

EXHIBIT #1



**Heffel Fine Art Auction House**

a division of Heffel Gallery Inc.

13 Hazelton Avenue, Toronto, ON, Canada, M5R 2E1

Telephone 416 961-6505 Facsimile 416 961-4245

E-mail: mail@heffel.com Internet: http://www.heffel.com

**AUCTION CONSIGNMENT RECEIPT**

Form No: AOL0906-E04085

Consignor's Name & Address: (as it is to appear on Consignment Agreement and settlement cheque):

Joe Otavnik

Client No: 12180

299 Dover Court

Oshawa, ON, L1G 6G7

Canada

GST #:

Description	Low Estimate	High Estimate	Reserve
AOL0906-E04085-001 <i>Grandfather Speaks of Great Ancestral Warrior</i> Norval H. Morriseau	\$8,000	\$10,000	\$7,000
<b>Expenses</b>			
Online Digital Photography and Posting			\$100.00
<b>Total Expenses:</b>			<b>\$100.00</b>
AOL0906-E04085-002 <i>Untitled</i> Norval H. Morriseau	\$5,000	\$7,000	\$4,000
<b>Expenses</b>			
Online Digital Photography and Posting			\$100.00
<b>Total Expenses:</b>			<b>\$100.00</b>



CONSIGNMENT AGREEMENT

The "CONSIGNOR":

Joe Otavnik

Name

Institution

299 Dover Court

Street Address

Oshawa, ON

City, Province

L1G 6G7

Postal Code

905 728 2133

Home Telephone

Office Telephone

jotavnik@hotmail.com

E-mail Address

Facsimile

The Consignor hereby authorizes heffel.com on-line auction ("heffel.com"), the Auction House, (a division of Heffel Gallery Limited) to act as its agent, to sell at public auction the Property listed on the attached schedule entitled Consignment Receipt (the "Property"), subject to the attached Terms and Conditions of Business.

The Property

The Consignor represents and warrants that they have the right to consign the Property for sale and that they will transfer that right of possession to the purchaser, free of all liens, encumbrances, charges, requirements for consent, and any and all other restrictions or impediments to sale.

The Consignor warrants and represents to heffel.com that, with respect to the Property, the Consignor is:

Please initial one of the boxes below:

the rightful owner(s) of the Property

agent for the rightful owner

executor, administrator, trustee, guardian, or a person acting in a representative manner with due authority.

The Consignor if married represents and warrants to heffel.com that the Consignor's spouse has consented to the sale of the Property, pursuant to any applicable law, necessary to ensure that the title to the Property shall transfer to the Purchaser free of any entitlement by such spouse, and that the Consignor is entitled to receive the proceeds of the Property sold.

The Consignor agrees not to bid on his/her Property, and hereby acknowledges that such activity is contrary to Section 71 of the Sale of Goods Act, R.S.B.C., and is a fraudulent act.

The Consignor hereby represents and warrants to heffel.com that the description of the Property as detailed on the Consignment Receipt is accurate.

The Consignor shall not withdraw or request to withdraw the Property prior to the sale. heffel.com reserves the sole right to remove the Property from the sale if, at heffel.com's sole discretion:

- 1. there is concern regarding the authenticity of the Property;
2. the Consignor has made a false or inaccurate warranty or representation; or,
3. the Consignor is in breach of this Agreement.

If the Consignor withdraws any Property in breach of this Agreement, or if heffel.com withdraws any Property under clause 2 or 3 of this paragraph, then the Consignor agrees with heffel.com that a fair pre-assessment of damages is owing and payable to heffel.com. The charge payable to heffel.com shall be an amount equal to twenty percent (20%) of the high pre-sale estimate or, if there is no high pre-sale estimate, the standard commission of heffel.com calculated at twenty percent (20%) over the reserve, plus incurred expenses, including applicable GST/HST and PST, and those expenses set out in this Agreement. heffel.com will, upon receipt of such payment, return the Property to the Consignor, at the Consignor's expense. Property under clause 1 will not be subject to the payment of the penalty, but the Consignor shall be responsible for the expense to return such Property.

The Consignor authorizes heffel.com to sell any Property remaining unsold at the auction sale by private sale at any price obtainable, provided that the private sale price is an amount not below the reserve price less commissions and incurred expenses due and owing to heffel.com. Our exclusive right to sell any unsold Property shall be valid for ninety (90) days from the auction sale close date.

If heffel.com receives a letter of intent from the Purchaser, prior to the settlement date, relinquishing their purchase, and in the sole discretion of the Auction House it is determined to be a reversal of sale, heffel.com shall credit the Purchaser with the purchase price, and will not remit the net sale proceeds to the Consignor. heffel.com shall return the Property to the Consignor, upon receipt of reimbursement of the Auction House's expenses incurred in connection to the reversal of sale, and payment by the Consignor of any outstanding fees due and owing to heffel.com.

If heffel.com receives a letter of intent from the Purchaser to return a purchase for refund after the Settlement Date, and heffel.com is in agreement with the Purchaser, then the Consignor shall pay heffel.com the amount of the credit to the Purchaser plus our agreed expenses and costs incurred as a result of the reversal of sale. Upon the return of the sale price to the Purchaser, heffel.com shall return the Property to the Consignor, at the Consignor's expense.

The Auction

The Property shall be offered in our next suitable auction sale, provided that such determination will be at the sole discretion of heffel.com, and shall be subject to reasonable postponement or delay

The Consignor agrees to pay heffel.com a Sales Commission Rate as follows: 10% of the successful Hammer Price for each lot sold at \$7,500 and over; 15% for lots sold for \$2,500 to \$7,499; and 25% for lots sold for less than \$2,500.

heffel.com will have authority to partition the Property into Lots.

The Consignor agrees with heffel.com that the published pre-sale estimates are intended only as a guide for prospective bidders. It will be at the sole discretion of heffel.com to revise the pre-sale estimate of a selling price range for each Lot.

The pre-sale estimate is not a representation of an anticipated selling price of any Property, and the estimate should not be relied upon by the Consignor as a forecast of actual selling price.

heffel.com reserves the right, at any time and at its sole discretion, to withdraw any Property from the sale.

The Consignor authorizes heffel.com to use the Consignor's name in the provenance of the Property for promotion of the sale, unless heffel.com is otherwise notified.

**The Reserve**

The "Reserve" is a confidential minimum price for the sale of the Property agreed to between the Consignor and heffel.com.

All Property will be offered subject to a Reserve as agreed in writing between heffel.com and the Consignor.

heffel.com has the right to sell any Lot below the Reserve provided that the Consignor's proceeds are equal to, or greater than, the Consignor's Reserve, less:

- 1) commission, based on the Reserve; and,
- 2) expenses incurred by the Consignor and due to heffel.com.

heffel.com may bid up to the Reserve on behalf of the Consignor, by placing bids for a Lot in response to a Bidder. If the bidding stops below the Reserve, to protect the Consignor, heffel.com may Buy In a Lot to a "House Bidding Number". Any Lot "Hammered Down" by the heffel.com to a House Bidding Number (referred to as a "Buy In") is a void sale.

**Expenses**

The Consignor agrees to and shall be responsible for all Expenses in addition to Commission and irrespective of the sale of the Property as follows:

**1. Insurance**

The rate for "in transit" and "on premise" insurance will be \$15 per \$1,000 of the high estimate value of the Property.

**2. Photography, Cataloguing & Internet Posting**

The charge for digital photography, cataloguing and internet posting is a flat fee of \$100 per piece of art work. heffel.com retains all rights to photographic and printing material and the right of reproduction of such photographs.

**3. Mutually Agreed Special Advertising**

All advertising, marketing and promotion relating specifically to the Property and agreed to in advance by the Consignor and heffel.com.

**4. Restoration**

To enhance the saleability of the art work, professional Restoration may be recommended to maximize the final sale price. Estimated price to be approved by the Consignor, prior to restoration work being commenced.

**5. Framing or Re-Framing**

It may be in the best interest for the Consignor to consider the framing or re-framing of the art work to enhance its presentation and ultimate sale price. Estimated price is to be approved by the Consignor, prior to framing work being commenced.

**6. Packing, Shipping & Customs Brokerage**

All packaging, shipping, customs brokerage fees and charges, and all other expenses associated with the transportation of the Property to heffel.com and, pursuant to the terms of this Agreement, all such expenses associated with the return of Property to the Consignor.

**7. Minimum Commission**

A minimum commission of \$100 will be levied for each Lot consigned to the Auction House, sold or unsold.

The above outlined expenses shall be for the account of the Consignor. This account will be subject to GST/HST and PST as applicable and shall either be payable by the Consignor upon receipt of an invoice from heffel.com or deducted from the Consignor's sale proceeds.

**Settlement**

heffel.com will mail to the Consignor within 35 days of the date of the sale of the Property, a cheque in the amount of the sale price of the Property received by heffel.com, less heffel.com's commission and expenses and any other amounts owing to heffel.com by the Consignor.

**Reproduction, Exhibition and Moral Rights**

The Consignor assigns to the Auction House the copyright, exhibition right and moral rights pertaining to the Property, as defined in the Copyright Act and any amendments to the Copyright Act.

**Liability**

In no event will heffel.com be liable for damage to frames on the Property or damage caused by the restorers, framers, photographers, shippers, transporters, or any independent contractors employed with the Consignor's consent, or for damage arising from changes in environmental conditions, or for inherent conditions or latent defects of the Property.

**Indemnity**

The Consignor shall indemnify heffel.com completely, including reasonable legal fees, against all costs, claims, actions, damages or liabilities heffel.com may incur as a result of any breach by the Consignor of their warranties or representations made with respect to the Property or any terms of this Agreement as a result of any claim asserted by a purchaser or any other person arising from our activities resulting from this Agreement.

**Terms and Conditions of Business / Consignment Receipt**

The Consignor hereby agrees with heffel.com that the Consignment Receipt, attached to this Agreement form part of and are incorporated into this Agreement, and the Consignor further agrees to be bound by the published terms of such Terms and Conditions of Business.

AOL0906-E04085


Consignment Receipt Form Number

This Agreement is governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

In Witness Whereof this Agreement has been executed by the parties to

it, the 1 day of Aug, 2006

heffel.com on-line auction,  
a division of Heffel Gallery Limited,  
13 Hazelton Avenue, Toronto, ON, M5R 2E1,  
telephone: 416 961-6505, facsimile: 416 961-4245  
e-mail: mail@heffel.com

per:   
Authorized Signature / Director

I agree to all of the terms and conditions of this Agreement.

The Consignor

Please sign the duplicate copy of this Agreement and return it to heffel.com.

# EXHIBIT#1

The Consignor must select one of the following options by placing his initials in the appropriate box. Should the Consignor fail to initial either of the boxes provided, Heffel Fine Art Auction House will insure the property on the Consignor's behalf and at the Consignor's expense. In no event will Heffel Fine Art Auction House be liable for damage to glass or picture frames.

INSURANCE: Please arrange insurance on the property under the Heffel Fine Art Auction House's Insurance Policy, at a value equal to the high pre-sale estimate of the property, to be determined prior to the auction sale. Insurance rates: \$15.00 per \$1,000.00 of value, as described herein. With regard to loss or damage, however caused, not covered by insurance, the Consignor hereby releases Heffel Fine Art Auction House, its employees, agents and contractors with respect to such damage.

INITIAL  
or

WAIVER: The property shall be entirely at the risk of the Consignor with respect to loss or damage, however caused, and I release Heffel Fine Art Auction House, its employees, agents and contractors with respect to such damage. The Consignor acknowledges the release includes such loss or damage occurred by the negligence of Heffel Fine Art Auction House, its employees, agents or contractors.

INITIAL

Remarks: *(Special Arrangements, Shipping, Restoration, Framing, Illustrations, Advertising, etc.)*

Yes, I Would like to have my payment sent by courier at an additional charge of \$30.00 to be deducted from my sale proceeds.

This Consignment Receipt constitutes the schedule to the Consignment Agreement and is subject to Heffel Fine Art Auction House's published Terms and Conditions of Business.

01/Aug/2006

Dated

Consignor's Signature

Heffel Fine Art Auction House



EXHIBIT ~~XXXX~~ #1  
~~AAA~~

