

**Art Jewelry Online**  
**By Invitation Consignment Agreement**

***OWNER Velina A. Glass***

*Business URL:*        *artjewelryonline.com*  
*Company Name:*    *The Artist Online, LLC*  
*Address:*            *3500 West Gate Drive*  
                              *Ellicott City, MD 21042*  
*Telephone:*         *(800) 507-3087*  
*Fax:*                 *(425) 962-9657*  
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### *III Consignment Agreement*

This agreement effective August 20, 2008 is between The Artist Online, LLC D.B.A [www.artjewelryonline.com](http://www.artjewelryonline.com) located at 3500 West Gate Drive, Ellicott City, MD 21042 and the consignor named below.

**Print/Type Name of Artist:**

**Name & Tax ID number for Purposes of Payment:**

**Address:**

**Telephone (notate if home, cell or office) and Business Email:**

**Compensation:**

- a. The artist will provide the company with a wholesale price for each item submitted for sale. The wholesale price is the price the company will pay the artist when their item sells. This price will include the cost of packaging for secure shipment. The company reserves the right to set retail prices. We encourage our artists to include suggested retail pricing however, the company reserves the right to set, change, increase, decrease or discount retail pricing.
- b. Artists may change their wholesale pricing at any time with a 30 day written notice. The artist agrees not to change their pricing no more than two times per year.
- c. Art Jewelry Online at its discretion may remove an individual item from the artist's online selection.
- d. We will pay artists on the fifteenth of the month for all sales occurring in the previous month. For example, we will pay for sales occurring on June 2<sup>nd</sup> on July 15<sup>th</sup>. The only exception to this policy is that we will pay all December sales on January 31.

Any artist achieving total sales equal to or greater than \$5,000 in a calendar year is eligible for profit sharing. This measurement includes the total sales for made to order and production work. The formula for profit sharing is 10% of annual earnings after expenses and before income tax (EBIT) divided by all eligible artists. For example, in fiscal year 2009, if there are 10 eligible artists and EBIT

is \$100,000 each artist would receive a \$1,000 bonus. We reserve the right to alter the sales criteria for profit sharing but are committed to offering 10% of EBIT. We will issue profit sharing payments between April 15 and April 30 and it will reflect participation based on the prior year goals. Any artist not under contract at the time of issuance of profit sharing is not eligible for profit sharing.

Compensation Performance Bonuses Addendum 1C effective Jan. 1, 2010:

- f. Performance Bonuses: In the event that profit sharing does not apply due to company financial performance the company will offer artists performance bonuses based on customer survey data.
  - a. Delivery time: Any artist receiving an overall score of five on a scale of 1-5 for delivery time will receive a bonus equal to 15% of the wholesale value of the total merchandise purchased between the first and last date of a given calendar year.
  - b. Quality: Any artist receiving an overall score of five on a scale of 1-5 for quality of merchandise will receive a bonus equal to 20% of the wholesale value of the total merchandise purchased between the first and last date of a given calendar year.
  - c. Repeat Sales: Any artist receiving three or more repeat sales from a customer will receive a bonus of 25% of the wholesale value of the merchandise.
  - d. Definitions: Wholesale price is defined as 50% of the retail price prior to any sales pricing or discounts. If items sold were on sale the bonus is determined based on the pre-sale regular price.
  - e. Limitations: An artist may only qualify for one category bonus payment. If an artist qualifies for more than one category, the bonus is paid based on the category yielding the highest compensation.
  - f. Payments: Bonuses are paid by no later than March 15 of the following year after the measured bonus period. For example, for calendar year 2010 bonus evaluation, the bonus is payable by March 15, 2011. Any AJO artist that is no longer under contract at the time of bonus payment is not eligible for bonuses.
- e.

## **General Terms**

Price change practices General Terms Addendum 1G effective March 1, 2010.

All written price change requests received by the company shall be implemented within 15 calendar days of receipt of change. Email is a satisfactory mode of written communication. If the company fails to implement the price change within the 15-day period and the items sells after the 15-day period the company will reimburse the artist based on the commission of the requested written price change.

Contracts auto renew and remain in force until either party provides a 30 day written notice to terminate.

Either party must make all changes to this contract in writing.

If a specific item is no longer available for sale, the artists must notify the company via email within 48 hours.

When a sale occurs, we will notify the artist via email. If the artist expects that, he/she will not be available for three or more days we request that they notify the company of changes in their fulfilment date. For example, if an artist is on vacation for 1 week all sales occurring during that week will have 7 days added to its ship date.

Customers will have 14 calendar days from the time of receipt of their Jewelry to return it for any reason to [artjewelryonline.com](http://artjewelryonline.com)<sup>TM</sup>. The customer must call (800) 507-3087 to receive return instructions. We understand that in the case of gift giving a buyer may exceed the 14-day return period. We will handle those returns on a case-by-case basis. We may choose to offer a store credit in lieu of a refund. Returned Jewelry must be in the same condition as shipped. If damage occurs during shipping, the customer must notify us within 14 calendar days by either phone or email to receive a refund and return instructions. All sales outside of the 48 contiguous states, Alaska and Hawaii are deemed international sales and are not eligible for return. Items defined as custom work are not eligible for return.

We request that all artists participate in a rigorous jury process. The jurors include the owner, one member from the participating artist group, and an objective third party from within the industry. We will review new artist applications on a monthly basis and respond within 45 days.

Artists that receive an invitation from the company are not required to participate in the jury process.

The company will not hold any inventory. Upon receipt of payment from the buyer, the artist is responsible for shipping the merchandise directly to the customer within 48 hours. We will extend the fulfilment date up to ten calendar days for items listed on the inventory sheet as made to order. The artist must fill all orders within ten calendar days of the order date. The company will pay all shipping charges including insurance equal to the wholesale price of the merchandise. The company will provide a shipping label via email for all shipments. The artist must have the capability to print, package and post all orders. The artist must pack and ship all merchandise as prescribed by the carrier. We will return to the artist any items damaged due to inadequate packaging with no compensation. We will file a claim for any items damaged or lost due to the neglect of the assigned carrier.

The artists must provide high quality digital images of their work in a GIF, TIFF or JPEG format. We request but do not require artists to provide us with a photograph of themselves for web site promotional purposes. Any use of a photo of the artist requires written consent of the artist with the exception of the photos exhibited on the web site [www.artjewelryonline.com](http://www.artjewelryonline.com) or as a part of a public press release. We may however at our discretion use the images of the artist's work for sales, promotion and alternative distribution channels. The alternative distribution channels include but are not limited to social networking sites, affiliate marketers, You Tube, Etsy, podcasts and blogs.

**SELLERS WARRANTIES.** (a) Warranties. Consignor represents and warrants to the company The Artist Online, LLC that: (1) Consignor has the right, power and authority to consign the property for

sale and to enter into this Agreement and to perform all obligations hereunder; (2) there are no restrictions on the company The Artist Online, LLC to reproduce photographs of the property; and (3) the information Consignor has provided to the Company in the Agreement is true and correct. Consignor acknowledges and agrees that the Company will rely upon the accuracy and completeness of the foregoing warranties.

We will utilize an independent agency to review and prepare a summary of the company's financial performance. We will share all information that is not proprietary with participating artists.

The company will ask the artist to participate in customer service initiatives. We will provide the resources necessary to assist the artist in maintaining customer service standards.

**Offer Tendered by The Artist Online, LLC Resident Agent**

*"Electronic signature" Velina A. Glass June 28, 2008*

**Acceptance:** You acknowledge that you have read this agreement and agree to all its terms and conditions by signing the agreement and returning it to The Artist Online, LLC via fax (425) 962-9657 or postal mail 3500 West Gate Drive, Ellicott City, MD 21042.