

P95000068903

Florida Department of State

Division of Corporations

Public Access System

Sandra B. Mortham, 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.

(((H98000020854 9)))

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 : ATLAS, PEARLMAN, TROP & BORKSON, P.A.
Account Number : 076247002423
Phone : (954) 763-1200
Fax Number : (954) 766-7800

BASIC AMENDMENT

CARIBBEAN CIGAR COMPANY

Certificate of Status	0
Certified Copy	1
Page Count	08
Estimated Charge	\$43.75

RECEIVED

NOV 10 PM 2:47

DIVISION OF CORPORATIONS

98 NOV 10 PM 4:05
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

FILED

Electronic Filing Menu

Corporate Filing

Public Access Help

*Art. of
Amendment
11/10/98*

Monday, November 09, 1998

2:18 PM

DC

Division of Corporations

Florida Department of State

Division of Corporations

Public Access System

Sandra B. Morham, 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.

(((H98000020854 9)))

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 : ATLAS, PEARLMAN, TROP & BORKSON, P.A.
 Account Number : 076247002423
 Phone : (954) 763-1200
 Fax Number : (954) 766-7800

BASIC AMENDMENT

CARIBBEAN CIGAR COMPANY

Certificate of Status	0
Certified Copy	1
Page Count	08
Estimated Charge	\$43.75

Electronic Filing Menu

Corporate Filing

Public Access Help

Monday, November 09, 1998

2:18 PM

Florida Department of State
Division of Corporations
Public Access System
 Sandra B. Mortham, 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.

(((H98000020854 9)))

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 : ATLAS, PEARLMAN, TROP & BORKSON, P.A.
 Account Number : 076247002423
 Phone : (954) 763-1200
 Fax Number : (954) 766-7800

BASIC AMENDMENT

CARIBBEAN CIGAR COMPANY

Certificate of Status	0
Certified Copy	1
Page Count	08
Estimated Charge	\$43.75

Electronic Filing Menu

Corporate Filing

Public Access Help

Monday, November 09, 1998

2:18 PM

RECEIVED
 93 NOV -9 11 3:44
 DIVISION OF CORPORATIONS



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

November 10, 1998

CARIBBEAN CIGAR COMPANY
P.O. BOX 50368
KNOXVILLE, TN 37950

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 refile the complete document, including the electronic filing cover sheet.

We have received only 7 pages. Is this all of the document????

The document must be signed by the chairman, any vice chairman of the board of directors, its president, or another of its officers.

If the document was approved by a majority vote of the shareholders, it should also contain a statement that the number of votes cast by the shareholders was sufficient for approval.

SEE
PARAGRAPH
2

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. #: H98000020854
Letter Number: 898A00054426



FLORIDA DEPARTMENT OF STATE

Sandra B. Mortham
Secretary of State

November 10, 1998

CARIBBEAN CIGAR COMPANY
P.O. BOX 50368
KNOXVILLE, TN 37950SUBJECT: 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.

THE FAX AUDIT NUMBER AT THE BOTTOM OF THE FIRST PAGE OF THE DOCUMENT IS INCORRECT.

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 SpecialistFAX Aud. #: H98000020854
Letter Number: 398A00054497

H98000020854 9

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

FILED
98 NOV 10 PM 4:05
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to Sections 607.1006 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:

RESOLVED, that at the annual meeting of the shareholders of the Corporation held on November 9, 1998, a majority of the shareholders of each outstanding class of the Corporation's stock approved the following amendment to the Corporation's Articles of Incorporation (said votes cast by the shareholders being sufficient for approval), increasing the number of shares of Common Stock the Corporation is authorized to issue as follows:

Articles III of the Articles of Incorporation of this Corporation is amended to read in its entirety as follows:

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 25,000,000 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,

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

H98000020854 9

H98000020854 9

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:

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.

H98000020854 9

H98000020854 9

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."

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

H98000020854 9

H98000020854 9

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 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

H98000020854 9

H98000020854 9

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.

(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

H98000020854 9

5

97/5664.200/127502

H98000020854 9

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 (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

H98000020854 9

H98000020854 9

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.

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

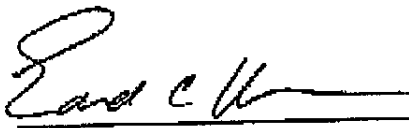
9. Stock Dividends, Stock Splits, Etc. If, prior to the date on which all shares of Series A Convertible Preferred Stock are converted, the Corporation shall (i) pay a dividend in shares of Common Stock, (ii) subdivide its outstanding Common Stock, or (iii) combine its outstanding Common Stock into a 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

H98000020854 9

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 9 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.

IN WITNESS WHEREOF, the undersigned, being the Chief Financial Officer of this Corporation, has executed these Articles of Amendment as of November 9, 1998.

CARIBBEAN CIGAR COMPANY,
a Florida Corporation

By: 
Edward Williams, Chief Financial Officer