

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re:	:	Chapter 11 Case
	:	
SALANDER-O'REILLY GALLERIES, LLC,	:	Case No. 07-30005(CGM)
	:	
Debtor.	:	

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**NOTICE OF DEADLINE TO ASSERT CLAIMS OF OWNERSHIP  
TO ARTWORKS IN THE POSSESSION, CUSTODY OR  
CONTROL OF SALANDER-O'REILLY GALLERIES, LLC  
THE DEADLINE IS 5:00 P.M. EASTERN TIME ON JUNE 15, 2008**

On March 11, 2008, the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**"), entered an order (the "**Order**") establishing certain deadlines for the filing of claim of ownership interests in art and fine art in the possession, custody or control of Salander-O'Reilly Galleries, LLC (the "**Debtor**"), the debtor and debtor in possession in the above-captioned chapter 11 case (the "**Bankruptcy Case**") currently pending in the Bankruptcy Court.

Pursuant to the Order of the Bankruptcy Court, the deadline to file such claims is **5:00 p.m. prevailing Eastern Time on June 15, 2008** (the "**Art Claims Bar Date**").

The Debtor is in possession, custody or control of numerous works of art and fine art (including, but not limited to, all paintings, drawings, sculptures, reliefs, tapestries, etchings, pictures, statues, photographs, frescoes, murals, scientific specimens, prints, manuscripts, furniture, antiques, bronzes, glassware, sculptures, other bona fide works of art, rarity, historic value, or artistic merit, other than books) (collectively, the "**Artworks**," and each individually, an "**Artwork**"). Various parties ("**Art Claimants**") may assert that certain Artwork is not property of the Debtor's estate under section 541 of the Bankruptcy Code. Potential claims ("**Art Claims**") include, without limitation, assertions that a piece of Artwork is held by the Debtor (a) on consignment, (b) on sale or return, (c) in trust for artists, their heirs or their personal representatives pursuant to Article 12 of the New York Arts and Cultural Affairs Law, and/or (d) some other contractual basis under which the Artwork is not property of the Debtor's estate under section 541 of the Bankruptcy Code.

Enclosed is a copy of the protocol (the "**Protocol**") for Assertion and Resolution of Claims of Ownership to Artworks in the Possession, Custody or Control of Salander-O'Reilly Galleries, LLC. The Purpose of the Protocol is to identify all claims against and interests in all of the Artwork currently in the Debtor's possession, custody or control, to determine which Artworks are not property of the Debtor's estate, and to resolve disputed claims to Artwork in a fair, orderly and efficient manner. The Protocol does not address the rights of the Debtor or third parties related to or derived from Artwork that is not in the Debtor's possession, custody or control, with regard to which all parties' rights are reserved. Nor does the Protocol address the



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**PROTOCOL FOR ASSERTION AND RESOLUTION  
OF CLAIMS OF OWNERSHIP TO ARTWORKS IN THE POSSESSION,  
CUSTODY OR CONTROL OF  
SALANDER-O'REILLY GALLERIES, LLC**

Salander-O'Reilly Galleries, LLC (the "Debtor"), the debtor in the above-captioned chapter 11 case (the "Bankruptcy Case") currently pending in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), is in possession, custody or control of numerous works of art and fine art (including, but not limited to, all paintings, drawings, sculptures, reliefs, tapestries, etchings, pictures, statues, photographs, frescoes, murals, scientific specimens, prints, manuscripts, furniture, antiques, bronzes, glassware, sculptures, other bona fide works of art, rarity, historic value, or artistic merit, other than books) (collectively, the "Artworks," and each individually, an "Artwork"). Various parties may assert that certain Artwork is not property of the Debtor's estate under section 541 of the Bankruptcy Code. Potential claims include, without limitation, assertions that a piece of Artwork is held by the Debtor (a) on consignment, (b) on sale or return, (c) in trust for artists, their heirs or their personal representatives pursuant to Article 12 of the New York Arts and Cultural Affairs Law (the "ACAL"), and/or (d) some other contractual basis under which the Artwork is not property of the Debtor's estate under section 541 of the Bankruptcy Code. These examples of potential claims and interests in the Artworks are not intended to be exhaustive, and other potential bases for claims that particular Artwork is not property of the Debtor's estate may also be asserted. Any party who may assert any such a claim is hereinafter referred to as an "Art Claimant."

The purpose of this protocol (the "Protocol") is to identify all claims against and interests in all of the Artwork currently in the Debtor's possession, custody or control, to determine which Artworks are not property of the Debtor's estate, and to resolve disputed claims to Artwork in a fair, orderly and efficient manner. The Protocol does not address the rights of the Debtor or third parties related to or derived from Artwork that is not in the Debtor's possession, custody or control, with regard to which all parties' rights are reserved. Nor does the Protocol address the rights of any third parties to assert that the Artworks in the Debtor's possession, custody or control are subject to claims of actual or constructive trusts or unrecorded liens.

Specifically, pursuant to this Protocol, the Debtor, the Official Committee of Unsecured Creditors appointed in the Debtor's Bankruptcy Case (the "Committee"), and First Republic Bank, as the provider of debtor in possession financing to the Debtor (the "Bank"), jointly intend:

1. to establish an orderly process for Art Claimants to assert claims that certain Artwork in the Debtor's possession, custody or control is not property of the Debtor's estate;
2. to establish an orderly process for resolving competing claims, if any, by and among the Debtor, the Bank, the Committee and any party asserting that certain Artwork in the Debtor's possession, custody or control is not property of the Debtor's estate; and
3. to establish an orderly process to expedite the return of Artworks in the Debtor's possession, custody or control which are not property of the Debtor's estate.

## I. Establishment of Protocol

Upon entry of an Order of the Bankruptcy Court authorizing and approving this Protocol, this Protocol, and the rules and guidelines provided for herein, will apply to the assertion and resolution of claims asserting that Artworks in the Debtor's possession, custody or control are not property of the Debtor's estate.

Joseph Sarachek, the Debtor's Chief Restructuring Officer (the "CRO"), shall complete his ongoing inventory of (a) all Artworks in the Debtor's possession, custody and control, including, without limitation, in warehouses operated or under contract with the Debtor; (b) all Artworks that are located in, or were removed by the CRO from, Lawrence and Julie Salander's residences in Millbrook, New York and New York, New York; (c) any other Artworks recovered by the Debtor; and (d) all Artworks known to, or believed by, the CRO to be property of the Debtor's estate, but are not in the possession, custody or control of the Debtor (such as, without limitation, Artworks located at auction houses, art restorers, art preservation experts, customers or any consignee of the Debtor). After completion of the inventory, but no later than March 21, 2008, the CRO will publish a list of all Artworks described in sections (a) through (d) of this paragraph (the "Inventory List"). The Inventory List shall provide the following information for each piece of Artwork:

1. the title or description (to the extent the title is unknown);
2. the medium;
3. the date (if known);
4. the dimensions;
5. the type (e.g., painting or sculpture, etc);
6. the artist (if known);
7. the location of the Artwork at the time it was inventoried;
8. the current location of the Artwork (to the extent it was moved from the time it was inventoried);
9. a photograph of the Artwork (if it is in the possession, custody or control of the Debtor);
10. any and all unique identification numbers associated with the Artwork;
11. a unique control number created by the CRO (the "ID Number"); and
12. to the extent such information is known to or otherwise reasonably determinable by the CRO, whether the Artwork (a) was purchased by the Debtor (including the date and price of purchase and the identity of the seller), (b) was consigned to or by the Debtor (including the date of the consignment and the name of the consignor or consignee, if applicable), or (c) is in the Debtor's possession, custody or control for some other reason (including the reason).

The CRO shall publish the Inventory List on a website maintained by the CRO (the "Website") at [www.triaxcapitaladvisors.com/salander](http://www.triaxcapitaladvisors.com/salander). The Website shall be password protected, and the CRO shall provide a unique password to each party in interest that requests access to the Website, including all Art Claimants. To obtain passwords, parties may contact the CRO by email at [jsarachek@traixadvisors.com](mailto:jsarachek@traixadvisors.com). Upon written request, the CRO shall provide a paper copy of that portion of the Inventory List, including any photograph(s), relating to Artwork(s) requested by a party in interest for the purpose of determining such party's ownership rights to such Artwork. The CRO shall also provide a paper and electronic copy of the complete Inventory List (including photographs) to each of the Bank, the Committee, and the Art Representative (as defined below).

The Inventory List maintained on the Website shall contain a "field" (the "Art Claim Field") opposite the description of each item of Artwork. The Art Claim Field will be reserved for notes or other relevant comments to be made by the CRO regarding information derived from Art Claims (as defined below) supplied by Art Claimants or other pertinent information relative to such Artwork. Information, descriptive notes and any comments made by the CRO on the Inventory List are for reference and descriptive purposes only and shall not be, and is not intended to be dispositive, indicative, or evidence of the legal status or any party's views of the legal status of a particular piece of Artwork.

## II. Art Claims Bar Date

Upon completion and publication on the Website of the Inventory List and pursuant to an Order of the Bankruptcy Court, the CRO shall transmit a written notice (the “Art Claims Bar Date Notice”) to all known parties who may potentially have any claim against or interest in any of the Artwork. The CRO shall also publish the Art Claims Bar Date Notice in the manner set forth below. The Art Claims Bar Date Notice shall notify all potential Art Claimants of the deadline to assert any claim that any of the Artwork is not property of the Debtor’s estate (such deadline, the “Art Claims Bar Date”). The Debtor, in consultation with the Committee and the Bank, shall fix the Art Claims Bar Date. The Art Claims Bar Date shall be between sixty (60) and ninety (90) days after the Art Claims Bar Date Notice is served and published.

## III. Provision of Notice of the Art Claims Bar Date and the Protocol Relative to Artwork in the Debtor’s Possession, Custody or Control

The Debtor shall notify parties of the Art Claims Bar Date and the Protocol, as follows:

1. The Debtor shall serve a copy of an Art Claims Bar Date Notice in a form authorized pursuant to an order of the Bankruptcy Court, together with a copy of this Protocol, on all parties known to the CRO that may assert a claim against or an interest in any of the Artworks in the Debtor’s possession, custody or control, including, (a) all parties that are entitled to notice pursuant to Fed. R. Bankr. P. 2002, (b) all creditors of the Debtor known to the CRO, (c) all artists who are known to the CRO, based on the Debtor’s books and records to the extent available to the CRO at the time the CRO provides notice under this Section III (the “Books and Records”), the docket of the Bankruptcy Case or otherwise, to have consigned or delivered Artworks to the Debtor, (d) all heirs or personal representatives of artists known to the CRO, based on the Books and Records, the docket of the Bankruptcy Case or otherwise, to have consigned or delivered Artworks to the Debtor, (e) all other parties who are known to the CRO, based on the Books and Records, the docket of the Bankruptcy Case or otherwise, to have consigned or delivered Artworks to the Debtor, (f) the Committee, (g) the Bank, (h) Renaissance Art Investors LLC (“RAI”), (i) Lawrence Salander, (j) Julie Salander, (k) counsel to the bankruptcy estate of Lawrence and Julie Salander and any trustee(s) appointed in their bankruptcy cases, (l) counsel to the Official Committee of Unsecured Creditors of Lawrence and Julie Salander, and (m) any other party that the CRO reasonably believes may assert any claim or interest in any Artworks in the Debtor’s possession, custody or control.

2. The Debtor shall publish the Art Claims Bar Date Notice (the “Publication Notice”) in national news and trade publications that the CRO, in his reasonable discretion and after consultation with the Committee and the Bank, believes will be reviewed by the greatest number of parties that are likely to assert claims against or interests in Artwork in the Debtor’s possession, custody or control.

## IV. Opportunity for Review and Inspection of Debtor’s Inventory and of Records Concerning Debtor

After completion of the Inventory List and for a ninety (90) day period after the Art Claims Bar Date Notice, potential Art Claimants shall be given an opportunity by prior appointment with the CRO to inspect any Artworks listed on the Inventory List in which they claim any interest, and the books and records of the Debtor that are in the possession, custody or control of the Debtor pertaining to any such Artwork. The Bank shall cooperate to the extent reasonably practicable in providing access to information (including, but not limited to, documents such as monthly account statements, check registers, purchase and sale invoices and other documents concerning purchases and sales by the Debtor) regarding Artwork that the Debtor is otherwise unable to provide on a reasonable schedule.

## V. Assertion of Art Claims

Any Art Claimant (including, but not limited to, artists, artist’s heirs and personal representatives, consignors, or purchasers) asserting a claim that any Artwork listed on the Inventory List is owned in whole or in

part by such Art Claimant and is not property of the Debtor's estate under section 541 of the Bankruptcy Code must submit its claim (each such claim, an "Art Claim") substantially in the form annexed hereto as Exhibit A, (the "Art Claims Form") by not later than the Art Claims Bar Date or forever be barred from asserting such Art Claim.

**ART CLAIMS RECEIVED AFTER THE ART CLAIMS BAR DATE ARE SUBJECT TO BEING DISALLOWED BY THE BANKRUPTCY COURT AT A LATER DATE, AND THE OWNERSHIP RIGHTS, IF ANY, OF SUCH ART CLAIMANT WITH RESPECT TO ANY ARTWORK THAT HAS NOT BEEN DESCRIBED IN AN ART CLAIM ARE SUBJECT TO BEING TERMINATED.**

Each Art Claim shall (a) be made under penalty of perjury, (b) be executed by the Art Claimant or its authorized agent, (c) specifically identify the Artwork at issue by ID Number, (d) sufficiently describe in detail the nature of the Art Claimant's Art Claim and the factual bases for such assertion, (e) include a copy of any and all agreements, documents, instruments and other writings on which the Art Claim is based, and (f) be accompanied by evidence, if any, that any security interest asserted by the Art Claimant has been perfected.

More than one item of Artwork may be included in a single Art Claim, provided that the basis for each of the Art Claimant's claims is the same for each item of Artwork on the Art Claims Form.

For the purposes of clarity, claims (i) relating to Artwork that is not on the Inventory List, (ii) that relate to or are derived from Artwork no longer in the Debtor's possession, custody or control, or (iii) claims that Artwork on the Inventory List is held in trust, subject to a tracing claim or unrecorded lien, shall not be subject to the Art Claims Bar Date and may be submitted to at a later date.

Each Art Claim shall be filed with the Bankruptcy Court at the following address:

**United States Bankruptcy Court  
Southern District of New York  
355 Main Street  
Poughkeepsie, NY 12601**

Each Art Claim (including the Art Claims Form and Supporting Evidence) shall be submitted to counsel to the Debtor, so that it is received by the Art Claims Bar Date, at the following address and filed with the Bankruptcy Court by the Art Claims Bar Date:

**Halperin Battaglia Raicht, LLP  
555 Madison Avenue, 9<sup>th</sup> Floor  
New York, NY 10002  
Attn: Robert D. Raicht, Esq.**

Promptly after the receipt of any Art Claim by the Debtor's counsel, the Debtor shall provide a copy of each such Art Claim to each of the Committee, the Art Representative (once appointed, and as defined below) and the Bank.

VI. Determination of Competing Art Claims and Interest in the Artworks

Upon receipt of Art Claims, the CRO will add all relevant information relating to each Art Claim to the Art Claim Field on the Inventory List. Such information shall include, but not be limited to, the following (to the extent such information is provided to the Debtor by the Art Claimant):

1. The name(s) of the Art Claimant(s);
2. The basis for the Art Claim;
3. Whether the Art Claimant asserts that it holds a perfected security interest;
4. The asserted value of the Art Claim (if any asserted); and

5. Whether the Art Claim is made by an artist, an heir, a personal representative of an artist, an estate, a purported consignor or a purported purchaser.

Within ten (10) business days after the Art Claims Bar Date, (i) a representative of the Debtor, (ii) representatives of the Committee, (iii) a person not affiliated with the Committee, the Debtor or the Bank proposed by one or more Art Claimants and approved by the Bankruptcy Court to represent the interests of Art Claimants (the "Artist Representative"), and (iv) a representative of the Bank (the "Working Group") shall convene and review the data from the Art Claims presented to date. To the greatest extent possible, the Working Group shall seek to determine on an informal and consensual basis whether each piece of Artwork that is subject to an Art Claim is property of the Debtor's estate pursuant to section 541 of the Bankruptcy Code. If any member of the Working Group asserts with a good faith basis that such Artwork is property of the Debtor's estate, such Artwork shall be labeled a "Claimed Estate Asset." Each item of Artwork that the Working Group unanimously believes is not a property of the Debtor's estate, including, without limitation, Artwork indisputably protected under the ACAL, Artworks that are subject to perfected consignment agreements in accordance with the UCC by the relevant consignor, and Artworks subject to consignment agreements that expired or were terminated in accordance with their terms, shall be labeled as a "Non-Estate Asset." The CRO shall promptly update the Inventory List to reflect all Claimed Estate Assets and Non-Estate Assets, including the basis for such determination and which member(s) of the Working Group made such determination. The CRO, in his reasonable discretion, may provide additional information in the Art Claims Field regarding Claimed Estate Assets and Non-Estate Assets.

The Art Representative shall be appointed solely to review Art Claims and participate in the Working Group for the purposes of (i) determining whether Artwork is property of the Debtor's estate pursuant to the terms of this Section VI hereof and (b) the value of Artwork pursuant to Section XI hereof. The Art Representative shall not have any other role or authority, including standing to appear at Mediation sessions pursuant to Section VIII hereof. The Art Representative shall be retained and compensated pursuant to further order(s) of the Bankruptcy Court.

The Working Group may adjourn its meeting from time to time, provided that the Working Group shall meet at least once every seven days after the Art Claims Bar Date unless extraordinary circumstances prevent the Working Group from meeting on that schedule. The Working Group shall make reasonable efforts to complete its evaluation of Art Claims no later than 45 days after the Claims Bar Date.

No later than ten (10) business days after each meeting of the Working Group, the Debtor shall provide notice to all parties entitled to notice under Fed. R. Bankr. P. 2002 of any Artwork that the Working Group unanimously agreed are (a) worth less than \$250,000 and (b) are not property of the Debtor's estate. If no objections are filed to the Working Group's determination, then any such artwork may be released to the appropriate Art Claimant subject to Section VII hereof, without any further order of the Bankruptcy Court.

In the case of any Artwork that the Working Group unanimously determines is (a) not property of the Debtor's estate and (b) worth \$250,000 or more, the Debtor shall seek an order of the Bankruptcy Court authorizing the Debtor to release such Artwork to the appropriate Art Claimant pursuant to Section VII hereof; provided, however, that the Debtor (i) shall move for such relief no later than ten (10) business days after any such determination by the Working Group, (ii) the Debtor may seek such relief for multiple Art Claims in a single motion on notice to all parties entitled to notice under Fed. R. Bankr. P. 2002.

## VII. Return of Non-Estate Assets

No later than ten (10) business days after the Working Group concludes its analysis of the Art Claims data and agrees on the list of Claimed Estate Assets and the list of Non-Estate Assets, the Debtor shall notify each Art Claimant, via First Class Mail, whether there is or is not an objection to its Art Claim(s) with respect to particular Artwork and, within the same ten (10) business day period, amend the Comment Section on the Inventory List to reflect the Working Group's determination.

The Debtor shall allow any Art Claimant that asserted an Art Claim against Artwork classified as a Non-Estate Asset pursuant to section VI hereof to retrieve such Artwork in a time and manner to be reasonably determined by such Art Claimant and the CRO, subject to the terms of Section VI above; provided, however, that

the owner of any Non-Estate Asset shall arrange and be responsible for all tasks, costs and activities related to removal of the Artwork from the Debtor's possession, custody and control, including, but not limited to, (a) packing and handling the Artwork, (b) removing the Artwork from the Debtor's possession, custody, or control, (c) payment of all packing, handling and shipping costs, and (d) for providing and paying for insurance following removal of such Artwork from the Debtor's possession, custody or control.

**Notwithstanding anything to the contrary herein, if more than one Art Claimant submits an Art Claim for the same Artwork the Debtor shall not release such Artwork to any Art Claimant absent further order of the Bankruptcy Court.**

#### VIII. Non-Binding Mediation for Disputed Claims

There shall be a non-binding mediation process (the "Mediation") implemented as soon as practicable, but in no event more than sixty (60) days after the Art Claims Bar Date, to resolve any unresolved Art Claims and Artworks listed as Claimed Estate Assets. Such mediation process shall include the Debtor, the Committee, the Bank and, with respect to any particular Artworks to be addressed in any particular Mediation session, the individual Art Claimant(s) who asserted an Art Claim with respect to such Artworks (collectively the "Mediation Parties"). In the interest of efficiency and economy, Mediation sessions shall be scheduled, to the extent possible, in a manner to address the Art Claims of individual Art Claimants with respect to multiple Artworks in the Debtor's possession, custody or control under the same or similar legal arrangements, (e.g., an artist who consigned 25 pieces of Artwork to the Debtor under the same written or oral arrangement).

The following terms and conditions shall apply to the Mediation:

1. The mediator shall be the Honorable Martin Glenn, United States Bankruptcy Judge (the "Mediator").
2. Mediation sessions shall be scheduled by the CRO, at a date and time acceptable to the Mediator, the Mediation Parties and the applicable Art Claimant. Multiple Mediation sessions may be scheduled during the same day.
3. To the extent practicable, Mediation sessions will be scheduled in the following order: first, for artists asserting Art Claims for Artwork protected under the ACAL; second, for artists' heirs, estates or personal representatives asserting Art Claims for Artwork protected under the ACAL; third, for consignors (i) asserting Art Claims and (ii) that allege that they hold valid perfected security interests in Artwork; fourth, consignors (x) asserting Art Claims and (y) that do not assert that they hold valid perfected security interests in Artwork; and fifth, for any other Art Claimant who submitted a timely Art Claim asserting that any Artwork listed on the Inventory List is not property of the Debtor's estate under section 541 of the Bankruptcy Code.
4. Each Mediation Party shall have standing to appear and be heard at the Mediation sessions, and may be represented by counsel.
5. Each Mediation Party shall furnish to the Mediator and other Mediation Parties in the Mediation copies of all documents they believe will assist the Mediator, and a confidential statement as to their respective contentions of not more than ten (10) pages double-spaced for each piece of Artwork or related pieces of Artwork (the "Mediation Statements"). The Mediation Parties shall exchange and furnish to the Mediator and Mediation Parties any such evidentiary documents and Mediation Statements ten (10) business days prior to the scheduled Mediation session.
6. The Mediator may establish procedural rules with respect to any of the Mediations that, in the Mediator's opinion, will expedite the mediation process and afford due process to the Mediation Parties, including the provision of global procedures applicable to all future Mediation sessions; provided, however, that the Debtor shall provide notice of such rules to any future Mediation



Parties no less than five (5) business days before their Mediation Statements are due to be exchanged.

7. Each Mediation Party shall attend Mediation session(s) at a mutually convenient location in New York, New York on such date(s) as the Mediation Parties and Mediator shall deem appropriate, subject to the schedules of the Parties and the Mediator.
8. Each Mediation Party attending the Mediation shall send a representative with decision-making authority for such Mediation Party.
9. All discussions, exchanges and communications by and among the Mediation Parties and the Mediator during the Mediation shall be strictly confidential, and shall not be disclosed to anyone other than the Mediation Parties in the Mediation or their counsel.
10. All discussions, exchanges and communications in connection with the Mediation, including, but not limited to the Mediation Statements, shall be used solely for settlement purposes and subject to Rule 408 of the Federal Rules of Evidence.
11. The Debtor shall seek approval of settlements regarding Artwork from the Bankruptcy Court in accordance with Rule 9019 of the Federal Rules of Bankruptcy Procedure and the rights of all parties to object to any such settlement are reserved; provided, however, that the Debtor may seek approval of multiple settlements in a single motion where (i) each of the Debtor, the Committee, the Bank and the Art Claimant agree the Art Claimant's Art Claim is worth less than \$250,000 and (ii) each of the Bank and the Committee approve of the settlement for such Artwork; provided further, however, that if more than one Art Claimant submits an Art Claim for the same Artwork the Debtor shall not release such Artwork to any Art Claimant subject to further order of the Bankruptcy Court.

IX. No Effect on Right to Trial; Burden of Proof

Nothing in this Protocol shall alter, limit, expand or affect any party's right to seek adjudication of its Art Claim before a court of proper jurisdiction; provided, however, that, subject to Section XII hereof, prior to any adjudication of Art Claims, all Art Claimants must submit to the procedures and Mediation described herein.

Nothing in this Protocol shall alter, limit, expand or affect any party's burden of proof with respect to any Art Claim.

X. Rights if Mediation Does Not Resolve an Art Claim

If, and only to the extent that, the Mediation Parties are unable to resolve a disputed Art Claim by Mediation, then the Mediation Parties may thereafter seek any remedies available under applicable law, subject to the terms of the Bankruptcy Code and any orders of the Bankruptcy Court. The Mediation Parties' rights with respect to such Art Claims are expressly reserved, including, but not limited to the rights to seek and object to motions for relief from the automatic stay, motions for turnover and adversary proceedings for injunctive or other relief regarding Art Claims or Artworks. This provision is expressly subject to Section XII hereof.

XI. Conditions for Removal of Non-Estate Assets  
Prior to Resolution of Art Claims; Consensual Lien

Any Art Claimant seeking to remove a piece of Artwork in the Debtor's possession as to which no other Art Claimant has asserted any claim, prior to any determination that such Artwork is a Non-Estate Asset that is owned by such Art Claimant, shall be required to post an undertaking for the benefit of the Debtor in an amount equal one hundred and fifty (150%) per cent of the value of the Artwork as agreed upon unanimously by the

Working Group (the “Working Group Assessed Value”). If (a) the Working Group cannot agree on a Working Group Assessed Value or (b) the Art Claimant asserts that the Working Group Assessed Value is higher than the value of the Artwork, then the Art Claimant shall have the right to seek a determination of the value of Artwork from the Bankruptcy Court; provided, however, that the Art Claimant shall bear the burden of proving the value of the Artwork by a preponderance of the evidence; provided further, however, that nothing herein shall preclude an Art Claimant and the Working Group from agreeing to a mutually agreeable procedure for determining the value of a particular piece of Artwork.

The Debtor shall be permitted to demand payment on the undertaking in the amount of the claimed value of the Artwork in the event that a final order is later entered determining that such property is “property of the estate” within the meaning of section 541 of the Bankruptcy Code; provided, however, the Art Claimant shall be entitled to assert a claim in the Bankruptcy Case against the Debtor for the value of such Artwork. The Debtor shall be entitled to payment in accordance with such a demand notwithstanding such Art Claimant’s tendering return of the Artwork removed from the estate. In the event that it is determined pursuant to section VI hereof or upon entry of a final order that such removed property is a Non-Estate Asset, the removing party shall be entitled to cancel the undertaking.

In accordance with the Final Order Pursuant To 11 U.S.C. §§ 361, 362, 363, 364 and 105 and Fed. R. Bankr. P. 4001 and 6004 Granting Final Approval of Debtor in Possession Financing and Use of Cash Collateral entered on January 3, 2008 (the “Final DIP Financing Order”), any Art Claimant asserting that any Artwork is a Non-Estate Asset may consent in writing to (i) a charge for the cost of preserving such Artwork incurred since November 2, 2007 (“Non-Estate Asset Costs”), and (ii) an obligation to reimburse the Debtor or the Bank, as the case may be, for any Non-Estate Asset Costs; provided, however, that the rights of the Debtor and the Bank, if any, to recover any Non-Estate Asset Costs from any Art Claimant who fails to so consent, upon motion to the Court or adversary proceeding, and the right of any party to object to any such relief, are hereby expressly reserved.

## XII. Emergency Relief

Nothing in the Protocol shall be deemed to prevent any Art Claimant from seeking emergency relief from the Bankruptcy Court with respect to its purported rights with respect to any Artwork, including, without limitation, the right to seek to lift the automatic stay upon a showing of extraordinary cause by the movant.

## XIII. No Adjudication of Inter-Claimant Disputes

The terms of this Protocol and the Mediation shall not be used to adjudicate any disputes between and amongst Art Claimants with respect to Art Claims concerning the Artwork except upon their mutual agreement. The procedures in this Protocol are intended to be used solely to determine the Debtor’s rights with respect to Artwork.

## XIV. Adjournment of Motions for Relief from Stay to Recover Asserted Non-Estate Assets

Any motion seeking to lift the automatic stay established by section 362 of the Bankruptcy Code with respect to any Artwork shall be adjourned to a date to be determined by the Court, except upon a showing of extraordinary cause by the movant in accordance with Section XII hereof. Subject to further order of the Bankruptcy Court, this Section shall cease to be in force and effect 120 days after the Art Claims Bar Date.

## XV. Bank Claim

Within ten (10) days of the entry of an Order approving this Protocol, the Bank shall file a proof of claim and attach thereto all documentary evidence in support of its claim against the Debtor. Nothing in this Protocol shall affect, in any respect, the Bank’s or any other party’s rights and remedies under the Final DIP Financing Order, the

DIP Facility (as defined therein) and the Existing Loans (as defined therein), all of which are expressly reserved to the Bank and any such other parties upon such filing, the Bank shall have no further obligation under Section V hereof.

XVI. No Effect on Other Claims

The terms of this Protocol shall not affect the rights of any party (including Art Claimants) to assert any claims against the Debtor, including, but not limited to, administrative claims, priority claims and general unsecured claims; provided, however, that Art Claimants who receive notice of the Art Claims Bar Date are bound by the Art Claims Bar Date with respect to any Art Claim. The rights of all parties with respect to such claims are expressly reserved.

**COMPLIANCE WITH THIS PROTOCOL, INCLUDING SECTION V HEREOF, SHALL NOT RELIEVE ANY PARTY OF ANY OBLIGATION TO FILE A PROOF OF CLAIM IN THIS CASE OR TO COMPLY WITH ANY BAR DATE ORDER WHICH MIGHT BE ENTERED IN THE BANKRUPTCY CASE.**

UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

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In re:	)	Chapter 11
SALANDER - O'REILLY GALLERIES, LLC,	)	Case No. 07-30005 (CGM)
Debtor.	)	

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**ART CLAIMS FORM**

This Art Claims Form is the form by which Art Claimants must submit Art Claims with respect to any Artwork listed on the Inventory List compiled by the chief restructuring officer of Salander-O'Reilly Galleries, LLC.

On March 11, 2008, the United States Bankruptcy Court entered an Order that, among other things, approved the Protocol for Assertion and Resolution of Claims of Ownership to Artworks in the Possession, Custody or Control of Salander-O'Reilly Galleries (the "Protocol").

All capitalized terms in this Art Claims Form shall have the same meanings and definitions as in the Protocol.

**ALL ART CLAIMANTS MUST SUBMIT ART CLAIMS BY JUNE 15, 2008 (THE "ART CLAIMS BAR DATE").**

**FAILURE TO SUBMIT AN ART CLAIM BY THE ART CLAIMS BAR DATE MAY RESULT IN SUCH ART CLAIM BEING DISALLOWED BY THE BANKRUPTCY COURT AT A LATER DATE, AND THE OWNERSHIP RIGHTS, IF ANY, OF SUCH ART CLAIMANT WITH RESPECT TO ANY ARTWORK THAT HAS NOT BEEN DESCRIBED IN AN ART CLAIM ARE SUBJECT TO BEING TERMINATED.**

1. Read and review the Protocol. Failure to follow the procedures in the Protocol may result in denial of your Art Claim and termination of any ownership rights you may have to Artwork listed on the Inventory List.
2. Pursuant to the Protocol, each Art Claim shall (a) be made under penalty of perjury, (b) be executed by the Art Claimant or other authorized agent, (c) specifically identify the Artwork at issue by ID Number, (d) sufficiently describe in detail the nature of the Art Claimant's Art Claim and the factual bases for such assertion, (e) include a copy of any and all agreements, documents, instruments and other writings on which the Art Claim is based, and (f) be accompanied by evidence, if any, that any security interest asserted by the Art Claimant has been perfected.

3. Review the Inventory List at [www.triaxcapitaladvisors.com/salander](http://www.triaxcapitaladvisors.com/salander) in order to determine if Artwork you believe is owned by you is in the possession, custody of control of Salander-O'Reilly Galleries, LLC.
4. If Artwork you believe is owned by you is listed on the Inventory List, fill out an Art Claims Form. Make sure to provide all the information required by the Protocol.
5. If you did not receive a copy of the Protocol, contact the attorneys for Salander-O'Reilly Galleries, LLC:

**Halperin Battaglia Raicht LLP,  
555 Madison Avenue, 9<sup>th</sup> Floor  
New York, New York 10002  
attn: Robert Raicht, Esq.  
(phone) 212-765-9100 (email) rraicht@halperinlaw.net**

6. If you need a password to access the inventory list, contact the Debtor's Chief Restructuring Officer by email at [jsarachek@triaxadvisors.com](mailto:jsarachek@triaxadvisors.com).
7. You may complete your answers on additional pages, if necessary.
8. You must send a copy of your completed Art Claim to the attorneys for Salander-O'Reilly Galleries, LLC, at the address listed above, so that the Art Claim is received no later than June 15, 2008.
9. You must file your completed Art Claim (including you Art Claims Form and any and all agreements, documents, instruments and other writings that support your Art Claim) with the Bankruptcy Court by June 15, 2008, at the following address:

**United States Bankruptcy Court  
Southern District of New York  
355 Main Street  
Poughkeepsie, NY 12601**

**YOU MUST SUBMIT AND/OR FILE YOUR ART CLAIM WITH BOTH THE  
BANKRUPTCY COURT AND THE ATTORNEY FOR SALANDER-O'REILLY  
GALLERIES, LLC**

10. You must provide a copy of all supporting documentation to the Bankruptcy Court in .pdf format. If you are unable to do so, please contact the clerk's office at (845) 452-4200.

**Information About Art Claimant**

Art Claimant's Name: \_\_\_\_\_

Art Claimant's Address: \_\_\_\_\_

\_\_\_\_\_

Art Claimant's phone number \_\_\_\_\_

Art Claimant's email address \_\_\_\_\_

Agent or Representative's Name: \_\_\_\_\_

Agent or Representative's Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Agent or Representative's phone number \_\_\_\_\_

Agent or Representative's email address \_\_\_\_\_

- The Art Claimant is a(n)    \_\_\_ consignor.  
                                  \_\_\_ artist.  
                                  \_\_\_ artist's estate.  
                                  \_\_\_ artist's heir.  
                                  \_\_\_ artist's representative.  
                                  \_\_\_ purchaser.  
                                  \_\_\_ other (please specify)\_\_\_\_\_.

**Information About Artwork**

ID Number of Artwork from Inventory List: \_\_\_\_\_

Name of Artwork: \_\_\_\_\_

Name of Artist: \_\_\_\_\_

Estimated Value of Artwork: \_\_\_\_\_

**Describe in Detail the Factual Basis for Your Art Claim**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Security Interest**

Is the Artwork subject to a security interest? \_\_yes \_\_no.

If you checked “yes,” attach all agreements, documents, instruments and other writings that support your assertion that the Artwork is subject to a valid, perfected security interest.

**Provide All Required Documentation**

Provide copies of any and all agreements, documents, instruments and other writings that support your Art Claim.

If you assert a security interest in any Artwork, provide any and all agreements, documents, instruments and other writings that support the assertion of that security interest.

**PLEASE READ THE FOLLOWING BEFORE SIGNING  
YOUR ART CLAIM FORM**

**By signing this Art Claim Form, you make the following certifications under penalty of perjury pursuant to 28 U.S.C. § 1746:**

- “I have been provided with a copy of the Protocol, and the exhibits thereto.”
- “I have the full power and authority to make this Art Claim.”
- “I am making this Art Claim under penalty of perjury pursuant to 28 U.S.C. § 1746.”

\_\_\_\_\_  
Name of Claimant:

By:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Address