

Over the Counter (OTC) Stamp Consignment Agreement

OVER THE COUNTER (OTC) STAMP CONSIGNMENT AGREEMENT

Date:

This stamp consignment agreement (the "Agreement") between _____ ("Contractor") and _____ ("Consignee"), located in _____ [city, state] establishes the parties' rights and obligations as follows:

1. Consignee Agrees:

1.1 To accept on consignment a minimum order of 100 books of 20 First Class Stamps (currently valued at \$1,000.00) and a maximum of \$_____ in face value of United States Postal Service® ("USPS®") postage, subject to credit limitation as established by Contractor, in its sole discretion. The total value of consigned postage, as replenished, and sales proceeds on hand may not exceed the maximum value without modification to this Agreement. Consigned postage may include First-Class Mail® postage, Express Mail® postage, Priority Mail® postage, or such other postage as the parties mutually agree upon, subject to minimum orders Contractor may set for the type of postage ordered.

1.2 To sell postage on a consignment basis to the public for no more than face value, and to advertise and promote the consignment with materials as may be provided by Contractor. If provided materials by the Contractor stating "Buy Stamps Here at Post Office™ Prices," the Consignee will only use such materials if the Consignee sells stamps at face value. The Consignee also agrees not to charge its customers a surcharge, handling fee, stocking fee, or any other type of extra fee over and above the face value of the stamps. The Consignee also agrees that it shall not be permitted to charge the Contractor a surcharge, handling fee, stocking fee, or any other fee in any event including in connection with Consignee's permitted return of postage.

Prior to usage, Consignee must submit to the Contractor for approval any advertising or promotional materials Consignee desires to use that were not provided by the Contractor. Consignee will not use such advertising or promotional materials until authorized in writing to do so by the Contractor. The Contractor cannot authorize the use of advertising or promotion materials containing USPS Intellectual Property without the express written consent of the USPS. The Consignee understands that the Contractor will submit such materials to USPS® for review, and that such review may take at least 15 calendar days. If Consignee has not received approval or disapproval within 20 calendar days, the submission shall be deemed disapproved. Consignee further understands that it may have to enter a written licensing agreement with USPS® for use of certain USPS® corporate marks or licensed images.

1.3 The Consignee agrees that both the Contractor and the USPS® may use Consignee's name and or/address, as well as the names and/or addresses of the outlets through which Consignee sells postage, in advertising, promotional or other material, in any medium, for the purpose of providing information to postal customers. This use may include the inclusion in a USPS® online search function, or mailings to USPS® customers regarding the locations where stamps can be purchased. The Contractor will obtain additional written consent for any use beyond providing the Consignee's name and/or addresses of specific locations where stamps are available to USPS® customers.

1.4 To ensure payments for the full face value of consigned stock delivered under this Agreement are in the USPS® lockbox account no later than thirty (30) calendar days after receipt of stamp stock by Consignee, and to order replenishments as needed. Consignee must examine orders upon receipt, and notify Contractor of any discrepancies within 24 hours of receipt.

The Consignee will submit all payments into the USPS® lockbox account, addressed to:

Citibank, P.O. Box 2348, Carol Stream IL 60132-0001

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Payments are to be made payable to: USPS – Stamps on Consignment. Payment methods in order of preference are: Pre-authorized automated clearing house debits; automated clearing house credits, electronic funds (wire transfer): checks, or money orders.

- 1.5** To follow the return procedures of the SoC program. Under certain circumstances, including but not limited to, damage, obsolescence, and location(s) closing, Consignee may return postage. If returned postage has been paid for, Consignee will receive a credit or refund. If Consignee requests a credit, this credit must be used within 90 days, or the Contractor will request a refund on behalf of the Consignee. All returns must be approved by the Contractor in advance.
- 1.6** To be fully responsible for consigned postage from their receipt until their sale, and for sales proceeds until their deposit in the USPS® lockbox account, which includes responsibility for any loss of such postage or sales proceeds unless such loss is caused by the negligence or unlawful act of employees or agents of Contractor or Citibank. Assignment of any of Consignee's interests or obligations hereunder is prohibited without the prior written approval of Contractor, which approval will not be unreasonably withheld.
- 1.7** To provide the Contractor, prior to shipment of the initial order, and quarterly thereafter, a list of outlets, with addresses, through which Consignee sells postage.
- 1.8** To allow the USPS® or their designated representative to examine stamp inventory and any documents relating to the consignment, upon reasonable notice and during normal business hours, while this Agreement is in effect and for one year thereafter.
- 1.9** To notify the Contractor in writing within 5 calendar days of any transfer of majority ownership or control. Consignee also agrees to notify the Contractor in writing prior to the initiation of conservatorship, receivership or bankruptcy proceedings. The notice must include: 1) a report describing the postage and sales payments for which the Consignee is responsible on the date of notice; and, if applicable, 2) a copy of any such proceeding that was filed.
- 1.10** That at the conclusion of this Stamps on Consignment Agreement, the Consignee shall immediately remove all advertising relative to this program from their premises. This includes signage, decals, brochures, and any other items displaying USPS® logos or trademarks.
- 1.11** That Contractor is entitled to assert any claim which USPS has against Consignee for the cost or value of USPS postage delivered to Consignee under this Agreement and that Consignee shall not challenge Contractor's authority to do so. See Exhibit 1 attached hereto and made a part hereof evidencing such authority of Contractor.
- 1.12** This Agreement shall be deemed to involve a consignment whereby neither Contractor nor Consignee receives title to the USPS postage, it being understood that title to the USPS postage shall remain with the USPS until the postage has been paid for by Consignee. Consignee acknowledges and agrees that the USPS' rights with respect to consigned postage are governed by Federal common law consignment principles and the need for national uniformity in the distribution of USPS postage.
- 1.13** That the Consignee shall hold the proceeds from the sale of the consigned USPS postage in trust for the benefit of the USPS until the time that the Consignee has actually paid the USPS for the consigned USPS postage.
- 1.14** Notwithstanding the foregoing, if a court finds that this agreement does not create a common law consignment and title to the USPS postage consigned to Consignee hereunder is deemed to have passed to the Consignee, Consignee hereby grants Contractor a first priority purchase money security interest and lien in consigned USPS postage delivered under this Agreement and

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proceeds thereof to secure payment and performance of Consignee under this Agreement. Consignee hereby authorizes Contractor to file any financing statement deemed necessary by Contractor to perfect its security interest in the USPS postage delivered to Consignee under this Agreement without the signature of Consignee. If Consignee defaults under this Agreement, Contractor will have all rights and remedies under applicable law, including, if applicable as aforesaid, rights and remedies as a secured creditor under Article 9 of the UCC.

2 Contractor agrees:

- 2.1** To supply the Consignee with consigned stock listed in Section 1.1, and to fulfill Consignee's replenishment orders. The Contractor will invoice the Consignee on a weekly basis. The Contractor will include a packing list with each stamp shipment.
- 2.2** To supply the Consignee with such materials as may be available to advertise and promote the consignment.
- 2.3** To ship the consigned stock and supplies in Section 2.1 and Section 2.2 by USPS® mail at Contractor's expense.
- 2.4** To grant a non-exclusive, royalty-free sublicense to use USPS® trademarks "United States Postal Service®, "Buy Stamps Here," "Buy Stamps Here at Post Office™ Prices," and such other USPS® trademarks as the USPS® may, from time to time, specifically designate. Contractor will only grant such sublicense to use "Buy Stamps Here at Post Office™ Prices" and Consignee will only use such, if stamps are sold at face value. Except for advertising or promotional material provided by the Contractor, Consignee must submit to the Contractor for approval and must obtain written approval from the Contractor prior to any such use of the marks.
- 2.5** That it has entered into an agreement with the USPS® which provides that Contractor is an authorized distributor of USPS® postage and it has the full right and authority to deliver same to Consignee.

3 The Parties agree:

- 3.1** That the terms of this Agreement may only be modified by a written document signed by both parties. Any such modification, except as to the consignment amount stated in Section 1.1, requires prior written approval of the USPS®.
- 3.2** That this Agreement may be terminated by either party on 30 days written notice. If it determines such action is in the Contractor's best interests, Contractor may also terminate this Agreement immediately, which, if accomplished orally, will be confirmed in writing as soon as reasonably practical thereafter. Except as provided in this Section 3.2, any termination will be without cost or liability to either party.
- 3.3** That, within 15 calendar days of any termination, the parties have the following responsibilities: (a) the Consignee must provide to Contractor a report that describes the postage and sales proceeds for which it is responsible; (b) the Consignee must: (1) provide all postage not paid for to Contractor (paid for postage may be returned for a refund); (2) deposit all sales proceeds in the USPS® lockbox account; and (3) pay into the USPS® lockbox account the value of any postage or sales proceeds not so provided or deposited for which it is responsible, or else be liable to Contractor for any shortfall, plus reasonable interest and collection costs, including, without limitation, attorney fees and court costs; and (c) Contractor must examine the Consignee's report for accuracy. The parties agree to cooperate in resolving any discrepancies Contractor finds with Consignee's report. The parties understand that the USPS® may conduct a closeout audit following any termination.

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- 3.4** That they understand neither the Consignee and its employees, nor Contractor and its employees, may be considered employees of the other or the USPS® for any purposes whatsoever.
- 3.5** Contractor and Consignee acknowledge and agree that if, in connection with the execution of this Agreement, and in connection with USPS postage consigned to Consignee hereunder, Consignee has required Contractor to enter (or Contractor has otherwise agreed to enter) into Consignee's standard vendor agreement or some similar agreement on Consignee's typical form purporting to provide terms and conditions with respect to the subject matter of this Agreement ("Consignee's Agreement"), (i) any conflict or inconsistency between this Agreement and Consignee's Agreement shall be governed and controlled by this Agreement, and (ii) any provision in Consignee's Agreement which supplements, is in addition to or otherwise modifies this Agreement, in any way, shall be null and void, it being understood and agreed that this Agreement alone shall govern and control the relationship between the Contractor and Consignee.
- 3.6** That this Agreement constitutes the entire agreement of the parties and reflects all their rights and obligations. The parties further agree that the USPS® will incur no liability at all to either party under this Agreement.

- 4** Consignee State of Incorporation: _____
- 5.** Consignee STATE Identification Number: _____
- 6.** Parent Company STATE Identification Number (if applicable): _____
- 7.** Parent Company Name and Address (if applicable):
Name: _____
Address: _____

Signatures

Name Larry Graves
Title V.P. Government Sales
Date: _____

Contractor:

American Bank Note Company
711 Armstrong Lane
Columbia TN 38401
(888)388-3003
Fax (931)490-7651
lgraves@abncompany.com

Name: _____
Title: _____
Date: _____

Consignee:

(Company Name) _____
(Street Address) _____
(City, State, Zip) _____
(Phone) _____
(Fax) _____
(E-mail) _____

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EXHIBIT 1

Re: Stamps on Consignment

The undersigned, United States Postal Service ("USPS"), writes to American Bank Note Company ("ABN") in connection with ABN's agreement, 2BRPSR-08-B-0015 (the "Contract"), dated on or about October 3, 2008, with USPS pursuant to which ABN supports the USPS nationwide Stamps on Consignment ("SOC") program. Under the Contract, ABN obtains postage from the USPS which ABN causes to be delivered to retailer consignees (the "Consignees") for sale to the public. Under the Contract, ABN is required to enter into a Stamp Consignment Agreement with each of the Consignees, which Stamp Consignment Agreement, among other things, is required to expressly provide that the USPS postage is being provided on a consignment basis and that neither party (i.e. neither ABN nor the Consignee) receives title to the postage (title, instead, being retained by the USPS).

This is to acknowledge that, as the supplier of consigned USPS postage to Consignees under the SOC program, ABN is entitled to assert any claim which USPS has against the Consignees for the cost or value of USPS postage delivered to the Consignees under the SOC program (the "Consignees' Postage"). The foregoing in no manner or way releases ABN from its obligation, under the Contract, to pay USPS for the full face value of any Consignees' Postage which remains unpaid but, instead, is only intended to recognize and ratify ABN's right to assert any right or claim which USPS can or could have asserted with respect to the Consignees' Postage.

THE UNITED STATES POSTAL SERVICE

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AMERICAN BANK NOTE COMPANY REVISED ARTICLE 9 QUESTIONNAIRE (Retailers)

1. Provide the precise name of the Consignee (including entity designations which are part of the name such as Inc., LLC, etc.): _____

2. Is the Consignee an individual? Yes No
3. Is the Consignee an organization (e.g. a corporation, a limited partnership, a general partnership, a limited liability company, etc.)? Yes No
4. If the Consignee is an organization, provide the type of entity (e.g. a corporation, a limited partnership, a general partnership, a limited liability company, etc.): _____

5. Is the Consignee a registered organization? Note: A registered organization is an organization organized solely under the law of a single state or the United States and as to which the state or the United States must maintain a public record showing the organization to have been organized. Examples of registered organizations are corporations, limited partnerships, limited liability companies and Federal or state chartered banks.
 Yes No
6. If the Consignee is a registered organization, provide the name of the state (or, if applicable, the United States) where the Consignee is registered (e.g. California, New York, United States, etc.): _____

7. If the Consignee is an individual, provide the name of the State in which the individual's principal residence is located: _____

8. If the Consignee is an organization which is not a registered organization, does the Consignee have only one place of business? Yes No
 - a) If yes, provide the name of the state in which that one place of business is located: _____

 - b) If no, provide the name of the state in which the Consignee's chief executive office is located: _____

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9. If the Consignee is a registered organization organized under Federal law (i.e. the law of the United States):
- i) Is the Consignee aware of any United States law designating the state where the Consignee shall be deemed to be located? Yes No
 - ii) If yes, provide a citation to the United States law so designating and the name of the State designated: _____

 - iii) Has the Consignee, pursuant to a law of the United States authorizing it to do so, designated the state where the Consignee shall be deemed to be located?
 Yes No
 - iv) If yes, provide a citation to the United States authorizing law and the name of the state designated: _____

 - v) To the best of your knowledge, should the Consignee be deemed to be located in the District of Columbia? Yes No
10. Provide the Consignee's mailing address:

11. Provide the Consignee's Federal taxpayer identification number (social security number or employer identification number): _____
12. Provide the "organizational identification number" (if one exists). This number, if any, is assigned by the agency where the Consignee's charter document was filed. This is different from the taxpayer identification number. If none exists, write "None." _____

13. Does the Consignee anticipate that consigned postage received from American Bank Note Company will be distributed to an entity (or entities) separate and distinct from the Consignee (whether a subsidiary, affiliated organization, franchisee or other related party) for the purpose of retail sale? Yes No
- a) If yes, provide a description of the nature of the relationship with the related entity (entities): _____

 - b) If yes, provide the name and address of the related entity/entities: _____

AMERICAN BANKNOTE COMPANY

BUSINESS NAME / BILL TO :	
DBA / Trade Style	Years in Business:
Address	Tax ID#:
City	Ship To Address (If different):
State Zip	Address
Tel # () Fax# ()	City
Industry Type:	State Zip
What type of business is this (Circle one):	Agency Ratings:
Corporation Partnership Proprietorship	D&B: Moodys: Other:

TRADE REFERENCES

1. Name:	2. Name:
Address	Address
City & State Zip	City & State Zip
Tel # () Fax# ()	Tel # () Fax# ()
Acc't #: Years Doing Business:	Acc't #: Years Doing Business:
Contact:	Contact:
3. Name:	4. Name:
Address	Address
City & State Zip	City & State Zip
Tel # () Fax# ()	Tel # () Fax# ()
Acc't #: Years Doing Business:	Acc't #: Years Doing Business:
Contact:	Contact:

BANK REFERENCES

Name of Bank:	<p align="center">Please Authorize Your Bank To Release Information Regarding Your Account.</p> <p align="center">Please Sign Below:</p> <p align="center">X _____</p>
Address	
City & State Zip	
Tel # () Fax# ()	
Account #: Type: Checking <input type="checkbox"/> Savings <input type="checkbox"/>	
Person to Contact:	
Tel # () Fax# ()	

FINANCIAL INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST FINANCIAL STATEMENT AND PLEASE COMPLETE THE FOLLOWING:

Balance Sheet	Date:	# of Months:	Operating Statement	Date:	# of Months:
Cash			Period Ending:		# of Months:
Accounts Receivable			Sales:		
Invenotry			Cost of Goods		
Total current Assets			Gross Profit		
Other Assets			Expenses		
Total Assets			Interest Expense		
Accounts Payable			Taxes		
Accrued Expenses			Net Income		
Due Bank			Accountant:		
Total Current Liabilities			Tel # () Fax# ()		
Long Term Debt					
Other Debt			<p align="center">I VERIFY THAT ALL INFORMATION CONTAINED HEREIN IS ACURATE TO THE BEST OF MY KNOWLEDGE.</p> <p align="center">Please Sign:</p> <p align="center">X _____</p>		
Total Liabilities					
Equity					
Total Liabilities & Equity					