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CORPORATION(S) NAME

Amernet Financial Systems, Inc.

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**RESTATED AND AMENDED
ARTICLES OF INCORPORATION
OF
AMERINET FINANCIAL SYSTEMS , INC.**

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97 JAN 21 PM 2:05
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

AmeriNet Financial Systems, Inc., (the "Corporation"), a corporation organized and existing under and by virtue of the Florida Business Corporation Act (the "Act"), does hereby certify that:

1. The original Articles of Incorporation of the Corporation were filed with the Secretary of State of the State of Florida on June 28, 1962.

2. The Amended and Restated Articles of Incorporation set forth herein have been duly approved by unanimous written consent dated January 15, 1997 of the Board of Directors and by the written consent of the shareholders holding a majority of the outstanding shares in accordance with Sections 607.1007 and 607.1006 of the Act and the number of votes cast were sufficient for approval.

3. The Articles of Incorporation of the Corporation are hereby amended and restated as follows:

Article I

Name

The name of the corporation is AmeriNet Financial Systems, Inc.

Article II

Duration

The corporation shall have a perpetual existence.

Article III

Purpose

The corporation is organized for the purpose of transacting any and all lawful business.

Article IV

Address

The principal place of business of this corporation shall be:

**3400 Inland Empire Boulevard
Suite 205
Ontario, CA 91764**

The mailing address of this corporation shall be:

**3400 Inland Empire Boulevard
Suite 205
Ontario, CA 91764**

Article V

Capital Stock

This Corporation is authorized to issue two classes of shares, to be designated Common Stock and Preferred Stock, respectively. This Corporation is authorized to issue 50,000,000 shares of Common Stock and 50,000,000 shares of Preferred Stock. The Preferred Stock authorized by these Articles of Incorporation shall be issued from time to time in one or more series. The initial series of Preferred Stock shall be comprised of a total of 3,000,000 shares which shall be designated "Series A Convertible Preferred Stock" ("Series A Stock"). Except with respect to the Series A Stock, the Board of Directors of this Corporation (the "Board of Directors") is authorized to determine the designation of any such series and to fix the number of shares of any such series. The Board of Directors may determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock. Within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series of Preferred Stock, the Board of Directors may increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series subsequent to the issue of shares of that series.

The rights, preferences, privileges and restrictions of the Series A Stock and of the holders thereof shall be as follows:

1. **Liquidation Preference.**

a. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, voluntarily or involuntarily, after payment or provision for payment of all debts, liabilities and obligations of the Corporation, but before any distribution to the holders of Common Stock, the holders of Series A Preferred Stock shall be paid the amount of \$3.00 per share for each share of Series A Preferred Stock held by them, plus all dividends declared but unpaid on such shares of Series A Preferred Stock. After payment to the holders of Series A Preferred Stock, the holders of Common Stock shall be paid an amount per share equal to the per share Series A Preferred Stock liquidation price paid to the holders of Series A Preferred Stock. After payment therefor, the remaining assets of the Corporation shall be distributed to the holders of shares of stock of all classes and series in an equal amount per share as if all Series A Preferred Stock had been converted into Common Stock as of the date of filing of the Certificate of Dissolution by the Corporation with the Florida Secretary of State.

b. If, upon such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation are insufficient to provide for payment to the holders of Series A Preferred Stock of \$3.00 per share plus an amount equal to all dividends declared but unpaid on such Series A Preferred Stock, such assets as are available shall be paid to the holders of Series A Preferred Stock in an equal amount per share.

c. If, upon such liquidation, dissolution or winding up of the Corporation and after payment of \$3.00 per share for each share of Series A Preferred Stock plus an amount equal to all dividends declared but unpaid on the Series A Preferred Stock, the assets of the Corporation are insufficient to provide for payment to the holders of Common Stock of an amount per share equal to the per share price paid to the Series A Preferred Stock, such assets as are available shall be paid to the holders of Common Stock in an equal amount per share.

d. If any of the assets of the Corporation are to be distributed other than in cash under this Paragraph 1, then the Board of Directors of the Corporation shall promptly engage independent competent appraisers to determine the value of the assets to be distributed to the holders of Series A Preferred Stock. The Corporation shall, upon receipt of such appraisers' valuation, give prompt written notice of the appraisers' valuation to each holder of Series A Preferred Stock and Common Stock of the Corporation.

e. Notwithstanding the foregoing, the amount to be paid for each share of Series A Preferred Stock and Common Stock upon liquidation shall be adjusted for any combination(s), stock split(s), stock distribution(s) or dividend(s) with respect to such shares from the date of filing of these Restated and Amended Articles of Incorporation.

f. The following shall not be deemed to be a liquidation, dissolution or winding up within the meaning of this Section 1 with respect to the Series A Preferred Stock: (A) a sale of all or substantially all of the Corporation's assets whereby a majority of the consideration paid consists of other than cash; or (B) a consolidation, merger or reorganization of the Corporation with or into any other entity.

2. **Voting Rights.** Except as otherwise required by law, the shares of Series A Preferred Stock shall not be entitled to vote on any matters submitted or required to be submitted to a vote of the shareholders of this Corporation. In each case where the Series A Preferred Stock is required by law to have voting rights, except as otherwise required by law, the holders of shares of Series A Preferred Stock and Common Stock shall vote together and not as separate classes.

3. **Conversion Rights.** The following shall apply while any Series A Preferred Stock remain outstanding:

a. **Automatic Conversion.** Each share of Series A Preferred Stock shall automatically be converted into shares of Common Stock at the then effective Conversion Price for the Series A Preferred Stock upon (a) the consummation of the sale of the Corporation's Common Stock in one or more series of transactions whereby the Corporation has raised in the aggregate at least \$20,000,000 in gross proceeds from the sale of the Corporation's equity; or (b) at such time that the Corporation is listed and trading as a National Market System company on NASDAQ (each a "Conversion Event"). The Series A Preferred Stock shall be convertible into that number of shares of Common Stock that results from dividing the sum of \$3.00 for each share being converted by the then current Conversion Price, determined as hereinafter provided, in effect on the date of the Conversion Event. The Conversion Price per share for the Series A Preferred Stock shall initially be \$3.00. The initial Conversion Price for the Series A Preferred Stock shall be subject to adjustment from time to time as hereinafter provided.

b. **Adjustment to Conversion Price for Diluting Issues.**
If the Corporation at any time or from time to time after the date of the filing of these Restated and Amended Articles of Incorporation (the "Filing Date") shall declare or pay any dividend on Common Stock payable in Common Stock or in any right to acquire Common Stock, or effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), then and in any such event, appropriate adjustments in the Conversion Price shall be made as follows:

(A) In the case of any such dividend, immediately after the close of business on the record date for the determination of holders of any class of securities entitled to receive such dividend; and

(B) In the case of any such subdivision, at the close of business on the date immediately prior to the date upon which such corporate action becomes effective.

(C) If the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Conversion Price for the Series A Preferred Stock in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased by the ratio that the number of shares of outstanding Common Stock prior to such combination or consolidation bears to the number of shares of Common Stock outstanding immediately after such combination or consolidation.

(D) If, at any time or from time to time after the Filing Date, there is a capital reorganization of the Common Stock (other than a recapitalization, division, combination, reclassification or exchange of shares provided for elsewhere in this Article) or a merger or consolidation of this Corporation into or with another corporation or a sale of all or substantially all of this Corporation's properties and assets to any other person, then, as a part of such capital reorganization, merger, consolidation or sale, provision shall be made so that the holders of the outstanding shares of Series A Stock shall thereafter receive upon conversion thereof, if such conversion is ever triggered, the number of shares of stock or other securities or property of this Corporation, or of the successor corporation resulting from such merger or consolidation or sale, to which a holder of the number of shares of Common Stock into which their shares of Series A Stock were convertible would have been entitled on such capital reorganization, merger, consolidation or sale. In any such case, appropriate adjustment shall be made in the application of the provisions of this Article with respect to the rights of the holders of the outstanding shares of Series A Stock after the capital reorganization, merger, consolidation, or sale to the end that the provisions of this Article (including adjustment of the Conversion Price and the number of shares into which the shares of Series A Stock may be converted) shall be applicable after that event and be as nearly equivalent to such Conversion Prices and number of shares as may be practicable.

c. Reservation of Shares. 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 the 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 the outstanding shares of Series A Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

d. **Fractional Shares.** No fractional share shall be issued upon the conversion of any share or shares of Series A Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series A Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. 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 of the Corporation).

4. **Dividend Rights.**

a. **Generally.** The holders of record of the Series A Preferred Stock shall be entitled to receive in any fiscal year, if and as declared by the Board of Directors, out of any assets at the time legally available therefor, non-cumulative dividends in cash in an amount equal to \$0.18 per share of Series A Preferred Stock per annum (adjusted appropriately for stock splits, combinations and the like), before any cash dividends are paid to the holders of record of Common Stock for such fiscal year (the "Series A Preferential Dividend"). After payment in full during any fiscal year of all Series A Preferential Dividends, each holder of Common Stock (other than those holders whose Common Stock was converted from Preferred Stock during such fiscal year after receiving their Series A Preferential Dividend) shall be entitled to receive, when and if declared by the Board of Directors and out of any funds legally available therefore, non-cumulative dividends in an amount equal to the as-converted per share amount paid to the Series A Preferred Stock, payable in cash during each fiscal year of the Corporation. After the Common Stock and Series A Preferred Stock receives its preference dividend in any one fiscal year, each series and class shall participate ratably for dividends during such fiscal year.

b. **Payment Other Than Cash.** If the Corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or options or rights to purchase any such securities or evidences of indebtedness, then, in each such case, the holders of Series A Preferred Stock shall be entitled to a proportionate share of any such distribution as though the holders of Series A Preferred Stock were the holders of the number of shares of Common Stock of the Corporation into which their respective 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 who are entitled to receive such distribution.

Article VI

Registered Office and Agent

The street address of the registered office of this corporation is 1270 Orange Ave., Ste. A, Winterpark, FL 32789 and the name of the registered agent of this corporation at the address is Perry Douglas West.

Article VII

Powers

The corporation shall have all of the corporate powers enumerated in the Florida Business Corporation Act.

Article VII

Indemnification

Provided the person proposed to be indemnified is not shown to have not satisfied the requisite standard of conduct for permissive indemnification by a corporation as specifically set forth in the applicable provisions of the Florida Business Corporation Act (currently, Sections 607.0850(1) and (2) of the Florida Statutes), as may be amended from time to time, this corporation shall indemnify its officers and directors, and may indemnify its employees and agents, from and against any and all of the expenses or liabilities incurred in defending a civil or criminal proceeding, or other matters referred to in or covered by said provisions, including advancement of expenses prior to the final disposition of such proceedings and amounts paid in settlement of such proceedings, both as to action in their official capacity and as to action in any other capacity while an officer, director, employee or other agent. The indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any Bylaws, agreement, vote of shareholders or disinterested directors or otherwise. The indemnification provided herein shall continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the heirs, the personal and other legal representatives of such person, and an adjunction of liability shall not affect the right to indemnification for those indemnified.

Article IX

Amendment

The corporation reserves the right to amend or repeal any provisions contained in these Articles of Incorporation, or any amendment hereto, and any right conferred upon the shareholder(s) is subject to this reservation.

Article X

Bylaws

The Bylaws may be adopted, altered, amended, or repealed by either the shareholders or the Board of Directors, but the Board of Directors may not amend or repeal any Bylaw adopted by shareholders if the shareholders specifically provide such Bylaw is not subject to amendment or repeal by the directors.

IN WITNESS WHEREOF, for the purposes of Amending and Restating the Articles of Incorporation this Corporation under the laws of the State of Florida the undersigned officer has executed these Restated and Amended Articles of Incorporation this ___ day of January, 1997.



President