

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

**SCHEDULE 13D**  
Under the Securities Exchange Act of 1934  
(Amendment No.   )\*

**C-Bond Systems, Inc.**  
(Name of Issuer)

**Common Stock**  
(Title of Class of Securities)

**12508X 10 9**  
(CUSIP Number)

**Scott R. Silverman**  
**6035 South Loop East**  
**Houston, TX 77033**  
**832-649-5658**

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

**01/17/2023**  
(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No.	
(1)	Names of reporting persons Scott R. Silverman
(2)	Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input type="checkbox"/>
(3)	SEC use only
(4)	Source of funds (see instructions) PF OO
(5)	Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)
(6)	Citizenship or place of organization United States of America
Number of shares beneficially owned by each reporting person with:	
(7)	Sole voting power 67,315,575* See ITEM 4.
(8)	Shared voting power 0
(9)	Sole dispositive power 67,315,575
(10)	Shared dispositive power 0
(11)	Aggregate amount beneficially owned by each reporting person 67,315,575
(12)	Check if the aggregate amount in Row (11) excludes certain shares (see instructions)
(13)	Percent of class represented by amount in Row (11) 15.9%
(14)	Type of reporting person (see instructions) IN

**ITEM 1. SECURITY AND ISSUER.**

This Schedule 13D relates to shares of Common Stock, par value \$0.001 per share (the “Common Stock”), of C-Bond Systems, Inc. (the “Issuer”). The principal executive office of the Issuer is 6035 South Loop East, Houston, TX 77033.

**ITEM 2. IDENTITY AND BACKGROUND.**

- (a) **Name; Scott R. Silverman**
- (b) **Residence or business address; 6035 South Loop East, Houston, TX 77033**
- (c) **Present principal occupation or employment; Chairman and Chief Executive Officer of the Issuer**
- (d) **Criminal Convictions: None**
- (e) **Civil Proceedings: None per the instructions provided for ITEM 2.(e)**
- (f) **Citizenship/State of Incorporation/Organization: United States of America**

**ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.**

See Item 4 of this Schedule 13D, which information is incorporated herein by reference.

**ITEM 4. PURPOSE OF TRANSACTION.**

On January 17, 2023, the Issuer entered into a Subscription Agreement with its Chairman and Chief Executive Officer, Scott R. Silverman (the “Subscription Agreement”), whereby Mr. Silverman purchased 54,545,455 shares of the Company’s common stock, par value \$0.001 (the “Common Stock”), for \$300,000, or \$0.0055 per share, the closing price of the Company’s Common Stock on the date of the Subscription Agreement (the “Consideration”). The Consideration consisted of \$275,000 paid to the Company via wire transfer and the conversion of \$25,000 of accrued compensation owed to Mr. Silverman.

A copy of the Subscription Agreement is attached hereto as Exhibit 1, incorporated by reference to that certain exhibit filed on the Company’s Form 8-K on January 19, 2023, and is incorporated herein by reference.

Prior to the Subscription Agreement, Mr. Silverman held 9,770,120 shares of Common Stock, which shares were granted to him during the years 2018 through 2020, and 3,000,000 shares issuable upon the exercise of stock options.

\*Mr. Silverman also owns 745 shares of the Issuer’s Series B Convertible Preferred Stock (“Series B”), which shares are not registered, and which may convert into 135,454,545 shares of Common Stock, subject to adjustment as described in the Certificate of Designations of Preferences, Rights, and Limitations of the Series B (the “Certificate”). The Series B carries majority voting rights of 50 votes of Common Stock to every 1 share of Series B. Although Mr. Silverman has no intention of converting any shares of Series B in the next 60 days, the Series B may be redeemed by the Issuer or convert into Common Stock as further described in the Certificate.

Other than as described above and in Item 6 of this Schedule 13D, the Reporting Persons do not currently have any plans or proposals that relate to, or would result in, any of the matters listed in Items 4(a)–(j) of Schedule 13D, although, depending on the factors discussed herein, the Reporting Persons may change their purpose or formulate different plans or proposals with respect thereto at any time.

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**ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.**

- (a) Mr. Silverman beneficially owns 67,315,575 shares of the Issuer’s common stock.
- (b) The number of shares of Common Stock as to which the Sponsor has:
  - (i) Sole power to vote or direct the vote: 67,315,575
  - (ii) Shared power to vote or direct the vote: 0
  - (iii) Sole power to dispose or direct the disposition: 67,315,575
  - (iv) Shared power to dispose or direct the disposition: 0
- (c) During the past 60 days, Mr. Silverman has not effected any transactions in the Issuer’s Common Stock.
- (d) None.
- (e) Not applicable.

**ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.**

See Item 4 of this Schedule 13D, which information is incorporated herein by reference.

**ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.**

- Exhibit 1 – [Form of Subscription Agreement, dated January 17, 2023, between C-Bond Systems, Inc. and Scott R. Silverman](#)
- Exhibit 2 – [Certificate of Designations of Preferences, Rights, and Limitations of Series B Convertible Preferred Stock](#)

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**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date	January 24, 2023
Signature	<u>/s/ Scott R. Silverman</u>
Name/Title	Scott R. Silverman, Chairman and Chief Executive Officer

**FORM OF SUBSCRIPTION AGREEMENT**

This Subscription Agreement is entered into as of January 17, 2023, between Scott R. Silverman, 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 "Common Stock"). 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 such number of shares of Common Stock of the Company as determined by dividing the amount subscribed by a price per share of \$0.0055 (the "Subscription Amount"). To satisfy this subscription, the Subscriber will tender cash/payment or a wire transfer equal to the Subscription Amount.

After the Subscription Amount is paid timely and received in full by the Company will cause a stock certificate to be issued totaling 54,545,455 shares of the Company's common stock, par value \$0.001 (the "Common 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 Common 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.

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 Common 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 Common 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 Common 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 Common 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 Common 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 Common 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 Common 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 Common 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 Common 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 Common 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 Common 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:**

Address for Notice:

Name: Scott R. Silverman

Date:

Subscription Amount: \$300,000 for 54,545,455 shares of Common Stock of C-Bond Systems, Inc.

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:** \_\_\_\_\_

**C-Bond Systems, Inc.**CERTIFICATE OF DESIGNATIONS OF PREFERENCES,  
RIGHTS AND LIMITATIONS  
OF  
SERIES B 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. Corporation, a Colorado corporation (the "**Corporation**").

2. The Corporation is authorized to issue 1,000,000 shares of preferred stock. There are currently 800,000 shares of Series A Convertible Preferred Stock designated and 159,600 shares outstanding.

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

WHEREAS, the Certificate of Incorporation of the Corporation provides for a class of its authorized stock known as preferred stock, comprised of 1,000,000 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 B Convertible Preferred Stock, to designate the rights, preferences, restrictions and other matters relating to the Series B 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 B Convertible Preferred Stock (the "**Series B 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 B Preferred Stock.

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**B. Ranking and Voting.**

**1. Ranking.** The Series B 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 B Preferred Stock, the Company may not issue any Preferred Stock that is not junior to the Series B Preferred Stock in right of dividends and liquidation.

**2. Voting.** Each share of Series B Preferred Stock shall be entitled to vote on all matters requiring shareholder vote. Each share of Series B 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 B Preferred Stock (each respectively an "**Issuance Date**"), Holders of Series B Preferred Stock will be entitled to dividends on each outstanding share of Series B Preferred Stock ("**Dividends**"), at a rate equal to 2.0% per annum ("**Dividend Rate**") of a stated value ("**Stated Value**") of \$1,000 per share of Series B 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 B Preferred Stock at any time and from time to time. Dividends will accrue monthly and will be added to the Series B Liquidation Value, and upon redemption of the Series B 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 B 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 B Preferred Stock.

**D. Protective Provision.** So long as any shares of Series B Preferred Stock are outstanding, the Corporation will not, without the affirmative approval of the Holders of a majority of the shares of Series B Preferred Stock then outstanding (voting as a class), (i) alter or change adversely the powers, preferences or rights given to the Series B Preferred Stock or alter or amend this Certificate of Designations, (ii) authorize or create any class of stock ranking as to distribution of dividends senior to the Series B Preferred Stock, (A) amend its articles of incorporation or other charter documents in breach of any of the provisions hereof, (iv) increase the authorized number of shares of Series B Preferred Stock, (v) liquidate, dissolve or wind-up the business and affairs of the Corporation, or effect any Deemed Liquidation Event (as defined below), or (vi) 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 B 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 B Preferred Stock by reason of their ownership thereof, the Holders of Series B 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 B Preferred Stock equal to the Stated Value thereof plus any accrued but unpaid Dividends thereon (collectively, the “**Series B 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**. At any time after one year from the Issuance Date and subject to a ten-day advance notice (via email or overnight courier) to the Holders, the Corporation will have the right, at the Corporation’s option, to redeem all or any portion of the shares of Series B Preferred Stock at a price per share equal to 100% of the Series B Liquidation Value of the shares being redeemed. After the initial notice is delivered to the Holders, during the ten-day notice period, Holders will have the right to convert pursuant to Section I.G.

2. **Mandatory Redemption**. If the Corporation determines to liquidate, dissolve or wind-up its business and affairs, or effect any Deemed Liquidation Event, the Corporation will redeem all of the outstanding shares of Series B Preferred Stock prior to the Deemed Liquidation Event. All Series B Preferred Shares shall be redeemed no later than three years after the Deemed Liquidation Event.

**3. Mechanics of Redemption.** If the Corporation elects to redeem any of the Holders' Series B Preferred Stock then outstanding, it will deliver written notice thereof via email or overnight courier ("**Notice of Redemption at Option of Corporation**") to each Holder whose shares are to be redeemed, which Notice of Redemption at Option of Corporation will indicate (a) the number of shares of Series B Preferred Stock that the Corporation is electing to redeem, (b) the date upon which the applicable redemption price will be paid, and (c) the amount of the applicable redemption price (with a reasonably detailed calculation thereof). The Notice of Redemption at Option of Corporation may not be delivered until at least ten days after notice is delivered to Holder pursuant to Section I.F.1. Upon receipt of such initial notice, the Holder will have the right to convert its Series B Preferred Shares into common shares pursuant to **Section I.G.**

**4. Payment of Redemption Price.** Upon receipt by any Holder of a Notice of Redemption at Option of Corporation, if Holder does not choose to convert pursuant to **Section I.G.** such Holder will promptly submit to the Corporation such Holder's Series B Preferred Stock certificates. Upon receipt of such Holder's Series B 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 B Preferred Stock may be converted into shares of Common Stock at any time or times after the Issuance Date, at the option of Holder, (i) if at the option of a Holder, by delivery of a written notice to the Corporation (the "**Holder Conversion Notice**"), of the Holder's election to convert Series B Preferred Stock and the number of shares of Series B Preferred Stock which such Holder is electing to convert, or (ii) if at the option of the Corporation, if and only if the closing price of the Common Stock on the Trading Market exceeds 400% of the Conversion Price for a period of twenty consecutive trading days, by delivery of a written notice to the subject Holder (the "**Corporation Conversion Notice**" and, with the Holder Conversion Notice, each a "**Conversion Notice**"), stating the Corporation's election to convert Series B Preferred Stock and the number of such Holder's shares of Series B Preferred Stock to be converted.

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

**2. Payment and Issuance Upon Conversion.** In the event of a conversion of any Series B Preferred Stock, the Corporation shall issue to such Holder a number of Conversion Shares equal to (i) the Series B Liquidation Value multiplied by (ii) the number of shares of Series B Preferred Stock held by such Holder and subject to the Holder Conversion Notice, divided by (A) the Conversion Price with respect to such Series B 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 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 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.

**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 B Preferred Stock calculated as pursuant to the following formula:  
Number of votes per Series B share = Series B Liquidation Value per share, divided by the Conversion Price, multiplied by fifty (50).

**b. "Conversion Price"** means a price per share of Common Stock equal to 100% of the lowest daily volume weighted average price of the Common Stock during the subsequent two years preceding or two years following the Issuance Date, subject to adjustment as otherwise provided herein.

**c. "Conversion Shares"** means shares of Common Stock issuable upon conversion of Series B 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 pursuant to which any share of Series B 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 B Preferred Stock, which shall be prima facie indicia of ownership of all outstanding shares of Series B Preferred Stock. Upon the surrender of any certificate representing Series B 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 B 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 B Preferred Stock in accordance with the foregoing resolution and the provisions of Colorado law.

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 11th day of December 2019.

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

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