assets of the corporation in the proportion that each holder's shares bears to the total number of shares of common stock outstanding.

4. **Redemption.**

(a) **Optional Redemption.** The Series A Preferred shall not be redeemable by the corporation for one (1) year from the date of purchase. Beginning on the first anniversary of the date of purchase through the fifth (5th) anniversary of such date, the corporation may, at its option, to the extent it has funds legally available, redeem up to twenty percent (20%) of the total number of shares of Series A Preferred then held by any individual shareholder, per capita on an annual cumulative basis, up to an aggregate of twenty percent (20%) of the shares of Series A Preferred then outstanding in any given year, provided however, that the holder of any Series A Preferred Shares so redeemed shall have the option of accepting or declining the corporation's offer of redemption. Further, the giving of such Redemption Notice shall not affect the conversion rights of any holders not electing redemption pursuant to this Section. The redemption price for the Series A Preferred shall be the Face Value (\$100.00 per Share), plus any declared but unpaid dividends ("Redemption Price"). The holder of any Series A Preferred Shares redeemed in this manner shall be entitled to receive, in addition to the

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Redemption Price, a one-time premium payment between two and three percent (2%-3%) of the Redemption Price, to be determined by resolution of the Board of Directors of the corporation at their sole discretion, at the time of the offer to tender.

(b) Mandatory Redemption. After the fifth (5th) anniversary of the date of purchase, the corporation may redeem, in whole or in part, at its option, to the extent it has funds legally available, all (or any portion thereof) of the Series A Preferred then outstanding without shareholder approval and shall pay a premium of up to five percent (5%) of the Face Value of the Shares so redeemed, in addition to the Redemption Price, as determined by resolution of the Board of Directors of the corporation.

(c) Procedures for Redemption.

(i) At least 30 days prior to the date fixed for any redemption of Series A Preferred, written notice (the "Redemption Notice") shall be given by first class mail, postage prepaid, to each holder of record of Series A Preferred to be redeemed on the record date fixed for such redemption of Series A Preferred, at such holder's address as set forth on the stock register of the corporation on such record date; provided that no failure to give such notice nor any deficiency therein shall affect the validity of the procedure for the redemption of any shares of Series A Preferred to be redeemed except as to the holder or holders to whom the corporation has failed to give said notice or except as to the holder or holders whose notice was defective.

(ii) In addition to any information required by law, the Redemption Notice shall state:

- (A) the Redemption Price and any applicable Premium;
- (B) the total number of shares of Series A Preferred then outstanding;
- (C) the number of shares of Series A Preferred held, as of the appropriate record date, by the holder and the number of shares of Series A Preferred the corporation intends to redeem from such holder;
- (D) the Redemption Date;
- (E) a statement that the holder is to surrender to the corporation, at the place designated therein, its certificate(s) representing the share(s) of Series A Preferred that are to be redeemed;
- (F) that dividends on the shares of Series A Preferred for which a holder either (1) accepts redemption, in the case of Optional Redemption, or (2) is selected by the corporation to be redeemed pursuant to the Mandatory Redemption provisions contained herein, shall cease to accumulate on such Redemption Date unless the corporation defaults in the payment of the Redemption Price.

(iii) Upon the mailing of any such Redemption Notice, the corporation shall become obligated to redeem, on the Redemption Date specified therein, all shares of Series A Preferred called for redemption at that time. A holder of Series A Preferred, however, is not obligated to accept the

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corporation's offer of redemption unless such redemption is a Mandatory Redemption as defined herein.

(iv) Each holder shall surrender the certificate or certificates representing such shares of Series A Preferred being so redeemed to the corporation, duly endorsed, in the manner and at the place designated in the Redemption Notice, and on the Redemption Date the full redemption price for such shares shall be payable in cash to the Person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be canceled and retired. In the event that less than all of the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

(v) If a Redemption Notice has been mailed in accordance with this section, unless the corporation defaults in the payment in full of the redemption price, dividends on Series A Preferred called for redemption shall cease to accumulate on the Redemption Date, and the holders of such redemption shares shall cease to have any further rights with respect thereto on the Redemption Date, other than the right to receive the Redemption Price without interest.

5. Right of Conversion.

(a) Notice of Triggering Event. The corporation shall give a notice of a right conversion to Series A Preferred holders at their last address of record in the event that there is either (i) the consummation of the corporation's initial public offering of securities registered under the Securities Act of 1933, as amended (the "Securities Act"); or (ii) the merger of the corporation with or into any entity subject to the reporting requirements of Section 12(b), 12(g) or 15(d) of the Securities Exchange Act of 1934 (a "Reporting Entity"), or the wholly owned subsidiary of a Reporting Entity, or (iii) such time as the corporation's common stock is listed or quoted on a nationally recognized securities exchange or quotation medium.

(b) Conversion Ratio. At such time, the Series A Preferred may be converted, at the option of the Series A Preferred holder, into such number of shares of the corporation's common stock equal to such holder's prorata portion of the aggregate of a maximum of twenty percent (20%) of the common stock outstanding as of the date of this Memorandum, after effecting the conversion; provided, however, that the Maximum Offering amount has been sold and all shares of Series A Preferred remain outstanding at the time of conversion. In the event the number of shares of Series A Preferred outstanding at the time of conversion is less than 50,000 (the Maximum Offering amount), then the number of shares of the corporation's common stock into which each share of Series A Preferred shall be converted shall be adjusted proportionately. As of the date of this Amendment, the corporation has 4,500,000 shares of common stock issued and outstanding. As a result, the maximum number of shares of common stock to be issued pursuant to the exercise of this conversion feature as described herein shall be one million one hundred twenty five thousand (1,125,000) shares of common stock, the equivalent of twenty percent (20%) of 5,625,000 shares, subject to adjustment if less than the Maximum Offering amount is obtained.

By way of illustration, in the case where 40,000 shares Series A Preferred are issued and outstanding at the time of conversion, a holder of Series A Preferred may convert their Shares into such number of shares of the corporation's common stock equal to such holder's prorata portion of the aggregate of sixteen percent (16%) of the common stock outstanding after effecting the

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conversion. Prior to conversion there are 4,500,000 shares of the corporation's common stock issued and outstanding. Accordingly, holders of Series A Preferred shall be entitled to receive an aggregate of 857,143 shares of common stock, representing sixteen percent (16%) of a total of 5,357,143 (4,500,000 + 857,143) shares of common stock issued and outstanding after effecting the conversion. Therefore, a holder who elects to convert 1,000 shares of Series A Preferred shall be entitled to receive 21,428 shares of the corporation's restricted, unregistered common stock upon conversion.

(c) Conversion Notice. The right of conversion shall be exercised by the holder thereof by faxing an executed and completed written notice (the "Conversion Notice") to the corporation that the holder elects to convert a specified number of shares of Series A Preferred into common stock and by delivering the original Conversion Notice and a certificate or certificates of Series A Preferred (or if no certificates are issued by the corporation, then just the Conversion Notice indicating the shares held) being converted, to the corporation at its principal office (or such other office or agency of the corporation as the corporation may designate by notice in writing to the holder of the Series A Preferred), together with a statement of the name or names (with address) in which the certificate or certificates for shares of common stock shall be issued. The business date indicated on a Conversion Notice which is faxed to and received by the corporation in accordance with the provisions hereof shall be deemed a Conversion Date. The Conversion Notice shall include therein the number of shares of Series A Preferred and the number of shares of common stock to be issued in connection with such conversion. The corporation shall have the right to review the Conversion Notice and shall provide notice of any discrepancy or dispute therewith within two business days of the receipt thereof.

(d) Issuance of Certificates - Time Conversion Effected. Promptly, but in no event more than five business days after the receipt of the Conversion Notice referred to in Section 5(c) and surrender of the certificate or certificates (if certificates have been issued by the corporation for Series A Preferred shares) for the share or shares of Series A Preferred to be converted, the corporation shall issue and deliver, or cause to be issued and delivered, to the holder, shares of the corporation's restricted, unregistered common stock, registered in such name or names as such holder may direct, a certificate or certificates for the number of whole shares of common stock into which such shares of Series A Preferred are converted. Such conversion shall be deemed to have been effected as of the close of business on the date on which such Conversion Notice shall have been received by the corporation, and the rights of the holder of such share or shares of Series A Preferred shall cease, at such time, and the person or persons in whose name or names any certificate or certificates for shares of common stock shall be issuable upon such conversion shall be deemed to have become the record holder of the shares represented thereby. Issuance of shares of common stock issuable upon conversion which are requested to be registered in a name other than that of the holder shall be subject to compliance with all applicable federal and state securities laws.

(e) Fractional Shares. No fractional shares shall be issued upon conversion of any Series A Preferred into common stock. All fractional shares shall be rounded down to the nearest whole share. In case the number of shares of Series A Preferred represented by the certificate or certificates (or if no physical certificates have been issued by the corporation, then by the Conversion Notice) surrendered pursuant to this Section 5 exceeds the number of shares converted, the corporation shall, upon such conversion, execute and deliver to the holder, at the expense of the corporation, a new certificate or certificates (or if no physical certificates are issued by the corporation, then by a notice showing the change in the number of shares of Series Preferred registered in the holders name in the corporation's share transfer records) for the number of shares of Series A Preferred represented by the certificate or

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certificates (or as provided in the Conversion Notice, if no physical certificates for Series A Preferred have been issued by the corporation) surrendered which are not to be converted.

(f). Legend, Restriction. The shares of common stock issuable upon conversion of shares of Series A Preferred will be restricted shares and shall bear one or more restrictive legends as determined by the corporation's legal counsel prohibiting the sale or transfer of such shares of common stock except pursuant to an effective registration statement with the Securities and Exchange Commission or in compliance with Rule 144 under the Securities Act of 1933, as amended.

(g) Availability of Common Stock. The corporation shall at all time reserve and keep available solely for the purpose of issue upon conversion of the Series A Preferred, as provided herein, such number of shares of common stock as shall be issuable upon the conversion of all outstanding shares of Series A Preferred.

6. Extraordinary Mandatory Event. An Extraordinary Mandatory Event shall mean either (i) any reclassification or change of securities of the class issuable upon conversion of Shares of Series A Preferred (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), or (ii) any merger of the corporation with or into another corporation (other than a merger with another corporation in which the corporation is the acquiring and/or surviving corporation or the controlling shareholder of such new entity), or (iii) any sale of all or substantially all of the assets of the corporation. This section shall not apply, however, in any transaction in which the shareholders of the corporation immediately prior to such Extraordinary Mandatory Event, own more than fifty percent (50%) of the corporation or its successor corporation's voting power immediately after such Extraordinary Mandatory Event.

If an Extraordinary Mandatory Event shall occur, the corporation shall notify the Series A Preferred shareholders in accordance with the notice procedures provided herein and holders of the Series A Preferred shall be required to select from the following options as made available and determined by resolution of the Board of Directors of the corporation: (i) redeem their Shares in accordance with the Mandatory Redemption provisions as described herein, however, holders shall be entitled to receive an additional premium of five percent (5%) of the Face Value of the Shares so redeemed, in addition to any other Premium to which such holder may be entitled, for a maximum total premium of ten percent (10%) of the Face Value of the Shares redeemed, or (ii) convert their Shares in accordance with the conversion ratio provided for converting Shares of Series A Preferred into common stock, provided however, that the holder of the Shares to be converted shall have the right to receive, in lieu of the shares of common stock theretofore issuable upon conversion of the Shares, the kind and amount of shares of stock, other securities, money and/or property receivable upon such reclassification, change or merger that a holder of the shares of common stock deliverable upon conversion of the Series A Preferred would have been entitled to receive in such reclassification, change or merger if the Shares of Series A Preferred had been exercised immediately before such reclassification, change or merger. The options are not exclusive of each other, holders of Series A Preferred may elect to redeem only a portion of the Shares held and convert the balance of their Shares in the manner described above.

7. Voting Rights. The Series A Preferred will have no voting rights except to the extent required by law. However, except as provided herein, the corporation shall not amend, alter or repeal the preferences, special rights or other powers of the Series A Preferred so as to adversely affect the Series A Preferred, without the written consent or affirmative vote of the holders of a simple majority

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(50.1%) of the then outstanding shares of Series A Preferred to be affected by amendment, alteration or repeal, given in writing, or by vote at a meeting, consenting or voting (as the case may be) separately as a class. For this purpose, without limiting the generality of the foregoing, the authorization or issuance of any series of preferred stock with preference or priority over or on a parity with the Series A Preferred as to the right to receive either dividends or amounts distributable upon liquidation, dissolution or winding up of the corporation, or any series of preferred stock which may be convertible into shares of common stock of the corporation, shall not be deemed to affect adversely the Series A Preferred.

8. **Insurance, Information, and Preemptive Rights.** So long any share of Series A Preferred is outstanding, the corporation shall maintain insurance coverage appropriate for its business, including but not limited to: Commercial General Liability, Business Interruption, and any other insurance which it deems necessary in the normal course of business. So long as any share of Series A Preferred is outstanding, the corporation shall maintain insurance coverage appropriate for its business, including but not limited to: Commercial General Liability, Business Interruption, and any other insurance which it deems necessary in the normal course of business such as key man and catastrophic as determined by the Board of Directors and reported, in the corporation's Annual Report to Shareholders. The holders of shares of Series A Preferred shall receive standard information rights including any audited or unaudited monthly, quarterly, or annual financial reports, if available, and any annual budget and business plan. Beginning with the fiscal year ended December 31, 2006 and so long as any shares of Series A Preferred remain outstanding, the corporation shall provide Investors with an Annual Report, including audited financial statements of the corporation and its subsidiaries, within 120 days after the end of the fiscal year covered by the report, or within reasonable time thereafter. The Investors shall also receive standard inspection and visitation rights. Holders of the Series A Preferred shall have no registration rights.

9. **Assignment.** Subject to all applicable restrictions on transfer, the rights and obligations of the corporation and the holder of the Series A Preferred shall be binding upon and benefit the successors, assigns, heirs, administrators, and transferees of the corporation or the Series A Preferred shareholders, as the case may be.

10. **Notice.** Except as may otherwise be provided by law or provided for herein, all notices referred to herein shall be in writing, and all notices hereunder shall be deemed to have been given upon receipt, in the case of a notice of conversion given to the corporation, or, in all other cases, upon the earlier of receipt of such notice or two business days after the delivery by overnight courier addressed if to the corporation, to its principal executive offices, or if to a holder of the Series A Preferred, to such holder at the address of such holder of the Series A Preferred as listed in the stock record books of the corporation, or to such other address as the corporation or Holder, as the case may be, shall have designated by notice similarly given.

11. **Record Holders.** The corporation may deem and treat the record holder of any shares of Series A Preferred as the true and lawful owner thereof for all purposes, and the corporation shall not be affected by any notice to the contrary. The corporation may serve as its own registrar or may assign such duties to a third party transfer agent.

12. **Successors and Transferees.** The provisions applicable to shares of Series A Preferred shall bind and inure to the benefit of and be enforceable by the corporation, the respective successors to the corporation, and by any holder of shares of Series A Preferred.

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B. Series B Preferred Stock.

1. **Designation of Series B Preferred Stock.** Ten Thousand (10,000) shares of preferred stock are hereby designated as Series B Preferred Stock (the "Series B Preferred") having a par value of \$.0001 per share.

2. **Voting Rights.** In addition to all other voting rights provided by law, the holders of shares of Series B Preferred Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series B Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of common stock shareholders of the corporation. In the event the corporation shall at any time declare or pay any dividend on its common stock payable in shares of common stock, or effect a subdivision or combination or consolidation of the outstanding shares of common stock (by reclassification or otherwise than by payment of a dividend in shares of common stock) into a greater or lesser number of shares of common stock, then in each such case the number of votes per share to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of common stock outstanding immediately after such event and the denominator of which is the number of shares of common stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided herein or by law, any other Articles of Amendment and/or Certificate of Designation creating a series of Preferred Stock or any similar stock (except Series A Convertible Preferred Stock designated on the same date as the designation of this Series B Preferred Stock), the holders of shares of Series B Preferred Stock and the holders of shares of common stock and any other capital stock of the corporation having general voting rights shall vote together as one class on all matters submitted to a vote of shareholders of the corporation.

(c) Except as set forth herein, or as otherwise provided by law, holders of Series B Preferred Stock shall have no other special voting rights and their consent shall not be required (except to the extent they are entitled to vote with shareholders of common stock as set forth herein) for taking any corporate action.

3. **Assignment.** Subject to all applicable restrictions on transfer, the rights and obligations of the corporation and the holder of the Series B Preferred shall be binding upon and benefit the successors, assigns, heirs, administrators, and transferees of the corporation or the Series B Preferred shareholders, as the case may be.

4. **Notice.** Except as may otherwise be provided by law or provided for herein, all notices upon the earlier of receipt of such notice or two business days after the delivery by overnight courier addressed if to the corporation, to its principal executive offices, or if to a holder of the Series B Preferred, to such holder at the address of such holder of the Series B Preferred as listed in the stock record books of the corporation, or to such other address as the corporation or holder, as the case may be, shall have designated by notice similarly given.

5. **Record Holders.** The corporation may deem and treat the record holder of any shares of Series B Preferred as the true and lawful owner thereof for all purposes, and the corporation shall not be affected by any notice to the contrary. The corporation may serve as its own registrar or may

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assign such duties to a third party transfer agent.

6. **Successors and Transferees.** The provisions applicable to shares of Series B Preferred shall bind and inure to the benefit of and be enforceable by the corporation, the respective successors to the corporation, and by any holder of shares of Series B Preferred."

The foregoing amendment to the articles of incorporation of Three Palms Capital, Inc. was duly adopted by the board of directors, effective March 24, 2006.

In witness whereof, the undersigned officer of this corporation has executed these articles of amendment as of and with effect from the 24th day of March, 2006.


Steve Brown, Secretary