

P95000068903

Florida Department of State

Division of Corporations

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From:

Account Name : ATLAS, PEARLMAN, TROP & BORKSON, P.A.

Account Number : 076247002423

Phone : (954) 763-1200

Fax Number : (954) 766-7800

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BASIC AMENDMENT

CARIBBEAN CIGAR COMPANY

Certificate of Status	0
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Page Count	10
Estimated Charge	\$87.50

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Art. of Amendment
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FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

September 18, 1998

CARIBBEAN CIGAR COMPANY
6265 SW EIGHTH STREET
MIAMI, FL 33144

SUBJECT: CARIBBEAN CIGAR COMPANY
REF: P95000068903

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.

If an amendment was adopted by the incorporators or board of directors without shareholder action, a statement to that effect and that shareholder action was not required must be contained in the document.

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. #: H98000017473
Letter Number: 998A00047406

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**ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
CARIBBEAN CIGAR COMPANY**

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to Sections 607.1006, 607.0602 and 607.0502 of the Business Corporation Act of the State of Florida, the undersigned Chief Financial Officer of Caribbean Cigar Company, a corporation organized and existing under and by virtue of the Business Corporation Act of the State of Florida ("Corporation"), bearing document number P95000068903, does hereby certify that:

FIRST: The Articles of Incorporation of the Corporation authorize 2,000,000 shares of preferred stock, par value \$.001 per share, of which no shares are issued and outstanding.

SECOND: That pursuant to the authority conferred upon the Board of Directors by the Articles of Incorporation of the Corporation, the Board of Directors on July 26, 1998, at a Special Meeting of the Board of Directors, adopted resolutions creating a Series of Preferred Stock designated as Series A Convertible Preferred Stock.

THIRD: The approval of the Shareholders of the Corporation was not required pursuant to Sections 607.0602 and 607.0502.

FOURTH: That on September 16, 1998, pursuant to a unanimous written consent of the Board of Directors, the Board of Directors resolved to change its registered agent principal office address as set forth herein.

ROBERT J. BURNETT, ESQ., FLA. BAR #0117978
Atlas, Pearlman, Trop & Borkson, P.A.
200 E. Las Olas Blvd., #1900
Ft. Lauderdale, FL 33301
(954) 763-1200

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In furtherance of the foregoing, Articles I, III and IV of the Corporation's Articles of Incorporation shall be deleted in their entirety and replaced with the following:

ARTICLE I
NAME AND ADDRESS

The name of this Corporation shall be Caribbean Cigar Company. The address of the principal office and the mailing address of this Corporation is 321 Troy Circle, P.O. Box 50368, Knoxville, Tennessee 37950.

ARTICLE III
CAPITAL STOCK

The maximum number of shares that this Corporation shall be authorized to issue and have outstanding at any one time shall be 1,250,000 shares of Common Stock, par value \$.001 per share and 2,000,000 shares of Preferred Stock, par value \$.001 per share. Series of the Preferred Stock may be created and issued from time to time, with such designations, preferences, conversion rights, cumulative, relative, participating, optional or other rights, including voting rights, qualifications, limitations or restrictions thereof as shall be stated and expressed in the resolution or resolutions providing for the creation and issuance of such series of Preferred Stock as adopted by the Board of Directors pursuant to the authority in this paragraph given.

Series A Convertible Preferred Stock

The Board of Directors of the Corporation desires, pursuant to its authority as aforesaid, to determine and fix the rights, preferences, privileges and restrictions relating to a class of said Preferred Stock to be designated as follows:

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1. Designation and Amount. The shares of such series shall be designated as the Series A Convertible Preferred Stock (the "Series A Convertible Preferred Stock") and shall have a stated value of \$.10 (the "Stated Value") per share, and the number of shares constituting such series shall be 1,000,000.

2. Dividends. The holders of the Series A Convertible Preferred Stock and the common stock of the Corporation, as one class, shall be entitled to receive, for each share of Common Stock into which the Series A Convertible Preferred Stock is convertible in accordance with the terms hereof, as the case may be, dividends, in cash or in kind, when and as declared by the Board of Directors of the Corporation, out of any assets of the Corporation available for dividends pursuant to the laws of the State of Florida. As used in this paragraph 2, "Common Stock" shall also include any capital stock of any class of the Corporation hereafter authorized, which is entitled to unlimited dividend rights.

3. Restrictions on Transfer. Each certificate for shares of Series A Convertible Preferred Stock (and any Common Stock issuable upon the conversion of the Series A Convertible Preferred Stock) shall bear the following legend (and any additional legend required by applicable law or rule) on the face thereof:

"The shares of preferred stock represented by this certificate have not been, and the shares of common stock to be issued upon conversion hereof, when issued, will not have been registered under the securities act of 1933, as amended (the "securities act"), or qualified under state securities laws and may not be sold, pledged or otherwise transferred unless (a) covered by an effective registration statement under the securities act and qualified under applicable state securities laws, or (b) the Corporation has been furnished with an opinion of counsel acceptable to the Corporation to the effect that no registration and qualification is legally required for such transfer."

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4. Limitations on Corporate Action. So long as at least one-third of the shares of Series A Convertible Preferred Stock are outstanding, the Corporation (except upon the affirmative vote of the holders of a majority of the then outstanding shares of the Series A Convertible Preferred Stock) will not:

(a) issue any equity security (or make any commitments to issue any equity pursuant to any debt instrument, warrant, option or otherwise) senior to the Series A Convertible Preferred Stock with respect to dividends or liquidation rights; or

(b) amend or repeal any provision of, or add any provision to, the certificate of incorporation (including, without limitation, increasing or decreasing the authorized number of shares of Series A Convertible Preferred Stock) or by-laws, in each case if such action would adversely alter the relative voting powers, preferences, rights and privileges of, or the qualifications, limitations and restrictions provided for the benefit of, the Series A Convertible Preferred Stock, or otherwise adversely alter the powers, preferences, rights and privileges of, or the qualifications, limitations and restrictions provided for the benefit of, the Series A Convertible Preferred Stock.

5. Preference. (a) In the event of any liquidation, dissolution, or winding up of the affairs of the Corporation, whether voluntary or involuntary, except as set forth in subparagraph (b) below, the holders of the Series A Convertible Preferred Stock shall be entitled, before any assets of the Corporation shall be distributed among or paid over to the holders of the Common Stock, to be paid \$10 per share plus the amount of any dividend previously declared with respect to the Series A Convertible Preferred Stock and remaining unpaid. After payment

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to the holders of the Series A Convertible Preferred Stock as set forth in the previous sentence and as provided in subparagraph (b) below, any additional amount available for distribution to the shareholders of the Corporation shall, subject to subparagraph (b) below, be shared by the holders of the Series A Convertible Preferred Stock and the Common Stock on a share-for-share basis (with each share of Series A Convertible Preferred Stock being deemed to be equal to the number of shares of Common Stock (including fractions of a share) into which such Series A Convertible Preferred Stock is convertible immediately prior to the close of business on the business day fixed for such distribution.

(b) If, upon such liquidation, dissolution or winding up, the assets of the Corporation distributable as aforesaid among the holders of the Series A Convertible Preferred Stock shall be insufficient to permit the payment to such holders of at least the amounts provided in subparagraph (a) above, plus the amount of any unpaid dividend, as aforesaid, the entire assets shall be distributed pro rata among the holders of the Series A Convertible Preferred Stock based upon their respective liquidation preferences as set forth in subparagraph (a) above. The amounts distributable to the holders of Series A Convertible Preferred Stock under subparagraph (a) above shall be adjusted appropriately for subdivisions (by stock splits, stock dividends or otherwise), combinations (by reverse stock splits or otherwise) or other recapitalizations of the Series A Convertible Preferred Stock.

(c) Written notices of such liquidation, dissolution or winding up, stating a payment date and the place where said payments shall be made, shall be given not less than twenty (20) days prior to the payment date stated therein.

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(d) The sale or transfer by the Corporation of all or substantially all of its assets, shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of the provisions of this paragraph 5, unless the holders of a majority of the shares of Series A Convertible Preferred Stock shall, prior to the effective date of such sale or transfer, consent in writing or by vote at a meeting to such transaction.

6. Voting Rights. The holders of the Series A Convertible Preferred Stock shall be entitled to one (1) vote per share of Series A Convertible Preferred Stock to vote:

(a) with the holders of the shares of common stock of the Corporation upon any matter submitted to such shareholders of the Corporation for a vote; and

(b) on any matter as required by law.

7. Conversion. (a) Each share of Series A Convertible Preferred Stock shall be convertible, at the option of the holder, (the "Conversion") into four (4) shares of common stock of the Company at a conversion price of \$.80 per share; provided however, that such Conversion must be effected by the holder on or prior to 48 months from the date hereof (the "Conversion Period"). In the event such Conversion does not occur within the Conversion Period, the holder of the shares of Series A Convertible Preferred Stock must immediately return the unconverted shares of Series Convertible A Preferred Stock to the Company. The foregoing notwithstanding, the holder of the Series A Convertible Preferred Stock may not convert the shares of Series A Preferred Stock into a number of shares of Common Stock that would exceed 19.99% of the outstanding Common Stock on the date of such conversion unless the Company has obtained the approval of its shareholders, pursuant to NASDAQ Marketplace Rule 4310

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(b)(25)(H) to issue a number of shares of Common Stock in excess of 20% of its outstanding shares of Common Stock on the date of such conversion.

(b) All shares of Common Stock acquired by conversion of Series A Convertible Preferred Stock ("Conversion Shares"), upon issuance, will be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof, provided that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the holder of the Series A Convertible Preferred Stock which is being converted;

(c) So long as any shares of Series A Convertible Preferred Stock are outstanding, the Corporation will use its best efforts to have at all times authorized, and reserved (free from pre-emptive rights) for the purpose of issue or transfer upon exercise of the rights evidenced by the Series A Convertible Preferred Stock, a sufficient number of shares of its Common Stock to provide therefor;

(d) No fractional shares of Common Stock shall be issued upon conversion of the Series A Convertible Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to the then effective current market price of such fractional shares as determined in good faith by the Board of Directors of the Corporation.

7. Consolidation, Merger, Exchange, etc. In case the Corporation shall enter into any consolidation, merger, combination, statutory share exchange or other transaction in which the

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Common Shares are exchanged for or changed into other stock or securities, money and/or any other property, then in any such case the Series A Convertible Preferred Stock shall at the same time be similarly exchanged or changed into preferred shares of the surviving entity providing the holders of such preferred shares with (to the extent possible) the same relative rights and preferences as the Series A Convertible Preferred Stock.

8. Stock Dividends; Stock Splits, Etc. If, prior to the date on which all shares of Series A Convertible Preferred Stock are converted, the Corporation shall (i) pay a dividend in shares of Common Stock, (ii) subdivide its outstanding Common Stock, or (iii) combine its outstanding Common Stock into a smaller number of shares of Common Shares, the Conversion Price in effect on the opening of business on the record date for determining shareholders entitled to participate in such transaction shall thereupon be adjusted, or, if necessary, the right to convert shall be amended, such that the number of shares of Common Stock receivable upon conversion of the shares of Series A Convertible Preferred Stock immediately prior thereto shall be adjusted so that the holders of the Series A Convertible Preferred Stock shall be entitled to receive, upon the conversion of such shares of Series A Convertible Preferred Stock, the kind and number of shares of Common Stock or other securities of the Corporation which it would have owned or would have been entitled to receive after the happening of any of the events described above had the Series A Convertible Preferred Stock been converted immediately prior to the happening of such event or any record date with respect thereto. Any adjustment made pursuant to this subparagraph 8 shall become effective immediately after the effective date of such event and such adjustment shall be retroactive to the record date, if any, for such event.

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ARTICLE IV
REGISTERED OFFICE AND AGENT

The Registered Agent and the street address of the Registered Office of this Corporation
in the State of Florida shall be:

South Florida Registered Agents, Inc.
200 East Las Olas Blvd., Suite 1900
Fort Lauderdale, Florida 33301

IN WITNESS WHEREOF, the undersigned, being the President of this
Corporation, has executed these Articles of Amendment as of September 16, 1998.

CARIBBEAN CIGAR COMPANY,
a Florida Corporation

By: 
Edward Williams, Chief Financial Officer

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CERTIFICATE DESIGNATING REGISTERED AGENT
AND OFFICE FOR SERVICE OF PROCESS

Caribbean Cigar Company, a corporation existing under the laws of the State of Florida with its principal office and mailing address at 321 Troy Circle, P.O. Box 50368, Knoxville, Tennessee 37950, has named South Florida Registered Agents, Inc. whose address is 200 East Las Olas Blvd., Suite 1900, Fort Lauderdale, Florida 33301 as its agent to accept service of process within the State of Florida.

ACCEPTANCE:

Having been named to accept service of process for the above named Corporation, at the place designated in this Certificate, I hereby accept the appointment as Registered Agent, and agree to comply with all applicable provisions of law. In addition, I hereby am familiar with and accept the duties and responsibilities as Registered Agent for said Corporation.

SOUTH FLORIDA REGISTERED AGENTS, INC.
(a Florida Corporation)

By: Beverly F. Bryan
Beverly F. Bryan, President