# P090000118100

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TALLAHASSEE, FLORIDA

AMINACUS MII/8/D

# **COVER LETTER**

TO: Amendment Section
Division of Corporations

Tallahassee, FL 32314

NAME OF CORE	PORATION:	Cygnus Internet Inc.
DOCUMENT NU	MBER:	PO9000071866
The enclosed Artic	les of Amendment and fee a	are submitted for filing.
Please return all co	rrespondence concerning th	is matter to the following:
		Jeffrey Pollitt
	Ŋ	Name of Contact Person
	C:	ygnus Internet Inc.
		Firm/ Company
-	314 E.	Dania Beach Blvd. 117
		Address
-		nia Beach, FL 33004
	C	City/ State and Zip Code
<del></del>	jeffrey@c E-mail address: (to be use	cygnusinternet.com ad for future annual report notification)
T C	A	1 11
	tion concerning this matter,	•
	Jeffrey Pollitt of Contact Person	at ( 954 ) 562-9412  Area Code & Daytime Telephone Number
		nade payable to the Florida Department of State:
\$35 Filing Fee	☐ \$43.75 Filing Fee & Certificate of Status	Standard Status Certified Copy (Additional copy is enclosed)  \$52.50 Filing Fee Certificate of Status Certified Copy (Additional Copy is enclosed)
Mailing Ad		Street Address
Amendment Division of P.O. Box 63	Corporations	Amendment Section Division of Corporations Clifton Building

2661 Executive Center Circle

Tallahassee, FL 32301

# **Articles of Amendment**

to

# **Articles of Incorporation**

	of .	•	70
Cygnu	us Internet Inc.		10101
(Name of Corporation as curr	ently filed with the Florida	a Dept. of State)	•
PO9	9000071866		
(Document Nur	mber of Corporation (if know	wn)	
ursuant to the provisions of section 607.100 mendment(s) to its Articles of Incorporation:	06, Florida Statutes, this Flo	orida Profit Corporation adopts	the follo
If amending name, enter the new name o	of the corporation:		
me must be distinguishable and contain breviation "Corp.," "Inc.," or Co.," or the me must contain the word "chartered," "pro	e designation "Corp," "Inc,	"company," or "incorporated"," or "Co". A professional corpo	ne new or the oration
Enter new principal office address, if apprincipal office address MUST BE A STREE			
Enter new mailing address, if applicable (Mailing address MAY BE A POST OFFI			
	<del></del>		
If amending the registered agent and/or i		Florida, enter the name of the	
new registered agent and/or the new regi			
<u>Name of New Registered Agent:</u>			
-	(Florida street ac	idress)	
Name of New Registered Agent:	(Florida street ad	ddress), Florida (Zip Code)	_

Signature of New Registered Agent, if changing

# If amending the Officers and/or Directors, enter the title and name of each officer/director being removed and title, name, and address of each Officer and/or Director being added: (Attach additional sheets, if necessary)

<u>Title</u>	Name	Address	Type of Action				
Chairm	Jeffrey Pollitt	314 E. Dania Beach Blvd. 117 Dania Beach, Fl. 33004	☑ Add □ Remove				
<u>CEO</u>	Jeffrey Pollitt	314 E. Dania Beach Blvd. 117 Dania Beach, FL 33004	☐ Add ☐ Remove				
CEO	William LaVenia	314 E. Dania Beach Blvd. 117 Dania Beach, FL 33004	☑ Add ☐ Remove				
(attach addit Articles of A	g or adding additional Articles, enter clional sheets, if necessary). (Be specific mendment to Articles of Incorporal rticle IV with described new Article	tion	12				
F. If an amendment provides for an exchange, reclassification, or cancellation of issued shares, provisions for implementing the amendment if not contained in the amendment itself:							
	applicable, indicate N/A)						

The date of each amendment(s	s) adoption: November-2-2010	
	(date of adoption is required)	
Effective date if applicable:		
	(no more than 90 days after amendment file date)	
	·	
Adoption of Amendment(s)	(CHECK ONE)	
The amendment(s) was/were by the shareholders was/were	adopted by the shareholders. The number of votes cast for the amendment(s) e sufficient for approval.	
	approved by the shareholders through voting groups. The following statement for each voting group entitled to vote separately on the amendment(s):	
"The number of votes ca	ast for the amendment(s) was/were sufficient for approval	
by	,"	
	(voting group)	
The amendment(s) was/were action was not required.	adopted by the board of directors without shareholder action and shareholder	
action was not required.	adopted by the incorporators without shareholder action and shareholder	
Dated_Nover	a director, president or other officer – if directors or officers have not been ted, by an incorporator – if in the hands of a receiver, trustee, or other cour inted fiduciary by that fiduciary)  Jeffrey Pollitt  (Typed or printed name of person signing)	\
	1200	
Signature		1
(Ву а	director, president or other officer – if directors or officers have not been	760
select	ted, by an incorporator – if in the hands of a receiver, trustee, or other cour	
appoi	inted fiduciary by that fiduciary)	
	Jeffrey Pollitt	
	(Typed or printed name of person signing)	
	Chairman of the Board	
	(Title of person signing)	

# Articles of Amendment of Cygnus Internet, Inc.

Nov-2-2010

Pursuant to the provisions of Section 607.0602, 607.1002 and 607.1003 of the Florida Business Corporation Act (the "Act"), Cygnus Internet, Inc., a Florida corporation (the "Corporation") hereby certifies that on 200, 2010, pursuant to the authority expressly vested in the Board of Directors of the Corporation and Shareholders of the Corporation, and in accordance with the provisions of Sections 607.0602, 607.1002, and 607.1003 of the Act, the Board of Directors and Shareholders have duly adopted the following Articles of Amendment to the Corporation's Articles of Incorporation:

- I. The name of the Corporation is CYGNUS INTERNET, INC.
- II. RESOLVED, that Paragraph E to the Articles of Amendment to Articles of Incorporation filed October 22, 2010 (adding Article IV of the Amended Articles of Incorporation which authorizes 20,000,000 shares consisting of 3,000,000 shares of preferred stock, \$.01 par value per share and 17,000,000 shares of Common Stock, \$.01 per share par value) is hereby deleted and substituted therefore is the following:

"Article IV Capital Stock: The aggregate number of shares of capital stock ("Capital Stock") which the corporation shall have the authority to issue is 20,000,000 shares consisting of 16,887,948 shares, \$.01 par value per share, of Common Stock, 1,400,000 shares of Class A Series A Preferred Stock, which shares shall have a \$.3571428 par value per share and 1,712,052 shares of Class B Series B Preferred Stock, \$.01 par value per share excepting any shares to be issued to an owner of Class B Series B Preferred Stock based upon the issuance of any Common Stock after the date hereof shall have no par value. The Board of Directors and shareholders hereby further fix the powers, designations, preferences and relative, participating, optional and other special rights, and the qualifications, limitation and restrictions, of a series of the Preferred Stock to be designated Class A Series A Preferred Stock and a series of the Preferred Stock to be designated Class B Series B Preferred Stock.

## A. COMMON STOCK

- 1. <u>General</u>. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.
- 2. <u>Voting</u>. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings); provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on the election of any directors to be elected by the owners of Series A Preferred Stock or Series B Preferred Stock (as each are herein defined) or on any amendment to the Articles of Incorporation that relates solely to the terms of one or more outstanding series or classes of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon



pursuant to the Articles of Incorporation or pursuant to the Florida Statutes. The holders of record of the shares of Common Stock, exclusively and as a separate class, shall be entitled to elect one director of the Corporation.

### B. CLASS A PREFERRED STOCK.

Each share of Class A Series A Preferred Stock ("Series A Preferred Stock") shall rank equally in all respects and have the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to "Sections" or "Subsections" in this Part B of this Article refer to sections and subsections of Part B of this Article.

### 1. Dividends.

From and after the date of the issuance of any shares of Series A Preferred Stock, dividends at the rate per annum of \$ .10 per share shall accrue on such shares of Series A Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock) (the "Accruing Dividends"). Accruing Dividends shall accrue from day to day, whether or not declared, and shall be cumulative; provided however, that such Accruing Dividends shall be payable commencing January 1, 2013, when all accrued and unpaid dividends shall then be paid, or at such earlier time as declared by the Board of Directors, and quarterly thereafter. The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to the obtaining of any consents required elsewhere in the Articles of Incorporation) the holders of the Series A Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series A Preferred Stock in an amount at least equal to the sum of (i) the amount of the aggregate Accruing Dividends then accrued on such share of Series A Preferred Stock and not previously paid and (ii) (A) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series A Preferred Stock as would equal the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been shares of Common Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series).

# 2. <u>Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations</u> and Asset Sales.

2.1 <u>Preferential Payments to Holders of Series A Preferred Stock.</u> In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to 1.5 times Series A Original Issue Price, plus any dividends declared but unpaid thereon, plus \$.10 per share for each year after 2012 in which all Accruing



Dividends have not, prior to the end of such year, been paid in full. (The "Series A Original Issue Price" shall mean \$.3751 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock.) If upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series A Preferred Stock the full amount to which they shall be entitled under this <u>Subsection 2.1</u>, the holders of shares of Series A Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2 <u>Distribution of Remaining Assets</u>. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after the payment of all preferential and other amounts required to be paid to the holders of shares of Series A Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of the shares of Series A Preferred Stock, Series B Preferred Stock, and Common Stock, pro rata based on the number of shares held by each such holder, treating for this purpose all such Series A Preferred Stock and Series B Preferred Stock as if they had been converted to Common Stock pursuant to the terms of the Articles of Incorporation immediately prior to such dissolution, liquidation or winding up of the Corporation. The aggregate amount which a holder of a share of Series A Preferred Stock is entitled to receive under <u>Subsections 2.1 and 2.2</u> is hereinafter referred to as the "Series A Liquidation Amount."

### 3. Voting.

3.1 General. Except as provided by law or by the other provisions of the Articles of Incorporation, as hereby amended, holders of Series A Preferred Stock shall vote together with the holders of Common Stock as a single class with, for such purpose, each share of Series A Preferred Stock entitled to one vote.

3.2 Election of Directors. The holders of record of the shares of Series A Preferred Stock, exclusively and as a separate class, shall be entitled to elect one director of the Corporation (the "Series A Director"). Any director elected as provided in the preceding sentence may be removed without cause by, and only by, the affirmative vote of the holders of the shares of the class or series of capital stock entitled to elect such director either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of such stockholder(s). Any vacancy in the Series A Director shall remain vacant until such time as the holders of the Series A Preferred Stock elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the stockholders of the Corporation that are entitled to elect a person to fill such directorship, voting exclusively and as a separate class. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. Except as otherwise provided in this Subsection 3.2, a vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series or



by any remaining director or directors elected by the holders of such class or series pursuant to this Subsection 3.2.

shares of Series A Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Articles of Incorporation) the written consent or affirmative vote of the holders of at least fifty-five (55%) percent of the then outstanding shares of Series A Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class:

3.3.1. liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any merger or consolidation or any other similar transaction, or consent to any of the foregoing;

3.3.2. amend, alter or repeal any provision of the Articles of Incorporation or Bylaws of the Corporation in a manner that adversely affects the powers, preferences, interests, or rights of the Series A Preferred Stock;

3.3.3. create, or authorize the creation of, or issue or obligate itself to issue shares of, any additional class or series of capital stock unless the same ranks junior to the Series A Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption, or increase the authorized number of shares of Series A Preferred Stock or increase the authorized number of any additional class or series of capital stock unless the same ranks junior to the Series A Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption;

3.3.4. (i) reclassify, alter or amend any existing security of the Corporation that is pari passu with the Series A Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series A Preferred Stock in respect of any such right, preference or privilege, or (ii) reclassify, alter or amend any existing security of the Corporation that is junior to the Series A Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or pari passu with the Series A Preferred Stock in respect of any such right, preference or privilege;

3.3.5. purchase or redeem (or permit any subsidiary to purchase or redeem), except as hereinafter provided, or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of or dividends or distributions on the Series A Preferred Stock as expressly authorized herein, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock and (iii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any



subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof or (iv) as approved by the Board of Directors, including the approval of at least one Series A Director;

3.3.6. create, or authorize the creation of, or issue, or authorize the issuance of any debt security, or permit any subsidiary to take any such action with respect to any debt security, other than equipment leases or bank lines of credit, unless such debt security has received the prior approval of the Board of Directors, including the approval of the Series A Directors: or

3.3.7. create, or hold capital stock in, any subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by the Corporation, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Corporation, or permit any direct or indirect subsidiary to sell, lease, transfer, exclusively license or otherwise dispose in a single transaction or series of related transactions of all or substantially all of the assets of such subsidiary;

3.3.8. increase or decrease the authorized number of directors constituting the Board of Directors;

3.3.9. filing of a petition seeking relief for the Corporation under any law for the relief of debtors;

3.3.10. not offer each owner of Series A Preferred Stock the right to purchase a pro-rata share (with such pro-ration being based upon the ratio that the number of shares of record owned by such Shareholder bears to the then total outstanding shares of the Corporation) of any shares hereafter to be offered for sale (excepting solely those offered pursuant to the terms of the Warrant and up to 750,000 of Series B Preferred Shares (assuming the Warrant is not exercised and, should it be exercised, the relative percentage so exercised times 700,000); example: If the Warrant is exercised for 50% of the shares covered by the warrant, then an additional 375,000 shares would be issued, 250,000 to William LaVenia and 125,000 to Mark Simpson. This would leave 587,052 of authorized but unissued Preferred B Stock and each owner of Series A Preferred Shares would have the right to purchase a pro-rata percent of any shares of Series B Preferred Stock to thereafter be issued ) on the same terms and conditions as any other offeree;

3.3.11. redeem any shares of the Corporation which exceed \$10,000 per person whose shares are to be redeemed (using the rules of attribution under section 318 of the Internal Revenue Code), or in the aggregate, require more than \$30,000 (unless and until both all sums then accrued to the owner of all issued Series A Preferred Stock in connection therewith have been paid and the then most recent 12 month cash flow forecast reflects that the ability of the Corporation to pay the succeeding 12 months Preferred Shareholder accruals shall not impair either the cash flow forecast or achievement of the milestones then reflected) and provided further that such shares to be redeemed are not owned by any Corporation employee or director (or any family member of any of such persons), or enter into any agreement or series of agreements (apart from employment agreements) which aggregate in excess of \$10,000 and are entered into with anyone related by blood or marriage to any of Jeffrey Pollitt, William Lavenia,



or Mark Simpson or enter into any contracts of employment, whether as an employee or an independent contractor, with any person or entity which, if annualized, would exceed the sum of \$50,000, and then, in each case, on an arms-length basis;

3.3.12. not secure, and deliver to the owner of Series A Preferred Stock, a binding subordination agreement between the Corporation and each employee who is authorized to receive an annualized salary or other compensation in excess of \$100,000 per year that no amounts to be paid to any such employee in excess of \$100,000 in any calendar year (or more than \$8,334 in any given month) plus payment of monthly medical insurance premiums on behalf of such person in excess of the sum of \$300 per month plus automobile payments or allowances of not more than \$580 per month paid to or on behalf of such employee unless and until both all sums then accrued to the owner of all issued Series A Preferred Stock in connection therewith have been paid and the then most recent 12 month cash flow forecast reflects that the ability of the Corporation to pay the succeeding 12 months Preferred Shareholder accruals shall not impair either the cash flow forecast or achievement of the milestones then reflected;

3.3.13. issue any Series A Preferred Stock, or enter into any agreement in connection therewith, other than to the initial subscriber for shares of Series A Preferred Stock until after January 5th, 2011, and then solely in the lesser of any Series A Preferred Stock not then required to be issued to the initial subscriber or, to the extent such shares remain authorized but unissued and not obligated to be issued to the initial subscriber, 350,000 of such shares (it being the intent and requirement that no Series A Preferred Stock shall be issued which would result in a decrease of ownership to the referenced initial subscriber such that the ownership of Series A Preferred Stock by such initial subscriber would, at any time, be less than 55% of the total authorized Series A Preferred Stock) and

3.3.14. issue any Series B Preferred Stock in excess of 750,000 shares thereof (unless otherwise issued as a result of the sale or other issuance of Common Stock pursuant hereto) unless any warrant for Series A Preferred Stock has been exercised and then solely in the amount of that number of shares exercised pursuant to the warrant bore to the total amount of shares subject to the warrant times the sum of 750,000 Series B Preferred Stock.

the Corporation at any time or from time to time after the original issue date of the first Series A Preferred Stock to be issued shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Series A Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Series A Preferred Stock had been shares of Common Stock on the date of such event.



# 3.5 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event;

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Series A Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Series A Preferred Stock and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice.

- 4. Redeemed or Otherwise Acquired Shares. Any shares of Series A Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Series A Preferred Stock following redemption.
- 5. <u>Waiver</u>. Any of the rights, powers, preferences and other terms of the Series A Preferred Stock set forth herein may be waived on behalf of all holders of Series A Preferred Stock by the affirmative written consent or vote of the holders of at least fifty-five percent of the shares of Series A Preferred Stock then outstanding.
- 6. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Series A Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of Chapter 607 of the Florida Statutes, and with copy to any counsel of record of the Series A Preferred Stock, and shall be deemed sent upon such mailing and electronic transmission.
- 7. Anti-Dilution. The Class A Series A Preferred Shares will not be subject to dilution. If the Corporation subdivides or reclassifies the Corporation's common stock



("Common Stock") or, with the approval of the owner of record of at least 55% of the issued and outstanding shares of the Series A Preferred Stock, the Series A Preferred Stock, or the Series B Preferred Stock into a greater or lesser number of shares other than with regard to: (i) a subdivision, or reclassification for purposes of issuing Capital Stock as incentive or in a nonfinancing transaction to employees, officers, directors or consultants to the Corporation and which must be approved by the owner of the Series A Preferred Stock if constituting more than 10% of the Common Stock, if constituting other than Common Stock, or if Jeffrey Pollitt is to receive any portion thereof; (ii) Capital Stock issued for consideration other than cash pursuant to a consolidation, acquisition, or similar business combination approved by the Board and the owner of the Series A Preferred Stock; or (iii) Capital Stock issued pursuant to any equipment loan or leasing arrangement, real property leasing arrangement or debt financing from a bank or similar financial institution approved by the Board and the owner of the Series A Preferred Stock, the amount of Preferred Stock receivable by the owner of the Series A Preferred Stock upon such reclassification will be in proportion to the percent of Preferred Stock owned by such person prior to the effective time of such reclassification and the Articles of Incorporation. By way of example, if, as is the case on the date hereof, there are 20,000,000 shares of Capital Stock authorized, and

- i) assuming that 700,000 shares of Series A Preferred Stock are issued to Person A for the sum of \$250,000; and
- ii) 750,000 shares of Series B Preferred Stock are issued;

then Person A would own 700,000/20,000,000 of the total number of Capital Stock issued and outstanding, or 3.5% of the Capital Stock. If the Corporation thereafter authorizes an additional 1,000,000 shares of Common Stock) then Person A would be issued 35,000 additional shares of Preferred Stock (with such additional shares having no par value) to maintain Person A's 3.5% equity in the authorized Capital Stock of the Corporation.

### C. CLASS B PREFERRED STOCK.

Each share of Class B Series B Preferred Stock ("Series B Preferred Stock") shall rank equally to all Series B Preferred Stock in all respects and have the following rights, preferences, powers, privileges and restrictions, qualifications and limitations.

# 1. <u>Dividends</u>.

From and after the date of the issuance of any shares of Series B Preferred Stock, and at all times subordinate to the Series A Preferred Stock and all amounts to be paid in connection with Series A Preferred Stock, dividends at the rate per annum of \$.05 per share shall accrue on such shares of Series B Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock) (the "Series B Accruing Dividends"). Series B Accruing Dividends shall accrue from day to day, whether or not declared, and shall be cumulative; provided however, that such Accruing Dividends shall be payable only commencing January 1, 2013, when all accrued and unpaid dividends shall then be paid, or at such earlier time as declared by the Board of Directors, and quarterly thereafter, and provided, in each case, that all accrued and



unpaid dividends and other amounts due in connection with the Series A Preferred Stock shall have first been fully paid and a 12 month cash flow forecast, which the Corporation's management shall then prepare, shall then reflect that the Corporation is expected to have the cash flow necessary to pay the succeeding 12 months Series A Preferred Stockholder Accruing Dividends and all other sums then expected to be paid during the ensuing 12 months in connection with the Series A Preferred Stock, and that each payment of the Series B Accruing Dividends shall not impair either the cash flow shown pursuant to the then cash flow forecast or the achievement of the business milestones then set by the Board of Directors.

# 2. <u>Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.</u>

2.1 Preferential Payments to Holders of Series B Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series B Preferred Stock then outstanding shall, after payment of all sums due the owners of Series A Preferred Stock be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to \$.75 per share, plus any dividends declared but unpaid thereon. If upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series B Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Series B Preferred Stock in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2 <u>Distribution of Remaining Assets</u>. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after the payment of all preferential and other amounts required to be paid to the holders of shares of Series A Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of the shares of Series A Preferred Stock, Series B Preferred Stock, and Common Stock, pro rata based on the number of shares held by each such holder, treating for this purpose all such Series A Preferred Stock and Series B Preferred Stock as if they had been converted to Common Stock pursuant to the terms of the Articles of Incorporation immediately prior to such dissolution, liquidation or winding up of the Corporation. The aggregate amount which a holder of a share of Series A Preferred Stock is entitled to receive under Subsections 2.1 and 2.2 is hereinafter referred to as the "Series B Liquidation Amount."

# 3. Voting.

3.1 General. Except as provided by law or by the other provisions of the Articles of Incorporation, as hereby amended, holders of Scries B Preferred Stock shall vote together with the holders of each of the Series A Preferred Stock and Common Stock as a single class with, for such purpose, each share of Series B Preferred Stock entitled to one vote.



- B Preferred Stock, exclusively and as a separate class, shall be entitled to elect one director of the Corporation (the "Series B Director"). Any director elected as provided in the preceding sentence may be removed without cause by, and only by, the affirmative vote of the holders of the shares of the class or series of capital stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of such stockholders. Any vacancy in the Series B Director shall remain vacant until such time as the holders of the Series B Preferred Stock elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the stockholders of the Corporation that are entitled to elect a person to fill such directorship, voting exclusively and as a separate class.
- 3.3 <u>Series B Preferred Stock Protective Provisions</u>. At any time when shares of Series B Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Articles of Incorporation) the written consent or affirmative vote of the holders of at least fifty-five (55%) percent of the then outstanding shares of Series B Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class:
- 3.1.1 amend, alter or repeal any provision of the Articles of Incorporation or Bylaws of the Corporation in a manner that adversely affects the powers, preferences or rights of the Series B Preferred Stock;
- 3.1.2 create, or authorize the creation of, or issue or obligate itself to issue shares of, any additional class or series of capital stock, other than with regard to the Series A Preferred Stock, unless the same ranks junior to the Series B Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption, or increase the authorized number of shares of Series B Preferred Stock or increase the authorized number of shares of any additional class or series of capital stock unless the same ranks junior to the Series B Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption;
- the Corporation that is pari passu with the Series B Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series B Preferred Stock in respect of any such right, preference or privilege, or (ii) reclassify, alter or amend any existing security of the Corporation that is junior to the Series B Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or pari passu with the Series B Preferred Stock in respect of any such right, preference or privilege;
- 3.1.4 <u>Adjustments for Other Dividends and Distributions.</u>
  In the event the Corporation at any time or from time to time after the original issue date of the



first Series B Preferred Stock to be issued shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Series B Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Series B Preferred Stock had been shares of Common Stock on the date of such event.

- 3.4 <u>Waiver</u>. Any of the rights, powers, preferences and other terms of the Series B Preferred Stock set forth herein may be waived on behalf of all holders of Series B Preferred Stock by the affirmative written consent or vote of the holders of at least fifty-five percent of the shares of Series B Preferred Stock then outstanding.
- 3.5 Notices. Any notice required or permitted by the provisions of this Article to be given to a holder of shares of Series B Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of Chapter 607 of the Florida Statutes, and shall be deemed sent upon such mailing or electronic transmission.
- Anti-Dilution. The Class B Series B Preferred Shares will not be subject to dilution. If the Corporation subdivides or reclassifies the Corporation's common stock ("Common Stock") or, with the approval of the owner of record of at least 55% of the issued and outstanding shares of the Series A Preferred Stock, the Series A Preferred Stock, or the Series B Preferred Stock (with the approval of the owner of record of at least 55% of the issued and outstanding shares of the Series B Preferred Stock) into a greater or lesser number of shares other than with regard to: (i) a subdivision, or reclassification for purposes of issuing Capital Stock as incentive or in a nonfinancing transaction to employees, officers, directors or consultants to the Corporation and which must be approved by the owner of the Series B Preferred Stock if constituting more than 10% of the Common Stock, if constituting other than Common Stock (ii) Capital Stock issued for consideration other than cash pursuant to a consolidation, acquisition, or similar business combination approved by the Board and the owner of the Series B Preferred Stock; or (iii) Capital Stock issued pursuant to any equipment loan or leasing arrangement, real property leasing arrangement or debt financing from a bank or similar financial institution approved by the Board and the owner of the Series B Preferred Stock, the amount of Preferred Stock receivable by the owner of the Series B Preferred Stock upon such reclassification will be in proportion to the percent of Preferred Stock owned by such person prior to the effective time of such reclassification and the Articles of Incorporation.

# D. Excluded Opportunities for Series A Preferred Stock holders

The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "Excluded Opportunity" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, any



holder of Series A Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, "Covered Persons"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation.

- That the foregoing amendment and restatement was approved by the 3. holders of the requisite number of shares of this corporation in accordance with Florida Statutes.
- That this Amendment to the Articles of Incorporation further amends the provisions of this corporation's Articles of Incorporation, has been duly adopted by the Board of Directors and the Shareholders in accordance with Florida Statutes.

IN WITNESS WHEREOF, this Amendment to the Articles of Incorporation has been executed by a duly authorized officer of this corporation on this Zday of NOVE 2010.

Date

Official Document

State of Florida Corporation No. PO9000071866