

JUN-17-99 THU 11:39 AM

Division of Corporations

FAX NO.

P. 12

P94000066592
<https://cfssl.dos.state.fl.us/scripts/efilcovr.e>

Florida Department of State
Division of Corporations
Public Access System
Katherine Harris, Secretary of State

Electronic Filing Cover Sheet

Note: Please print this page and use it as a cover sheet. Type the fax audit number (shown below) on the top and bottom of all pages of the document.

((H99000014596 3)))

Note: DO NOT hit the REFRESH/RELOAD button on your browser from this page. Doing so will generate another cover sheet.

To:

Division of Corporations
Fax Number : (850) 922-4000

From:

Account Name : EDWARDS & ANGELL
Account Number : 075410001517
Phone : (561) 833-7700
Fax Number : (561) 655-8719

FILED
99 JUN 16 PM 2:54
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

BASIC AMENDMENT

AQUATIC TRENDS, INC.

Certificate of Status	0
Certified Copy	1
Page Count	10
Estimated Charge	\$43.75

Amended & Restated Art.

Electronic Filing Menu

Corporate Filing

Public Access Help

D. CONNELL JUN 17 1999

JUN-17-99 THU 11:35 AM FAX NO.
(850)487-6013 06/17/99 11:04 Fl Dept of State p1 /1

P. 01



FLORIDA DEPARTMENT OF STATE
Katherine Harris
Secretary of State

June 17, 1999

AQUATIC TRENDS, INC.
649 US HIGHWAY 1
SUITE 14
N. PALM BEACH, FL 33408

SUBJECT: AQUATIC TRENDS, INC.
REF: P94000066592

We received your electronically transmitted document. However, the document has not been filed. Please make the following corrections and refax the complete document, including the electronic filing cover sheet.

The incorporator(s) cannot be amended or changed. Please correct your document accordingly.

The document must contain written acceptance by the registered agent, (i.e. "I hereby am familiar with and accept the duties and responsibilities as registered agent for said corporation/limited liability company"); and the registered agent's signature.

Please return your document, along with a copy of this letter, within 60 days or your filing will be considered abandoned.

If you have any questions concerning the filing of your document, please call (850) 487-6906.

Darlene Connell
Corporate Specialist

FAX Aud. #: H99000014596
Letter Number: 399A00032554

attached

Division of Corporations - P.O. BOX 6327 - Tallahassee, Florida 32314

(H99000014596 3)

JRJ/61699
47034

FILED
99 JUN 16 PM 2:54
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
AQUATIC TRENDS, INC.

Pursuant to the provisions of §607.1007 Florida Statutes, the undersigned corporation hereby adopts the following Amended and Restated Articles of Incorporation:

ARTICLE I. NAME

The name of the corporation shall be AQUATIC TRENDS, INC.

ARTICLE II. NATURE OF BUSINESS

This corporation may engage or transact in any or all lawful activities or business permitted under the laws of the United States, the State of Florida or any other state, country territory or nation.

ARTICLE III. CAPITAL STOCK

A. Authorized Shares. The total number of shares of all classes which the corporation has authority to issue is 18,250,000 shares consisting of:

1. 7,250,000 shares of Series A Preferred Stock, par value \$.001 per share ("Series A Preferred Stock"); and
2. 11,000,000 shares of Common Stock, par value \$.001 per share ("Common Stock").

B. Rights, Preferences and Restrictions of Series A. The relative powers, preferences, special rights, qualifications, limitations and restrictions granted to or imposed on the respective classes of the shares of capital stock or the holders thereof are as follows:

1. Dividends. The holders of shares of Series A Stock and Common Stock shall be entitled to receive dividends, out of any assets legally available therefor, payable when, as and if declared by the Board of Directors in proportion to the number of shares of Common Stock held by each such holder (assuming conversion of all outstanding shares of Series A Stock into Common Stock). Such dividends shall not be cumulative and no right shall accrue by reason of the fact that no dividend on such shares is declared or paid.

John G. Igoe, Florida Bar #396184
Edwards & Angell
250 Royal Palm Way, #300, Palm Beach FL 33480
561-833-7700

(H99000014596 3)

(H99000014596 3)

2. Liquidation Preference. In the event of any liquidation, dissolution, or winding up of the corporation, either voluntary or involuntary, distributions to the shareholders of the corporation shall be made in the following manner:

(a) Series A Preference. The holders of Series A Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the corporation to the holders of Common Stock of the corporation, as to the Series A Stock, an amount equal to \$250,000 plus an amount equal to nine percent (9%) per annum on such amount compounded annually accrued on a daily basis, plus a further amount equal to any dividends declared but unpaid on such shares (the "Series A Preference"). If upon such liquidation, dissolution or winding up of the corporation, the assets of the corporation are insufficient to provide for the cash payment described above to the holders of Series A Stock, such assets as are available shall be paid to the holders of Series A Stock in proportion to the full preferential amount each such holder is otherwise entitled to receive.

(b) Remaining Assets. After payment or setting apart of payment of the Series A Preference, the remaining assets of the corporation available for distribution to shareholders shall be distributed pro rata among the holders of Common Stock and the holders of Series A Stock who shall participate with the holders of Common Stock on an as-if-converted basis.

(c) Reorganization or Merger. A merger or reorganization of the corporation with or into any other corporation or corporations or a sale of all or substantially all of the assets of the corporation, in which transaction the corporation's shares of capital stock outstanding immediately prior to such transaction would entitle the holders thereof immediately after such transaction to ownership of less than 50% of the equity securities of the surviving corporation or its parent, shall be deemed to be a liquidation within the meaning of this Section 2. Any securities to be delivered to the holders of the Series A Stock and Common Stock upon a merger, reorganization or sale of substantially all of the assets of the corporation shall be valued as follows:

(i) If traded on a securities exchange or the NASDAQ Stock Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the 30-day period ending three (3) business days prior to the closing;

(ii) If actively traded over-the counter, the value shall be deemed to be the average of the closing bid prices over the 30-day period ending three (3) business days prior to the closing; and

(iii) If there is no active public market, the value shall be the fair market value thereof, as mutually determined by Thunderbolt Venture Partners, L.P. and Milton Velinsky, so long as Milton Velinsky owns at least 10% of the outstanding Common Stock, provided that if Thunderbolt Venture Partners, L.P. and Milton Velinsky are unable to reach agreement, then by independent appraisal by an investment banker hired and paid by the corporation, but acceptable to Thunderbolt Venture Partners, L.P. and Milton Velinsky. If

(H99000014596 3)

(H99000014596 3)

Milton Velinsky no longer owns at least 10% of the outstanding Common Stock, all reference to him in this paragraph shall be deemed to refer to the Board of Directors of the corporation.

3. Voting Rights.

(a) General. Except as otherwise required by law or by Sections 3(b) and 5 hereof, the holder of each share of Common Stock issued and outstanding shall have one vote and the holder of each share of Series A Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such share of Series A Stock could be converted at the record date for determination of the shareholders entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited, such votes to be counted together with all other shares of the corporation having general voting power and not separately as a class. Fractional votes by the holders of Series A Stock shall not, however, be permitted and any fractional voting rights shall (after aggregating all shares into which shares of Series A Stock held by each holder could be converted) be rounded to the nearest whole number (with one-half being rounded upward).

(b) Voting for the Election of Directors. So long as shares of Series A Stock originally issued remain outstanding, the holders of such shares of Series A Stock shall be entitled to elect three (3) directors of the corporation at each annual election of directors or pursuant to each written consent of the corporation's shareholders for the election of directors. The holders of Common Stock shall be entitled to elect two (2) directors of the corporation at each annual election of directors or pursuant to each written consent of the corporation's shareholders for the election of directors. In the case of any vacancy (other than a vacancy caused by removal) in the office of a director occurring among the directors elected by the holders of a class or series of stock pursuant to this Section 3(b), the remaining directors so elected by that class or series may by affirmative vote of a majority thereof (or the remaining director so elected if there be but one, or if there are no such directors remaining, by the affirmative vote of the holders of a majority of the shares of that class or series), elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant. Any director who shall have been elected by the holders of a class or series of stock or by any directors so elected as provided in the immediately preceding sentence hereof may be removed during the aforesaid term of office, either with or without cause, by, and only by, the affirmative vote of the holders of the shares of the class or series of stock entitled to elect such director or directors, given either at a special meeting of such shareholders duly called for that purpose or pursuant to a written consent of shareholders, and any vacancy thereby created may be filled by the holders of that class of stock represented at the meeting or pursuant to unanimous written consent.

4. Conversion. The holders of Series A Stock have conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert. Each share of Series A Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the corporation or any transfer agent for the Series A Stock, into such

(H99000014596 3)

number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Issuance Price (as hereinafter defined) by the Conversion Price (determined as hereinafter provided) in effect at the time of the conversion (the "Conversion Rate"). The Issuance Price for Series A Stock shall be 0.03448 per share. The Conversion Price for Series A Stock shall initially be \$0.03448 per share. Such initial Conversion Price shall be subject to adjustment as hereinafter provided.

(b) Automatic Conversion. Each share of Series A Stock shall automatically be converted into shares of Common Stock at the then effective Conversion Price immediately prior to the closing of a firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the corporation to the public in which the aggregate gross proceeds raised is equal to or exceeds \$7,000,000. In the event of the automatic conversion of the Series A Stock upon a public offering as aforesaid, the person(s) entitled to receive the Common Stock issuable upon such conversion of Series A Stock shall not be deemed to have converted such Series A Stock until immediately prior to the closing of such sale of securities.

(c) Mechanics of Conversion. Before any holder of Series A Stock shall be entitled to convert the same into full shares of Common Stock and to receive certificates therefor, such holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the corporation or of any transfer agent for the Series A Stock, and shall give written notice to the corporation at such office that such holder elects to convert the same; provided, however, that in the event of an automatic conversion pursuant to Section 4(b), the outstanding shares of Series A Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the corporation or its transfer agent, and provided further that the corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such automatic conversion unless the certificates evidencing such shares of Series A Stock are either delivered to the corporation or its transfer agent as provided above, or the holder notifies the corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the corporation to indemnify the corporation from any loss incurred by it in connection with such certificates. The corporation shall, as soon as practicable after such delivery, or such agreement and indemnification in the case of a lost certificate, issue and deliver at such office to such holder of Series A Stock, a certificate or certificates for the number of shares of Common Stock to which the holder shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional shares of Common Stock. 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 Stock to be converted, or in the case of automatic conversion on the date of closing of the offering 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.

(H99000014596 3)

(d) Fractional Shares. In lieu of any fractional shares to which the holder of Series A Stock would otherwise be entitled, the corporation shall pay cash equal to such fraction multiplied by the then effective Conversion Price. Whether or not fractional shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Series A Stock of each holder at the time converting into Common Stock and the number of shares of Common Stock issuable upon such aggregate conversion.

(e) Adjustment of Conversion Price. The Conversion Price of Series A Stock shall be subject to adjustment from time to time as follows:

(i) If the number of shares of Common Stock outstanding at any time after the date hereof is increased by a stock dividend payable in shares of Common Stock or by a subdivision or split-up of shares of Common Stock, then, on the date such payment is made or such change is effective, the Conversion Price of Series A Stock shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of any shares of Series A Stock shall be increased in proportion to such increase of outstanding shares.

(ii) If the number of shares of Common Stock outstanding at any time after the date hereof is decreased by a combination of the outstanding shares of Common Stock, then, on the effective date of such combination, the Conversion Price of Series A Stock shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of any shares of Series A Stock shall be decreased in proportion to such decrease in outstanding shares.

(iii) In case the corporation shall declare a cash dividend upon its Common Stock payable otherwise than out of retained earnings or shall distribute to holders of its Common Stock shares of its capital stock (other than Common Stock), stock or other securities of other persons, evidences of indebtedness issued by the corporation or other persons, assets (excluding cash dividends) or options or rights (excluding options to purchase and rights to subscribe for Common Stock or other securities of the corporation convertible into or exchangeable for Common Stock), then, in each such case, the holders of shares of Series A Stock shall, concurrent with the distribution to holders of Common Stock, receive a like distribution based upon the number of shares of Common Stock into which such Series A Stock is then convertible.

(iv) In case, at any time after the date hereof, of any capital reorganization, or any reclassification of the stock of the corporation (other than as a result of a stock dividend or subdivision, split-up or combination of shares), or the consolidation or merger of the corporation with or into another person (other than a consolidation or merger in which the corporation is the continuing entity and which does not result in any change in the Common Stock or a consolidation or merger where Section 2 applies), the shares of Series A Stock shall, after such reorganization, reclassification, consolidation, merger, sale or other disposition, be convertible into the kind and number of shares of stock or other securities or property of the corporation or otherwise to which such holder would have been entitled if immediately prior to

(H99000014596 3)

(H99000014596 3)

such reorganization, reclassification, consolidation, merger, sale or other disposition such holder had converted its shares of Series A Stock into Common Stock. The provisions of this clause (iv) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales or other dispositions.

(v) All calculations under this Section 4 shall be made to the nearest one hundredth of a cent or to the nearest one hundredth (1/100) of a share, as the case may be.

(f) Minimal Adjustments. No adjustment in the Conversion Price for any series of Series A Stock need be made if such adjustment would result in a change in the Conversion Price of less than \$0.0001. Any adjustment of less than \$0.0001 which is not made shall be carried forward and shall be made at the time of and together with any subsequent adjustment which, on a cumulative basis, amounts to an adjustment of \$0.0001 or more in the Conversion Price.

(g) No Impairment. The corporation will not through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 4 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of Series A Stock against impairment. This provision shall not restrict the corporation's right to amend its Certificate of Incorporation with the requisite shareholder consent.

(h) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Rate for any series of Series A Stock pursuant to this Section 4, the corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of such series of Series A Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The corporation shall, upon written request at any time of any holder of any series of Series A Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) all such adjustments and readjustments, (ii) the Conversion Rate at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of such holder's shares of Series A Stock.

(i) Notices of Record Date and Proposed Liquidation Distribution. In the event of any taking by the corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property or to receive any other right, the corporation shall mail to each holder of Series A Stock at least twenty (20) days prior to such record date, a notice specifying the date on which any such record is to be taken for the

(H99000014596 3)

(H99000014596 3)

purpose of such dividend or distribution or right, and the amount and character of such dividend, distribution or right.

(j) Notices. Any notice required by the provisions of this Section 4 to be given to the holders of shares of the Series A Stock shall be deemed given upon personal delivery, upon delivery by nationally recognized courier or three business days after deposit in the United States mail, postage prepaid, and addressed to each holder of record at such holder's address appearing on the corporation's books.

(k) Reservation of Stock Issuable Upon Conversion. The corporation 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 shares of Series A Stock such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series A 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 Stock, the corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(l) Reissuance of Converted Shares. No shares of Series A Stock which have been converted into Common Stock after the original issuance thereof shall ever again be reissued and all such shares so converted shall upon such conversion cease to be a part of the authorized shares of the corporation.

5. Protective Provisions. In addition to any other rights provided by law, so long as any shares of Series A Stock shall be outstanding, this corporation shall not, without first obtaining the affirmative vote or written consent of the holders of not less than a majority of the outstanding shares of Series A Stock:

(a) adversely alter or change the rights, preferences or privileges of the Series A Stock;

(b) create (by amendment of the Certificate of Incorporation, reclassification, certificate of designation or otherwise) any new class or series of shares having rights, preferences or privileges senior to or on a parity with the Series A Stock;

(c) increase or decrease the authorized number of shares of Series A Stock;

(d) make payment on or declare any dividend on any shares of Common Stock or redeem or repurchase any shares of Common Stock (other than pursuant to equity incentive agreements with employees or service providers giving the corporation the right to repurchase shares at cost upon the termination of services); or

(e) consummate a merger, corporate reorganization, or any transaction in which all or substantially all of the assets of the corporation are sold, or in which transaction the

(H99000014596 3)

corporation's shareholders immediately prior to such transaction own immediately after such transaction less than 50% of the equity securities of the surviving corporation or its parent.

ARTICLE IV. ADDRESS

The mailing address of the corporation is 649 U.S. Highway One, Suite 14, North Palm Beach, Florida 33408.

The street address of the registered office of the corporation is 250 Royal Palm Way, Suite 300, Palm Beach, Florida 33840 and the name of the registered agent of the corporation at that address is Colctte O. de Labry.

ARTICLE V. TERM OF EXISTENCE

The corporation is to have perpetual existence.

ARTICLE VI. DIRECTORS

This corporation shall have five (5) directors. the names and street addresses of the members of the Board of Directors, until their successors are elected and qualified are:

Larry Grossman 1239 Shermer Road Northbrook, Illinois 60062	Milton Velinsky 3440 South Ocean Boulevard Palm Beach, Florida 33480
Susan Udvanee 1239 Shermer Road Northbrook, Illinois 60062	Curtis Erickson 3112 S.W. Seaboard Avenue Palm City, Florida 34990
Jeff Blumberg 1239 Shermer Road Northbrook, Illinois 60062	

ARTICLE VII. INDEMNIFICATION

A. The Corporation shall to the fullest extent permitted by law indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(H99000014596 3)

B. The Corporation may pay in advance any expenses (including attorneys' fees) that may become subject to indemnification under paragraph A above if the person receiving the advance payment of expenses undertakes in writing to repay such payment if it is ultimately determined that such person is not entitled to indemnification by the Corporation under paragraph A above.

C. The indemnification provided by paragraph A above shall not be exclusive of any other rights to which a person may be entitled by law, bylaw, agreement, vote or consent of shareholders or directors, or otherwise.

D. The indemnification and advance payment provided by paragraphs A and B above shall continue as to a person who has ceased to hold a position named in paragraph A above and shall inure to such person's heirs, executors, and administrators.

E. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of Corporation, or who serves or served at the Corporation's request as a director, officer employee, agent, partner, or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, against any liability asserted against such person incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have power to indemnify such person against such liability under paragraph A above.

F. If any provision in this Article shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of remaining provisions shall not in any way be affected or impaired thereby, and, to the extent possible effect shall be given to the intent manifested by the provision held invalid, illegal, or unenforceable.

ARTICLE VIII. CERTAIN LIMITATIONS ON LIABILITY OF DIRECTORS

Except to the extent that the Business Corporation Act of the State of Florida prohibits the elimination or limitation of liability of directors for breach of the duties of a director, no director of the Corporation shall have any personal liability for monetary damages for any statement, vote, decision, or failure to act, regarding corporate management or policy. No amendment to, or repeal of, this provision shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

(H99000014596 3)

ARTICLE IX. INCORPORATOR

The name and address of the incorporator is:

Colette O. de Labry
Edwards & Angell
250 Royal Palm Way, Suite 300
Palm Beach, Florida 33480

ARTICLE X. SHAREHOLDER QUORUM AND VOTING

The shareholders may adopt or amend a bylaw that fixes a greater quorum or voting requirement for shareholders than is required by the Florida Business Corporation Act, provided, however, that the adoption or amendment of a bylaw that adds, changes, or deletes a greater quorum or voting requirement for shareholders must meet the same quorum requirement and be adopted by the same vote and voting groups required to take action under the quorum and voting requirement then in effect or proposed to be adopted, whichever is greater.

The foregoing Amended and Restated Articles of Incorporation supersede the Corporation's original Articles of Incorporation which were filed on September 12, 1994, and were amended by Articles of Amendment filed on September 15, 1994. The Amended and Restated Articles were adopted by written consent of the Board of Directors on May 25, 1999, and approved by written consent of all of the holders of outstanding capital stock of the Corporations on May 25, 1999, pursuant to §607.1003, Florida Statutes.

IN WITNESS WHEREOF, the undersigned has executed these Amended and Restated Articles on this 16th day of June, 1999, and does hereby certify that the facts stated herein are true and correct.



Milton Velinsky, President