

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 20, 2020

C-Bond Systems, Inc.

(Exact name of registrant as specified in its charter)

Colorado

(State or Other Jurisdiction
of Incorporation)

0-53029

(Commission
File Number)

26-1315585

(IRS Employer
Identification Number)

6035 South Loop East, Houston, TX 77033

(Address of principal executive offices) (zip code)

(832) 649-5658

(Registrant's telephone number, including area code)

(Former Name or Former Address if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Not applicable	Not applicable	Not applicable

Item 1.01 Entry into a Material Definitive Agreement.

On August 20, 2020, C-Bond Systems, Inc. (the “Company” or “C-Bond”) entered into a Subscription Agreement (“Subscription Agreement”) with an accredited investor (the “Investor”) whereby the Investor agreed to purchase 2,700 shares of the Company’s Series C Convertible Preferred Stock for \$270,000, or \$100.00 per share (the “Stated Value”). The Investor’s shares were not registered under the Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act provided by Section 4(a)(2) and Regulation D (Rule 506) under the Securities Act. The Investor represented that it was an accredited investor (as defined by Rule 501 under the Securities Act) at the time of the Subscription Agreement. On August 24, 2020, the Company received net proceeds of \$270,000, which were used to pay off various discounted convertible instruments as described below.

The Certificate of Designations, Preferences, Rights, and Limitations of Series C Convertible Preferred Stock (“Certificate of Designations”) provides that the Series C Convertible Preferred Stock shall have the right to vote on any matters on which the common shareholders are permitted to vote. The Series C Convertible Preferred Stock ranks senior with respect to dividends and right of liquidation to the Company’s common stock, par value 0.001 per share (“Common Stock”), and junior with respect to dividends and right of liquidation to all existing and future indebtedness of the Company and existing and outstanding preferred stock of the Company.

On August 24, 2020, using a portion of the proceeds received from the aforementioned Subscription Agreement, C-Bond redeemed all outstanding shares of its Series A Convertible Preferred Stock held by a third party (“Investor II”) per the terms of a Preferred Stock Purchase Agreement. On August 25, 2020, the Company filed a Certificate of Elimination with the Secretary of State of the State of Colorado to eliminate the Series A Convertible Preferred Stock. Prior to the redemption and subsequent filing, there were 800,000 shares of Series A Convertible Preferred Stock authorized and 103,200 shares outstanding.

On August 24, 2020, the Company also prepaid two convertible promissory notes, each in the aggregate principal amount of \$57,750, held by another third party (“Investor III”).

The discussion herein regarding the Subscription Agreement, Series C Convertible Preferred Stock, and Series A Convertible Preferred Stock is qualified in its entirety by reference to the Subscription Agreement, Certificate of Designations, and Certificate of Elimination attached hereto as Exhibits 10.1, 3.1, and 3.2, respectively. The description of certain terms of the Certificate of Designations set forth herein does not purport to be complete and is qualified in its entirety by the provisions of the Certificate of Designations.

Item 3.02. Unregistered Sales of Equity Securities.

The information provided under Item 1.01 herein is incorporated into this Item 3.02 by reference.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On August 20, 2020, the Company filed an Amendment to its Articles of Incorporation, as amended (the “Articles”) to designate a series of preferred stock, the Series C Convertible Preferred Stock, with the Secretary of State of the State of Colorado.

The Certificate of Designations established 100,000 shares of the Series C Preferred Stock, par value \$0.10, having such designations, preferences, and rights as determined by the Company’s Board of Directors in its sole discretion, in accordance with the Company’s Articles. The Certificate of Designations became effective with the State of Colorado upon filing.

On August 25, 2020, PositiveID Corporation (the “Company”) filed a Certificate of Elimination with the Secretary of State of the State of Colorado effecting the elimination of the Certificate of Designation of Preferences, Rights and Limitations of Series A Preferred Stock (the “Certificate of Designation”). No shares of the Series A Preferred Stock remain outstanding.

The information provided under Item 1.01 herein is incorporated into this Item 5.03 by reference.

Item 9.01 Financial Statements and Exhibits

Exhibit Number	Description
3.1	Certificate of Designations, Preferences, Rights and Limitations of Series C Convertible Preferred Stock
3.2	Certificate of Elimination of Series A Convertible Preferred Stock
10.1	Form of Subscription Agreement, dated August 20, 2020, between C-Bond Systems, Inc., and Investor

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 25, 2020

C-Bond Systems, Inc.

By: /s/ Scott R. Silverman

Name: Scott R. Silverman

Title: Chief Executive Officer

C-Bond Systems, Inc.

CERTIFICATE OF DESIGNATIONS OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES C CONVERTIBLE PREFERRED STOCK

The undersigned, Scott R. Silverman and Allison F. Tomek, hereby certify that:

1. They are the Chief Executive Officer and Secretary, respectively, of C-Bond Systems, Inc., a Colorado corporation (the "**Corporation**").

2. The Corporation is authorized to issue 2,000,000 shares of preferred stock. There are currently 800,000 shares of Series A Convertible Preferred Stock ("Series A Preferred Stock") designated and 103,200 shares outstanding, and 100,000 shares of Series B Convertible Preferred Stock ("Series B Preferred Stock") designated and 108 shares outstanding.

3. The following resolutions were duly adopted by the Board of Directors:

WHEREAS, the Articles of Incorporation of the Corporation, as amended, provides for a class of its authorized stock known as preferred stock, comprised of 2,000,000 shares of \$0.10 par value preferred stock (the "**Preferred Stock**"), issuable from time to time in one or more series;

WHEREAS, the Board of Directors of the Corporation is authorized to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of Preferred Stock and the number of shares constituting any Series and the designation thereof, of any of them;

WHEREAS, it is the desire of the Board of Directors of the Corporation, pursuant to its authority under the Colorado Business Corporations Act and by Article II, Section 1 of the Corporation's Articles of Incorporation (the "Articles"), and as set forth in this Certificate of Designations of Preferences, Rights and Limitations of Series C Convertible Preferred Stock, to designate the rights, preferences, restrictions and other matters relating to the Series C Convertible Preferred Stock, which will consist of 100,000 shares of Preferred Stock, par value \$0.10 per share, which the Corporation has the authority to issue, as follows:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for the issuance of a series of Preferred Stock for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to such series of Preferred Stock are hereby amended and restated as follows:

I. Terms of Preferred Stock.

A. Designation and Amount. The series of Preferred Stock will be designated as the Corporation's Series C Convertible Preferred Stock (the "**Series C Preferred Stock**") and the number of shares so designated will be 100,000, which will not be subject to increase without the consent of the holders (each a "**Holder**" and collectively, the "**Holders**") of a majority of the outstanding shares of Series C Preferred Stock.

B. Ranking and Voting.

1. Ranking. The Series C Preferred Stock will, with respect to dividend rights and rights upon liquidation, winding-up or dissolution, rank: (a) senior with respect to dividends and right of liquidation with the Corporation's Common Stock ("**Common Stock**"); and (b) junior to all existing and future indebtedness of the Corporation. Without the prior written consent of Holders holding a majority of the outstanding shares of Series C Preferred Stock, the Company may not issue any Preferred Stock that is not junior to the Series C Preferred Stock in right of dividends and liquidation.

2. Voting. Each share of Series C Preferred Stock shall be entitled to vote on all matters requiring shareholder vote. Each share of Series C Preferred Stock will be entitled to the number of votes per share based on the calculation of **As Converted Voting Shares**, as defined in Section I.G.5.a, calculated on any record date for any shareholder vote.

C. Dividends.

1. Commencing on the date of the issuance of such shares of Series C Preferred Stock (each respectively an "**Issuance Date**"), Holders of Series C Preferred Stock will be entitled to dividends on each outstanding share of Series C Preferred Stock ("**Dividends**"), at a rate equal to 2.0% per annum ("**Dividend Rate**") of a stated value ("**Stated Value**") of \$100 per share of Series C Preferred Stock, subject to appropriate adjustment in the event of any stock splits, stock dividends, combinations of shares, recapitalizations or other such events relating to the outstanding Series C Preferred Stock at any time and from time to time. Dividends will accrue monthly and will be added to the Series C Liquidation Value, and upon redemption of the Series C Preferred Stock in accordance with **Section I.F.** Any calculation of the amount of such Dividends payable pursuant to the provisions of this **Section I.C.** will be made based on a 365-day year, compounded monthly.

2. So long as any shares of Series C Preferred Stock are outstanding, no dividends or other distributions will be paid, declared or set apart with respect to any Common Stock without the prior written consent of the holders of the Series C Preferred Stock.

D. Protective Provision. So long as any shares of Series C Preferred Stock are outstanding, the Corporation will not, without the affirmative approval of the Holders of a majority of the shares of Series C Preferred Stock then outstanding (voting as a class), (i) alter or change adversely the powers, preferences or rights given to the Series C Preferred Stock or alter or amend this Certificate of Designations, (ii) authorize or create any class of stock ranking as to distribution of dividends or a liquidation preference senior to the Series C Preferred Stock, (iii) amend its Articles of Incorporation, as amended, or other charter documents in breach of any of the provisions hereof, (iv) increase the authorized number of shares of Series C Preferred Stock, (v) liquidate, dissolve or wind-up the business and affairs of the Corporation, or effect any Deemed Liquidation Event (as defined below), (vi) breach any of the provisions set forth herein or (vii) enter into any agreement with respect to any of the foregoing.

1. A “**Deemed Liquidation Event**” will mean: (a) a merger or consolidation in which the Corporation is a constituent party or a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of the surviving or resulting corporation or, if the surviving or resulting corporation is a wholly-owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or (b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

2. The Corporation will not have the power to effect a Deemed Liquidation Event referred to in **Section I.D.1** unless the agreement or plan of merger or consolidation for such transaction provides that the consideration payable to the stockholders of the Corporation will be allocated among the holders of capital stock of the Corporation in accordance with **Section I.E.**

E. Liquidation.

1. Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment or provision for payment of debts and other liabilities of the Corporation, and after payment or provision for any liquidation preference payable to the holders of any Preferred Stock ranking senior upon liquidation to the Series C Preferred Stock, but prior to any distribution or payment made to the holders of Common Stock or the holders of any Preferred Stock ranking junior upon liquidation to the Series C Preferred Stock by reason of their ownership thereof, the Holders of Series C Preferred Stock will be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders an amount with respect to each share of Series C Preferred Stock equal to the higher of (A) the product of (x) 150% multiplied by (y) the sum of (1) the Stated Value thereof plus (2) any accrued but unpaid Dividends thereon or (B) the fair market value of the number of Conversion Shares in which such share of Series C Preferred Stock could be converted into as determined pursuant to **Section I.G.2** (collectively, the “**Series C Liquidation Value**”).

2. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation will be insufficient to make payment in full to all Holders, then such assets will be distributed among the Holders at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

F. Redemption.

1. **Corporation’s Redemption Option.** The Corporation has no option to redeem the Series C Preferred Stock.

2. **Mandatory Redemption.** If the Corporation determines to liquidate, dissolve or wind-up its business and affairs, or effect any Deemed Liquidation Event, each of which has been approved by the holders of a majority of the shares of Series C Preferred Stock then outstanding pursuant to **Section I.D** above (a “**Mandatory Redemption Event**”), the Corporation will redeem all of the shares of Series C Preferred Stock outstanding immediately prior to such Mandatory Redemption Event at a price per share of Series C Preferred Stock equal to the aggregate Series C Liquidation Value for the shares of Series C Preferred Stock being redeemed.

3. Mechanics of Redemption. The Corporation will deliver ten-day advance written notice prior to the consummation of any Mandatory Redemption Event via email or overnight courier (“**Notice of Mandatory Redemption**”) to each Holder whose shares are to be redeemed, which Notice of Mandatory Redemption will indicate (a) the number of shares of Series C Preferred Stock that the Corporation will redeem, (b) the date upon which the applicable redemption price will be paid which shall be no earlier than ten days from the date of delivery of the Notice of Mandatory Redemption and no later than immediately prior to the consummation of the Mandatory Redemption Event (the “**Redemption Payment Date**”), and (c) the amount of the applicable redemption price (with a reasonably detailed calculation thereof). Upon receipt of such Notice of Mandatory Redemption, the Holder will have the right to convert its Series C Preferred Shares into shares of Common Stock of the Corporation pursuant to **Section I.G** at any time prior to the Redemption Payment Date.

4. Payment of Redemption Price. Upon receipt by any Holder of a Notice of Mandatory Redemption, if Holder does not choose to convert pursuant to **Section I.G**, such Holder will promptly submit to the Corporation such Holder’s Series C Preferred Stock certificates on the Redemption Payment Date. Upon receipt of such Holder’s Series C Preferred Stock certificates, the Corporation will pay the applicable redemption price to such Holder in cash.

G. Conversion.

1. Mechanics of Conversion.

a. Subject to the terms and conditions hereof, any or all of the outstanding shares of Series C Preferred Stock may be converted into shares of Common Stock at any time or times following the Issuance Date, at the option of Holder, (i) by delivery of a written notice to the Corporation (the “**Holder Conversion Notice**”), of the Holder’s election to convert Series C Preferred Stock and the number of shares of Series C Preferred Stock which such Holder is electing to convert.

b. Within one day of the Holder Conversion Notice, the Corporation shall transmit by facsimile or electronic mail an acknowledgment of confirmation of receipt of the Holder Conversion Notice. Within three days of notice the Corporation shall issue a certificate for the number of shares specified in the Holder Conversion Notice.

2. Payment and Issuance Upon Conversion. In the event of a conversion of any Series C Preferred Stock, the Corporation shall issue to such Holder a number of Conversion Shares equal to (x) the sum of (1) the Stated Value per share of Series C Preferred Stock plus (2) any accrued but unpaid Dividends thereon multiplied by (y) the number of shares of Series C Preferred Stock held by such Holder and subject to the Holder Conversion Notice, divided by (z) the Conversion Price with respect to such Series C Preferred Stock.

3. Stock Splits. If the Corporation at any time and from time to time on or after the Issuance Date subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Conversion Price in effect immediately prior to such subdivision, as determined during the two-year period prior to the date of the subdivision, will be proportionately reduced and the number of Conversion Shares will be proportionately increased. If the Corporation at any time and from time to time on or after the first Issuance Date combines (by combination, reverse stock split, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately prior to such combination, as determined during the two-year period prior to the date of the combination, will be proportionately increased and the number of Conversion Shares will be proportionately decreased. Any adjustment under this **Section I.G.3** shall become effective at the close of business on the date the subdivision or combination becomes effective. The rights of the Series C Preferred shareholder will not be altered by a stock split or reverse stock split.

4. Rights. In addition to any adjustments pursuant to **Section I.G.3**, if at any time the Corporation grants, issues or sells any options, convertible securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "**Purchase Rights**"), then Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which Holder could have acquired if Holder had held the number of shares of Common Stock acquirable upon conversion of all Preferred Stock held by Holder immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

5. Definitions. For purposes of this **Section I**, the following terms shall have the following meanings:

a. "As Converted Voting Shares" means the number of votes per share of Series C Preferred Stock calculated as pursuant to the following formula: Number of votes per share of Series C Preferred Stock = Number of Conversion Shares a share of Series C Preferred Stock is then convertible.

b. "Conversion Price" means a price per share of Common Stock equal to the lowest daily volume weighted average price of the Common Stock for any Trading Day during the two years preceding the date of delivery of the Holder Conversion Notice, subject to adjustment as otherwise provided herein.

c. "Conversion Shares" means shares of Common Stock of the Corporation issuable upon conversion of the Series C Preferred Stock.

d. "Trading Day" means any day on which the Common Stock is traded on the Trading Market; provided that it shall not include any day on which the Common Stock is (i) scheduled to trade for less than 5 hours, or (ii) suspended from trading.

e. "Trading Market" means the OTC Bulletin Board, the OTCQB, the OTC Pink Sheets, the NASDAQ Capital Market, the NASDAQ Global Market, the NASDAQ Global Select Market, the NYSE Amex, or the New York Stock Exchange, whichever is at the time the principal trading exchange or market for the Common Stock. All Trading Market data shall be measured as provided by the appropriate function of the Bloomberg Professional service of Bloomberg Financial Markets or its successor performing similar functions.

f. "Transaction Documents" means, collectively, any stock purchase agreement or other subscription agreement pursuant to which any share of Series C Preferred Stock is issued, and all other agreements, certificates and documents referenced therein or annexed thereto.

H. Stock Register. The Corporation will keep at its principal office, or at the offices of the transfer agent, a register of the Series C Preferred Stock, which shall be prima facie indicia of ownership of all outstanding shares of Series C Preferred Stock. Upon the surrender of any certificate representing Series C Preferred Stock at such place, the Corporation, at the request of the record Holder of such certificate, will execute and deliver (at the Corporation's expense) a new certificate or certificates in exchange therefor representing in the aggregate the number of shares represented by the surrendered certificate. Each such new certificate will be registered in such name and will represent such number of shares as is requested by the Holder of the surrendered certificate and will be substantially identical in form to the surrendered certificate.

II. Miscellaneous.

A. Notices. Any and all notices to the Corporation will be addressed to the Corporation's Chief Executive Officer at the Corporation's principal place of business on file with the Secretary of State of the State of Colorado. Any and all notices or other communications or deliveries to be provided by the Corporation to any Holder hereunder will be in writing and delivered personally, by electronic mail or facsimile, sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile telephone number or address of such Holder appearing on the books of the Corporation, or if no such facsimile telephone number or address appears, at the principal place of business of the Holder. Any notice or other communication or deliveries hereunder will be deemed given and effective on the earliest of (1) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this **Section II.A** prior to 5:30 p.m. Eastern time, (2) the first business day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this section later than 5:30 p.m. but prior to 11:59 p.m. Eastern time on such date, (3) the second business day following the date of mailing, if sent by nationally recognized overnight courier service, or (4) upon actual receipt by the party to whom such notice is required to be given.

B. Lost or Mutilated Preferred Stock Certificate. Upon receipt of evidence reasonably satisfactory to the Corporation (an affidavit of the registered Holder will be satisfactory) of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing shares of Series C Preferred Stock, and in the case of any such loss, theft or destruction upon receipt of indemnity reasonably satisfactory to the Corporation (provided that if the Holder is a financial institution or other institutional investor its own agreement will be satisfactory) or in the case of any such mutilation upon surrender of such certificate, the Corporation will, at its expense, execute and deliver in lieu of such certificate a new certificate of like kind representing the number of shares of such class represented by such lost, stolen, destroyed or mutilated certificate and dated the date of such lost, stolen, destroyed or mutilated certificate.

C. Headings. The headings contained herein are for convenience only and will not be deemed to limit or affect any of the provisions hereof.

RESOLVED, FURTHER, that the chairman, chief executive officer, chief financial officer, president or any vice-president, and the secretary or any assistant secretary, of the Corporation be and they hereby are authorized and directed to prepare and file a Designation of Preferences, Rights and Limitations of Series C Preferred Stock in accordance with the foregoing resolution and the provisions of Colorado law.

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 20th day of August, 2020.

Signed: /s/ Scott R. Silverman
Name: Scott R. Silverman
Title: Chief Executive Officer

Signed: /s/ Allison Tomek
Name: Allison F. Tomek
Title: Secretary

C-BOND SYSTEMS, INC.

CERTIFICATE OF ELIMINATION
TO ELIMINATE THE
SERIES A CONVERTIBLE PREFERRED STOCK

C-Bond Systems, Inc., a company organized and existing under the Colorado Revised Statutes of the State of Colorado (the “Company”), hereby certifies:

FIRST: That the Board of Directors of the Company adopted the following resolutions at a duly called and noticed meeting of the Board of Directors:

“Elimination of the Series A Preferred Stock

WHEREAS, pursuant to authority expressly granted by the provisions of the Articles of Incorporation of the Company, the Board of Directors of the Company created and authorized the issuance of a series of preferred stock, designated “Series A Convertible Preferred Stock,” par value \$0.10 per share, of the Company (the “Series A Preferred Stock”), consisting of 800,000 shares, and thereby fixed the designation, dividend rights, voting powers, rights on liquidation or dissolution and other preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions of the shares of such series (in addition to any thereof set forth in the Articles of Incorporation that are applicable to the Company’s preferred stock of all series) as set forth in a Certificate of Designations of Preferences, Rights, and Limitations with respect to such series filed with the Secretary of State of the State of Colorado on October 16, 2019 (the “Certificate of Designations”); and

WHEREAS, the Company has redeemed all shares of the authorized and previously issued shares of Series A Preferred Stock, and as a result none of the authorized shares of Series A Preferred Stock are outstanding and none will be issued.

NOW, THEREFORE, BE IT RESOLVED, that the Board deems it advisable and in the best interest of the Company that the Company eliminate all authorized shares of Series A Preferred Stock and that, in connection with such elimination of the Series A Preferred Stock, the Company eliminate in all respects the Certificate of Designations; and further

RESOLVED, that for purposes of these resolutions the term “Appropriate Officers” shall mean and include the Chief Executive Officer and President, and shall also mean and include the Secretary, where necessary or convenient to attest to any act of any of the aforesaid officers by and on behalf of the Company, whether under the seal of the Company or not; and further

RESOLVED, that the elimination of all of the authorized shares of Series A Preferred Stock and the elimination in all respects of the Certificate of Designations be, and hereby are, authorized and approved, and the Appropriate Officers are, and each of them hereby is, authorized, empowered and directed to execute and acknowledge a Certificate of Elimination reflecting the elimination of all of the authorized shares of Series A Preferred Stock and the elimination in all respects of the Certificate of Designations, and to file such Certificate of Elimination with the Secretary of State of the State of Colorado.”

SECOND: That the Certificate of Designations with respect to the Series A Preferred Stock was filed in the office of the Secretary of State of the State of Colorado on October 16, 2019. None of the authorized shares of Series A Preferred Stock are outstanding and none will be issued.

THIRD: That in accordance with the Colorado Revised Statutes of the State of Colorado, the Articles of Incorporation of the Company are hereby amended to eliminate all reference to the Series A Preferred Stock.

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 24th day of August, 2020.

Signed: /s/ Scott R. Silverman
Name: Scott R. Silverman
Title: Chief Executive Officer

Signed: /s/ Allison Tomek
Name: Allison F. Tomek
Title: Secretary

FORM OF SUBSCRIPTION AGREEMENT

This Subscription Agreement is entered into as of August 20, 2020, between [], an individual whose principal residence is at the address set forth on the signature page hereto (hereinafter “Subscriber”), and C-Bond Systems, Inc., a Colorado corporation (the “Company”), concerning an investment in the amount set forth on the signature page hereto. The Subscriber and the Company agree as follows:

1. **Subscription and Method of Payment.** Subject to the terms and conditions hereof, Subscriber hereby subscribes the amount set forth on the signature page hereto to purchase two thousand seven hundred (2,700) shares of Series C Preferred Stock, par value of \$0.10 (the “Series C Preferred Stock”), of the Company as determined by dividing the amount subscribed of \$270,000.00 (the “Subscription Amount”) by the purchase price of \$100.00 per share of Series C Preferred Stock. To satisfy this subscription, the Subscriber will tender cash or a wire transfer to the Company equal to the Subscription Amount.

After the Subscription Amount is paid timely and received in full by the Company, the Company will promptly cause a stock certificate to be issued totaling 2,700 shares of the Company’s Series C Preferred Stock.

2. **Representations and Warranties of the Company.** The Company hereby represents and warrants to Subscriber as follows:

(a) **Organization.** The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Colorado and has all requisite corporate power and authority to own and lease its properties, to carry on its business as presently conducted and as proposed to be conducted and to carry out the transactions contemplated hereby.

(b) **Authority.** The Company has all requisite power and authority to enter into this Agreement and perform Company’s obligations hereunder. The execution, delivery and performance by the Company of this Agreement have been duly authorized by all requisite corporate action. This Agreement has been duly executed and delivered by the Company and is a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms (except as enforceability may be limited by laws of bankruptcy or insolvency and general equitable principles).

(c) **No Conflicts.** The execution, delivery and performance by the Company of this Agreement, and the issuance, sale and delivery of the shares of Series C Preferred Stock being subscribed for, will not violate any law, statute, rule, regulation, order, judgment or decree of any court, arbitrator, administrative agency or other governmental body applicable to the Company, or conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation of any encumbrance upon any of the properties or assets of the Company pursuant to, the charter documents of the Company or any note, indenture, mortgage, lease agreement or other agreement, contract or instrument to which the Company is a party or by which it or any of its property is bound or affected.

(d) Approvals. Except for the filing of any notice as may be required under applicable securities laws, no permit, authorization, notice, consent or approval is required in connection with the execution, delivery or performance of this Agreement by the Company.

(e) Redemption of Series A Preferred Stock; Debt Repayment. The Company hereby agrees to use, as promptly as practicable following receipt of the Subscription Amount, the Subscription Amount along with other proceeds of the Company, if necessary, including, without limitation, proceeds received from the sale of other shares of the Company's authorized Series C Preferred Stock, to (i) redeem all outstanding shares of Series A Preferred Stock of the Company and file a certificate of elimination with the Secretary of State of Colorado to eliminate the Series A Preferred Stock of the Company and (ii) pay off a portion of the Company's convertible debt held by Auctus Fund, LLC or its affiliate.

3. Representations and Warranties of Subscriber. The Subscriber represents and warrants to the Company as follows:

(a) Subscriber is an "accredited investor" as such term is defined in Section 2(15) of the Securities Act of 1933, as amended (the "Act") and Rule 501 of Regulation D promulgated thereunder pursuant to the categories checked by the Subscriber on the signature page hereto. Subscriber is aware of the significance to the Company of the foregoing representation, and they are made with the intention that the Company will rely on them.

(b) Subscriber has had an opportunity to ask questions of and receive answers from duly designated representatives of the Company concerning the terms and conditions of the offering and has been afforded an opportunity to examine such documents and other information which Subscriber has requested for the purpose of answering any questions Subscriber may have concerning the business and affairs of the Company.

(c) Subscriber is not subscribing for the Series C Preferred Stock as a result of, or subsequent to, an advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or meeting or any other public solicitation.

(d) Subscriber acknowledges and understands that the Series C Preferred Stock has not been registered under the Securities Act of 1933, as amended (the "Act") or the securities laws of any state ("State Law") and must be held indefinitely unless they are subsequently registered under the Act and/or applicable State Law, or exemptions from such registration are available. Subscriber agrees that the Series C Preferred Stock will not be sold without registration under applicable securities laws (including the Act and State Law) or exemptions there from. The Company is the only entity which may register its Series C Preferred Stock under the Act and State Law.

(e) Subscriber acknowledges that Subscriber has such knowledge and experience in financial business matters that it is capable of evaluating the merits and risks of the prospective investment and to make an informed investment decision based upon the information provided by the Company.

(f) Subscriber further represents that Subscriber can bear the economic risk of loss of its entire investment; that the address set forth herein is its principal residence (if an individual) or place of business (if an entity); that Subscriber intends to purchase the Series C Preferred Stock for Subscriber's own account and not, in whole or in part, for the account of any other person; that Subscriber is purchasing the Series C Preferred Stock for investment and not with a view to public resale or distribution; and that Subscriber has not formed any entity for the purpose of purchasing the Series C Preferred Stock; and that this Subscription Agreement has been duly authorized by all necessary action on the part of the Subscriber and is a legal, valid and binding obligation of the Subscriber enforceable in accordance with its terms.

(g) Subscriber is aware that the Series C Preferred Stock is and will be when issued "restricted securities" as that term is defined in Rule 144 of the General Rules and Regulations under the Act.

(h) Subscriber is fully aware of the applicable limitations on the resale of the Series C Preferred Stock according to law.

4. Subscription Not Revocable. The Subscriber hereby acknowledges and agrees that the Subscriber is not entitled to cancel, terminate or revoke this Subscription Agreement or any agreements of the Subscriber herein and that this Subscription Agreement shall survive the death, disability, dissolution, bankruptcy or insolvency of the Subscriber.

5. Shares. Company agrees to cause the shares of Series C Preferred Stock of the Company to be issued hereunder to be duly authorized, validly issued, fully paid and nonassessable.

6. Miscellaneous.

(a) Subscriber agrees not to transfer or assign this Subscription Agreement, or any of the Subscriber's interest herein, and further agrees that the transfer or assignment of the Series C Preferred Stock acquired pursuant hereto shall be made only in accordance with all applicable laws.

(b) This Subscription Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and may be amended only by a written execution by all parties.

(c) The Subscription Agreement is being delivered and is intended to be performed in the State of Texas, and shall be construed and enforced in accordance with, and the rights of parties shall be governed by, the law of such state. Jurisdiction and venue for any action hereunder shall be in Harris County, Texas.

(d) Any controversy or claim arising out of this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitration may be entered in any court having jurisdiction thereof. The arbitration agreement set forth herein shall not limit a court from granting a temporary restraining order or preliminary injunction in order to preserve the status quo of the parties pending arbitration. Further, the arbitrator(s) shall have power to enter such orders by way of interim award, and they shall be enforceable in court. The place of such arbitration shall be in Harris County, Texas.

(e) This Subscription Agreement shall become effective upon execution and delivery hereof by all the parties hereto; delivery of this Subscription Agreement may be made by facsimile or electronic transmission such as portable document format ("PDF") or similar format to the parties.

IN WITNESS WHEREOF, the undersigned have executed this agreement as of the dates below.

SUBSCRIBER: Name: _____	Address for Notice: _____ _____ _____ _____ Date: _____ Subscription Amount: \$270,000 for 2,700 shares of Series C Preferred Stock of C-Bond Systems, Inc.
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By executing above, the Subscriber also hereby certifies that the Subscriber is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended. The specific category(s) of accredited investor applicable to the undersigned is checked below.

PLEASE CHECK ONE OF THE BOXES BELOW – REQUIRED TO OBTAIN SHARES

- a. Any director or executive officer of the Company;
- b. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds \$1,000,000;
- c. Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- d. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- e. Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Section 506(b)(2)(ii) of Reg D; or
- f. an entity in which all of the equity owners are "accredited investors."
- g. Other (explain) _____

ACCEPTED BY C-BOND SYSTEMS, INC.

By: _____
Name: _____
Title: _____
Date: _____