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FLORIDA PROFIT CORPORATION OR P.A.

Stellar Medical, Inc.

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DIVISION OF CORPORATIONS

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**ARTICLES OF INCORPORATION
OF
STELLAR MEDICAL, INC.**

THE UNDERSIGNED, incorporator, in order to form a corporation for the purposes herein stated, under and pursuant to the provisions of the Florida Business Corporation Act (the "Act") hereby adopts the following Articles of Incorporation ("Articles"):

FIRST: The name of the corporation (hereinafter called the "Corporation") is Stellar Medical, Inc.

SECOND: The principal office and mailing address of the Corporation is 373 Braden Avenue, Suite 102, Sarasota, Florida 34243

THIRD: The name and address of the registered agent for the Corporation is William S. Zwick, 373 Braden Avenue, Suite 102, Sarasota, Florida 34243.

FOURTH: The name and address of the incorporator is Seth P. Joseph, Esq., 200 South Biscayne Boulevard, Suite 3300, Miami, Florida 33131-2385.

FIFTH: The purpose for which the Corporation is organized is to engage in the transaction of any lawful business for which corporations may be organized under the laws of the State of Florida.

SIXTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is FIFTY MILLION (50,000,000) shares of stock consisting of:

FORTY MILLION (40,000,000) shares of common stock, par value \$0.001 per share ("Common Stock"), entitling the holders thereof to one (1) vote per share; and

TEN MILLION (10,000,000) shares of preferred stock, par value \$0.001 per share ("Preferred Stock"). The rights and preferences of the Preferred Stock may be designated by the Board of Directors.

The authority of the Board of Directors with respect to each class or series of Preferred Stock shall include, but not be limited to, determination of the following:

(a) The number of shares constituting the class or series and the distinctive designation of the class or series;

(b) The dividend rate on the shares of the class or series, if any, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payments of dividends on shares of the class or series;

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- (c) Whether the class or series will have voting rights, and if so, the terms of the voting rights including any preferential or superior voting rights with respect to election of the Board of Directors or any other matters affecting the Corporation;
- (d) Whether the class or series will have conversion privileges, and, if so, the terms and conditions of the conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors determines;
- (e) Whether or not the shares of the class or series will be redeemable, and, if so, the terms and conditions of redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;
- (f) Whether the class or series will have a sinking fund for the redemption or purchase of shares of the class or series, and, if so, the terms and amount of the sinking fund;
- (g) The rights of the shares of the class or series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of the class or series; and
- (h) Any other powers, terms, rights, qualifications, preferences, limitations and restrictions, if any, of the series as the Board of Directors may lawfully fix under the laws of the State of Florida as in effect at the time of the creation of such series.

Notwithstanding any conflicting or inconsistent provisions of these Articles of Incorporation, no transfer of any share of common stock issued prior to the Corporation's initial offering registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, shall be made on the books and records of the Corporation from the date the registration statement relating to such offering becomes effective until 180 days thereafter except the issuance and any subsequent transfer of such shares as are issued and sold in such offering.

SEVENTH: The Board of Directors shall have the power to adopt, amend and repeal the By-Laws of the Corporation (except so far as the By-Laws of the Corporation adopted by the shareholders shall otherwise provide). Notwithstanding the foregoing and anything contained in this Articles of Incorporation to the contrary, the By-Laws as originally adopted shall not be amended or repealed and no provision inconsistent therewith shall be adopted without the affirmative vote of the holders of at least 75% of the voting power of all the shares of the Corporation entitled to vote generally in the election of directors voting together as a single class, provided, however, that the Continuing Directors (as defined in Article THIRTEENTH hereof) by an 80% vote of such Continuing Directors may amend or repeal the By-Laws without the requirement of such shareholder vote.

EIGHTH: Any action required or permitted to be taken by the shareholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by

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any consent in writing by such holders; provided, however, that any action required to be taken by the shareholders of the Corporation may be effected by a consent to such action signed by the holders of a majority of the class of stock entitled to vote thereon if approved by an 80% vote of the Continuing Directors. Except as otherwise required by law and subject to the rights of the holders of the Preferred Stock, special meetings of shareholders of the Corporation may be called only by the Chief Executive Officer, the President, the Chair of the Board of Directors or the Vice Chair of the Board of Directors pursuant to a resolution approved by a majority of the Board of Directors.

NINTH: (a) The business and affairs of the Corporation shall be managed by the Board of Directors of the Corporation.

(b) Except as otherwise provided for or fixed by or pursuant to the provisions of Article SIXTH hereof relating to the rights of the holders of Preferred Stock to elect directors under specified circumstances, the number of the directors of the Corporation will not be less than three nor more than nine, and the number of directors will initially be five and shall be fixed from time to time in the manner described in the By-Laws of the Corporation. The initial directors of the Corporation shall be Brian C. James, William S. Zwick, Michael W. Meriwether, Richard C. Kuntzmeier and Randy Schwartz. The directors, other than those who may be elected by the holders of Preferred Stock, shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, one class, consisting of Randy Schwartz, to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1999, another class, consisting of Michael W. Meriwether and Richard C. Kuntzmeier, to be originally elected for a term expiring at the annual meeting of shareholders to be held in 2000, and another class, consisting of Brian C. James and William S. Zwick, to be originally elected for a term expiring at the annual meeting of shareholders to be held in 2001, with each class to hold office until its successor is elected and qualified. At each annual meeting of the shareholders, the successors of the class of Directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of shareholders held in the third year following the year of their elections. Election of directors of the Corporation need not be by written ballot unless requested by the Chairman or by the holders of a majority of the Common Stock and voting Preferred Stock present in person or represented by proxy at a meeting of the shareholders at which directors are to be elected.

(c) Only persons who are nominated in accordance with the following procedures shall be eligible for elections as directors of the Corporation. Nominations of persons for election to the Board at an annual or special meeting of shareholders may be made by or at the direction of the Board by any nominating committee or person appointed by the Board or by any shareholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the procedures set forth in this paragraph; provided, however, that nominations of persons for election to the Board at a special meeting may be made only if the election of directors is one of the purposes described in the special meeting notice required by Section 607.0705 of the Florida Statutes. Nominations of persons for election at annual meetings, other than nominations made by or at the direction of the Board, shall be made pursuant to timely notice in writing to the secretary of the Corporation. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than one hundred twenty (120) days nor more than one hundred eighty (180) days prior to the first anniversary of the date of the Company's notice of annual meeting provided with respect to the previous year's annual meeting; provided, however, that if no annual meeting was held in the previous year or the date of the annual meeting has been changed to be more than 30 calendar days earlier than the date contemplated by the previous year's proxy statement, the notice by the shareholder to be timely must be received not later than the close of business on the tenth (10th) day following the

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properly brought before the meeting by a shareholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice of the proposed business in writing to the secretary of the Corporation. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive officers of the Corporation, not less than one hundred twenty (120) days nor more than one hundred eighty (180) days prior to the first anniversary of the date of the Company's notice of annual meeting provided with respect to the previous year's annual meeting; provided, however, that if no annual meeting was held in the previous year or the date of the annual meeting has been changed to more than 30 calendar days earlier than the date contemplated by the previous year's proxy statement, notice by the shareholder to be timely must be so received not later than the close of business on the tenth (10th) day following the date on which notice of the date of the annual meeting is given to shareholders or made public, whichever first occurs. The shareholder's notice to the secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting the business at the annual meeting, (ii) the name and record address of the shareholder proposing the business, (iii) the class and number of shares of capital stock of the Corporation that are beneficially owned by the shareholder, and (iv) any material interest of the shareholder in the business. The chair of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the requirements of this Article, and if the Chair should so determine, the Chair shall so declare to the meeting and any business not properly brought before the meeting shall not be transacted.

ELEVENTH: No director of the Corporation shall be liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability for acts described in Section 607.0831 of the Florida Statutes.

TWELFTH: Every person (and the heirs, executors and administrators of such person) who is or was a director, officer, employee or agent of the Corporation or of any other company, including another corporation, partnership, joint venture, trust or other enterprise on which such person serves or served at the request of the Corporation shall be indemnified by the Corporation against all judgments, payments in settlement (whether or not approved by court), fines, penalties and other reasonable costs and expenses (including attorneys' fees and costs) imposed upon or incurred by such person in connection with or resulting from any action, suit, proceeding, investigation or claim, civil, criminal, administrative, legislative or other (including any criminal action, suit or proceeding in which such person enters a plea of guilty or *nolo contendere* or its equivalent), or any appeal relating thereto which is brought or threatened either by or in the right of the Corporation or such other company (herein called a "Derivative Action") or by any other person, governmental authority or instrumentality (herein called a "Third-Party Action") and in which such person is made a party or is otherwise involved by reason of his being or having been such director, officer, employee or agent or by reason of any action or omission or alleged action or omission by such person in his capacity as such director, officer, employee or agent if either (i) such person is wholly successful, on the merits or otherwise, in defending such derivative or third-party action or (ii) in the judgment of a court of competent jurisdiction or, in the absence of such a determination, in the judgment of a majority of a quorum of the Board of Directors (which quorum shall not include any director who is a party to or is otherwise involved in such action), or, in the absence of such a disinterested quorum, in the opinion of independent legal counsel (iii) in the case of a Derivative Action, such person acted without gross negligence or intentional misconduct in the performance of his duty to the Corporation or such other company or (iv) in the case of a Third-Party Action, such person acted in good faith in what he reasonably believed to be the best interests of the Corporation or such other company, and in addition, in any criminal action, had no reasonable cause to believe that his action was unlawful; provided that, in the case of a Derivative Action, such indemnification shall not be made

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date on which notice of the date of the annual meeting is given to shareholders or made public, whichever first occurs. The shareholder's notice to the secretary shall set forth (i) as to each person whom the shareholder proposes to nominate for election or re-election as a director at the annual meeting, (A) the name, age business address and residence address of the proposed nominee, (B) the principal occupation or employment of the proposed nominee, (C) the class and number of shares of capital stock of the Corporation that are beneficially owned by the proposed nominee, and (D) any other information relating to the proposed nominee that is required to be disclosed in solicitation for proxies for election of directors pursuant to Rule 14A under the Securities Exchange Act of 1934, as amended; and (ii) as to the shareholder giving the notice of nominees for election at the annual meeting, (A) the name and record address of the shareholder, and (B) the class and number of shares of capital stock of the Corporation that are beneficially owned by the shareholder. The Corporation may require any proposed nominee for election at an annual or special meeting of shareholders to furnish any other information as may reasonably be required by the Corporation to determine the eligibility of the proposed nominee to serve as a director of the Corporation. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this paragraph. The Chair of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the requirements of this paragraph, and if the Chair should so determine, the Chair shall so declare to the meeting and the defective nomination shall be disregarded.

(d) Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional directors, newly created directorships resulting from any increase in the number of directors or any vacancy on the Board resulting from death, resignation, disqualification, removal or other cause, may be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board, or by the remaining director (if there is only one). Any director elected in accordance with the preceding sentences will hold office for the remainder of the full term of the new directorship or the vacancy, as applicable, and until such director's successor has been elected and qualified. No decrease in the number of directors constituting the Board shall shorten the term of any incumbent director.

(e) Subject to the rights of the holders of any series of Preferred Stock now existing or hereafter created, any director may be removed from office only for cause by the shareholders entitled to vote on the class of directors of which such director is a member and only in the manner provided in this paragraph (e). At any annual meeting or special meeting of the shareholders, the notice of which states that the removal of a director or directors is among the purposes of the meeting, the affirmative vote of the holders of 75% of the voting power of all shares entitled to vote on the election of such director not held by a Related Person as defined in Article THIRTEENTH, may remove such director or directors for cause. Except as may be provided otherwise under applicable law, cause for removal will be deemed to exist only if the director whose removal is proposed has been adjudged by a court of competent jurisdiction (which adjudication is no longer subject to direct appeal) to be liable to the Corporation or its shareholders for misconduct as a result of (i) a breach of such director's duty of loyalty to the Corporation, (ii) any act or omission by such director not in good faith or which involves an intentional violation of law against the Corporation, or (iii) any transaction of the Corporation from which such director derived an improper personal benefit.

TENTH: At an annual meeting of the shareholders, only business properly brought before the meeting shall be conducted. To be properly brought before an annual meeting, business must be either (a) specified in the notice of meeting or any supplement thereto given by or at the direction of the Board, (b) otherwise properly brought before the meeting by or at the direction of the Board, or (c) otherwise

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in respect of any payment to the Corporation or such other company or any shareholder thereof in satisfaction of judgment or in settlement unless either (x) a court of competent jurisdiction has approved such settlement, if any, and the reimbursement of such payment or (y) if the court in which such action has been instituted lacks jurisdiction to grant such approval or such action is settled before the institution of judicial proceedings, in the opinion of independent legal counsel the applicable standard of conduct specified herebefore has been met, such action was without substantial merit, such settlement was in the best interests of the Corporation or such other company and the reimbursement of such payment is permissible under applicable law. In case such person is successful on the merits or otherwise in defending part of such action, or in the judgment of such a court or such quorum of the Board of Directors or in the opinion of such counsel has met the applicable standard of conduct specified in the preceding sentence with respect to part of such action, he (she) shall be indemnified by the Corporation against the judgments, settlements, payments, fines, penalties, and other costs and expenses attributable to such part of such action.

The foregoing rights of indemnification shall be in addition to any rights which any such director, officer, employee or agent may otherwise be entitled any agreement or vote of shareholders or at law or in equity or otherwise.

In any case in which, in the judgment of a majority of such a disinterested quorum of the Board of Directors, any such director, officer or employee will be entitled to indemnification under the foregoing provisions of this Article, such amounts as they deem necessary to cover the reasonable costs and expenses incurred by such person in connection with the action, suit, proceeding, investigation or claim prior to final disposition thereof may be advanced to such person upon receipt of an undertaking by or on behalf of such person to repay such amounts if it is ultimately determined that he (she) is not so entitled to indemnification.

THIRTEENTH: (a) In addition to any affirmative vote required by law, any resolution or resolutions adopted by the Board of Directors pursuant to its authority under these Articles of Incorporation, any agreement with any national securities exchange or otherwise, no amendment of these Articles of Incorporation shall be valid unless such amendment shall have been approved or authorized by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of Voting Stock which are not Beneficially Owned by any Related Person or an Affiliate or Associate of such Related Person, voting together as a single class (it being understood for purposes of this Article THIRTEENTH, each share of Voting Stock shall have one vote), notwithstanding the fact that no vote for such transaction or approval by some lesser percentage of shareholders may be required or specified by law, any resolution or resolutions adopted by the Board of Directors of the Corporation of any agreement with any national securities exchange or otherwise; provided, however, that the vote required to amend these Articles of Incorporation in a manner approved by an 80% vote of the Continuing Directors shall be a majority of the shares of Voting Stock outstanding and entitled to vote thereon.

(b) For the purposes of this Article THIRTEENTH:

(i) The term "Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, or any similar United States statute enacted to supersede or supplement the Act.

(ii) The term "Affiliate" shall have the meaning ascribed to it in Rule 12b-2 under the Act, as in effect on August 1, 1998.

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(iii) The term "Associate" shall have the meaning ascribed to it in Rule 12b-2, under the Act as in effect on August 1, 1998 (the term "registrant," as used in such Rule 12b-2, meaning in this case the Corporation).

(iv) The terms "Beneficial Owner" or "Beneficially Owned" shall mean, or refer to stock ownership by, any person who beneficially owns any Voting Stock within the meaning ascribed in Rule 13d-3 under the Act as in effect on August 1, 1998 or who has the right to acquire any such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time or subject to any condition) pursuant to any agreement, contract, arrangement or understanding or upon the exercise of any conversion, exchange or other right, warrant or option, or otherwise. A Person shall be deemed the Beneficial Owner of all Capital Stock of which any Affiliate or Associate of such Person is the Beneficial Owner.

(v) The term "Capital Stock" shall mean all capital stock of any class of the Corporation authorized to be issued from time to time under this Articles of Incorporation whether nor or hereafter outstanding.

(vi) The term "Continuing Director" shall mean any member of the Board of Directors of the Corporation who is not a Related Person, and not an Affiliate, Associate, representative or nominee of a Related Person or of such an Affiliate or Associate, and (A) was a member of the Board of Directors prior to the Determination Date with respect to such Related Person or (B) whose initial election as a director of the Corporation succeeds a Continuing Director and was recommended by a majority vote of the Continuing Directors then in office; provided, that in either case, such Continuing Director shall have continued in office after becoming a Continuing Director.

(vii) The term "Determination Date" shall mean the date and time at which a Person became a Related Person.

(viii) The term "Disinterested Shareholder" shall mean a holder of shares of a particular class or series of Capital Stock who is not (A) a Related Person or (B) an Affiliate or Associate of such Related Person.

(ix) The term "Person" shall mean any individual, corporation, partnership or other entity, including any group comprised of any Person and any other Person or any Affiliate or Associate thereof with whom such Person or any Affiliate or Associate thereof has any agreement, arrangement or understanding, directly or indirectly, for the purpose of acquiring, holding, voting, or disposing of Voting Stock and each Person, and any Affiliate or Associate thereof, that is a member of such group.

(x) The term "Related Person" shall mean any person who alone or together with any Affiliates or Associates is:

(A) the Beneficial Owner, director or indirectly, of an aggregate percentage of the outstanding Voting Stock equal to or exceeding ten percent (10%), or

(B) an assignee of or otherwise has succeeded to the Beneficial Ownership of any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question Beneficially Owned by any Related Person, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933, as amended;

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provided, however, that the term "Related Person" shall not include (w) a Beneficial Owner described in clause (A) above who was a Beneficial Owner of an aggregate percentage of the Voting Stock equal to or exceeding ten percent (10%) on or before January 1, 1999, (x) the Corporation or any Subsidiary all of the Capital Stock of or other ownership interest in which is directly or indirectly owned by the Corporation, (y) any Person whose acquisition of such aggregate percentage of Voting Stock was approved by not less than a two-thirds vote of the Continuing Directors prior to such acquisition or (z) any pension, profit sharing, employee stock ownership or other employee benefit plan of the Corporation or any Subsidiary or any trustee or fiduciary when acting in such capacity with respect to any such Plan

(xi) The term "Subsidiary" shall mean any Person a majority of any class of equity securities in which is owned, directly or indirectly, by the Corporation, one or more Subsidiaries, or the Corporation and one or more Subsidiaries.

(xii) The term "Voting Stock" shall mean all Outstanding Common Stock of the Corporation and all other Outstanding Capital Stock, if any, entitled to vote on each matter on which the holders of record of Common Stock shall be entitled to vote, and each reference to a proportion of shares of voting Stock shall refer to such proportion of the votes entitled to be cast by the holders of such shares of Common Stock and other Capital Stock voting as one class (it being understood that for purposes of this Article THIRTEENTH, each share of Voting Stock shall have the number of votes granted to it in accordance with this Articles of Incorporation).

IN WITNESS WHEREOF, the undersigned incorporator has executed, subscribed and acknowledged these Articles of Incorporation this 16th day of October, 1998.


SETH P. JOSEPH, Incorporator

Prepared by:
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ACCEPTANCE OF APPOINTMENT

OF

REGISTERED AGENT

I hereby accept the appointment as registered agent contained in the foregoing Articles of Incorporation of **STELLAR MEDICAL, INC.**, and state that I am familiar with and accept the obligations of Section 607.0505 of the Florida Business Corporation Act.


WILLIAM S. ZWICK

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