



PO Box 16080, Austin, TX 78761 ● Telephone (512) 451-8298 ● FAX (512) 453-6149

CONSIGNMENT AGREEMENT

This Consignment Agreement (the "Agreement"), made by and between GT Distributors located at 2545 Brockton Drive STE 100 Austin, Texas 78758 (the "Consignee") and, _____ Located at _____, City: _____, State: ____ Zip: _____ (The "Consignor") hereinafter collectively referred to as the "Parties".

Whereas, the Consignee owns and operates an Auction service for selling seized and confiscated Firearms. (The "Business")

Whereas, the Consignee wishes to sell certain products, items and/or other goods owned by the Consignor (the "Goods") on consignment on behalf of the Consignor.

The Consignee and the Consignor hereby agree as follows:

I. DEFINITIONS

- 1.01 Goods: Items held for sale in the regular course of business; firearms, knives, swords and other goods sold by Consignee for Consignor.
- 1.02 Agency: The Consignor.
- 1.03 Consignor: The person, company, or agency that agrees to have the goods sold by G T Distributors Inc.
- 1.04 Consignee: G T Distributors, Inc.

II. GOODS

- 2.01 The Consignor agrees to provide to the Consignee the Goods (the "Goods") listed on Schedule "A" annexed hereto for the purpose of selling such item(s) through the Business pursuant to the terms and conditions contained herein.
- 2.02 The Consignor acknowledges that the description of the Goods provided to the Consignee is true and correct to the best of his/her knowledge.

- 2.03 The Consignee reserves the right to reject any Goods that the Consignor may bring in or have shipped to the Consignee to sell on the Consignor's behalf.

III. EXCLUSIVE RIGHTS

- 3.01 The Consignee shall have the exclusive rights to sell and distribute the Goods on behalf of the Consignor in the territory. Territory is defined as All 50 states.

IV. OWNERSHIP

All Goods provided to the Consignee for consignment purposes, shall remain the property of the Consignor, until such time the Consignee sells the Goods.

V. DELIVERY OF GOODS

- 5.01 The Consignee shall arrange shipment of the Goods being sold, to the Consignee's principal place of business located at 2445 Brockton Drive STE 100 Austin, Texas 78758. This can be done via phone 800-443-6283 or email Brian.mccullar@gtdist.com.
- 5.02 Shipment will be made using G T Distributors UPS account and service level as decided by G T Distributors. Shipping labels will be provided. Consignor will be responsible for packing and packing materials. Consignor is responsible for insuring that items are securely packed. Shipping charges will be deducted from proceeds gained from the auctions.

VI. SALE OF GOODS

- 6.01 The Consignee shall use all of its reasonable best efforts to sell and distribute the Goods on behalf of the Consignor in the Territory.
- 6.02 The Consignee will conduct no reserve five day auctions on GunBroker.com. All auctions will be penny auctions. The items will bring true market value in that format.
- 6.03 Any and all sales of Goods by the Consignee can be processed through cash, credit card, or any method selected by Consignor. Transaction fees associated with the transactions will be paid by the buyer.

VII. PAYMENTS AND STATEMENTS

- 7.01 The Consignee hereby agrees that it shall provide to the Consignor, monthly statements showing all of the sales transactions by the Consignee of the Goods. The Consignee hereby agrees to provide such monthly statements to the Consignor by way of email. The consignor will also be mailed a monthly statement of sales along

with payments for the sales. The Consignee shall submit to the Consignor, all monies received by it for the sale of the Goods that have been paid in full at the same time the Consignee submits the monthly statements to the Consignor. These funds can be used as a store credit with GT Distributors, sent to another distributor of your choosing or given directly back to your department to use as it sees fit. If a store credit is chosen a discount of 3% will be applied to standard G T Distributor pricing on all items except Glock. This cannot be applied to contract pricing.

- 7.02 The Consignor acknowledges that the Consignee, will deduct agreed upon commissions before paying the consignor. All sales proceed payments to the consignee will be paid on the 15th of each month unless otherwise stated. If the 15th of the month falls on a non-working business day, the proceeds will be issued the day after the non-business day.

VIII. BUSINESS OF THE CONSIGNEE

- 8.01 The Consignor hereby acknowledges and agrees that it shall have no supervision over the Consignee's business, its employees, facilities and any means to which the Consignee carries out its obligations under this Agreement.

IX. INDEMNIFICATION/WARRANTIES

- 9.01 The Consignee hereby agrees to indemnify and hold the Consignor harmless from payment of any premiums, taxes or contributions respecting the Consignee's employees, which may be assessed against the Consignor.

- 9.02 Consignor represents and warrants that:

- A. It has the right, power and authority to consign the property for sale and to enter into this Agreement and to perform all obligations hereunder;
- B. The Goods at all times herein shall remain free and clear of all liens, encumbrances or claims of third parties of any kind whatsoever;
- C. Good title will pass to the buyer upon sale; and
The information Consignor has provided to Consignee is true and correct.

- 9.03 Consignor shall defend, indemnify, and hold harmless, Consignee, its employees and agents, against any and all claims, actions, damages, losses, liabilities and expenses (including reasonable attorney's fees for counsel of GT Distributors choosing) arising out of or resulting from any and all claims raised by the buyer of the Goods, including but not limited to, ownership or right to possession of any of the property, any alleged breach by Consignor of any obligation, representation or warranty pursuant to this Agreement. Consignee shall retain full copy, reproduction and photographic rights to any pictures taken during any and all processes and transactions. Consignor's

warranties and indemnification shall survive the completion of the transactions contemplated by this Agreement, and shall apply to the property sold or consigned for sale pursuant to this Agreement.

X. TERMINATION OF AGREEMENT

- 10.01 Either the Consignor or Consignee hereto has the right at any time to terminate this Agreement if the other party breaches or is in default of any of its obligations contained herein, and such default is incapable of cure or which, being capable of cure has not been cured by the breaching party within thirty (30) days after receipt of notice of such default.
- 10.02 Either the Consignor or Consignee hereto may terminate this Agreement by thirty days written notice to the other party or should the party who provides such written notice becomes bankrupt or insolvent or is subject to any proceedings under any bankruptcy or insolvency laws, whether domestic or foreign.
- 10.03 Should either the Consignor or Consignee become insolvent, or is placed in receivership or bankruptcy, this Agreement shall terminate without further compensation to either party.
- 10.04 In the event that either the Consignor or Consignee is unable to perform any of its obligations hereunder, the party who has been so affected shall immediately give notice to the other party and shall do and commence all reasonable actions to resume its performance under this Agreement.

XI. LOSS AND DAMAGE TO GOODS

- 11.01 The Consignee hereby acknowledges and agrees that it shall be solely liable and responsible for any loss or damage to any of the consigned Goods from the date of delivery to the Consignee and delivered to a buyer. In the event of loss or damage that cannot be restored, the Consignor shall receive from Consignee an estimated amount as if the Goods had been sold on Gunbroker, within ten (10) days after a determination that the loss is not restorable, but in no event more than thirty (30) days after such damage is discovered.

XII. CONFIDENTIALITY

- 12.01 The Consignee hereby agrees that it will not knowingly provide or distribute any confidential information of the Consignor to any third party.
- 12.02 The Consignor and the Consignee hereby agree not to disclose any information contained herein to any third party or use any confidential information disclosed to it, except as expressly permitted under this Agreement and that the Consignor and the Consignee will take all reasonable measures and actions to maintain the confidential information in its possession or control.

XIII. DISPUTE RESOLUTION

- 13.01 The Parties hereto shall endeavour to resolve any differences of opinion which may arise between them with respect to the provisions of this Agreement by negotiation between themselves personally or with the assistance of their attorneys and unless in the opinion of any party, acting reasonably, the matter in dispute is of such a significant nature to warrant it being addressed otherwise, no party shall commence any public proceedings until the negotiations have failed to produce a resolution. In furtherance of the provisions of this paragraph, all Parties hereby agree to make themselves available on short notice and to negotiate promptly and in good faith, any matter any party may wish to negotiate.
- 13.02 The Parties agree to obtain the assistance of a mediator should any party be of the opinion that the assistance of a mediator would assist in an expeditious and amicable resolution of the matter in dispute. The costs of any such mediator shall be shared equally by all of the Parties involved in the dispute.
- 13.03 If negotiations are conducted with the assistance of a mediator and no agreement is reached, the mediator shall be instructed to proffer no opinion as to the position maintained by any party and to make no report unless directed to do otherwise, in writing, by all of the Parties.

XIV. LEGAL

- 14.01 The Parties hereto agree that no report of anything said or of any admission or communication made in the course of the negotiations or mediation hereinbefore described shall be used as evidence or shall otherwise be admissible in any legal proceeding, except with the consent, in writing, of all of the Parties.
- 14.02 If in the opinion of any party, acting reasonably, it is unlikely to expect the matter in dispute as between the Parties to be resolved by continued negotiations or continued mediation as hereinbefore provided, or if the matter is of such a significant nature to warrant it being addressed otherwise, then the matter in dispute shall be submitted to and shall be subjected to binding arbitration pursuant to the rules of the American Arbitration Association. The prevailing party shall be awarded reasonable attorneys' fees and costs.

XV. NOTICES

- 15.01 Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by fax, electronic mail ("e-mail") or other similar means of electronic communication, in each case to the following addresses:

If to the Consignor:

Attention:
Facsimile:
E-mail:

If to the Consignee:

GT Distributors Inc.
Physical Address: 2545 Brockton Drive STE 100
Austin, Texas 78758

Mailing Address: P.O. Box 16080 Austin, Texas 78758
Fax: 512-453-6149
Attention: Brian McCullar
E-mail: Brian.mccullar@gtdist.com

- 15.02 Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a business day and the communication is so delivered, faxed or sent prior to 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following business day. Any such communication sent by U.S. mail shall be deemed to have been given and made and to have been received on the fifth business day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.
- 15.03 The Consignor or the Consignee may from time to time change its address under this Article 13.01 by notice to the other party given in the manner provided by this Article.

XVI. GENERAL PROVISIONS

- 16.01 Except as otherwise set out herein, the Consignor and the Consignee shall be responsible for their own legal and other expenses incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement.
- 16.02 This Agreement shall ensure to the benefit of, and be binding on each of the Consignor and the Consignee, and their respective successors and permitted assigns.
- 16.03 This Agreement (together with all other agreements or documents executed by the Consignor and the Consignee as may be contemplated by this Agreement) constitutes the entire agreement between the Consignor and the Consignee pertaining to the subject matter of this Agreement and such other agreements and documents and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written

including, without limitation, any confidentiality agreements which may have been entered into between the Consignor and the Consignee prior to the date hereof.

- 16.04 Any provision of this Agreement which, as it may relate to the Consignor or the Consignee, is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.
- 16.05 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or faxed form and the parties adopt any signatures received by a receiving fax machine as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed.
- 16.06 This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

(CONSIGNOR)

Name:
Title:

(CONSIGNEE)

Name:
Title:

SCHEDULE "A"

LIST OF GOODS

1. Seized or Confiscated Firearms, Knives or any other Property Room item that a judge has signed orders on.

2. Long guns, short guns, fully automatic firearms, swords, cross bows, cleaning kits any item that is declared a firearm or is related to a firearm. Any item or items located in the property and evidence room.

**SCHEDULE "B"
COMMISSION TABLE**

1. GT Distributors Inc. will receive a commission of 35% on any firearms shipped to our location, put into inventory, checked, cleaned and sold that sell for over \$100.00. Any item selling for \$99.99 or less will become a 50%-50% split. **These funds can be used as a store credit with GT Distributors, sent to another distributor of your choosing or given directly back to your department to use as it sees fit. If a store credit is chosen a discount of 3% will be applied to standard G T Distributor pricing on all items except Glock. This cannot be applied to contact pricing.**

GT Distributors Inc. will receive a commission of 50% on any other types of items sold regardless of the selling price of such items or item. **These funds can be used as a store credit with GT Distributors, sent to another distributor of your choosing or given directly back to your department to use as it sees fit.**

3. Profit is defined as funds after shipping charges from consignor to consignee and the cost of auction fee's which average about \$5.00 per sale.

Please check the box below that applies to your agency.

Our department wishes to participate in this program.

Our department does not wish to participate in the program at this time.

Signature: _____ **Date:** _____

