

FILED EFFECTIVE

ARTICLES OF RESTATEMENT
OF
RIVERSIDE BENEFIT ADMINISTRATORS, INC.

05 MAY 27 PM 2:42

SECRETARY OF STATE
STATE OF IDAHO

Pursuant to Section 30-1-1007 of the Idaho Business Corporation Act ("Act"), Riverside Benefit Administrators, Inc. ("Corporation") certifies as follows:

- 1. Name.** The name of the Corporation is Riverside Benefit Administrators, Inc.
- 2. Restatement of Articles.** The Corporation's Amended and Restated Articles of Incorporation ("Amended and Restated Articles") are attached hereto and incorporated herein by reference. The Amended and Restated Articles consolidate all amendments to the Corporation's original Articles of Incorporation ("Original Articles") into a single document. The Amended and Restated Articles supersede the Original Articles and all prior amendments thereto.
- 3. Date.** The Amended and Restated Articles were adopted on May 27, 2005.
- 4. Approval.** The Amended and Restated Articles were duly approved by the shareholders in the manner required by Chapter 10 of the Act and by the Original Articles and all prior amendments thereto.

RIVERSIDE BENEFIT ADMINISTRATORS, INC.

Dated: May 27, 2005

By: 
Elwood Kleaver, Chief Executive Officer

IDAHO SECRETARY OF STATE
05/27/2005 05:00
CK: 94729 CT: 1177 BH: 813887
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1 @ 20.00 = 20.00 EXPEDITE C # 4

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AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
RIVERSIDE BENEFIT ADMINISTRATORS, INC.

Pursuant to Sections 30-1-1003 and 30-1-1007 of the Idaho Business Corporation Act ("Act"), the following Amended and Restated Articles of Incorporation ("Articles") are hereby submitted for filing:

Article 1
NAME

The name of the corporation is Riverside Benefit Administrators, Inc. ("**Corporation**").

Article 2
DURATION

The duration of the Corporation shall be perpetual.

Article 3
PURPOSE

The Corporation is organized for the purpose of transacting any and all lawful business for which a corporation may be incorporated under the Act.

Article 4
REGISTERED OFFICE AND AGENT

The registered office of the Corporation is 800 Park Boulevard, Suite 760, Boise, Idaho 83702, and its registered agent at that address is Dennis V. Bruns.

Article 5
CAPITAL STOCK

The relative rights, preferences, privileges and restrictions granted to, or imposed upon, the respective classes of stock are as follows:

5.1 Designation.

5.1.1 Classes. The Corporation is authorized to issue two (2) classes of capital stock ("**Capital Stock**") to be designated, respectively, "**Common Stock**" and "**Preferred Stock**." The total number of shares the Corporation is authorized to issue is one million one hundred thousand (1,100,000), one hundred thousand (100,000) shares of which shall be Common Stock, without par value \$0.001 and one million (1,000,000) shares of which shall be Preferred Stock, without par value \$0.001.

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5.1.2 Series. The Preferred Stock authorized by these Articles may be issued from time to time in one or more series. Five hundred thousand (500,000) shares of Preferred Stock shall be designated as "Series A Preferred Stock" ("**Series A**"). The undesignated Preferred Stock may be issued in one or more series hereafter designated by the Board of Directors, which hereby is authorized to fix the relative rights, preferences, privileges and restrictions of such additional series of Preferred Stock.

5.2 Dividend Rights.

5.2.1 Series A Dividends. The holders of the outstanding shares of Series A shall be entitled to receive cumulative dividends that accrue annually (measured from the date on which the first share of Series A is issued) at the Dividend Rate (as defined below), payable out of any funds legally available therefor (i) when and if declared by the Board of Directors, (ii) upon a Corporate Change (as defined in Section 5.3.4), or (iii) upon redemption pursuant to Section 5.9. Dividend Rate shall mean an annual rate of \$0.04 per share of the Series A subject to adjustment from time to time for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification, or other similar event. No dividend shall be declared or paid on Common Stock unless there are no accrued but unpaid dividends owed to the holders of the Series A pursuant to this Section 5.2.1. 1

5.2.2 Additional Dividends. Subject to the payment of all accrued dividends on the Series A pursuant to Section 5.2.1, the holders of the then-outstanding shares of the Corporation's Common Stock shall be entitled to receive dividends when, as and if declared by the Board of Directors out of any funds legally available therefor. Dividends declared and paid pursuant to this Section 5.2.2 shall be payable to the holders of the Corporation's Common Stock pro rata based on the number of shares of Common Stock held by each holder. Such dividends shall not be cumulative and shall not accrue unless and until declared by the Board of Directors out of funds legally available therefor.

5.3 Liquidation Preference.

5.3.1 Series A Preferential Amount. In the event of a Corporate Change (as defined in Section 5.3.4), the holders of the Series A shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common Stock, an amount equal to \$500,000 minus any redemption payments made by the Corporation pursuant Section 5.9. If the assets and funds thus distributed to the holders of Series A are insufficient to permit the payment to the holders of the Series A the full preferential amount, the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably to the holders of the Series A in proportion to the shares of Series A then held by each holder.

5.3.2 Unpaid Series A Dividends. After payment has been made to the holders of the Series A of the full amounts to which they are entitled pursuant to Section 5.3.1, each holder of the Series A shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common Stock, an amount equal to all accrued but unpaid dividends pursuant to Section 5.2.1 for each share of Series A then held by each holder. If the assets and funds thus distributed to the holders of the Series A are insufficient to permit the payment to the holders of the full

preferential amount, the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series A in proportion to the shares of Series A then held by each holder.

5.3.3 Additional Distributions. After payment has been made to the holders of the Series A of the full amounts to which they shall be entitled pursuant to Sections 5.3.1, and 5.3.2, all remaining assets of the Corporation available for distribution to shareholders shall be distributed ratably among the holders of the Common Stock.

5.3.4 Corporate Change. The term “**Corporate Change**” shall be defined to mean any one or more of the following events:

(a) *Consolidation or Merger.* A consolidation or merger of the Corporation with or into any other entity, person, or corporation, other corporate reorganization, or acquisition that results in the transfer of more than fifty percent (50%) of the outstanding voting power of the Corporation other than mergers effected exclusively for the purpose of changing the domicile of the Corporation).

(b) *Sale in a Single Transaction.* A sale in a single transaction or a series of related transactions after which more than fifty percent (50%) of the outstanding equity securities of the Corporation are held by one or more third parties who were not shareholders of the Corporation immediately prior to the commencement of such transaction or series of transactions.

(c) *Sale in a Series of Transactions.* A series of sales or related transactions after which all or substantially all of the assets of the Corporation are sold and more than fifty percent (50%) of the outstanding equity securities of the acquiring entity are held by one or more third parties who were not shareholders of the Corporation immediately prior to the commencement of the sale of all or substantially all of the assets.

(d) *Liquidation, Dissolution, or Windup.* The liquidation, dissolution or winding up of the Corporation.

5.3.5 Consideration. In the event of a Corporate Change, if the consideration received by the Corporation is other than cash or securities, its value will be as determined in good faith by the Corporation's Board of Directors. Any securities to be delivered to the shareholders of the Corporation pursuant to Sections 5.3.1, 5.3.2 or 5.3.3 shall be valued as follows:

(a) *Securities Exchange.* If traded on a securities exchange or through the NASDAQ National Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the thirty (30) trading-day period ending three (3) days prior to the closing of the applicable Corporate Change.

(b) *Over the Counter.* If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever are applicable) over the thirty (30) trading-day period ending three (3) days prior to the closing of the applicable Corporate Change.

(c) *No Active Public Market.* If no active public market for the securities exists, the value shall be the fair market value thereof, as determined by the Board of Directors acting in good faith, and if contested by the holders of a majority of the voting power of the Series A, then by an arbitration governed by the rules and procedures of the American Arbitration Association and conducted by a neutral arbitrator mutually agreeable to the Board of Directors, on the one hand, and the holders of a majority of the voting power of the Preferred on the other.

5.4 Conversion. The holders of the Series A shall not have any right to convert the Series A into Common Stock.

5.5 Notices of Record Date. If the Corporation prepares a record of the holders of any class of securities for the purpose of determining the holders of securities who are entitled to receive any dividend (other than a cash dividend) or other distribution, or 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 Capital Stock, at least twenty (20) days prior to the record date specified in the notice, a notice specifying the date on which any record is to be prepared for the purpose of any dividend, distribution, or right, and the amount and character of the dividend, distribution, or right.

5.6 Voting Rights. Each share of Common Stock issued and outstanding shall have one (1) vote on any matter to be voted on by the shareholders of the Corporation. Except as otherwise required by the Act, each share of Series A issued and outstanding shall have no right to vote on any matter to be voted on by the shareholders of the Corporation.

5.7 Residual Rights. All rights accruing to the outstanding shares of the Corporation's Capital Stock that are not expressly enumerated to the contrary in these Articles are vested exclusively in the Common Stock.

5.8 No Reissuance of Preferred Stock. No shares of Series A Preferred Stock acquired by the Corporation by reason of redemption, purchase, or otherwise shall be reissued, and all such shares shall be cancelled, retired and eliminated from the shares the Corporation is authorized to issue.

5.9 Redemption.

5.9.1 Right to Redeem. On, or at any time after, the fifth anniversary of the date on which the first share of Series A is issued ("**Original Issue Date**"), the Corporation may, in its sole discretion, elect to redeem (to the extent that such redemption shall not violate any applicable laws of the State of Idaho) all, but not less than all, of the Series A shares then outstanding at a price equal to \$1.00 per share plus the amount of any accrued but unpaid dividends per share to the date of redemption ("**Redemption Price**"). The Redemption Price shall be payable, subject to Sections 5.9.2 and 5.9.3 below, in four equal installments, the first such installment to be payable on a date not later than thirty (30) days after the date of the Corporation's election (the "**Initial Payment Date**"), and the remaining three installments thereafter to be payable on each of the first three anniversaries of the Initial Payment Date (together with the Initial Payment Date, each a "**Payment Date**").

5.9.2 Unredeemed Shares. If the Corporation is unable on any Payment Date to redeem any Series A shares then to be redeemed (“**Unredeemed Shares**”) because such redemption would violate the applicable laws of the State of Idaho, the Corporation shall redeem such shares as soon thereafter as redemption would not violate such laws.

5.9.3 Partial Redemption. If the Corporation is unable on any Payment Date to redeem all of the Series A shares then to be redeemed because such redemption would violate the applicable laws of the State of Idaho, the Corporation shall effect such redemption on the Payment Date to whatever extent it is able and shall do so *pro rata* among the holders of Series A.

5.9.4 Redemption Procedure. On or prior to each Payment Date, each holder of Series A shall surrender to the Corporation such holder’s certificate or certificates representing such holder’s Series A shares. 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 canceled. If less than all of the shares represented by any such certificate are redeemed on a Payment Date, a new certificate shall be issued representing the unredeemed shares. From and after each Payment Date, unless there shall have been a default in payment of the Redemption Price, all rights of the holders of Series A shares then to be redeemed (except the right to receive the 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 purpose whatsoever.

5.9.5 Effect of Redemption. Except as provided in this Section 4.9, the Corporation shall have no right to redeem the Series A. Any Series A shares so redeemed shall be permanently retired, shall no longer be deemed outstanding and shall not under any circumstances be reissued, and the Corporation may from time to time take such appropriate corporate action as may be necessary to reduce the number of authorized shares of Series A.

Article 6 PREEMPTIVE RIGHTS

Shareholders of the Corporation have no preemptive rights to acquire additional shares of Capital Stock or securities convertible into shares of Capital Stock issued by the Corporation.

Article 7 TREASURY STOCK

Unless a resolution of the Board of Directors provides that reacquired Common Stock shall constitute authorized but unissued shares, any shares of Common Stock reacquired by the Corporation shall be Treasury Shares and may be held, used, resold, or disposed of free of any restrictions that would be imposed on the original issuance of shares of the Corporation.

Article 8 SHAREHOLDERS

Except as otherwise set forth in these Articles, to the maximum extent permitted under the Act, the Corporation's shareholders may take action by the affirmative vote of a simple majority of all shareholders of the Corporation entitled to vote on an action.

Article 9 DIRECTORS

9.1 Number of Directors. The number of directors constituting the board of directors of the Corporation will be the number as provided in the Corporation's Bylaws.

9.2 Cumulative Voting. Shareholders of the Corporation shall not have the right to cumulate votes in the election of directors.

9.3 Transactions In Which Directors Have An Interest. Any contract or other transaction between the Corporation and one or more of its Directors, or between the Corporation and any corporation, firm, association or other entity of which one or more of its Directors are shareholders, members, directors, officers or employees or in which they are interested, shall be valid for all purposes, notwithstanding the presence of such Director or Directors at the meeting of the Board of Directors that acts upon or in reference to such contract or transaction and notwithstanding his or their participation in such action, by voting or otherwise even though his or their presence or vote, or both, might have been necessary to obligate the Corporation upon such contract or transaction; provided, that the transaction is fair to the Corporation at the time it is authorized, approved, or ratified.

9.4 Director Liability. A director of the Corporation shall not be personally liable to the Corporation or its shareholders for monetary damages for conduct as a director, except for liability of the director for (i) acts or omissions involving intentional misconduct by the director or a knowing violation of law by the director, (ii) conduct in violation of Section 30-1-833 of the Act, or (iii) any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled. If the Act is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Act, as so amended. Any repeal or modification of this Section by the shareholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

9.5 Indemnification of Directors. The Corporation has the power to indemnify, and to purchase and maintain insurance for, its directors, officers, trustees, employees, and other persons and agents, and (without limiting the generality of the foregoing) shall indemnify its directors against all liability, damage, and expenses arising from or in connection with services for employment by, or other affiliation with the Corporation, or other firms or entities to the maximum extent and under all circumstances permitted by law. No amendment or repeal of this Section 9.5 shall apply to or have any effect on any right to indemnification provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

**Article 10
SIGNATURE**

The undersigned, as President of the Corporation, executes these Articles.

RIVERSIDE BENEFIT ADMINISTRATORS, INC.

Dated: May 27, 2005

By: 

Elwood I. Kleaver
President