



**OVADIA DIAMONDS USA, INC.**  
**Manufacturers & Exporters of Fine Fancies**  
**589 Fifth Avenue, Suite #905**  
**New York, NY, 10017 Tel: 212-319-8840 Fax: 212-319-8871**

Date: \_\_\_\_\_

**APPLICATION FOR MERCHANDISE ON CONSIGNMENT AND CREDIT**

For the purpose of obtaining merchandise from Ovadia Diamonds USA, Inc. ("Ovadia") on consignment and credit, the undersigned Applicant and the individual Guarantor submit the following information and authorize Ovadia to contact the references given herein.

Name of Applicant \_\_\_\_\_

Social Security # or Federal Employment Identification # \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

Proprietorship \_\_\_\_\_ Partnership \_\_\_\_\_ Corporation \_\_\_\_\_ Other \_\_\_\_\_

Year Established \_\_\_\_\_ At Present Location Since (date) \_\_\_\_\_

**LIST ALL OWNERS, OFFICERS, MEMBERS OR GENERAL PARTNERS**

1. Name \_\_\_\_\_ Soc. Sec. # \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
 Tel. \_\_\_\_\_ Title \_\_\_\_\_  
 Date of Birth \_\_\_\_\_

2. Name \_\_\_\_\_ Soc. Sec. # \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
 Tel. \_\_\_\_\_ Title \_\_\_\_\_  
 Date of Birth \_\_\_\_\_

**TRADE REFERENCES (List only active vendors, no credit cards)**

1. Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
 Tel. \_\_\_\_\_ Fax \_\_\_\_\_

2. Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
 Tel. \_\_\_\_\_ Fax \_\_\_\_\_

3. Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
 Tel. \_\_\_\_\_ Fax \_\_\_\_\_

**BANK REFERENCES OF APPLICANT**

Name of Institution \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Tel. \_\_\_\_\_ Fax \_\_\_\_\_  
Person to contact \_\_\_\_\_  
Acct. # \_\_\_\_\_  
Name of Institution \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Tel. \_\_\_\_\_ Fax \_\_\_\_\_  
Person to contact \_\_\_\_\_  
Acct. # \_\_\_\_\_

**GUARANTOR INFORMATION**

Name \_\_\_\_\_  
Social Security # \_\_\_\_\_ Date of Birth \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

**BANK REFERENCES OF GUARANTOR(S)**

Name of Institution \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Tel. \_\_\_\_\_ Fax \_\_\_\_\_  
Person to contact \_\_\_\_\_  
Acct. # \_\_\_\_\_  
Name of Institution \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Tel. \_\_\_\_\_ Fax \_\_\_\_\_  
Person to contact \_\_\_\_\_  
Acct. # \_\_\_\_\_

Applicant and Guarantor hereby authorize the use of this document, or a facsimile thereof, as consent for the release of credit information to Ovadia by the above listed Trade and Bank References.

Applicant and Guarantor hereby certify that the statements set forth on this application for merchandise on consignment and credit are true, correct and complete and that they have been made in order to obtain merchandise on consignment and credit from Ovadia.

Applicant and Guarantor have each executed this application for merchandise on consignment and credit, under seal, this \_\_\_\_\_ day of \_\_\_\_\_ 200\_\_\_\_ .

If Applicant is a corporation, this application must be signed and sealed by a duly authorized officer. If Applicant is not a corporation, this application must be signed by a duly authorized individual.

**[NAME OF APPLICANT – print]**

**[NAME OF GUARANTOR – print]**

\_\_\_\_\_

\_\_\_\_\_

Signature of Duly Authorized Signatory

Title By: \_\_\_\_\_

Signature of Duly Authorized Signatory

## CONSIGNMENT AND SECURITY AGREEMENT

This Consignment and Security Agreement ("Agreement") made as of the date set forth below between **Ovadia Diamonds USA, Inc. ("Ovadia")** and the entity named below as the Consignee ("Consignee") and the person acting as guarantor of Consignee ("Guarantor") relates to the delivery by **Ovadia** to Consignee of diamonds ("Merchandise") on consignment. Such consignment shall be accompanied by a memorandum ("Memorandum") of **Ovadia** describing the Merchandise delivered.

For other good and valuable consideration, receipt of which is hereby acknowledged, including the delivery by Ovadia of the Merchandise on consignment to Consignee, Ovadia and Consignee hereby agree as follows:

This Agreement shall be binding upon Consignee and shall be applicable with respect to any and all Merchandise delivered on consignment to Consignee by Ovadia whether prior to the date hereof, as of the date hereof or at any time hereafter. The terms and conditions of this Agreement shall for all purposes be deemed incorporated in each Memorandum of Ovadia accompanying such consignment of Merchandise as if set forth at length therein.

Consignee's receipt of the Merchandise shall be evidenced by either: (a) the signature of acceptance of the consigned Merchandise by any officer, employee or agent of Consignee on the Memorandum accompanying such Merchandise; or (b) by the delivery records of the express delivery carrier or messenger service used by Ovadia. Consignee agrees that such signature or delivery records shall be final and binding on Consignee and shall not be subject to further dispute.

Any Merchandise delivered to Consignee is only for examination and inspection by Consignee or prospective purchasers of Consignee and until payment in full is made and received by Ovadia, title to the Merchandise shall remain the sole and exclusive property of Ovadia. Consignee shall derive no rights of ownership, of any kind, as a result of any delivery of Merchandise.

Consignee agrees that it has no right or authority, of any kind, to sell, consign, pledge, mortgage, assign, transfer, hypothecate, encumber, dispose or in any manner, to transfer title or possession of the Merchandise to any other party without the prior written consent of Ovadia.

Regardless of any other transaction or trade-customs, no credit of any kind is being extended with respect to the consignment of the Merchandise to Consignee.

Upon delivery of the Merchandise to Consignee, in the event the Merchandise is lost, damaged or stolen, whether by Consignee or any other party, regardless whether or not such party was under Consignee's control (and regardless of the extent of any such loss, damage or theft), Consignee shall immediately notify Ovadia as provided for below and Consignee shall, within five (5) days after such loss, damage or theft, pay to Ovadia by good funds in U.S. dollars at the prices set forth on the Memorandum, for each and every piece of lost, stolen, damaged or stolen Merchandise. Such payment by Consignee shall represent an indemnification of Ovadia and does not constitute a sale of the Merchandise. Upon payment by Consignee to Ovadia for the full amount of any such lost, damaged or stolen Merchandise, Consignee shall then become the owner of any Merchandise which may be recovered and shall retain any such Merchandise. Consignee: (i) will not represent to any third party that any of the Merchandise is the property of Consignee until Consignee has made payment in full thereof to Ovadia; (ii) shall promptly notify all of its creditors that the Merchandise does not belong to Consignee; and (iii) will at its own cost and expense keep the Merchandise free and clear of all claims, liens, charges, encumbrances, taxes and license fees.

Upon demand by Ovadia, at any time, Consignee shall immediately return to Ovadia, by a recognized overnight express delivery service and at Consignee's expense, all Merchandise of Ovadia on consignment in the possession of Consignee, in its original condition and fully insured.

Any sale of all or any portion of the Merchandise by Consignee to a third party shall only be made as provided for herein and the proceeds of the sale shall be segregated by Consignee and held in trust by Consignee for the payment to Ovadia of any amounts due Ovadia. Ovadia shall be notified within 24 hours of any such sale and Ovadia shall then send an invoice ("Invoice") to Consignee which shall be paid by Consignee strictly in accordance with the terms of such Invoice.

In the event that Ovadia is required to commence any legal or collection action, of any kind, with respect to enforcing any of the terms and conditions of this Agreement, including, without limitation, the loss, damage or theft of the Merchandise as described herein or the failure of Consignee to pay Ovadia in accordance with the terms and conditions of any Invoice given by Ovadia to Consignee, Consignee agrees to pay Ovadia any and all reasonable legal fees, collection fees, filing fees, court costs and other expenses incurred by Ovadia in connection with such failure by Consignee to make payment to Ovadia.

Notwithstanding any other terms and conditions in this Agreement, in the event that any payment due from Consignee to Ovidia pursuant to this Agreement is not received by Ovidia as provided for hereunder, then in addition to all other rights and remedies available to Ovidia under law and hereunder, Ovidia shall be entitled to be paid a service charge by Consignee not to exceed one and one half (1 ½%) percent per month or eighteen (18%) percent per annum (but in no event to exceed the maximum allowable rate under applicable law) on the unpaid balance due Ovidia from Consignee.

The Guarantor executing this Agreement represents and warrants that he is a principal of Consignee and agrees in his individual capacity that he is absolutely, unconditionally and irrevocably guaranteeing to Ovidia as a primary obligor, the due and prompt performance of all obligations and liabilities of Consignee hereunder, including, without limitation, the due and punctual payment by Consignee of all monies now or hereafter due to Ovidia under this Agreement. Guarantor acknowledges that Ovidia would not enter into this Agreement except for the guarantee of Guarantor herein. Guarantor expressly waives any and all rights and defenses to which Guarantor or Consignee may otherwise be entitled to under any laws in effect at that time. This guaranty by Guarantor is a continuing guarantee of payment and not a guarantee of collection. Guarantor waives any and all presentments, demands for performance, notices of protest, notices of dishonor and notices of acceptance of the guaranty made by Guarantor hereunder.

Consignee hereby agrees that this Agreement grants to Ovidia an irrevocable and continuing security interest in any and all Merchandise heretofore or which may hereafter be delivered on consignment by Ovidia to Consignee and the proceeds of any sale or other disposition of the Merchandise by Consignee, whether in breach of this Agreement or otherwise. Ovidia may execute, on behalf of Consignee, all instruments, including financing statements and certificates necessary to perfect and/or file a security interest under the laws of any state and under the Uniform Commercial Code ("UCC") without notice to Consignee and without Consignee's signature. Upon breach by Consignee of any of the terms and conditions of this Agreement or under any of the Invoices of Ovidia which may be issued pursuant hereto, Ovidia shall have all of the rights and remedies of a secured creditor under the UCC, including without limitation, the right to foreclose the security interest on the Merchandise or proceeds thereof by any judicial procedure or take possession of the Merchandise, including the proceeds thereof from any sale.

Consignee shall not assign any of its rights or obligations under this Agreement, whether by operation of law or otherwise, without obtaining the prior written consent of Ovidia. Subject to the foregoing, all of the provisions of this Agreement shall be binding upon Consignee and be enforceable by Ovidia and its respective successors and assigns. Consignee and Guarantor, jointly and severally, agrees that, from time to time, each will execute and deliver any and all additional and supplemental agreements, documents, and instruments, and do such other acts as may be necessary or desirable, in the sole opinion of Ovidia, to carry out the intents and purposes of this Agreement and consummation of the transactions contemplated hereby and thereby.

No waiver of any provision of this Agreement shall be effective unless in writing and signed by all of the parties hereto. Any waiver by a party of any violation of, breach of or default by any other party under any provision of this Agreement, shall not be construed as, or constitute, a continuing waiver of such provision, or waiver of any other violation of, breach of or default under any other provision of this Agreement.

This Agreement constitutes the entire agreement between the parties hereto, relating to the matters set forth herein and supersedes any prior oral and/or written agreements, understandings, negotiations or discussions of the parties or any trade customs or practices. No supplement, modification, waiver, or termination of this Agreement or any provision hereof shall be binding unless executed in writing by the parties to be bound thereby.

All notices and other communications between the parties relating to this Agreement shall be in writing, and shall be sent by overnight express delivery service, or delivered by hand to the addresses of the parties set forth below. Such notice shall be deemed effective on the date delivered to the address set forth below.

The invalidity or enforceability of any paragraph, term, or provision hereof in no way shall affect the validity or enforceability of the remaining paragraphs, terms, or provisions hereof. In addition, in any such event, the parties agree that it is their intention and agreement that any such paragraph, term, or provisions which is held or determined to be unenforceable as written, shall nonetheless be in force and binding to the fullest extent permitted by law, as though such paragraph, term, or provision had been written in such a manner and to such an extent as to be enforceable under the circumstances.

This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument. An executed facsimile or copy of this Agreement shall be deemed for all purposes under this Agreement and otherwise to have the same legal effect as a manually executed original of this Agreement.

