

## DOCUMENT SUMMARY

To: Leon D. Black  
From: Heather Gray  
Date: October 10, 2014  
Re: Sotheby's Consignment Agreements

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Enclosed are the consignment agreements for the six works you are consigning to Sotheby's. I have emailed the consignment agreements and this summary to Jeffrey for his review.

There are two agreements because the Cornells are owned by you individually, while you own the rest of the works through Narrows Holdings LLC. I did not heavily negotiate these agreements as the values are relatively low and I am confident that Charlie Moffett will protect your interests.

### I. Financial Terms.

When the aggregate auction estimates of the works being consigned was \$6,735,000 - \$9,735,000, Sotheby's offered to pay you 6% of the buyer's premium on top of the hammer price for each work. Now that the aggregate auction estimates of the consignment has dropped to \$1,516,433 - \$2,157,149, they are not paying you any of the buyer's premium. Instead, you will receive the full amount of the hammer price for each work and you will not pay any expenses. As you know, not sharing part of the buyer's premium is typical for six lots at this value level, but if you would like me to, I will go back to Charlie and see if he can get you a percentage or two of buyer's premium give back.

**Would you like me to ask Charlie if he can do any better on the financial terms?**

### II. Auctions.

The Bonnard, Gris, and Beckmann will be offered in the Impressionist & Modern Art Day Sale on November 5<sup>th</sup>, the Cornells will be offered in the Contemporary Day Sale on November 12<sup>th</sup> and the Severini will be offered in London in the Impressionist & Modern Art Evening Sale in February 2015.

### III. Payment.

You will be paid the hammer price for each work 35 days after the respective auction.

### IV. Reserves.

The reserves will be set closer to the auctions. I will call Charlie the last week in October to see what they are thinking for the Impressionist works and will report back to you at that time.

V. Representations and Warranties.

The agreements include the standard representations and warranties that both auction houses require. Basically, you represent and warrant that you have the right to consign the works, there are no liens on the works, good title will pass to the purchaser, you have no reason to believe the works are not authentic, etc. I am happy to discuss these representations in more detail with you if you would like.

VI. Insurance.

Sotheby's is insuring each work at its high estimate prior to the auction. I thought this was necessary because the estimates are generally lower than the appraised values that Sotheby's has given you.

VII. Withdrawal.

You cannot withdraw any of the works once you sign these agreements. Sotheby's may withdraw a work if there is doubt as to its authenticity or as to the accuracy of your representations or warranties, you have breached the agreement or a work incurs so much damage that it cannot be sold. A withdrawal fee is standard in the agreement, but they will not charge it.

VIII. Rescission.

The agreements include the standard rescission language found in both auction house' contracts, which provides that Sotheby's may rescind a sale according to the Conditions of Sale and Terms of Guarantee in the catalogue, if they learn that the work is a counterfeit, or if they determine that selling a work subjects you or them to liability. As you know, rescinded sales are rare, and we would have the opportunity to hire our own experts in the event someone challenged the authenticity of one of the works.

IX. Reconsignment.

Sotheby's will internally reconsign the Severini to Sotheby's London (this keeps you from having to sign a separate consignment agreement with Sotheby's London). Sotheby's London will bring it into the UK under the Temporary Admission program for VAT, meaning that if the work is sold to a UK resident or is not exported from the UK within a certain period of time after the auction, the buyer will be charged VAT. The buyer will also be charged any applicable Artist's Resale Royalty.

Please let me know if you have any questions about the consignment agreements. I would be happy to discuss them in more detail with you.