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**BASIC AMENDMENT**

**ISHOPSECURE, INC.**

Certificate of Status	1
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AMEND  
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ARTICLES OF AMENDMENT  
TO  
ARTICLES OF INCORPORATION  
OF  
ISHOPSECURE, INC.

SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

The undersigned, Joseph A. McDonnell, Chief Executive Officer and a member of the board of directors of ISHOPSECURE, INC., a Florida corporation, organized and existing under and by virtue of the Florida Business Corporation Act (the "Corporation"), does hereby certify:

1. The name of the Corporation is ISHOPSECURE, INC., document number P99000063821.

2. The following provisions of the Articles of Incorporation of the Corporation are amended in the following particular:

Article Four is deleted and replaced with the following:

Article IV- CAPITALIZATION

The Corporation is authorized to issue two classes of capital stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares of capital stock authorized to be issued is Twenty Million (20,000,000) shares. Nineteen Million Three Hundred Twenty Seven Thousand Nine Hundred Fifty Seven (19,327,957) shares shall be Common Stock, no par value per share, and Six Hundred Seventy Two Thousand Forty Three (672,043) shares shall be Preferred Stock, par value \$0.001 per share, all of which shall be designated as "Series A Convertible Preferred Stock" (the "Series A Preferred Stock").

Section A. Rights, Preferences and Restrictions of Preferred Stock

Preferred Stock authorized under the certificate of incorporation of the Corporation, as the same may be amended or restated from time to time hereafter, may be issued from time to time in one or more series. The Board of Directors is hereby authorized to fix or alter the rights, preferences, privileges and restrictions granted to or imposed upon additional series of Preferred Stock, if any, and the number of shares constituting any such series and the designation thereof, or of any of them. Subject to compliance with applicable protective voting rights which have been or may be granted to the Preferred Stock or series thereof in the Corporation's Articles of Incorporation, as amended and as hereafter may be amended ("Protective Provisions"), but notwithstanding any other rights of the Preferred Stock or any series thereof, the rights, privileges, preferences and restrictions of any such additional series may be subordinated to, pari passu with (including, without limitation, inclusion in provisions with respect to liquidation and acquisition preferences, redemption and/or approval of matters by vote or written consent), or senior to any of those of any present or future class or series of Preferred Stock or Common Stock. Subject to compliance with applicable Protective Provisions, the Board of Directors is also authorized to increase or decrease the number of shares of any series, prior or subsequent to the issue of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any

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series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

The rights, preferences, privileges and restrictions granted to and imposed on the Series A Preferred Stock, are as set forth below.

1. Dividend Provisions.

(a) The holders of shares of Series A Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend (payable other than in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock of the Corporation) on the Common Stock of the Corporation, at the rate of \$0.03636 (as adjusted to reflect stock dividends, stock splits, combinations, recapitalization or the like) per share of Series A Preferred Stock per annum, payable quarterly when, as and if declared by the Board of Directors. Such dividends, if declared, shall not be cumulative.

(b) No dividend may be paid on the Common Stock so long as any shares of Series A Preferred Stock are outstanding, except that holders of the Series A Preferred Stock and the Common Stock shall be entitled to receive the same dividend, as declared by the Board of Directors, based on the number of shares of Common Stock held by each, determined on as converted basis.

(c) Any dividend or distribution which is declared by the Corporation and payable with assets of the Corporation other than cash shall be governed by the provisions of subsection 2(c)(i) of this Section A of Article IV.

2. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, the holders of the Series A Preferred Stock shall be entitled to receive, prior and in preference to any payment or distribution and setting apart for payment or distribution of any of the assets or surplus funds of the Corporation to the holders of the Common Stock, an amount per share (the "Liquidation Amount") equal to the sum of (i) \$0.4464 (as adjusted to reflect stock dividends, stock splits, combinations, recapitalizations or the like) for each outstanding share of Series A Preferred Stock (the "Original Series A Issue Price") held by such holder and (ii) an amount equal to all declared but unpaid dividends on the Series A Preferred Stock held by such holder. If upon the occurrence of such event, the assets and funds thus distributed among the holders of Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amount, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Stock in proportion to the amount of such stock owned by each holder.

(b) After the distribution described in subsection 2(a) above has been paid, the remaining assets of the Corporation available for distribution to stockholders shall be distributed

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among the holders of Common Stock and Series A Preferred Stock pro rata based on the number of shares of Common Stock held by each (determined on an as-converted basis with respect to outstanding shares of Series A Preferred Stock).

(c) For purposes of this subsection 2, a liquidation, dissolution or winding up of the Corporation shall be deemed to be occasioned by, or to include, (A) the acquisition of 50% or more of the Corporation by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation); or (B) a sale of all or substantially all of the assets of the Corporation; unless (including in the case of subsection 2(c)(A) above) the Corporation's stockholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the Corporation's acquisition or sale or otherwise) hold at least 50% of the voting power of the surviving or acquiring entity.

(i) In any of such events, if the consideration received by the Corporation is other than cash, its value will be deemed its fair market value. Any securities to be delivered to the holders of the Series A Preferred Stock or Common Stock, as the case may be, shall be valued as follows:

(x) If traded on a securities exchange or through the Nasdaq National Market or SmallCap Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the thirty-day period ending three (3) days prior to the closing;

(y) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty-day period ending three (3) days prior to the closing; and

(z) If there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors.

(ii) In the event the requirements of this subsection 2(c) are not complied with, the Corporation shall forthwith either:

(x) cause such closing to be postponed until such time as the requirements of this subsection 2 have been complied with; or

(y) cancel such transaction, in which event the respective rights, preferences and privileges of the holders of the Series A Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in subsection 2(c)(iii) below.

(iii) The Corporation shall give each holder of record of Series A Preferred Stock written notice of such impending transaction not later than twenty (20) days prior to the stockholders' meeting called to approve such transaction, or twenty

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(20) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this subsection 2, and the Corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than twenty (20) days after the Corporation has given the first notice provided for herein or sooner than ten (10) days after the Corporation has given notice of any material changes provided for herein; *provided, however*, that such periods may be shortened upon the Corporation's receipt of written consent of the holders of at least a majority of the Series A Preferred Stock entitled to such notice rights or similar notice rights.

### 3. Redemption

(a) At any time after December 1, 2005, upon receipt by the Corporation of a written request from the holders of not less than two-thirds of the then outstanding Series A Preferred Stock (a "Redemption Request") that up to all of the then outstanding Series A Preferred Stock be redeemed, and concurrently with surrender by such holders of the certificates representing such shares, the Corporation shall, to the extent it may lawfully do so, redeem in four (4) installments (each payment date being referred to herein as a "Redemption Date") the shares specified in such Redemption Request by paying a sum per share (the "Redemption Price") equal to the Liquidation Amount. The first Redemption Date shall occur sixty (60) days after the Corporation receives a Redemption Request. The second Redemption Date shall occur on the first anniversary of the first Redemption Date, and the third and fourth Redemption Dates shall occur on the first and second anniversary, respectively, of the second Redemption Date. The number of shares of Series A Preferred Stock that the Corporation shall be required to redeem on any one Redemption Date shall be equal to the amount determined by dividing (x) the aggregate number of shares of Series A Preferred Stock to be redeemed pursuant to this subsection 3(a) by (y) the number of remaining Redemption Dates (including the Redemption Date to which such calculation applies). Any redemption effected pursuant to this subsection (3)(a) shall be made on a pro rata basis among the holders of the Series A Preferred Stock in proportion to the number of shares of Series A Preferred Stock then held by such holders. If any date fixed for redemption of shares pursuant to this subsection 3(a) is a Saturday, Sunday or legal holiday, then such redemption shall occur on the first business day thereafter.

(b) As used herein and in subsections (3)(c) and (3)(d) below, the term "Redemption Date" shall refer to the date on which the Redemption Price is scheduled to be paid. At least fifteen (15) but no more than thirty (30) days prior to the Redemption Date, written notice shall be mailed, first class postage prepaid, to each holder of record (at the close of business on the business day next preceding the day on which notice is given) of the Series A Preferred Stock to be redeemed, at the address last shown on the records of the Corporation for such holder, notifying such holder of the redemption to be effected, specifying the number of shares to be redeemed from such holder, the Redemption Date, the Redemption Price, the place at which payment may be obtained and calling upon such certificate or certificates representing the shares of Series A Preferred Stock to be redeemed (the "Redemption Notice"). Except as provided in subsection (3)(c) below, on or after the Redemption Date, each holder of Series A Preferred Stock to be redeemed shall surrender to the Corporation the certificate or certificates

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representing such shares, free and clear of all claims, liens and encumbrances, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be cancelled. In the event less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

(c) From and after the Redemption Date, unless there shall have been a default in payment of the Redemption Price, all rights of the holders of the Series A Preferred Stock designated for redemption in the Redemption Notice as holders of such shares of Series A Preferred Stock (except the right to receive the applicable Redemption Price without interest upon surrender of their certificate or certificates) shall cease with respect to such shares, and such shares shall not thereafter be transferred on the books of the Corporation or be deemed to be outstanding for any purposes whatsoever. If the funds of the Corporation legally available for redemption of shares of Series A Preferred Stock on any Redemption Date are insufficient to redeem the total number of shares of Series A Preferred Stock to be redeemed on such date, those funds which are legally available will be used to redeem the maximum possible number of such shares ratably among the holders of such shares to be redeemed based upon their holdings of Series A Preferred Stock. The shares of Series A Preferred Stock not redeemed shall remain outstanding and entitled to all the rights and preferences provided herein. At any time thereafter when additional funds of the Corporation are legally available for the redemption of shares of Series A Preferred Stock, such funds will immediately be used to redeem the balance of the shares which the Corporation has become obliged to redeem on any Redemption Date but which it has not redeemed.

(d) On or prior to each Redemption Date, the Corporation shall deposit the Redemption Price of all shares of Series A Preferred Stock designated for redemption in the Redemption Notice, and not yet redeemed or converted, with a bank or trust corporation having aggregate capital and surplus in excess of \$100,000,000 as a trust fund for the benefit of the respective holders of the shares designated for redemption and not yet redeemed, with irrevocable instructions and authority to the bank or trust corporation to publish the notice of redemption thereof and pay the applicable Redemption Price for such shares to their respective holders on or after the Redemption Date, upon receipt of notification from the Corporation that such holder has surrendered his, her or its certificate to the Corporation pursuant to subsection (3)(b) above. As of the date of such deposit (even if prior to the Redemption Date), the deposit shall constitute full payment of the shares to their holders. From and after the date of such deposit the shares so called for redemption shall be redeemed and shall be deemed to be no longer outstanding, and the holders thereof shall cease to be stockholders with respect to such shares and shall have no rights with respect thereto, except the rights to receive from the bank or trust corporation payment of the Redemption Price of the shares, without interest, upon surrender of their certificates therefor and the right to convert such shares as provided in subsection 4 of Article II. below. Such instructions shall also provide that any monies deposited by the Corporation pursuant to this subsection (3)(d) for the redemption of shares thereafter converted into shares of the Corporation's Common Stock pursuant to subsection 4 of Article II. below prior to the Redemption Date shall be returned to the Corporation forthwith upon such conversion. The balance of any monies deposited by the Corporation pursuant to this subsection (3)(d) remaining unclaimed at the expiration of two (2) years following the final Redemption

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Date shall thereafter be returned to the Corporation upon its request expressed in a resolution of its Board of Directors.

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

(a) Right to Convert. Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the offices of the Corporation or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Common Stock as is determined, with respect to each share of Series A Preferred Stock, by dividing the Original Series A Issue Price plus any declared but unpaid dividends by the "Conversion Price" in effect on the date the certificate is surrendered for conversion. The initial Conversion Price per share for the Series A Preferred Stock shall be the Original Series A Issue Price; *provided, however*, that such Conversion Price shall be subject to adjustment as set forth in subsection 4(d) below.

(b) Automatic Conversion. Upon the Corporation's first sale of its Common Stock in a firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), the public offering price per share of which is not less than \$2.00 per share (as adjusted to reflect stock dividends, stock splits, combinations, recapitalizations or the like) and with gross proceeds to the Corporation of at least \$20,000,000 in the aggregate (a "Qualified Offering"), each share of Series A Preferred Stock shall, subject to subsection 4(c) below, automatically be converted into such number of shares of Common Stock equal to (i) that number of shares of Common Stock into which a share of Series A Preferred Stock is then convertible into at the Conversion Price at the time in effect, and (ii) that number of shares of Common Stock equal to (x) the Liquidation Amount per share of Series A Preferred Stock (determined in the manner provided in subsection 2(a) above) divided by (y) the public offering price per share of the shares of Common Stock issued and sold in the Qualified Offering. In addition, each share of Series A Preferred Stock shall automatically be converted into shares of Common Stock at the Conversion Price then in effect immediately upon the date specified by written consent or agreement of a majority of the then outstanding shares of Series A Preferred Stock.

(c) Mechanics of Conversion. Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Common Stock pursuant to subsection 4(a) above and upon the occurrence of the events specified in subsection 4(b) above, as the case may be, 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 Preferred Stock, and in the case of subsection 4(a) above shall give written notice to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued; provided that any failure by a holder to comply with these provisions shall not have any effect on the automatic conversion of such holder's shares, which shall in any event convert in accordance with subsection 4(b) above. The Corporation shall, as soon as practicable thereafter, pay all accrued and unpaid dividends on such shares of Series A Preferred Stock and issue and deliver at such office to such holder of Series A Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall

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be entitled as aforesaid. 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 Preferred Stock to be converted, 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 as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act, the conversion shall be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Common Stock upon conversion of the Series A Preferred Stock shall not be deemed to have converted such Series A Preferred Stock until immediately prior to the closing of such sale of securities.

(d) Conversion Price Adjustments of Series A Preferred Stock. The Conversion Price of the Series A Preferred Stock shall be subject to adjustment from time to time as follows:

- (i) (u) If the Corporation shall issue, after the date upon which any shares of Series A Preferred Stock were first issued (the "Initial Series A Purchase Date"), any Additional Stock (as defined below) without consideration or for a consideration price per share less than the Conversion Price for such series in effect immediately prior to the issuance of such Additional Stock, the Conversion Price for such series in effect immediately prior to each such issuance shall forthwith (except as otherwise provided in this clause (i)) be adjusted to a price determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Series A Preferred Stock outstanding immediately prior to such issuance plus the number of shares of capital stock that the aggregate consideration received by the Corporation for such issuance would purchase at such Conversion Price; and the denominator of which shall be the number of shares of Series A Preferred Stock outstanding immediately prior to such issuance plus the number of shares of Additional Stock. For example, if after the original date of issuance of the shares of Series A Preferred Stock, the Corporation issues 1,000,000 shares of Common Stock for consideration per share of \$0.25 and assuming there are 672,043 shares of Series A Preferred Stock outstanding immediately prior to such issuance, the Series A Conversion Price immediately would be reduced to the price determined by multiplying \$0.4464, the Series A Conversion Price then in effect, by the following fraction:

$$\begin{array}{rcl}
 & & \frac{672,043}{672,043} + \frac{\$0.25 \times 1,000,000}{\$0.4464} \\
 = & \frac{1,232,079}{1,672,043} \\
 = & .73687
 \end{array}$$



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resulting in an adjusted Series A Conversion Price of \$0.3289 (i.e.,  $\$0.4464 \times .73687$ ), and adjusted Series A conversion rate of 1.3571:1 (i.e.,  $\$0.4464/\$0.3289$ ).

(v) No adjustment of the Conversion Price for the Series A Preferred Stock shall be made in an amount less than one cent per share, provided that any adjustments that are not required to be made by reason of this sentence shall be carried forward and shall be either taken into account in any subsequent adjustment made prior to three (3) years from the date of the event giving rise to the adjustment being carried forward, or shall be made at the end of three (3) years from the date of the event giving rise to the adjustment being carried forward. Except to the limited extent provided for in paragraphs (y)(3) and (y)(4) of this subsection 4(d)(i), no adjustment of such Conversion Price pursuant to this subsection 4(d)(i) shall have the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment.

(w) In the case of the issuance of Common Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by the Corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

(x) In the case of the issuance of the Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined pursuant to subsection 2(c)(i) above.

(y) In the case of the issuance (whether before, on or after the applicable initial date of issuance of the Series A Preferred Stock (the "Initial Series A Preferred Stock Issue Date")) of options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock or options to purchase or rights to subscribe for such convertible or exchangeable securities, the following provisions shall apply for all purposes of this subsection 4(d)(i):

(1) The aggregate maximum number of shares of Common Stock deliverable upon exercise (to the extent then exercisable) of such options to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration (determined in the manner provided in subsections 4(d)(i)(w) and 4(d)(i)(x)), if any, received by the Corporation upon the issuance of such options or rights plus the

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minimum exercise price provided in such options or rights for the Common Stock covered thereby.

(2) The aggregate maximum number of shares of Common Stock deliverable upon conversion of, or in exchange (to the extent then convertible or exchangeable) for, any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for a consideration equal to the consideration, if any, received by the Corporation for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the minimum additional consideration, if any, to be received by the Corporation upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in subsections 4(d)(i)(w) and 4(d)(i)(x).

(3) In the event of any change in the number of shares of Common Stock deliverable or in the consideration payable to the Corporation upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, including, but not limited to, a change resulting from the antidilution provisions thereof, the Series A Conversion Price, to the extent in any way affected by or computed using such options, rights or securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities.

(4) Upon the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Series A Conversion Price, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and convertible or exchangeable securities that remain in effect) actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

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(5) The number of shares of Common Stock deemed issued and the consideration deemed paid therefor pursuant to subsections 4(d)(i)(y)(1) and (2) shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either subsection 4(d)(i)(y)(3) or (4).

(z) "Additional Stock" shall mean any shares of Common Stock issued (or deemed to have been issued pursuant to subsection 4(d)(i)(y)) by the Corporation after the Initial Series A Preferred Stock Issue Date other than:

(1) Common Stock issued pursuant to a transaction described in subsection 4(d)(ii) hereof;

(2) Up to 1,000,000 shares of Common Stock (excluding shares repurchased at cost by the Corporation in connection with the termination of service) issuable or issued to employees, consultants or directors of the Corporation directly or pursuant to any stock option or equity incentive plan approved by the Board of Directors;

(3) Common Stock issued upon conversion of Series A Preferred Stock;

(4) Common Stock issued or issuable in connection with bona fide lease lines, bank financings, strategic partnerships, or acquisitions (or licenses) of companies, assets, technology or product lines; in each case if approved by the Board of Directors and provided such issuance is not to an affiliate of the Corporation; or

(5) Common Stock issued or issuable in a public offering before or in connection with which all outstanding shares of Series A Preferred Stock will be converted to Common Stock.

(ii) In the event the Corporation should at any time or from time to time after the Initial Series A Preferred Stock Issue Date fix a record date for the effectuation of a split or a subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as "Common Stock Equivalents") without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Series A

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Conversion Price shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of Series A Preferred Stock shall be increased in proportion to such increase of the aggregate of shares of Common Stock outstanding and those issuable with respect to such Common Stock Equivalents.

(iii) If the number of shares of Common Stock outstanding at any time after the Initial Series A Preferred Stock Issue Date is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Series A Conversion Price shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(e) Other Distributions. In the event the Corporation shall declare a dividend or distribution payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or Common Stock Equivalents, then, in each such case, the holders of the Series A Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Common Stock of the Corporation into which their shares of Series A Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the Corporation entitled to receive such dividend or distribution.

(f) Recapitalizations. If at any time or from time to time after the Initial Series A Preferred Stock Issue Date, there shall be a recapitalization of the Common Stock (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this subsection 4 or in subsection 2 above) provision shall be made so that the holders of the Series A Preferred Stock shall thereafter be entitled to receive upon conversion of their shares of Series A Preferred Stock the number of shares of stock or other securities or property of the Corporation or otherwise, to which a holder of Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this subsection 4 with respect to the rights of the holders of the Series A Preferred Stock after the recapitalization to the end that the provisions of this subsection 4 (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Series A Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(g) No Impairment. The Corporation will not, by amendment of its Certificate of Incorporation, as amended and restated, or 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 subsection 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 the Series A Preferred Stock against impairment.

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(h) No Fractional Shares and Certificate as to Adjustments.

(y) No fractional shares shall be issued upon the conversion of any share or shares of the Series A Preferred Stock, and the number of shares of Common Stock to be issued shall be rounded to the nearest whole share with one-half being rounded upward. 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 Preferred Stock which the holder is at the time converting into Common Stock and the number of shares of Common Stock issuable upon such aggregate conversion. If, after the aforementioned aggregation, the conversion would result in the issuance of a fraction of a share of Common Stock, the Corporation shall, in lieu of issuing any fractional share, pay the holder otherwise entitled to such fraction a sum in cash equal to the fair market value of such fraction on the date of conversion (as determined in good faith by the Board of Directors).

(z) Upon the occurrence of each adjustment or readjustment of the Conversion Price of the Series A Preferred Stock pursuant to this subsection 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 A Preferred 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 the written request at any time of any holder of Series A Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Price at the time in effect, and (C) 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 a share of Series A Preferred Stock.

(i) Notices of Record Date. 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 Preferred Stock, at least twenty (20) days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(j) 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 Preferred 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 Preferred 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 Preferred Stock, in addition to such other remedies as shall be available to the holder of such Series A Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its

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authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

(k) Notices. Any notice required by the provisions of this subsection 4 to be given to the holders of shares of Series A Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at such holder's address appearing on the books of the Corporation.

5. Voting Rights of Series A Preferred Stock.

(a) General Voting Rights. Each holder of shares of the Series A Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such shares of Series A Preferred Stock could be converted based on the conversion price then in effect and shall have voting rights and powers equal to the voting rights and powers of the Common Stock (except as otherwise expressly provided herein or as required by law, voting together with the Common Stock as a single class) and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted basis (after aggregating all shares into which shares of Series A held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward).

(b) Voting for the Election of Directors. The Board of Directors shall consist of five (5) members. So long as shares of Series A Preferred Stock remain outstanding, the holders of a majority of the outstanding shares of the Series A Preferred Stock, voting together as a separate class, shall be entitled to designate one (1) member of the Board of Directors. The holders of a majority of the outstanding shares of the Common Stock, voting together as a separate class, shall be entitled to designate three (3) members of the Board of Directors. The holders of a majority of the shares of the outstanding Series A Preferred Stock and Common Stock, voting as separate classes, shall be entitled to designate one (1) members of the Board of Directors (the "Joint Director"), with the approval of both the Series A Preferred Stock and Common Stock required to elect such Joint Director.

6. Protective Provisions. So long as any shares of Series A Preferred Stock are outstanding, the Corporation shall not, without first obtaining the approval (by vote or written consent, as permitted by law) of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, voting or acting, as the case may be, as a single class:

(a) purchase, redeem or otherwise acquire for value (or pay into or set aside for a sinking fund for such purpose) any shares of Preferred Stock other than by redemption of shares of Series A Preferred Stock in accordance with subsection 3 hereof or by conversion in accordance with subsection 4 hereof;

(b) purchase or otherwise acquire for value (or pay into or set aside as a sinking fund for such purpose) shares of Common Stock in any twelve (12) month period having an aggregate

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value in excess of Twenty Five Thousand Dollars (\$25,000); *provided, however*, that this restriction shall not apply to the repurchase of shares of Common Stock from employees, officers, directors, consultants or other persons performing services for the Corporation or any subsidiary pursuant to agreements under which the Corporation has the option to repurchase such shares, such as the termination of employment or service to the Corporation or any subsidiary;

(c) authorize or issue, or obligate itself to issue, any other equity security, including any other security convertible into or exercisable for any equity security, having a preference over, or being on parity with, the Series A Preferred Stock with respect to dividends, liquidation or voting or any other rights, preferences or privileges of the Series A Preferred Stock;

(d) pay or declare any dividend or other distribution on any shares of Common Stock other than to affect a stock split of the Common Stock;

(e) sell, convey or otherwise dispose of all or substantially all of its property or business; enter into an exclusive license or licenses of any technology having the same economic effect as a liquidation of the Corporation; liquidate, dissolve or wind up the Corporation's business; or merge into or consolidate with any other Corporation (other than a wholly-owned subsidiary corporation); or effect any transaction or series of related transactions in which more than fifty percent (50%) of the voting power of the Corporation is disposed of (a "Corporate Transaction"), unless the Corporation's stockholders of record as constituted immediately prior to such Corporate Transaction will, immediately after such Corporate Transaction, hold at least fifty percent (50%) of the voting power of the surviving or acquiring entity;

(f) create or commit to create a subsidiary unless all of the outstanding securities of such subsidiary are owned by the Corporation or by a wholly owned subsidiary of the Corporation;

(g) increase or decrease (other than by conversion) the total number of authorized shares of Series A Preferred Stock;

(h) amend or waive any provision of the Corporation's Articles of Incorporation or Bylaws;

(i) alter or amend the rights, preferences, privileges or limitations of the Series A Preferred Stock;

(j) increase or decrease the number of directors constituting the Board of Directors to other than five;

(k) engage in any business other than the business engaged in by the Corporation as of the Series A Issue Date or contemplated by the Corporation in its Business Plan dated August 2000; or

(l) amend any of the provisions set forth in this subsection 6.

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7. Status of Converted Stock. In the event any shares of Series A Preferred Stock shall be converted pursuant to subsection 3 above, the shares so converted shall be cancelled and shall not thereafter be issuable by the Corporation.

Section B. Common Stock.

1. Dividend Rights. Subject to the provisions of subsection 1 of Section A of this Article IV, the holders of the Common Stock shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the Board of Directors.

2. Liquidation Rights. Upon the liquidation, dissolution or winding up of the Corporation, the assets of the Corporation shall be distributed as provided in subsection 2 of Section A of this Article IV hereof.

3. Redemption. The Common Stock is not redeemable.

4. Voting Rights. Each holder of Common Stock shall be entitled to one (1) vote for each share of Common Stock held.

5. The foregoing Amendment was adopted on December 15, 2000, by unanimous written consent of the Corporation's Board of Directors pursuant to Section 607.0821 of the Florida Statutes and was approved by the majority of the shareholders of the Corporation by written consent pursuant to Section 607.0704 of the Florida Statutes, representing the number of votes cast by the shareholders for the Amendment sufficient for approval by the shareholders.

6. Except as modified hereby, the Articles of Incorporation of the Corporation shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned President and member of the board of directors of the Corporation has executed these Articles of Amendment this 15<sup>th</sup> day of December, 2000.

ISHOPSECURE, INC., a Florida corporation

By: 

Joseph A. McDonnell, Chief Executive Officer