

# Auctioneer



NOVEMBER 2009

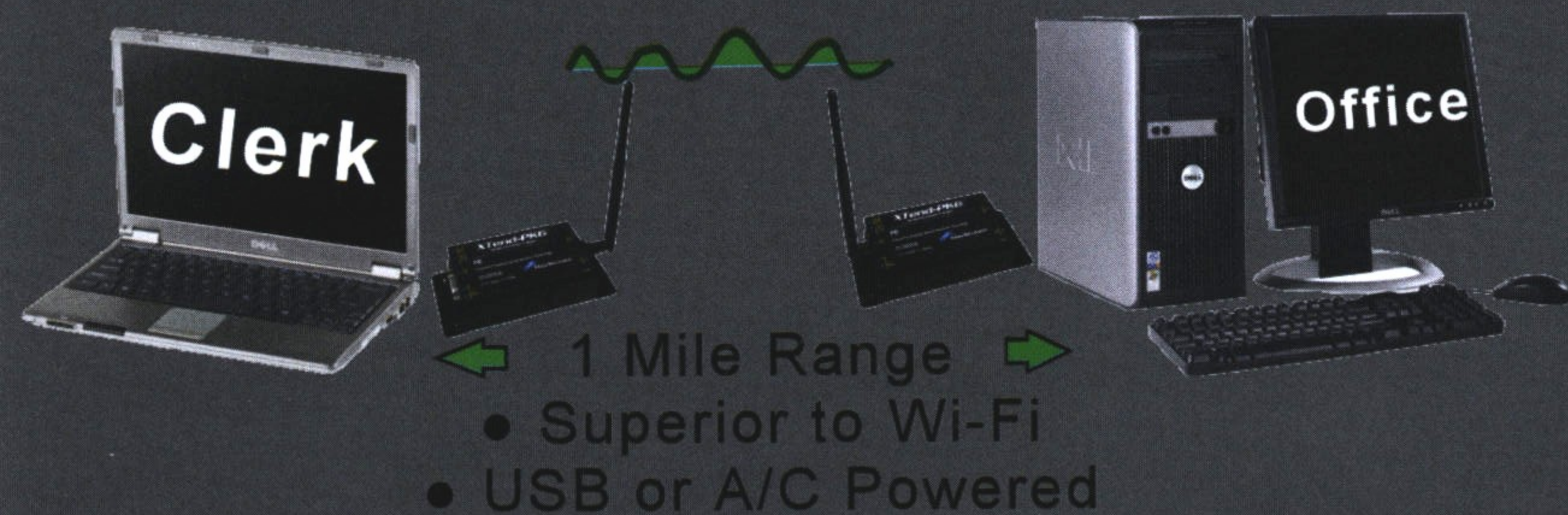
The official publication of the National Auctioneers Association

## The Boom in Benefit Auctions!

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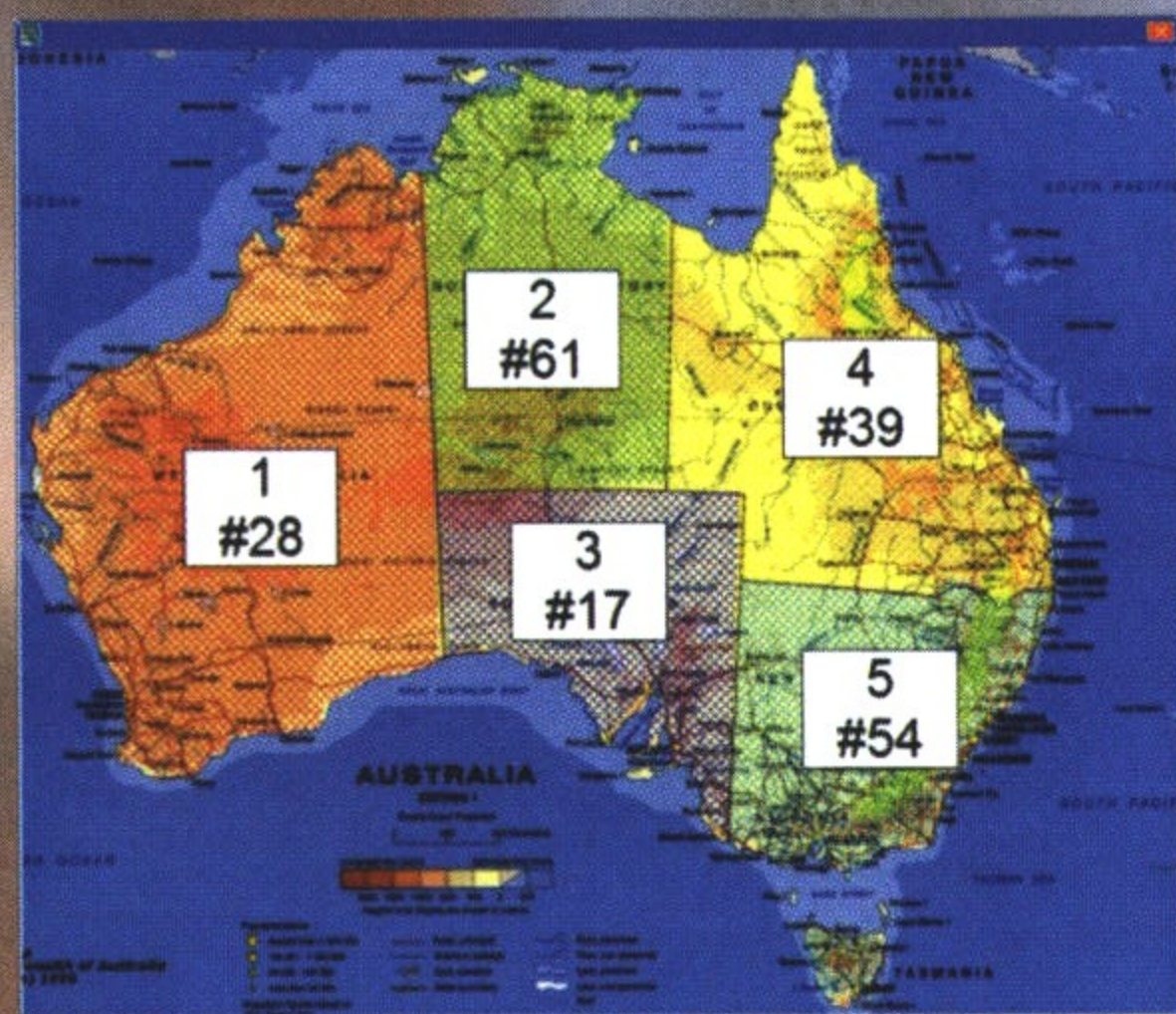
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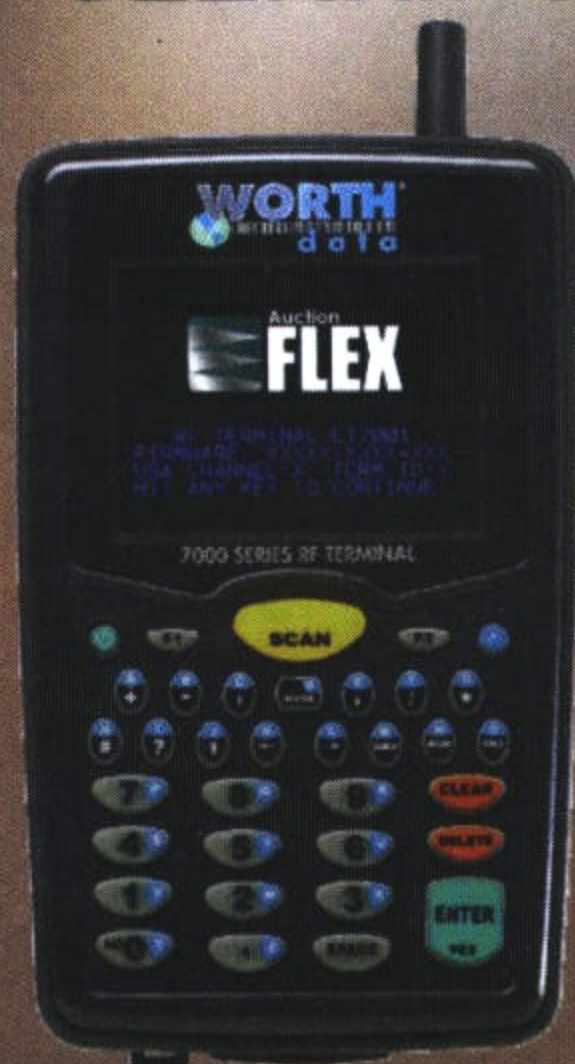
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# Auctioneer

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The official publication of the National Auctioneers Association

NOVEMBER 2009 VOLUME 61 NUMBER 11



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The benefit auction industry is booming as perhaps never before, driven by several factors, and Auctioneers who had never considered entering this niche are now paying attention to this growth field.

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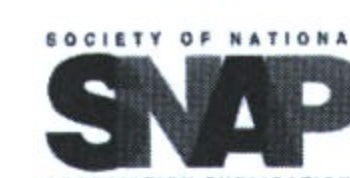
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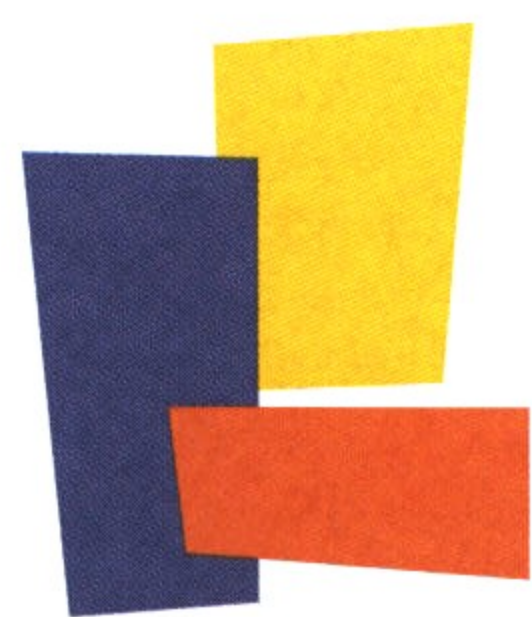


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## Patience in the IAC

*(The following letter was written by Terri Walker, CAI, BAS, CES to the Fellowship of Christian Auctioneers International and is reprinted with the permission of both. Walker is the 2009 IAC Champion of the Women's Division.)*

Nine years of competition with seven trophies is an example of perseverance, however I'm not sure about my patience. When I look back on each competition I can clearly see the Lord had His hand in each one. I realize the Lord had His plan and I needed to work along with Him to see His plan to the finish.

Winning the 1st Runner-Up trophy the first year I competed gave me a hunger for the championship trophy. The competition became part of our family's Conference and Show experience, planning our schedule around the Friday competition. Lance, my partner and husband for 32 years, supported and encouraged me to continue.

I am so happy now I can say I am enjoying my due season. Often we do not persevere; we get lazy or feel sorry for ourselves. This is our opportunity to rejoice with others when they do well, however, it is very hard to rejoice when you want what they have just been given. The only way to accept the second or third position was through the help of prayer; accepting His Will, not mine.

This year is so exciting and I am looking forward to the opportunity to visit different states. Speaking to Auctioneers also gives me a chance to learn from them. I have already visited with the Missouri Auctioneers and was given a very warm welcome. The location was close enough that I was able to take my family. Saturday morning I spoke on different aspects of benefit auctions and Sunday Lance, Eric, and Caroline sang in the early morning church service. My father is a Missouri Auctioneer so I also got to spend some time with my parents. My Missouri Auctioneer family is a group I will not forget.

In October I spoke to the California Auctioneers and met a few new western Auctioneers. Benefit auctions, real estate auctions and online estate auctions are the main topics of my speech. Twenty-five years in the auction industry gives me plenty of experience of which to share ideas. The St. Jude Children's Research Hospital Auction is planned this month and I will have the opportunity and the challenge to host the NAA members attending this event. Living in Memphis, I visit St. Jude hospital often; life seems a little more precious after visiting the children at St. Jude.

Helen Keller once said, "The marvelous richness of human experience would lose something of rewarding joy if there were not limitations to overcome. The hilltop would not be half so wonderful if there were no dark valleys to traverse." Getting the championship title was my goal and each year of not winning the title I became more discouraged. Now that I have achieved that goal I am experiencing a wonderful hilltop.

Terri Walker, CAI, BAS, CES  
Memphis, TN.



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# Identifying priorities

## NAA is focused on its goals and mission



By Scott Musser, CAI,  
BAS,  
NAA President

If I do say so myself, appointing Joe Calhoon to the NAA Board of Directors for the 2009-2010 year was a brilliant move.

For those of you who don't know Joe, he is an author of "On the Same Page – How to Engage Employees and Accelerate Growth and Prioritize! A System for Leading Your Business and Life on Purpose." He is also a consultant and a speaker who lives in the Kansas City area and who has been "around" NAA for years. He focuses on helping individuals and companies understand what is important and then how to build their business around that priority.

Joe accepted my one-year appointment offer because he has worked with Auctioneers for years and he truly wants to give back to this profession. Never was that more evident than at the Fall Board meeting. As you know, NAA, and frankly the auction industry, is undergoing a transition. As an industry, we are seeing auctions transform in ways we never dreamed of; my business is evidence of that as I've started conducting several auctions online. As the 2001 champion of the IAC contest, I can tell you personally how important bid calling is to my career and to my auctions. But I see technology as another tool and one that will grow in

importance in the future.

Last year Chairman of the Board Randy Wells CAI, AARE, BAS, CES, GPPA led us in analyzing many of our programs and services. We conducted SWOT analyses (analyzing our strengths, weaknesses, opportunities and threats) on almost everything we could think of. So we entered my presidency understanding what we needed to improve and what we needed to eliminate. The NAA Futures Panel helped clarify what they believe we need to work on – simply and succinctly, we need to offer quality educational programs and services to our members.

At the Fall board meeting, the NAA Board of Directors met with the Trustees of the Education Institute. Through our joint discussions, Joe helped us identify our priorities in helping us achieve the NAA Vision: unifying and leading the auction and competitive bidding industries to be the preferred method of sale for personal and real property in all segments of the economy.

We are clear now that we need to focus efforts on the content we offer members as well as ensuring that those who teach have the knowledge, skills and abilities to be, not only a subject matter expert, but have the tools to facilitate education. We are clear that we must commit resources to our education program to offer a robust conference (both in terms of content and instructors), strengthen our designation

programs and expand our online offerings so that members have access to quality educational experiences. The NAA board is committed to working with the EI Trustees on this project.

And the NAA board is committed to continuing our journey of excellence. In his book, "Priorities," Joe quotes business philosopher Jim Rohn who says that "There are two ways to face the future. One way is with apprehension, the other is with anticipation."

In the next few months, NAA will be rolling out a series of discussions we have been having at the board level designed to guide the direction that NAA will use in facing the future. By the time you read this article, some of those actions will be identified in the summary of the Fall Board meeting (check online under the Members Only portion, under the site entitled "Board Information"); others will be explained in the January issue of *Auctioneer*.

I hope that you will look forward to these changes as we continue to meet NAA's mission to promote the professionalism of Auctioneers and auctions through education and technology. And as always, I invite you to ask questions or simply make a comment.

A handwritten signature in dark ink, appearing to read "Scott Musser".

Scott Musser



# Answering the “Why”

New column explains the reasons behind important NAA decisions

By Hannes Combest, CAE, CEO of NAA

*The NAA Board of Directors and staff want to help you understand the “whys” behind the decisions that are made. We’ll answer questions as we get them, things we read on the forum or questions you’ve posed directly to us. If you have a question you would like to ask, please forward it to Hannes Combest, NAA’s Chief Executive Officer at [hcombest@auctioneers.org](mailto:hcombest@auctioneers.org).*

## WHY DO I NOT GET MY COPY OF AUCTIONEER UNTIL THREE WEEKS AFTER IT IS POSTED ON THE NAA WEBSITE?

We pulled this question off the discussion forum and thought it was a good one to share with all members! Staff works with a Missouri company that prints *Auctioneer* and mails the magazine on the first day of the month. Sometimes, staff is late with copy and the printer does not have time to get it out by that deadline (such is what happened in October). However, usually, the publication is mailed on time.

The U.S. Post Office divides the United States into zones. *Auctioneer* is mailed using a special rate for periodicals, which means NAA pays less than the First Class postage rate. However, it also means that the postal receiving station in each zone has the right to hold that periodical up to three days before it is distributed to the specified individual or sent to the next postal receiving station. If you live on one of the coasts or in Alaska, this means that your magazine could be held up to 12 business days before your post office delivers it to you.

Here’s the good news – NAA’s publication is printed in Missouri, so it minimizes the number of zones that are passed through. The bad news? There’s not a lot we can do but make sure we hit our deadline!

The NAA is working with the printer to investigate possible areas of cost savings and improving our distribution. The printer is installing new technology that will help somewhat.

One recommendation is to consider co-palletizing the publication with other publications; unfortunately this is not possible. Co-palletizing would put *Auctioneer* in with larger orders and ship them via other options to the specific zone in which they are to be distributed. Unfortunately, we can not do this for *Auctioneer* because our circulation is too small.

If you have not received your copy of *Auctioneer* and your next month’s issue arrives, please contact editor Steve Baska at [steve@auctioneers.org](mailto:steve@auctioneers.org), and he will make sure to send you a copy by First Class mail. The most current issue of *Auctioneer* can be found online, on the “Member’s Only” portion of the website.

## WHY DOESN’T THE NAA HAVE A LIVE PERSON ANSWERING THE PHONES AT THE HEADQUARTERS?

This is one we keep hearing and it has a lot of merit! NAA has a staff of 11 full-time people, a person who works about 10 hours a week and a contractor who helps us with our technology needs. Each one of these individuals has very specific job responsibilities that are bringing NAA members the programs and services they desire.

Until recently, when you called NAA there was no way to talk to a live human being without knowing what the name of the person you needed was or what their extension was or what department they worked in. After Conference and Show, we added an option that at any time you can

## Next printed magazine will be combined issue

**The NAA Board of Directors decided in its Fall meeting to combine the December 2009 and January 2010 issues as well as the July and August 2010 issues. This will allow staff to redirect efforts to provide more current online resources and will result in some cost savings. The December/January issue will be mailed on January 2. An online PDF version of a December issue, with original stories and NAA news, will be posted by December 1 on [www.auctioneers.org](http://www.auctioneers.org) (and a July issue posted on July 1). If you are not getting emails from NAA, contact NAA at 913-541-8084, ext. 15 and we will correct it.**

now simply dial zero at any time and get a live person to help you. We have a recorded greeting because 60 percent of the calls we get do know who they want and we believe it is not the best use of staff resources to simply have a person be on staff to transfer calls to a specific individual. By giving you a recorded greeting with the option of dialing zero for personal help, we believe this is the best use of our resources.

Due to a small staff, often the line to a particular staff member may be busy and you may be asked to leave your name and telephone number. Please do so. Staff is committed to offering you excellent customer service. Our goal is to respond to e-mails or telephone messages within one business day of receipt. Does it always happen? No. Do we make mistakes? Yes. But we continue to work to give you the best possible service we can and to answer your questions quickly, thoroughly and politely.



# Legal Questions

## Can an Auctioneer bid on property for himself while he's bid calling?



Kurt R. Bachman

*Kurt R. Bachman is an attorney and licensed Auctioneer from LaGrange, IN. He can be reached at 260-463-4949 or krbachman@beersmallers.com.*

*Kurt R. Bachman and Beers Mallers Backs & Salin, LLP, appreciate the opportunity to review and answer legal questions that will be of interest to Auctioneers. The answers to these questions are designed to provide information of general interest to the public and are not intended to offer legal advice about specific situations or problems. Kurt R. Bachman and Beers Mallers Backs & Salin, LLP, do not intend to create an attorney-client relationship by offering this information, and anyone's review of the information shall not be deemed to create such a relationship. You should consult a lawyer if you have a legal matter requiring attention. Kurt R. Bachman and Beers Mallers Backs & Salin, LLP, also advise that any information you send to Auctioneer shall not be deemed secure or confidential. Please visit one of our offices to ensure complete confidentiality.*

I would like clarification on whether the Auctioneer doing the bid-calling can bid at that same auction, and if there is a distinction between his or her bidding on real property and personal property. An article in *Auctioneer* some time ago noted that an Auctioneer in that scenario was prohibited from bidding, but in my state, it is permitted by our state law. I would assume that it is in fact legal in many states? The argument that because of the UCC 2-328 doctrine, an "agent for the seller" cannot bid, seems to suggest to me that means "bidding for, or on behalf of, the seller," and would not apply when the Auctioneer was bidding in a bona fide manner for his or her own interests.

Mike Brandly, CAI, AARE  
Groveport, OH

**ANSWER:** Article 2 of the NAA Code of Ethics, provides: "Members must, in conducting an auction, deal with customers in a manner exhibiting the highest standards of professionalism and respect. Members owe the customer the duties of honesty, integrity and fair dealing at all times." The NAA Code of Ethics defines the "customer" as "[t]he party who attends the auction for the purpose of buying the property offered for sale." The obligation to deal fairly and honestly with the customer would generally prevent an Auctioneer from submitting a bid. State law may also prevent an Auctioneer and the Auctioneer's agents from bidding during an auction in which the Auctioneer is crying for bids. The law generally prohibits an Auctioneer from bidding in an absolute auction he or she is

conducting.

The majority of states permit the Auctioneer to bid at his or her own auction only after the seller consents and the Auctioneer gives adequate disclosure that he or she may bid on items during the sale. The agency relationship between the Auctioneer and the seller creates a fiduciary duty in which the Auctioneer owes the seller loyalty. (A fiduciary duty is highest duty imposed by law.) In other words, the agent must subordinate his or her personal interest to the seller's interest. But, the duty of loyalty is called into question when an Auctioneer wants to bid at his or her own auction. The Auctioneer desires to purchase a lot for a reasonable price and the seller wants to obtain the highest possible price for each lot. The fiduciary duty should not be compromised in favor of an Auctioneer's personal desire to purchase property.

The issue of should an Auctioneer bid on items at a reserve auction merits some additional consideration. Although buying items at an auction may be permissible, it invites multiple problems and should be avoided. First, when an Auctioneer purchases something at an auction he or she is conducting it creates a potential conflict between the Auctioneer and seller. Is the Auctioneer subordinating his or her personal interests to the seller's interest? It opens the possibility that the Auctioneer could ignore bids or manipulate the auction for his or her own benefit. Second, how will anyone know when the Auctioneer is bidding in a bona fide manner? The Courts can examine the Auctioneers conduct and actions, but it



can be difficult to prove someone's intent. Third, this type of self-dealing can damage the reputation of Auctioneers and the profession.

The damage to the profession may not be worth the possible benefits of bidding on items. Even though it may be permissible, an Auctioneer should usually avoid purchasing items at an auction he or she is conducting.

## HOW TO HANDLE PERSONAL DOCUMENTS FOUND IN STORAGE LOCKER AUCTION?

I own a weekly consignment auction house. One of my primary customers is a gentleman who purchases storage lockers that are in default. In storage lockers there is quite a bit of personal information like W2s, tax returns, credit cards, Social Security cards, etc. He makes every effort to remove these items before he brings them to auction but sometimes we receive these types of items. With privacy acts laws in effect, what responsibility do I have when I come across a W2, SS card, credit card, or something that contains protected personal information and the owner is unavailable to give it back to? I am leary to give it back to the consignor. When you have a storage locker it is unlikely that you are going to find the original owner.

Jennifer Sexton, BAS  
Shakopee, MN

**ANSWER:** The issues raised in this question relate to an individual's privacy. Every person has certain privacy rights granted to them under state and federal law. Personal and private information generally should not be sold, disclosed, or given to third parties. Depending on the type of information, Auctioneers may have to return it to the seller, turn it over to the state, or destroy it.

If an Auctioneer sells private or personal records, it is simply inviting costly litigation. The Auctioneer could be sued for negligence, invasion of privacy, and other similar claims. In order to reduce the risk of litigation, Auctioneers should examine cabinets and trunks for these types of items and educate themselves on the applicable state and federal privacy law.

There are several federal and state laws that require certain types of information to be kept secure and confidential. A few of these Acts include:

- The Privacy Act of 1974. The Privacy Act generally applies to federal agencies and could apply to businesses closely working with federal agencies.
- The Health Insurance Portability and Accountability Act ("HIPAA"). The privacy rule regulates the security and confidentiality of patient information (i.e. medical records). It generally applies to insurance companies and health care providers, but it also applies to businesses sponsoring a group health plan or working with a covered entity.
- The Gramm-Leach-Bliley Act. The Act regulates the sharing of personal information about individuals who obtain financial products or services from financial institutions. It attempts to inform individuals about the privacy policies and practices of financial institutions, so that consumers can use that information to make choices about companies with whom they wish to conduct business.

- The Red Flags Rule. The Rule requires many businesses and organizations to implement a written Identity Theft Prevention Program designed to detect the warning signs – or "red flags" – of identity theft in their day-to-day operations.

- Driver's Privacy Protection Act of 1994. This law puts limits on disclosures of personal information in records maintained by departments of motor vehicles.

- Family Educational Rights and Privacy Act of 1974. This law puts limits on disclosure of educational records maintained by agencies and institutions that receive federal funding.

In addition, most states have additional privacy laws that restrict the use and dissemination of Social Security numbers. Whether any of these Acts apply to an Auctioneer will depend upon a number of issues related to the business or a specific auction.

When dealing with personal and protected information, such as Social Security cards and tax returns, Auctioneers should take every measure to ensure that these documents have been removed. Whether the Auctioneer returns, keeps, or destroys the documents should depend, in part, upon the information contained in the documents, the type of documents, and the age of the documents. There are appropriate state agencies that may take lost or unclaimed property as well.

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# Undisclosed seller bidding

## Final paragraph of auction statute 2-238 describes perils when sellers bid on own items



By Steve Proffitt

Steve Proffitt is general counsel of J. P. King Auction Company, Inc. ([www.jpking.com](http://www.jpking.com)). He is also an Auctioneer and instructor at Mendenhall School of Auctioneering in High Point, NC and Reppert School of Auctioneering in

Auburn, IN. He welcomes questions from readers about auctions and auctioneering. Readers' communications may be edited and revised. Mr. Proffitt will answer selected questions, but cannot provide personal answers. His answers do not represent legal advice or the formation of an attorney-client relationship and readers should seek advice from their own attorneys on all matters. Please submit questions to [sproffitt@jpking.com](mailto:sproffitt@jpking.com) or c/o J. P. King Auction Company, Inc. 108 Fountain Avenue, Gadsden, AL 35901.

For the past three months, I've written about the "auction statute" – section 2-328 of the Uniform Commercial Code ("UCC"). I'm going to complete reviewing the statute this month by addressing its final portion – paragraph (4).

Here's the relevant language:

*(4) If the auctioneer knowingly receives a bid on the seller's behalf or the seller makes or procures such a bid, and notice has not been given that liberty for such bidding is reserved, the buyer may at his option avoid the sale or take the goods at the price of the last good faith bid prior to the completion of the sale. This subsection shall not apply to any bid at a forced sale.*

This provision includes two rules. The first is a very important one that benefits bidders and buyers. The rule is that a seller in other than "a forced sale" (more about that later) is precluded from bidding in an auction, absent full disclosure to the bidders of the seller's intention to bid. This rule, and the penalty that the Code's drafters included for a violation, gives a lot of power to buyers.

One of the sharpest complaints that I regularly receive from auction-goers is about sellers engaging in hidden bidding to drive prices up on their goods. On this point, there is good news and bad news.

The good news is that the law doesn't allow sellers to bid on their own goods without revealing to bidders their intention to do so. The bad news is that many sellers blatantly violate the law.

Undisclosed seller bidding is a treacherous practice for bidders and buyers. In addition to being a violation of section 2-328 (4), this activity is just another form of fraud that tricks and damages innocent bidders by denying them a legitimate market in which to bid, and does the same for buyers by making them pay more for goods than legitimate, competitive bidding would require. Paragraph (4) includes two substantial penalties for a violation of the statute and it empowers buyers with a like number of options that are in addition to, and not in place of, the penalties for fraud.

First, the statute provides that a buyer may declare the contract for sale with the seller to be void. The effect of this course is to cancel the contract for sale and relieve the buyer of any responsibility to purchase the lot. Second, the statute also allows a buyer to disregard the price that the lot was sold for and, instead, pay the seller only "the price of the last good faith bid prior to the completion of the sale." In other words, pay the amount of the buyer's last "real" bid for the lot before the seller started bidding for it. These are powerful options that are triggered under two circumstances.

"If the auctioneer knowingly receives a bid on the seller's behalf," then the buyer may invoke paragraph (4). However, proof of the auctioneer's complicity may be hard to

*The law doesn't allow sellers to bid on their own goods without revealing to bidders their intention to do so.*



impossible to prove. This is because most auctioneers don't allow this bad practice and those who do are not going to advertise or admit it. The more typical instance is that the seller does such bidding unbeknownst to the Auctioneer by utilizing relatives, friends, co-workers, neighbors, and the like to serve as shills for this purpose. There is no way an Auctioneer can know all of these people and thus stop a bad practice that is being perpetrated by an unscrupulous seller and his disguised compatriots.

Nevertheless, the Code's drafters didn't leave buyers in a bind. Paragraph (4) also empowers buyers with the same curative options if "the seller makes" undisclosed bids for his own goods, or if the seller "procures such a bid and notice has not been given that liberty for such bidding is reserved." This provision deletes the Auctioneer from the equation and makes for a simpler requirement that the buyer be able to prove that the seller, or someone acting on the seller's behalf, wrongly bid on a lot.

Paragraph (4)'s prohibition against undisclosed

seller bidding is not total, however, and there is an exception. When an auction is a "forced sale," a seller may bid on the lots without reserving the right to do so and giving notice to other bidders. A "forced sale" is one where an owner's goods are sold involuntarily to satisfy a creditor's claim against the owner or the goods. The creditor becomes the seller of the goods at the auction.

Forced sales may result from a variety of scenarios. Here are several examples: (a) a bank sells collateral against which it has a security interest to satisfy the balance owed by the owner of the goods on a loan that has fallen into default; (b) a store sells goods repossessed from a defaulting owner to satisfy a security interest it has in the goods and which secures the balance owed for their purchase; (c) a judgment-creditor sells the goods against which it has issued a post-judgment execution to satisfy the balance owed by the judgment-debtor-owner of the goods; and (d) a mechanic or garage sells a debtor's car under a lien asserted to pay the mechanic or garage the amount owed by the debtor in relation to services provided relevant to the car.

In a "forced sale" the seller has an important financial stake to protect, but that doesn't eliminate the possible harm to unknowing bidders posed by the seller-creditor's undisclosed bidding. The Code's drafters would have done better by bidders and buyers if they had required these sellers to give notice of their reservation to bid, the same as for other types of sellers and auctions. This approach wouldn't have favored these seller-creditors and it wouldn't have harmed their bidders and buyers. Under the statute, however, seller-creditors are favored and the potential for bidders and buyers to be harmed by their undisclosed bidding is every bit as great as in any other auction.

Now here's a closing point. The UCC, including section 2-328(4), does not apply to real estate, unless a state, by other statutory law or court decision, has made its law to be otherwise – and the great majority of the states have not. Be advised and do not errantly rely on section 2-328 as controlling authority in real-estate auctions. It typically is not.

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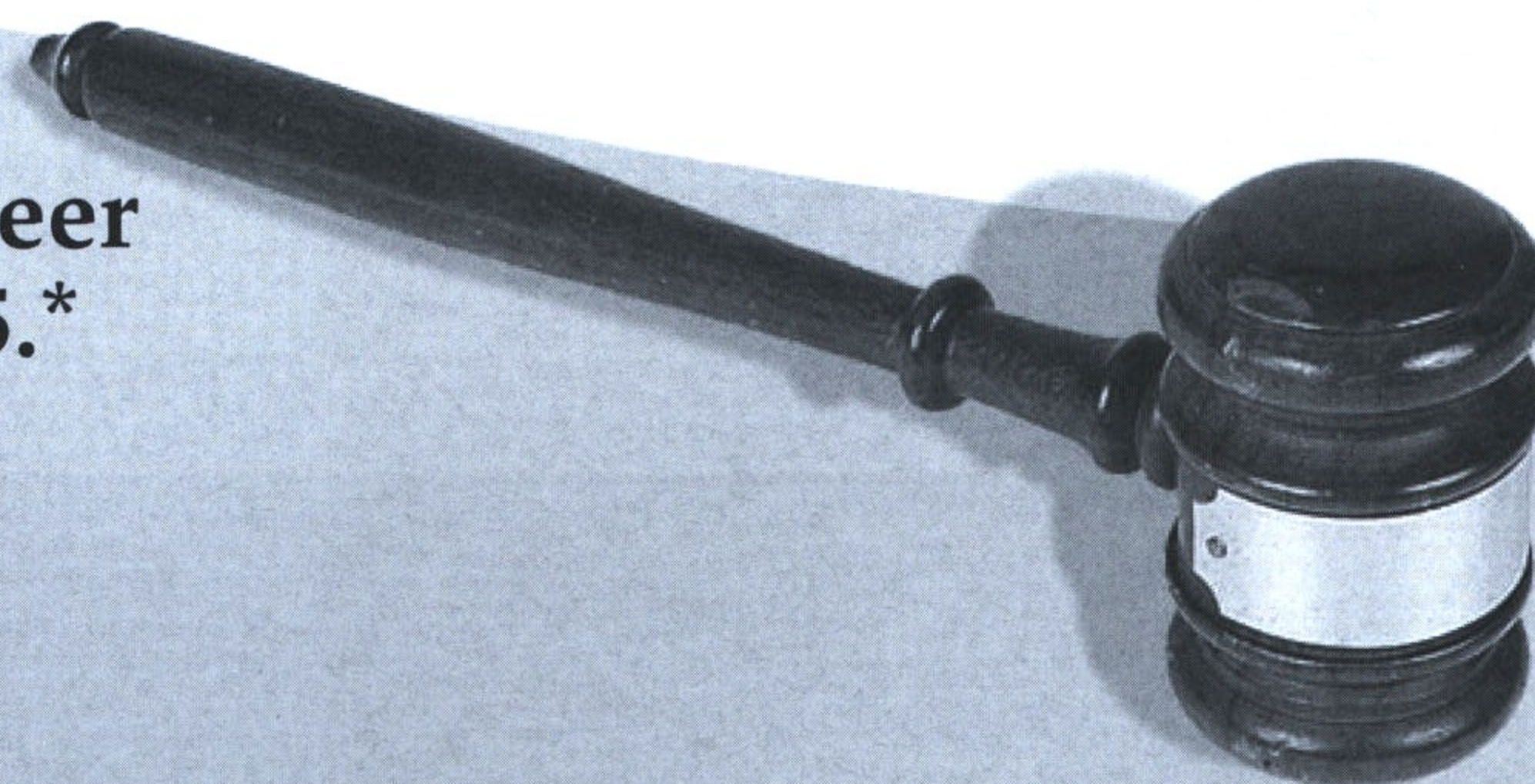
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# Cause Marketing

Positive business branding through charitable work

*By Chris Longly, NAA's  
deputy executive director*

Everywhere we turn, "cause marketing" is being utilized by businesses large and small. We see it used at our local grocery stores and gas stations with tear-off cards at checkout. Restaurants promote special

causes through promotional material on their tables and their menus. Many restaurants donate their tips to a cause. Movie theatres even use it to brand both their company and their cause through short commercials during previews. A marketing strategy used by countless businesses, cause marketing utilizes as much and as little staff time needed, but the result is a positive and strong brand for the supporting business.

Cause marketing is the promotion of a cause or charity through a supporting business. Through the use of an outside supporter, charities gain exposure and enhance their brand outside of their traditional supporters. From the supporting business side, the exposure can be priceless. It displays to its customers and clients a business that isn't "just business," that the business and its employees care about a cause. In the case of Auctioneers, it leaves customers with a positive, lasting impression of the Auctioneer and his or her staff: an impression everyone needs and wants. To the customer/client, they view the Auctioneer and his or her team as caring about something more than a commission.

## NAA AND CAUSE MARKETING

Since 1995, the NAA has promoted cause marketing through its support of St. Jude Children's Research Hospital®. St. Jude is the only pediatric cancer research center where families never pay for treatment not covered by insurance. No child is ever denied treatment because of a family's inability to pay. The daily operating cost for St. Jude is nearly \$1.4 million, which is primarily covered by public contributions. When NAA members raise donations for St. Jude, they are utilizing cause marketing in their businesses. Clients and customers are impressed by the efforts and research of St. Jude, which can also lead to a favorable impression of the Auctioneer's business. St. Jude has benefited from the NAA and its members who raised more than \$4 million

since the partnership's inception.

The NAA re-launched its partnership with St. Jude at this year's Conference & Show. Auction for Hope has a new look, as well as improved tools and resources. Auction for Hope was built by St. Jude explicitly for members of the National Auctioneers Association. In year's past, members have donated items which were sold at auction and the proceeds benefit St. Jude. For some members this process works, but for others it doesn't. After a focus group of members at the 2008 Conference & Show, we discovered that not every auction is suited for selling an item, and that other types of auctions can raise donations more effectively one dollar at a time.

We have developed a program that makes it easier and more direct to raise money for St. Jude. NAA members can show their support for St. Jude and simultaneously promote their businesses. We are pleased to announce new ways you can support St. Jude.

## ST. JUDE PIN-UP

This year we are excited to announce a new fundraising strategy for St. Jude Children's Research Hospital® that almost every Auctioneer can use: the St. Jude pin-up program. When members order an Auction for Hope kit, members receive a pad with tear-off sheets, known as "pin-ups". Members also receive great resources like a DVD highlighting the NAA partnership and a featured patient story, donation forms and other publicity materials. Your customers can make a donation for any amount and in return they receive a pin-up and personalize it with their name. They can either be displayed on the wall at your checkout area or your customer can keep it. This is a non-aggressive fundraising approach. Putting the pad and table tent at your checkout station not only promotes St. Jude, it also promotes your support of a great cause. No donation is too small when it comes to saving a child's life.

## Auction for Hope

### What is in an Auction for Hope kit?

When you order a free Auction for Hope kit ([www.stjude.org/naa](http://www.stjude.org/naa)) you will receive promotional materials, such as posters and tent cards. You'll also receive pin-up pads, St. Jude merchandise options to order to auction off at your events, a resource CD with customizable resources like thank you letters and the ad builder, a DVD featuring a St. Jude patient story and information about NAA's partnership with St. Jude.

### I sold an item at my auction, where do I send the check?

First and foremost, thank you! You're making a difference in the life of a St. Jude child today and children in years to come. Please send your donation to the NAA Headquarters. Checks need to be made out to St. Jude Children's Research Hospital®. Be sure to give us all of your pertinent information because we want to thank and recognize you in April when we celebrate National Auctioneers Day.

### I'm a small auction company with limited resources what can I do to help?

- Order an Auction for Hope kit, it's free.
- Place a pin-up pad at your check-out.
- Start your next auction by selling an item for St. Jude. It will warm-up your crowd, promote the cause, and impress your customers.
- Host a "Customer Appreciation Auction" in your local community.
- Ask for some of your local businesses to donate an auction item and recognize them as fellow supporters of St. Jude.
- Work with your local newspaper and include them in the promotion (they enjoy good press too!).
- Donate a percentage of your concession stand proceeds to St. Jude.
- Display a sign to let your customers know what you are doing to help St. Jude.

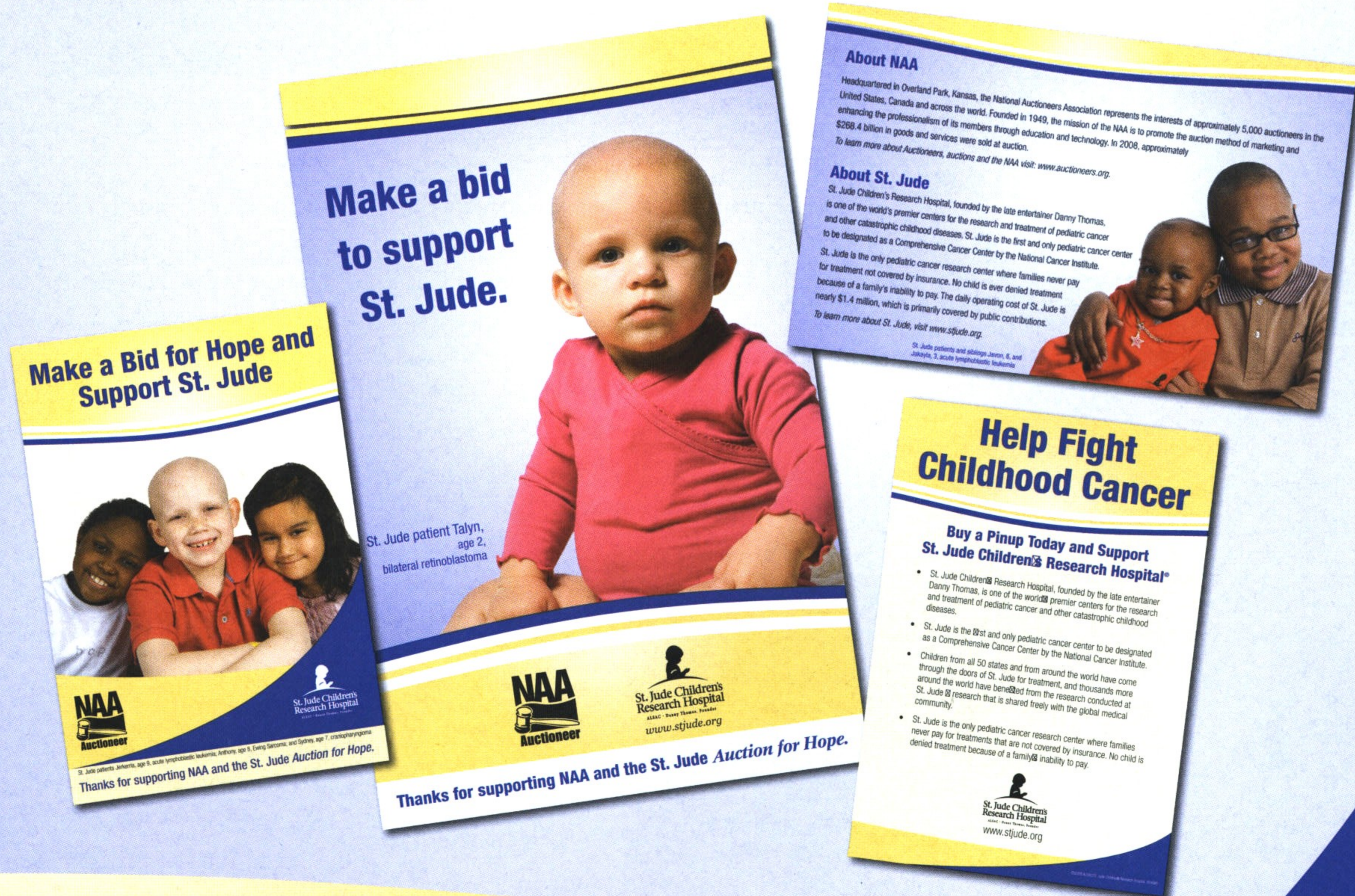


# Make a bid for hope.

## Participate in the *Auction for Hope* program and help the kids at St. Jude Children's Research Hospital®.

Participating is easy. Sign up online and you will receive a free *Auction for Hope* kit with materials designed to make your fundraiser a success. Items in the kit include something for everyone and for all types of events:

- Promotional materials, such as posters, flyers and tent cards
- Pin-ups to sell as a donation add-on at your register or event check-out
- St. Jude merchandise to sell at your event
- A DVD featuring a St. Jude patient story and information about the NAA/St. Jude partnership
- A resource CD with valuable customizable resources, such as thank you letters, solicitation letters and donation forms



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Please visit [www.stjude.org/naa](http://www.stjude.org/naa).

  
**St. Jude Children's  
Research Hospital**  
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# Texas Auction Academy reaches \$100,000 donation milestone for St. Jude

The Texas Auction Academy in Dallas reached an important benchmark in September by exceeding \$100,000 in total donations sent to St. Jude Children's Research Hospital in Memphis, TN. The school's September class of 33 future Auctioneers raised \$13,751.25 for the hospital, putting the school over the \$100,000 mark.

Mike Jones, CAI, GPPA, owner of the school, said "Ever since I visited the hospital in 1998 I have been dedicated to having the Texas Auction Academy conduct an auction each quarter to help raise money for those kids. Reaching \$100,000 is fantastic, but now we have a new goal: \$200,000. There is no way we could have accomplished this without the love, dedication and support of our great students, instructors and staff."

The school conducted three auctions so far this year with \$23,000 donated to the hospital.



From left, Mike Jones, CAI, GPPA; Montie Davis and Phillip Braun sell a St. Jude's children's quilt for \$500 during the fundraising auction.

The September class set a record amount for a Texas Auction Academy fundraising auction at \$28,832.50, which was divided among several charities, including St. Jude. Auctioneer student Matt Wiggins, the mayor of Kemah, TX, located south of Houston, decided to make it his personal mission to break the previous class fundraising auction record of \$17,647.50

by proclaiming to Lori Jones, school administrator, "I don't want to break the record, I want to smash it!" He donated vacation stays at resort properties he owns on the Gulf coast in Florida and Alabama as well as a bed and breakfast in Texas to raise \$14,750.

Other auction highlights included a turkey and hog hunt that sold for \$1200, a signed Manheim Auction shirt for \$1000, Houston Texans football tickets for \$800, a shotgun for \$725, a St. Jude baby quilt for \$500, NASCAR tickets for \$500, master electrician services for \$400, Scottish Rite ties and TAA coffee mugs and tote bags, which averaged \$50 each. Not only did the students, instructors and staff donate to the auction, but they were also the buyers.

The Texas Auction Academy was founded in 1992 in Dallas, TX by Jones, a 1998 NAA International Auctioneer Champion and past president of the National and Texas Auctioneers Associations. In 2006 the Texas Auction Academy was presented with the Horizon Award by St. Jude Children's Hospital. For more information about the school visit [www.texasauctionacademy.com](http://www.texasauctionacademy.com) or contact Lori Jones at 972-387-4200.



The Texas Auction Academy class enjoys the fundraising auction.



## AUTO AUCTION HONOR Forrest Mendenhall receives auto auction association's Auctioneer of the Year Award

Forrest Mendenhall, CAI, AARE, auto auction owner and co-founder of the Mendenhall School of Auctioneering in High Point, NC, has been honored by the National Auto Auction Association (NAAA) with the 2009 Bernie Hart Memorial Auctioneer Award. The award recognizes an Auctioneer's contributions to the auction industry, length of service, and reputation.

Mendenhall received the award at a special presentation made during the Opening Luncheon at the NAAA Conference in San Francisco, CA on Sept. 30. Described by the NAAA as a yearly recognition of "the most visible person in the auction industry," the award is named for Bernie Hart of Lincoln, NE who served the NAAA for more than three decades as its executive director before retiring in 1988.

Mendenhall's love for the auction business took root when he was a young boy. He grew up on a farm near High Point and remembers being fascinated by Auctioneers when he accompanied his father to livestock auctions. After attending college at High Point University and North Carolina State University, he went to Auctioneers school in 1953, and began his career selling livestock in Eastern Northern Carolina. He soon applied his skills to the auto auction industry and worked auto auctions up and down the East Coast. In 1960, he moved back to High Point and, with his brother, founded the High Point Auto Auction which grew to be the largest in the Southeast. He sold the auction to Manheim in 1970, continuing to work as the general manager until 1975. In 1991 he built the Mendenhall Auto Auction, which is currently managed by his son, Wayne.

In 1962, Mendenhall and his brother were



From left, Bob McConkey, NAAA president, presents the Auctioneer of the Year award to Forrest Mendenhall, CAI, AARE.

having trouble finding Auctioneers for their own sale, and the Mendenhall School of Auctioneering was born. "At the time I was just planning to train Auctioneers to work at our auto auction," said Mendenhall. We had not been able to find any Auctioneers, so I put together a training class with four initial students just so I could hire them to work selling cars. Then, word got out and we were deluged with requests from people who wanted to go to auction school."

Demand mounted, and the school grew to its current four-session-per-year schedule. Over 47 years, more than 7,000 aspiring Auctioneers have been put through oral gymnastics at Mendenhall's school, trained by Mendenhall to learn the unique combination of skills in showmanship, enunciation and mathematics required to make it in the auction business.

Mendenhall is a life member of the NAA, Auctioneers Association of North Carolina, National Auto Auction Association and Southern Auto Auction Association. He was inducted into the Auctioneers Association of North Carolina Hall of Fame in 1987. He was a Grand Champion of North Carolina Auctioneers in 1992 and 1993, and was inducted into the National Auctioneers Hall of Fame in 1995. Prior NAAA Auctioneer of the Year Award winners included these NAA members: in 2007 -- Shane Ratliff; 2005 -- Jeff Stokes; and 2004 -- Charles Nicholls.

## Mike Nuss is runner-up champion in Livestock Auctioneer qualifier

NAA member Mike Nuss, of Minatare, NE, was named runner up champion in the first qualifying contest for the 2010 World Livestock Auctioneer

Championship.

The qualifier was held September 25 in Billings, MT and puts Nuss among the 33 contestants who will compete in June 2010 for the WLAC in Oklahoma City, OK.



Nuss

Nuss, 57, entered the contest for the first time in 1981 and has since competed about 12 times, he said. In 1984 he was named reserve world champion, his highest finish to date.

This was the fourth year LMA used a format of four qualifying contests held around the country, and Nuss said he believes the contest is stronger as a result. "You're seeing more top-notch contestants," he said. He added that spreading the contests around the country makes it easy for talented Auctioneers to get to the contest sites to compete.

His reasons for wanting to compete have changed over the years. "Back in the 80s, when I was younger, I wanted to win to show off the big (winner's) buckle," he said. But today, he is more interested in being an ambassador the industry he has been part of for about 30 years.

NAA member Kyle Shobe, of Lewistown, MT, was among the top five highest scorers. NAA member Paul Ramirez, of Tucson, AZ is the 2009 champion.



# Credit card problems

## Chargebacks cause Auctioneer to stop accepting credit cards

By Steve Baska, editor

After eight years of taking credit cards at his live and Internet auctions, Auctioneer Manny Pesco, of Wildwood, FL has stopped accepting plastic entirely. Problems with Internet buyers stopping payment on their credit card purchases (a chargeback), and the practices of banks and credit card companies' practices siding with the credit card holder, have frustrated Pesco to the point of no longer accepting credit cards.

"I am now not taking credit cards or debit cards," he said. "I take cash, checks, cashier's checks and wire transfers. I've done two auctions since I stopped taking credit cards and my revenue did not drop at all. I know credit cards are a convenience to buyers, but when you take a beating like we have, you're done with credit cards."

Pesco says the problem stems from Internet buyers of coins who are acting as "speculators," purchasing coins of one grade (quality) in hopes that some of the coins in a shipment will turn out to be of higher grade when inspected closely. When that does not occur, the buyer refuses to pay by requesting a chargeback on the credit card. The buyers sometimes claim the delivery never arrived and, if the delivery company obtains no verifying signature from the buyer, there is no evidence for the auction company to use in a dispute with the credit card company.

"These Internet buyers are a new breed of people hiding behind anonymity," he said. "I had called one of these buyers four times, but I always get his answering machine."

When the chargeback is initiated by the buyer, the credit card company then automatically takes money out of the seller's account, allowed within the fine print of his 54-page contract with the



credit card company, Pesco said.

"The burden of proof is all on the business, none on the bidder," Pesco said. "We have refuted these chargebacks, but the credit card banks allow the bidder a second opportunity to do a chargeback. The term is a pre-arbitration chargeback. If the bidder persists after this reversal, he can file for arbitration, which could cost the business up to \$500 or more to defend. Many businesses see this as too much work and give up. Your third option is to file a civil lawsuit against the consumer."

Pesco said he has \$5,000 in chargebacks against him which he got reversed, but two other issues arose. The money for those chargebacks is being held until November 15 in case of further disputes on those instances, and the credit card company opened its own "reserve account" of

\$20,000 of Pesco's money, without informing him of the additional withdrawals, to cover possible future chargebacks. An infuriated Pesco closed that account from any access by the credit card company.

"The system is totally broken," he said. "When your account is not safe, you can't leave money there at risk. I don't think legally they should be able to get into other people's money like that."

Pesco, who has five employees, sells coins, other personal property and real estate.

Randy Bregman, of the NAA Credit Card program and president of CardMaster Solutions, agreed that Internet buyers have become a problem. "Some of these people are buying things and trying to resell them on Craig's List or other sites. When they don't get a sale, they start a chargeback or



## Fake cashier checks also a problem for Auctioneers

**Real Estate Auctioneer Pamela Rose, CAI, AARE, of Maumee, OH said that someone stole her wire instructions and printed thousands of cashier's checks with her information on it.**

**"These people are stealing Auctioneers' information through online or posted wires. They print cashier's checks and mail them to buyers on Craig's List, rental ads, job ads and others. They then get the people to wire them refunds stating a mistake," Rose said. "I closed our account. I lost no money. Auctioneers should not post any wire**

**instructions and should beware of potential bidders from out of the country seeking this information. In speaking with other Auctioneers these criminals are going after our escrow accounts."**

**Rose also said Auctioneers need to be aware of fake cashier's checks with watermarks being passed. "I could see an Auctioneer accepting a cashier's check and shipping an item of substantial value. If the check is not real, it is the Auctioneer who is stuck, not the bank," she said.**

**Auctioneer Julian E. (Jeb) Howell III, of Atlanta, GA also was the target of at least one bogus check. The recipient of that check called Howell and he took action. "The account numbers on the bogus check were my actual escrow account numbers. No doubt some wiring instructions we had sent fell into the wrong hands," he said. "We were able to close that account before any of the people this scammer sent my escrow account check were able to cash these checks (I assume this guy was not the only one)."**

refuse a sale saying the merchandise was not as described when they bought it, which is just being a crook. Most of the time their bank will side with them."

Bregman suggests several protections. "The biggest thing to do is to ship only by U.S. Postal Service, not by UPS or Fed Ex, because the Post Office will require a delivery signature of a specific person, so if Mary Smith bought the item on the Internet you can require a signature from her. Also, you can put that 'All sales are final' on the receipts and be sure the buyer has the entire description of the item and require they click on the Terms and Conditions button."

Another action, when needed, is to send a warning letter telling the buyer that if you do not receive your money or merchandise back within 48 hours you will have them charged with fraud and theft with your local district attorney, he said.

Bregman also offers these suggestions:

- Obtain a card imprint for all manual entry transactions. (Example: Electronic terminal cannot read the magnetic strip on the back of the card.)
- Do not accept an expired card or cards before the effective date on dual date cards.
- Understand that you assume the responsibility for the identity of the cardholder for all mail order or telephone order sales.
- Prepare and submit a written rebuttal within the time allotted on the chargeback notification.
- Authorize all sales.
- Do not accept sales that are declined.
- Do not accept sales that are not authorized for the exact amount.
- Do not process a "credit" as a "sale."
- Verify the math on all sales drafts.

- Charge the cardholder for the exact amount of the transaction.
- Credit the cardholder for a cancelled order.
- Verify that the signature on the sales draft matches the signature on the card. Verify this with a picture ID.
- Verify the authorization code.
- Do not accept a sales draft without a cardholder signature.
- Do not participate in a suspicious transaction.
- Do not obtain a transaction by using multiple / split sales drafts.
- Do not accept a card where the account number obtained off the magnetic stripe does not match the account number on the draft.
- Do not process a transaction for any other merchant.
- Check the card for the proper hologram.

Other Auctioneers have shared similar experiences on the NAA discussion forum.

Auctioneer Randy Burdette, CAI, CES, of Alderson, WV, wrote. "We sold some small antiques and collectibles back in June and an Internet buyer paid for them with a credit card. The items shipped from a local Copy and Shipping Store. The several packages were sent via United Parcel Service with insurance on the packages. The buyer claims that she never received all of the packages, UPS says that all were delivered. UPS delivered the packages without getting a signature. The credit card processing company has taken approximately \$1,800 from our checking account. We have been told that we must try and get our money back from the UPS Insurance."

While there does not seem to be many Auctioneers saying they are moving away from credit cards, Pesco said he thinks that could occur if problems continue. "I know there are problems with checks and other kinds of money, but credit cards seem to have serious problems and I would not be surprised to see a trend of Auctioneers moving away from taking credit cards," he said.



# Misuses of absolute auction?

Image of “absolute” is harmed by abuses being currently used by some Auctioneers

**The following column represents the opinion of the author, not necessarily that of NAA. There exist varied opinions on the appropriateness of different forms of absolute auctions.**

*By Mike Brandly, CAI, AARE, the Ohio Auction School, Groveport, OH*

Armed with the most powerful marketing method that exists, Auctioneers all over the world know in order to maximize results for their clients, they must maximize interest in those items. More bidders means more money, just as fewer bidders means less money. The larger the number of bidders, the more competition there is, especially as the bidders sense that the other auction attendees are interested in the same item as they are. And, as we all know, emotions are involved when it comes to bidding at auction.

There is no other aspect of a public auction that attracts attention more than buyers feeling as if they might “get a deal” on something they want. The prospect of a deal is what drives bidders to auctions. Sometimes they feel as if they get a deal, sometimes they don’t, but getting them there is essential to competitive, top-dollar bidding. When sellers place restrictions on the sale of their item at auction, such as a

minimum bid or reserve bid, buyers are much less likely to participate because they feel that it removes the “prospect of a deal” component.

For sellers to maximize attention, they need to minimize the restrictions upon the buyers. Auctioneers cannot make bidders bid, but they can see to it that a large crowd shows up auction day to participate. Although many things factor into a buyer’s decision whether to attend an auction, the one restriction that deters more buyers than any other is an auction where the seller might not accept the high bid for their item.

Equipped with this timeless truth, Auctioneers know that an “absolute” auction will attract more buyers, and more money, than one that isn’t advertised absolute. The mere sight of the words, “Selling Absolute” in an auction advertisement gets the heart rate of buyers racing. You could compare the absolute auction advertisement to one that says “You might win the lottery.” Wouldn’t a reserve auction advertisement suggest “You probably won’t win the lottery!?”

Most everyone in our industry knows that the market determines the value of something. At an auction, our market is a pool of registered bidders ready and willing to buy that “something.” With a larger bidder pool, we have a larger portion of the

market looking at our auction items. Even one bidder can make a material difference in the prices realized at auction. Yet, can we get everyone to attend? Not hardly, but we can get a larger crowd – a larger market – and be much more assured that market values were realized.

The UCC 2-328 defines some basic rules for an absolute auction: Once the auction is opened, and there is a calling for bids, the item must sell unless no bid is received within a reasonable time. As well, if we assume that by the seller bidding, a right of withdrawal is being invoked, then the seller cannot bid at an absolute auction – other than at a forced sale (auction). Lastly, it is clear that an absolute auction can be cancelled (withdrawn) prior to the opening of the auction – or calling for bids. In other words, if a seller doesn’t want to sell their item at an auction that has been advertised as absolute, they must decide before there is a calling for bids, or hope for a very quiet reasonable time thereafter.

Along with many states, NAA has furthered the rules for absolute auctions to include:

- No auction should be advertised “absolute” or “without reserve” unless there is a bona fide intent to transfer ownership at the time of advertising and at the time of the auction, regardless of the bid or bidder.
- An absolute auction should not be held when there are liens or other encumbrances on the property, unless a financially responsible party signs a binding commitment to guarantee that all liens will be paid regardless of the high bid.

*These (abuses) make it difficult for the word “absolute” to maintain its true meaning in the marketplace.*



If we were to summarize the UCC and NAA's position, it might be as basic as: "At an absolute auction, if the auction is opened up and there is a bid within a reasonable time, the item must sell without any reserve whatsoever."

However, as we all know, it isn't quite that simple. Unfortunately, we all see absolute auctions conducted with:

- Minimum opening bids,
- Seller confirmations, or right of withdrawal,
- Seller bidding, or bidding upon the seller's behalf,
- Liens – either latent, and/or part of the purchase,

Why do we see these misuses of the absolute auction format? It may be that those Auctioneers have clients who are appropriate for a "with reserve" auction, but want more bidders in attendance and increased bidder reaction. Yet, as this logic is applied, it makes it difficult for the word, "absolute" to maintain its true meaning in the marketplace. This harms those sellers who truly want (and deserve) the advantages of absolute auction marketing.

Too, it may even make particular Auctioneers subject to doubt or question. For instance, if an Auctioneer advertises an absolute auction, but doesn't sell due to the seller not being happy with the high bid (or whatever reason), then what about the next client, and their wishes to take advantage of absolute auction marketing? Do we really think buyers are so ignorant? Isn't it reasonable to think a buyer at the first advertised absolute auction would think the next one wasn't really absolute, either?

Is it hard to get a crowd at a "with reserve" auction? Not necessarily, as the actual reserve can be conservative in nature (such as a \$100,000 home selling for at least \$50,000) or otherwise trifling. However, as the reserve becomes more material in the minds of potential buyers, the less likely they are to participate. I would suggest we need to always keep in mind that not all sellers are appropriate for auction marketing, rather than trying to dilute the true definition of an absolute auction by using terms that do not belong in an absolute format. For example an absolute auction with a "minimum opening bid" or "selling subject to" is not an absolute auction at all. If a seller is not comfortable with a true absolute auction, then another format should be used, whether it be a reserve auction or in some cases, no auction at all.

Trust is one of the essential elements of an Auctioneer. Sellers have to be able to trust their property will be marketed properly and the proceeds handled correctly; buyers have to be able to trust their bids will be taken fairly and ethically and that what has been advertised is truly being offered. Lacking either of these components, it's not difficult math: No buyers equal unhappy sellers. No sellers equal no auctions.

Why would we want anyone walking away from our auction saying, "I thought this auction was advertised absolute, but there were minimum bids?" or worse yet, "If I ever need to hire an Auctioneer, it certainly wouldn't be this one." Many potential clients are customers today in your auction crowds, and don't think for a second they aren't evaluating you, your staff, the prices, and their future utilization of your services. It's rare for a potential client to call and say that they want to use your services due to their less-than-ideal experiences attending your auctions.

On the contrary, it is really quite simple. By selling real or personal property absolute (truly absolute), the crowds are larger, the prices are higher, and your seller is happier. As well, more in attendance walk away and say, "Well, prices were high, but if I ever need to hire an Auctioneer, that's the one I'd hire." Could any Auctioneer describe an absolutely better day than that?

## Support the kids of St. Jude by participating in *Auction for Hope.*

When Helen was born in 2007 in Latvia, she was a happy, healthy baby. Just eight months later, in February 2008, her mother, Andra, noticed a bruise on Helen's buttocks. Concerned, she took her daughter to the doctor. He performed an ultrasound, and the results it revealed were devastating. Helen had tumors on her pelvis. Their doctor provided a referral to St. Jude Children's Research Hospital®, and the next few days were a whirlwind as the family prepared to travel to Memphis. At St. Jude, doctors determined that Helen suffered from rhabdomyosarcoma, the most common, aggressive soft tissue tumor in children. Doctors started her on a 54-week chemotherapy treatment plan. After her first two rounds of chemotherapy, Helen's tumor had shrunk about 60 percent, much to her family's delight. Helen later underwent surgery to remove the tumor, and radiation. Today, her scans show no evidence of disease. "If we had not come to St. Jude, I don't think Helen would have celebrated her first birthday," Andra said. "In Latvia, we don't have the medicine they have here. At St. Jude, the doctors and nurses are so wonderful, they care so much. We know Helen is getting the best possible care. Whatever the children want or need, whether it is ice cream or an MRI, they get. It's amazing." Helen is finished with treatment and returns to St. Jude every three months for checkups. She loves music, dancing and playing with her older brother, Martin.

Sponsored by:



Helen, 2 years old,  
rhabdomyosarcoma





# Notice of a Revision to the NAA By-Laws

At the Fall meeting of the NAA Board of Directors held in Overland Park, KS on October 12 and 13, the following recommendations were affirmed. They will be reviewed for final action on a conference call scheduled for December 15 at 9 a.m. central. This notice meets the requirement as set forth in Article X to notify members of any potential revision to the By-laws within 30 days by publication of a notice in *Auctioneer*.

## 1) Current wording in the By-laws

### Article II - Membership

1. There shall be nine (9) classes of members as follows:
  - (d) Associate Members. Individuals who are employees of Active Members, but who are not auctioneers, shall be eligible for Associated Membership in this Association.
  - (h) Auction Support Team – Auction support staff of an active NAA member such as clerks, cashiers and ringman shall be eligible.

## Proposed wording in the By-laws

1. There shall be ~~nine (9)~~ eight (8) classes of members as follows:
  - (d) Associate Members. Individuals who are employees of Active Members, but who are not auctioneers, shall be eligible for Associated Membership in this Association. Auction support staff of an active NAA member such as clerks, cashiers, and bid assistants shall be eligible.
  - ~~(h) Auction Support Team – Auction support staff of an active NAA member such as clerks, cashiers and ringman shall be eligible.~~

**RATIONALE:** These two categories are similar in nature; this action simply clarifies the membership categories.

## 2) Current wording in the By-laws

### Article II. Membership

4. Vote. Active and Retired members shall be entitled to vote in person in all meetings of members. Honorary, associate, affiliate, auction support team, and auxiliary members shall not be entitled to vote. No member who is not present at a meeting shall be permitted to vote by proxy or otherwise.

## Proposed wording in the By-laws

4. Vote. Active and Retired members shall be entitled to vote in person in all meetings of members. Honorary, associate, affiliate, auction support team, and auxiliary members shall not be entitled to vote. ~~No member who is not present at a meeting shall be permitted to vote by proxy or otherwise.~~  
Active and Retired members may request a mail-in ballot in writing by June 1 or the closest business day before June 1. Ballots will be mailed out by June 1 or the closest business day after June 1. Ballots must be returned, postmarked by July 1; envelopes must contain an individual's name and member number in order to be valid. Members who return a ballot by July 1 cannot vote at the annual meeting. Sealed ballots will be turned in to Election committee.

**RATIONALE:** The Board will discuss the inclusion of all members who are eligible to vote in the voting process. This provides a mechanism for that to occur, while still maintaining the integrity of the election process.

## 3) Current wording in the By-laws

### Article VIII- Official Publication

The official publication of the corporation shall be a magazine bearing the name "*Auctioneer*," which shall be published 12 times each year.

## Proposed wording in the By-laws:

### Article VIII- Official Publication

The official publication of the corporation shall be a magazine bearing the name "*Auctioneer*." ~~which shall be published 12 times each year.~~

**RATIONALE:** The Board will discuss a plan to reduce the number of issues published. The plan combines the December and January issues of *Auctioneer* and the July and August issues. The publication will be distributed by the end of the first month or the beginning of the second month. To supplement the news contained within these issues, a new electronic publication will be distributed on the first of each of those months. Furthermore, beginning November 11, members will receive a new electronic newsletter that will be published on the second and fourth Wednesdays of the month.



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**AuctionZip.com at (814) 623-5078 or [feedback@auctionzip.com](mailto:feedback@auctionzip.com).**



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# Success Stories

Successful auctions are the goal of every Auctioneer. Here are the reports of what worked and how well.

## Maple desk brings \$41,400 at estate auction

**HILLSBOROUGH, NC** – NAA member Leland Little held the most successful auction of his career on September 19 when an 18th century Pennsylvania Chippendale tiger maple desk sold for \$41,400 against a pre-sale estimate of \$5,000 to \$10,000 at a multi-estate Historic Hillsborough Auction. The desk was the top achiever of the more than 700 lots that changed hands.

It was just the second major auction held at Leland Little Auction & Estate Sales, Ltd.'s new, state-of-the-art gallery facility in Hillsborough. Hundreds of lots of fine art, period furniture, decorative accessories and more were sold from the estate collection of the late W. Samuel Tarlton, a former art dealer and co-owner of an antiques shop in Raleigh.

"This was quite simply the best sale we've ever had," said Leland Little of Leland Little Auction & Estate Sales, Ltd. "I feel a renewed freshness and energy in the auction business I haven't experienced in



This 18th century Pennsylvania Chippendale tiger maple desk, probably of Lancaster County origin and crafted from tiger maple, was the top seller at \$41,400 at the Leland Little auction.

some time. The mid-range market items, especially, such as jewelry and decorative accessories, did extremely well, much better than in previous sales. This is all very encouraging to us and the industry."

Little added, "Our decision last year to build a new facility, which gives us greater access and visibility near the interstate, was a timely and prudent one. The new location is

equipped with specialized gallery lighting, greatly expanded exhibit space and green building components. This building is a major asset to our business."

The auction, which grossed a little under \$1 million, attracted a standing-room-only crowd of more than 300 people. In addition, 752 bidders were registered online and over 700 pre-bids were posted via LiveAuctioneers.com. Phone and absentee bidding was active, as 1,200 pre-absentee and phone bids were lined up prior to sale. In all, close to 1,000 people registered to bid live, by phone and through absentee bids.

For more information about Leland Little Auction & Estate Sales, Ltd., log on to [www.LLAuctions.com](http://www.LLAuctions.com).

## New business model proves successful for James D. Julia company auction

**FAIRFIELD, ME** -- For over 30 years, NAA member James D. Julia has conducted a major end-of-summer auction each year at various coastal resorts, but this year the auction was held in the company's major auction home with a new business format which generated more than \$3 million in sales.

Auction-goers were treated to homemade New England seafood chowder, fresh lobster rolls, and homemade wild blueberry cobbler. In consideration of the current economy, Julia's made a bold move early in the year to approach consignments in a far more competitive manner. "Their reasoning was simple: charge less (as little as 0% commission), give more in amenities to a consignor and as a result, get more fresh goods for auctions. To date, every auction

*"This was quite simply the best sale we've ever had," said Leland Little of Leland Little Auction & Estate Sales, Ltd. "I feel a renewed freshness and energy in the auction business."*



conducted in 2009 has been a resounding success both in offerings and in results; this sale continued to stress the success of this new business model," a press release stated.

This was the largest grossing antique and fine arts sale Julia's has ever conducted at their Fairfield, ME facility. With 1,225 registered bidders (both live as well as absentee bidders) representing 17 different countries, bidding was very active and proved that fresh conservatively estimated quality goods are still in demand and can fetch strong prices. The capacity crowd along with active Internet participation and a telephone bank helped push the final tally to over \$3.1 million against a pre-auction estimate of items sold of approximately \$2.7 million.

The auction contained more than 2,000 lots including early American, Victorian and continental furniture, historical objects, folk art, nautical items, and over 1,000 works of art from choice collections and estates across the country. Featured was a recent discovery of a fine oil on canvas by Martin Johnson Heade entitled "Apple Blossoms." This strikingly realistic floating image of a blooming apple tree branch against a variegated brown background made a strong showing.

Coming fresh from a New York home and formerly part of the collection of William Mason, Esq. who purchased it from the artist, it sold for \$126,500.

Another major offering was a work by George Inness entitled "The Villa Borghese, Rome, 1871". This Italian scene depicts over 40 individual figures in colorful dress strolling through the park along marble steps beneath a canopy of trees. The piece with its provenance to Stanford White, a famous New York City architect found a buyer at \$132,250.

Also included was a selection of paintings from fellow Rockport-Gloucester artists from the Gruppe family. One by Emile Gruppe was an early work showing a brook with rocks and boulders strewn along the banks in the early morning sunlight. Clearly influenced by Monet with broad strokes and brilliant colors, this piece hit the upper end of its \$20,000-25,000 estimate to sell for \$24,150. Also selling for \$24,150 was Emile Gruppe's winter forest scene of a winding brook with snow covered banks that found favor beyond its \$18,000-22,000 estimate.

For more information visit [www.jamesdjulia.com](http://www.jamesdjulia.com).

## Collector cars sell well for VanDerBrink

NAA member Yvette VanDerBrink, of VanDerBrink Auctions, LLC, sold collector tractors and collector cars recently in an estate auction with 621 on site bidders from 18 states. Also participating were 130 online bidders. Among the bidders hundreds of people showed up to enjoy the day and pay their respect to a well loved man and lawyer from the area, Mr. Heinley, who knew many people and worked for almost everyone in the area.

The auction started at 10 a.m. and concluded at 3:30. Several highlights from the cars were a 1964 Austin Healy selling for \$40,500, and a 1932 Ford coupe for \$31,000. The auction started with miscellaneous parts for tractors and cars along with some small implements.

The Heinley family and Yvette VanDerBrink and her crew also auctioned a car for charity and a \$1,000 donation was given with no commission to a local family that lost their father. For more results and information on VanDerbrink Auctions visit [www.vanderbrinkauctions.com](http://www.vanderbrinkauctions.com).



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Pennsylvania  
Rhode Island  
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Texas  
Utah  
Vermont  
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Wyoming

**Prices Realized at Auction**

**Steve Johnson**  
**Brad Shroyer**  
**Ghirley Stuckey**  
**ANGIE THOMAS**  
**Jade Cople**  
**Bill Defibaugh**  
**Tasha Bowers**  
**Joe Koval**  
**Joelle Roberts**  
**Teresa Biss**  
**Justin Dodson**

**"The entire staff at AuctionZip.com would like to thank the Auctioneers that have made this possible!"**



## Marketing made the difference for Nicholls auction

By Steve Baska, editor

Marketing was a key part of the success when the Nicholls Auction Marketing Group sold more than 1,400 acres of Virginia real estate for \$5.6 million at three auctions in September.

NAA member Auctioneer John Nicholls, president of the company, said "We had over 28,000 web site views for all three events, with inquiries from all over the United States and even a high ranking military officer in Afghanistan." Nicholls ran ads in USATODAY using the NAA discount program, with an ad that pushed readers to his website for details. "We ran that ad three or four times, and the Internet traffic went up dramatically after those ran, and I got two phone calls specifically from the ad."

He marketed by his customer email list, agricultural and equine periodicals and their websites, and specifically to wineries, golf courses and real estate developers. In marketing the sites, he said the properties have "unlimited development potential, including residential housing, wineries, bed and breakfast, corporate retreats, golf courses, hunting and fishing retreats, cattle farming, equestrian facilities. The possibilities are endless."

Nicholls said he was proud that he did not send direct mail in these auctions and was successful anyway. "We're trying to get away from the cost of direct mail as we think marketing is going in new directions, including the Web," he said. "I'm rather proud we did not do direct mail in this case."

The first property at auction included 1,173 acres in Culpepper, VA. It was offered first as two parcels, but then brought more as one parcel, selling at \$3.8 million as one tract. There were 60 bidders at the Sept. 25 event. The Nicholls website offered interested bidders online property information packages, satellite maps and other details. The seller was an eye doctor preparing for



John Nicholls

retirement and who wanted to convert his real estate into cash.

"He had listed the property in a traditional listing for a long time, and we had been talking with him for two years," Nicholls said. "He was ecstatic with the price received."

The second property was a 165-acre farm in Midland, VA. With a two-story home, dairy complex, barns, outbuildings, silos and a pond. It sold for \$1,419,000. There were 90 bidders at the auction. The buyer bought the property for a horse ranch.

The third property, in King George, VA, had 91 acres of raw land and sold on Sept. 25 for \$401,000 at absolute auction. Forty attendees were present.

"We had a lot of Realtors at each of the auctions. They brought buyers and were filling out broker participation forms," said Nicholls, a former International Auctioneer Champion.

Nicholls said he feels to be successful in real estate auctions today takes good decisions about which projects to accept. "We accept only about 10 to 20 percent of everything we look at because we don't like 'no sales'," he said. "Our sales percentage is in the upper 90s because we are careful to take properties that will sell."

## Auctioneer sells his mentor's home

NAA member Jerry Burke, the owner of Shamrock Auction Company, recently sold the former home of his late mentor, Auctioneer Quentin Roosevelt Chaffee, in Wysox, PA.

"The web page for the sale on the Shamrock website received over 8,000 hits," Burke said. "The house is well over 100 years old, estimated to have been built around 1895, and was owned by the Chaffee family for over 65 of them."

The five-bedroom house sold for \$85,000 with nearly 200 people in attendance. The house has a wrap-around oak banister to the top of the staircase. One room had a three-piece maple bedroom suite with a stagecoach design on the dresser which sold for \$185 at the auction.

Chaffee died in 1985 while he was the dean of the Reppert School of Auctioneering in Auburn, IN. Burke

attended Reppert before getting his Auctioneer's license in 1966. In fact, Burke's sons, Brian and Patrick, and one of his daughters Theresa, all attended Reppert and are now Auctioneers as well. Burke's grandson, Brian Burke, Jr., also graduated from Reppert over a year ago.

Jerry Burke started his auction business in the late 1960s with Art Heller. Burke and his wife, Gail, now run the company with help from their children and close friends.

### IN THE INDUSTRY

## AuctionZip.com reaches milestone

Auction listing website AuctionZip.com, based in Bedford, PA, broke multiple records for site traffic and user activity in August 2009, when the website received more than 123 million page views from over 1,041,871 unique visitors. This was an increase of over 50 percent from August of the previous year.

"More important than views, hits, and unique visitors is the fact that these numbers represent real buyers. We get calls from Auctioneers on a daily basis telling us stories about buyers from across the country that are bidding at their auctions because they found the listing at AuctionZip.com," said Steve Johnson, co-founder and CEO. "From antiques and collectibles to real estate, commercial liquidations, farm equipment, and automobiles, AuctionZip.com has buyers looking for just about everything."

AuctionZip.com's directory of Auctioneers now contains information for over 16,000 professional Auctioneers in the United States and Canada. The website has over 24,000 upcoming auction events posted, containing millions of lots. AuctionZip.com was founded in 2003 by two Pennsylvania antique dealers, Steve Johnson and Joe Koval. The website was launched in January of 2004, and the company was incorporated in July 2005. The company now has 12 employees including the two founders. For more information visit [www.auctionzip.com](http://www.auctionzip.com).



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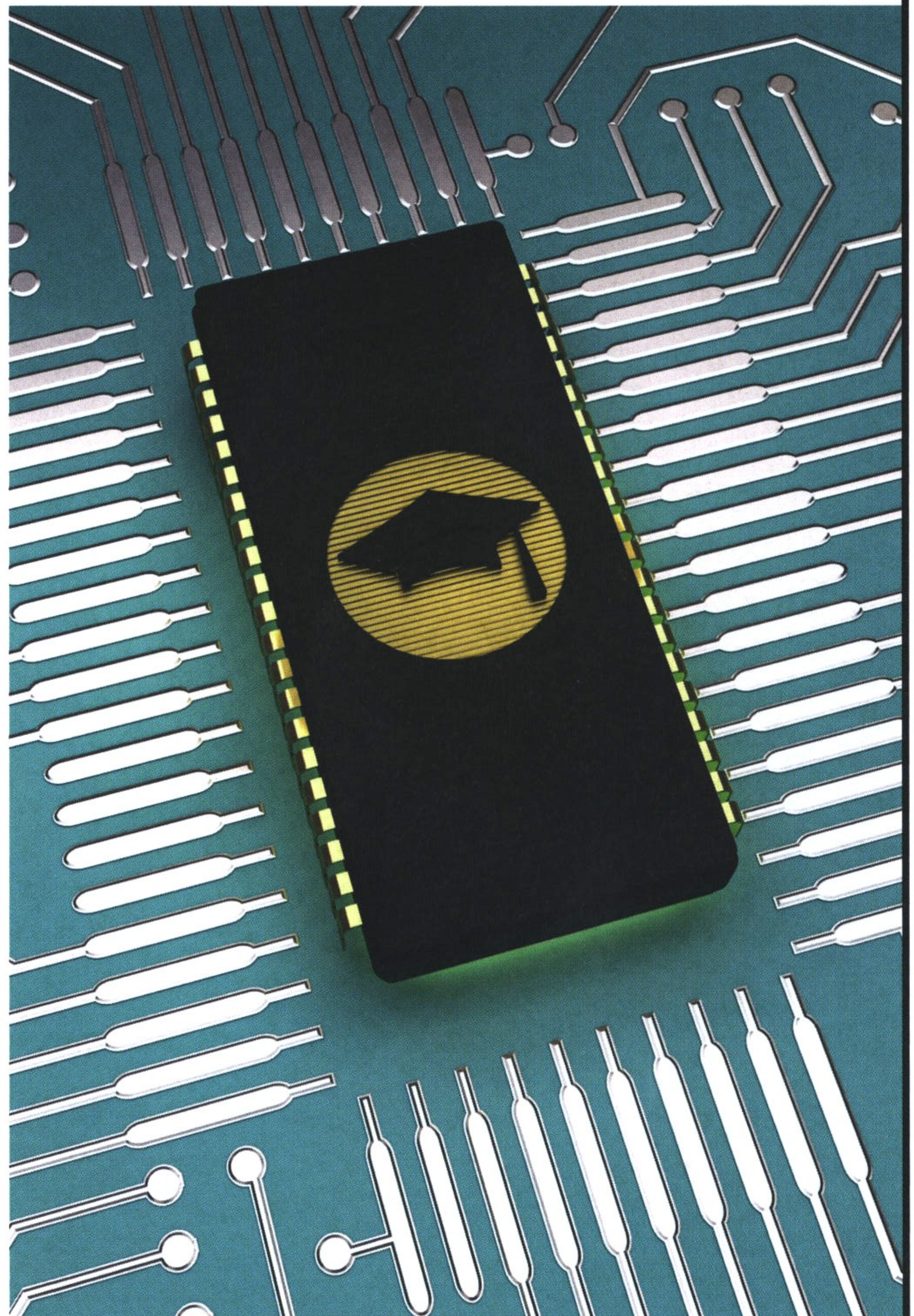
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# The boom in benefit auctions

By Steve Baska, editor

## More clients and more Auctioneers in this category are driving growth for fundraisers

The benefit auction industry is booming as perhaps never before, driven by several factors, and Auctioneers who had never considered entering this niche are now paying attention to this growth field.

Probably the biggest factor is the impact of the economic recession on non-profit organizations. In tight times, groups feel the squeeze to raise more money, say veteran benefit Auctioneers, and the groups are hearing from each other that a benefit auction led by a professional Auctioneer can raise vastly more money than other events. The result is that there are more benefit auction clients available and more Auctioneers competing to get them.

"Benefit auctions are doing so well because of the economy, and non-profits realize they need a profes-

sional and not the local weatherman," said Benefit Auctioneer Terri Walker, CAI, BAS, CES, of Memphis, TN, 2009 winner of the women's division of the International Auctioneer Championship. "And it may be even more surprising that people are still giving in this economy. I just finished a benefit

where the items brought full value and more in some cases. It blew me away. I find the live auctions are holding well on revenue. The silent auction portion is doing second in revenue generation, and the online format is doing third best for benefits."

Benefit Auctioneer Jama Smith, BAS, of Auburn, IN says communication among non-profit groups is driving the demand for more benefit auctions. "Part of the change has also come about because of the Internet because it is so easy for the non-profits to see



Jama Smith, BAS



Sarah Sonke, AARE, CES



what fundraising methods are successful for other groups," she said. "There is a real push by them to have sustainability and a signature event. They see that a benefit auction dinner can do that and it's fun."

And as word travels among Auctioneers of this growing field, more people are getting trained to do benefit auctions correctly. NAA's Benefit Auction Specialist designation classes have been the fastest growing of all NAA designation programs. The program began in 2006. In 2007, there were 38 members with the designation. In 2008 there were 58. This year there are anticipated to be 130 with the designation.

Among those is real estate Auctioneer Sarah Sonke, AARE, CES, of Raleigh, NC, who attended a BAS class in October and has been doing increasingly more benefit auctions.

"Frankly, until we became more involved with benefit auctions, I didn't have a lot of respect for this niche of our industry because I didn't understand the level and nuance of skill required. Now I do and we're investing heavily in getting better at the craft."

Her real estate company, AuctionFirst, was formed in 2005. It has a team of six in Raleigh, NC and a team of three in a sister company in Austin, TX. "Since 2005, we've specialized in real estate auctions. But a couple of years ago we became inter-

ested in the benefit auction niche," she said.

"We formed our benefit auction division, Spotlight Benefit Auctions. A few months later we got a call out of the blue from a large group three weeks prior to their big event. It was a black tie event expecting 250 guests and their 'free Auctioneer' cancelled. They only wanted a professional bid caller. It was immediately apparent that they would benefit from consulting help as well. We jumped right in and helped them tweak their plan in small ways that brought in a lot more money. The event was a great success and we were able to rebook the same group for this year with increased services and higher pay."



Jeff Maynard, right, in action.

Sonke said "The real estate niche was always appealing to me personally because of the complex challenges involved. Now we're learning that the benefit auction niche can be just as complex and challenging, but in different ways. The motivations of the clients are different and you're dealing with volunteer groups within an organization where there may be layers of decision makers with political undercurrents. The guests at these events attend and bid due to different motivations as well."

## MAKING THE SWITCH TO BENEFIT AUCTIONS

Others are making the change to benefit auctions too. Jeff Maynard, of Mesa, AZ, grew up in the auction industry where his mother ran a livestock auction. He went to auction school and began doing livestock auctions. He also owned and ran a successful charter school (private school) of 250 students. But he found that running a school was not his lifelong desire, so he sold it three years ago and began using his social connections in the school community to book benefit auctions. He took the BAS class in 2008.

"Now my benefit auction business here in the Southwest is growing like crazy," he said (He will do about 80 benefit auctions this year). "There is widespread recognition in our non-profit community now that they can't depend on an amateur Auctioneer. We become their coach and

► continued



Terri Walker, CAI, BAS, CES.



sometime train them for a year on how to set up their live and silent auction, procure items and so on. I am an arm of their development team.”

But benefit auctions are not appropriate for every Auctioneer, these specialists say.

“Many non-profits are looking for an Auctioneer who is very polished and can talk with them easily and train them because they may be raising 25 to 50 percent of their annual budget with one benefit auction,” Maynard said. “Doing benefit auctions can be much more challenging than it looks.”

Walker agreed. “Auctioneers have to realize a benefit auction is a party. Some Auctioneers come in and try to quiet the audience by saying ‘shhhh’ and that gets the Auctioneer in trouble. If you can’t work in a noisy environment with a lot of movement, including in your peripheral vision where you’re not sure if people are bidding, maybe this is not for you. I would not just go into the benefit niche full-time unless you watch some benefit auctions and also realize that certain organizations like certain personalities. Not everyone is going to hire you.”

## ELEMENTS FOR SUCCESS

What does it take to be a success in today’s benefit auction niche? Usually a full range of services, Auctioneers say.

“I really believe organizations today are looking for more than a bid caller,” Maynard said. “They are asking for help with procurement and all phases of planning the benefit auction. In my area, the non-profit communities are tight-knit and are telling each other what works best. In my market, those doing bid calling only are losing market share.”

Smith agrees that offering a full range of services is important. “Years ago when our (general auction company) did a church auction, for example, we would send the new Auctioneer to conduct it. Now it’s exactly the opposite. I would never send the



Jim Littlejohn, CAI, AARE, BAS, CES, works as a ringman at a benefit auction conducted by Jama Smith.

new guy now. A lot of my clients have never had a benefit auction before and they need help developing the ticket prices, food, invitations and a lot more. We usually work with them six to nine months before the event, although we can put it together in two months.”

Ringmen are also an element for success today. “I provide my own ringmen,” Maynard said. “I call them ‘bid masters’ and they make a big difference in the revenue you can generate. I did an auction recently where my ringman took an item up to \$7,500 with one bidder and then got a second bidder to buy the same item at the same price, so he raised \$15,000 quickly. An untrained bid spotter would not know to do that.”

Sonke agreed. “Several of our team recently volunteered to help another benefit Auctioneer in our area at a big event and we served as ringmen. Someone managing this event found me afterwards and commented on what a difference it made having professional ringmen helping the Auctioneer. This manager never would have wanted to pay for that service. But he’s seen the difference with his own eyes and may request and be willing to pay for these additional services next year.”

Walker said she uses her client organization’s volunteers as ringmen but trains them on the day of the auction. “I train the ringmen, clerks and others on the day of the event. I ask the ringmen to stand next to the bidder, to ask if he will bid again, and so on. If I can get a bidder to look at me, I can work them well.”

Smith often uses her father, Auctioneer Jim Littlejohn, CAI, AARE, BAS, CES, as a professional ringman, but she also uses local volunteers after training them. “The volunteers know most of the people at the event, so you want to capitalize on that,” she said.

Sonke also says she has learned that success

## Benefit auction seminars at NAA 2010 International Auctioneers Conference and Show

**Several seminars about benefit auctions are planned during the 61st International Auctioneers Conference and Show to be held July 13-17, in Greensboro, NC. They include the following:**

**Wednesday, July 14, 1 to 2:20 p.m.: “Panel Discussions: How to Increase Benefit Auctions in a Bad Economy.”**

**Thursday, July 15, 3 to 4:30 p.m.: “Integrating Online Bidding with Benefit Auctions.”**

**Roundtable discussions will also offered about benefit auctions in which one speaker will sit at a table to discuss issues with attendees gathered.**





Jama Smith, BAS, far right, helps a client with a media interview.

in benefit auctions is different than in real estate. "Although they are similar in that the hard work of a successful benefit auction happens well before the auction date, they are different because the benefit auction event requires a higher degree of bid-calling skills. Guests need to have fun and be entertained to a greater degree than at a real estate auction. It's not a matter of speed at all, but finesse and top notch people skills. One client we have always jokes about wanting George Clooney to bid-call their event. In their eyes, George represents the total package they want on stage – good looking, suave, funny, smart, witty, quick on his feet, able to make the women swoon and men feel like he's their buddy. At a time when I thought bid-calling skills were becoming less important with so many types of auctions going online, the professional benefit bid-caller continues to be worth every penny of their pay. I don't have a natural ability in this area, so really appreciate it when I see a George in action."

## IMPORTANCE OF GETTING PAID FOR YOUR SERVICES

It's an old story that many organizations expect an Auctioneer to donate his or her services for free. But that is rapidly changing. Smith said "As more Generation X men are getting involved in non-profits, they are willing to pay to have a professional Auctioneer do a better job. They see that it can earn them more money. I don't hear the question as much of 'Why should

we pay a professional Auctioneer?'"

Auctioneer Renee Jones, CAI, AARE, BAS, CES, of Gainesville, TX, said that if you decide to do an auction for free, be sure to educate the group by telling them how much your services would have cost them. Smith agrees. "My husband is a lawyer, and when he donates his time he sends a bill and then negates the charge at the end of the bill. That way the client knows the value of your services."

Methods vary for how benefit Auctioneers charge for their services today. Smith said "Here in Indiana, I'd say about half the Auctioneers charge a flat rate and half of them charge by commission. I like to do a flat rate. It's nice to get that up front, and I can help the client to get a sponsor for that."

Maynard said "I think a lot of Auctioneers still do a flat rate, but more are seeing the value of being percentage based. Even the clients say they'll be happy if they cut me a fat check. Some Auctioneers do a flat rate plus percentage. You have to be flexible. See what the goals of your client are, how much committee time is required and so on. But, keep educating clients that we should be paid. I am trying to change the mentality about that."

## PLENTY OF BUSINESS TO GO AROUND, AND HOW TO GET IT

Most benefit Auctioneers seem to be saying that there are plenty of benefit clients to share with fellow Auctioneers. Sonke, in Raleigh, NC, said "There are

only a handful of Auctioneers in our area doing benefit auctions. Occasionally we've worked together. There are a few Auctioneers outside the area who are booking benefit auctions here. But there's huge potential for growth and enough business for everyone! It's apparent that benefit auctions are more established in the Northwest part of the country. But I feel my area is on the cusp of becoming just as big."

Maynard said his area of Mesa, AZ is competitive among benefit Auctioneers, but he added "We also have 10,000 non-profit organizations in Maricopa County. There is great potential. I am also finding that more clients want to use a local Auctioneer who can come in and spend time with them. I'm gaining a lot more market share because I'm local. I do some out-of-state auctions, and use conference calls and technology to work with them, but to get more business work with your local groups and tell them you can be there for meetings."

► continued

## New event: Benefit Auction Summit!

**Two days of education and networking for benefit Auctioneers will occur in September 2010 in San Antonio, TX during the first NAA Benefit Auction Summit. NAA has held a successful similar summit for real estate Auctioneers in past years, but the rise in the number of benefit Auctioneers has spurred NAA to develop a special summit just to address the topics important to conducting successful benefit auctions. More details will be published as soon as they are decided, including a schedule of events and instructors. For information contact Dr. Harlan Rimmerman, NAA's director of education, at [himmerman@auctioneers.org](mailto:himmerman@auctioneers.org).**





Kathy Kingston, CAI, BAS, sels a horse sculpture at auction.

But Maynard also urges Auctioneers who are building a client base to turn down the wrong kinds of clients. "I turn down organizations all the time because they do not have the right mentality or their auctions just won't work," he said. "If they are more focused on the table centerpieces or the food than they are on their mission, you know it's a problem. The Auctioneer has to realize your entire reputation is when you're on stage for that 30 minute auction. Those attendees are watching you, and many of them are in five or 10 other non-profit groups that may be doing benefit auctions. So, when I meet with a client for them to interview me, I am also interviewing them to see if we are a match."

Walker said she is seeing benefit business grow across the country as she conducts benefits in Illinois, Ohio and other regions outside of her Tennessee home. "Yes, there is plenty of business out there. I also see that NAA Auctioneers are respectful of other NAA members already working an auction. And NAA benefit Auctioneers are also giving referrals to each other. We got a referral from NAA member Bill Menish, AARE, BAS, in California where we went in and did the consulting and the auction, and we will pay him a referral fee."

## ONLINE COMPONENT IS NEW, CLIENTS ARE ASKING ABOUT IT

A new element in the benefit auction planning is the use of online auctions. Some groups have online auctions only, and some pull out a number of items from the live and silent auctions to online.

"More clients are asking me about the online auction," said Walker, whose company raises \$12 million annually for clients. "I've done two benefit auctions where the non-profit did online-only, and conducted it on our website. They did okay for revenue, but not as well as the live auction. One client also had me attend their dinner where I talked on stage about the online auction and urged attendees to keep bidding. I've found that to do well the online items have to be either of general appeal or be school-related items."

Sonke said "We've run some online polls for our benefit auction clients and find that just trying to get participation from their group in the polls is difficult. There is a place for online bidding, but it's not an answer for all groups."

## New benefit auction subcommittee will reach out to affiliated groups

**A new NAA subcommittee of benefit Auctioneers has been created within the NAA Allied Partners Committee to promote NAA Auctioneers and the benefit auction industry.**

**The subcommittee -- chaired by Kathy Kingston, CAI, BAS, of Hampton, NH -- will identify non-profit organizations and other affiliates to communicate with. "We will then bring to these groups a consistent message about how they can increase revenues by retaining NAA Auctioneers who have a high level of professionalism and are uniquely trained, through the Benefit Auctioneer Specialist course, in this specialized field," Kingston said. "It is exciting to see NAA take a leading role in this."**

**Kingston said the subcommittee will develop presentations that benefit Auctioneers can give to non-profits, civic groups and other organizations. "The result will be that NAA helps build education and relationships with these organizations."**

**In addition to Kingston, the group's members include Renee Jones, CAI, AARE, BAS, CES, of Gainesville, TX; Gary Corbett; Matthew Holiday, CAI, BAS; B. J. Jennings, CAI, BAS; Kurt Johnson, CAI, BAS; Christie King, CAI, AARE, BAS; Jeff Maynard; Darron Meares, CAI, BAS, MPPA; JillMarie Wiles, CAI, BAS; Lynne Zink, CAI, CES; Bill Menish, BAS; Kelly Russell, CAI, BAS, CES; Jenelle Taylor, CAI, BAS; Kip Toner, BAS; Sherry Truhlar, BAS; M. T. Vann, CAI; and Terri Walker, CAI, BAS, CES.**



## CHALLENGES IN THE FIELD, ADVICE TO NEWCOMERS

While benefit auctions may seem an easy field to sail into, there are challenges. "One challenge is that too many groups are trying to auction the same type of packages. It gets boring for donors yet they feel obligated to go to the same events and buy the same stuff," Sonke said. "It's time to think outside the box. An example of a great item is an opera company we work with auctions a walk-on costumed role in an upcoming opera. It's really popular!"

Smith said a big challenge is effectively communicating with volunteers to make everything happen correctly in the months before the auction. "Getting them to set up things and be in charge is a challenge," she said.

But if you've decided to enter the field, the successful Auctioneers have advice on how to proceed.

Kathy Kingston, CAI, BAS, of Hampton, NH, who has conducted benefit Auctions for 23 years, said "I encourage people to go to the Certified Auctioneers Institute, which is the finest auction education you can obtain. And to take the Benefit Auctioneer Specialist training, and to network at NAA's Conference and Show to learn from benefit Auctioneers."

Sonke advises "Read the benefit auction postings on the NAA discussion forum and attend the BAS program. Ask if you can volunteer to help more experienced benefit Auctioneers at large events to get a sense of the scope of the work (but don't try to steal their business!)."



Collaborating NAA benefit Auctioneers: from left, Kathy Kingston, CAI, BAS; Gary Corbett, Wendy Stewart and Paul Behr, CAI, raised over \$500,000 in one night at three Denver-area benefit auctions.

Smith says "Decide what your best skills are. You have to have good communication skills. You have to like working with people. If you don't, maybe you need a partner. And definitely go through the BAS class."

### SUMMARY

In summary, more clients are seeking more Auctioneers to conduct professional

signature benefit auction events with a full range of services, which they are willing to pay for.

Kingston says "The needs of the non-profit groups have never been greater. Professional Auctioneers are poised to help non-profits understand what can be done to help them. I like to ask them 'Why risk hiring a non-professional?'"



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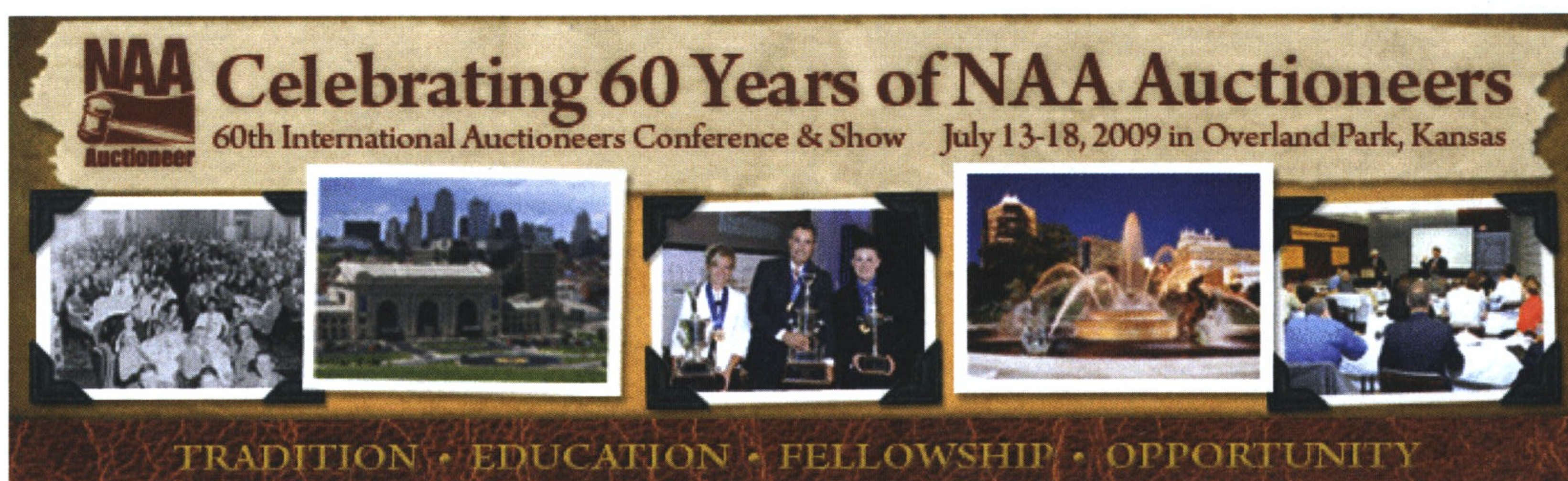
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Graduates of the Texas Auction Academy class of September 2009 included 33 students from several states, including Oklahoma, Louisiana, Missouri and Texas.

**Left to Right**

**Front Row:** Adam Kevil, Terri Smith, Kim Atkins, Gary Corbett, John Korrey, Paul C. Behr, Vicky L. Flickinger, Jack Hines, Ronald Woodward, Jennifer Wells, Sarah Bengtson, Lia Demara

**Middle Row:** Christopher Vaughan, Lacheryl Cillie, Larry E. Veilleux, Nick Peat, Sean P. Allen, Mark J. Thomas, Allan Hughes, Wade Speck, Kellen Lahaye, Tim Conley, Steven Luett, Steven Hesterman, Daniel Walsh, Houston Wells, Chris Longly

**Back Row:** Josh Hergert, Bret Walters, Davis Bennett, Vince Lahey, Warren Smith, Chris Moe, Todd Petersen, Jed McDowell, Mitch Easley, Lee Creech, Adam Redland, Nate Hockman, Roger Swiger, Jeff Treu

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# Changes for Conference

What's in store for Greensboro, NC?  
A shorter schedule and no hike in fees.

As noted in the October 2009 issue of *Auctioneer*, much of the planning for the 2010 International Auctioneers Conference and Show has already begun. In fact, the board of directors saw the results of the survey taken by people who had attended the 2009 event and the board is committed to providing a "must attend" event for NAA members in 2010.

One of the biggest changes that will occur in the schedule for the 2010 Conference and Show will be that it will be shortened. More than 60 percent of those who responded to the survey said that the event was too long and suggested that the traditional five-day program be shorted to three or four days. The board took a step to achieve this goal by eliminating the golf tournament held on Monday and by moving the President's Gala from Saturday night to Thursday night. As a result the overall Conference and Show schedule will be as follows:

- Tuesday night:** • Welcome Event
- Wednesday:** • Opening Session
  - Trade show/education
  - Fun Auction will be held in the evening
- Thursday:** • Annual Business Meeting
  - Trade show/education
  - President's Gala will be held in the evening
- Friday:** • IAC
  - Trade show/education
  - IAC finals
- Saturday:** • Education
  - Luncheon to end the Conference

The trade show will end on Friday

afternoon as traffic has been very light on Saturday. This will allow NAA's vendor partners to either leave the event early (thus saving expenses) or participate in the education on Saturday morning.

The President's Gala will move from Saturday night to Thursday night, allowing members to leave Greensboro on Saturday or take extra time and sight-see within the area.

Details on the education offered will be available by the first of the year. The Conference and Show Education Committee, chaired by Michael Fine, CAI, is developing educational programs for all segments of the auction industry. Harlan Rimmerman, director of education, noted that there will be more experiential educational events – field trips to Greensboro's top auto auctions, as well as trips to Replacements Ltd, which has the world's largest selection of old and new dinnerware, including china, stoneware, crystal, glassware, silver, stainless, and collectibles. In addition to these field trips, Rimmerman noted that one instructor who has been scheduled is Mark Stevens, author of publications on marketing.

Robert Mayo, CAI, AARE, ATS, chairman of the Conference and Show Oversight Committee, said "We are committed to ensuring this program meets the needs of



The colorful trade show floor of the Sheraton-Greensboro.

our attendees. By making the overall event shorter, but keeping the focus on education and networking, we believe we can save attendees a night of hotel and travel expenses and still provide them a great experience."

Mayo also noted that there will be no increase in registration fees for the 2010 event. This is critical to making the event affordable to attend. NAA has contracted with two hotels to accommodate participation: one at \$132 plus tax and one at \$99 plus tax. More details will follow.

## Save the Date:

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## Classes offered for licensed states

In July 2010, at NAA's 61st International Auctioneers at Conference and Show, you will be able to take classes that qualify for continuing education credit in most of the states that require CEs for your auction license. As of this printing, 10 states have approved the courses at the conference. Four courses will be offered. They are: "Appraising," taught by David Schroud, CAI, AARE, CES, GPPA; "Technology," taught by John Schultz; the "UCC Code" taught by Steve Proffitt; and "Ethics" taught by Terry Dunning, CAI, MPPA.

Most of the licensing states require six hours per year. Each of the classes offered will be three hours in length. Those states requiring CEs are: Alabama, Arkansas, Georgia, Illinois, Indiana, Kentucky, North Carolina, South Carolina, Tennessee, Texas, Virginia, West Virginia and Wisconsin. As of this printing, only Indiana and Kentucky are still pending.

Come to Conference and Show and get your CE credits so that you can meet the requirements for your auction licenses. For more information contact Dr. Harlan Rimmerman at [himmerman@auctioneers.org](mailto:himmerman@auctioneers.org).

## Larry McCool Scholarships available for CAI Class I students

Thanks to the generosity of many CAI Auctioneers, the NAA Education Institute endowed the Larry McCool Scholarship for those wanting to attend CAI – Class I. The scholarship is awarded to Auctioneers who meet the entry qualification of CAI (21 years of age, two years of auction experience, and a high school diploma or GED), and have a financial need and have demonstrated leadership abilities.

The funds will pay all or part of the first year tuition. Last year, four full tuition scholarships were awarded. The application may be obtained by calling the Education Institute office at 913-541-8084, extension 19 or 28. The scholarships are in honor of the late NAA president Larry McCool, CAI.

**Applications are due January 15th.**



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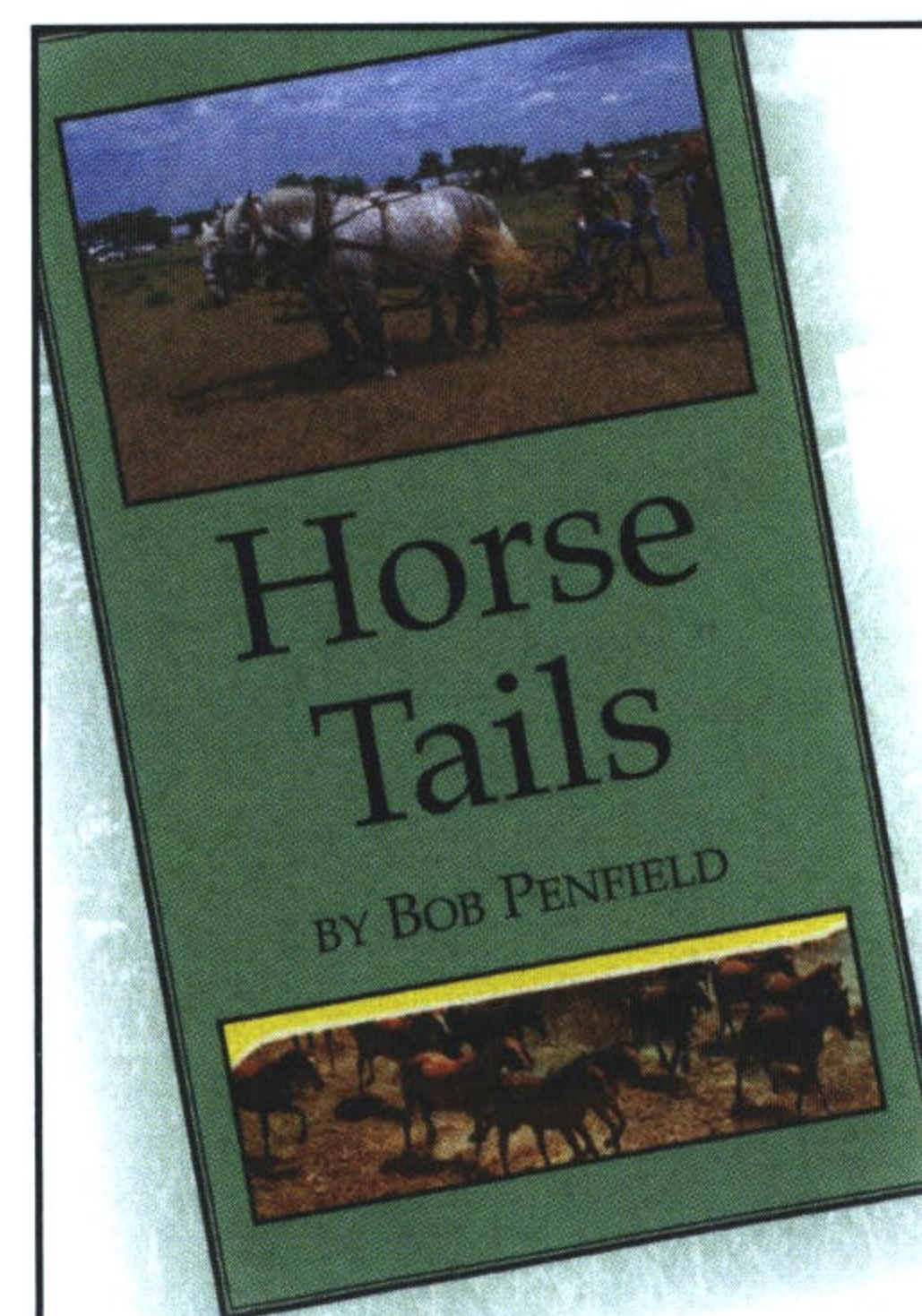
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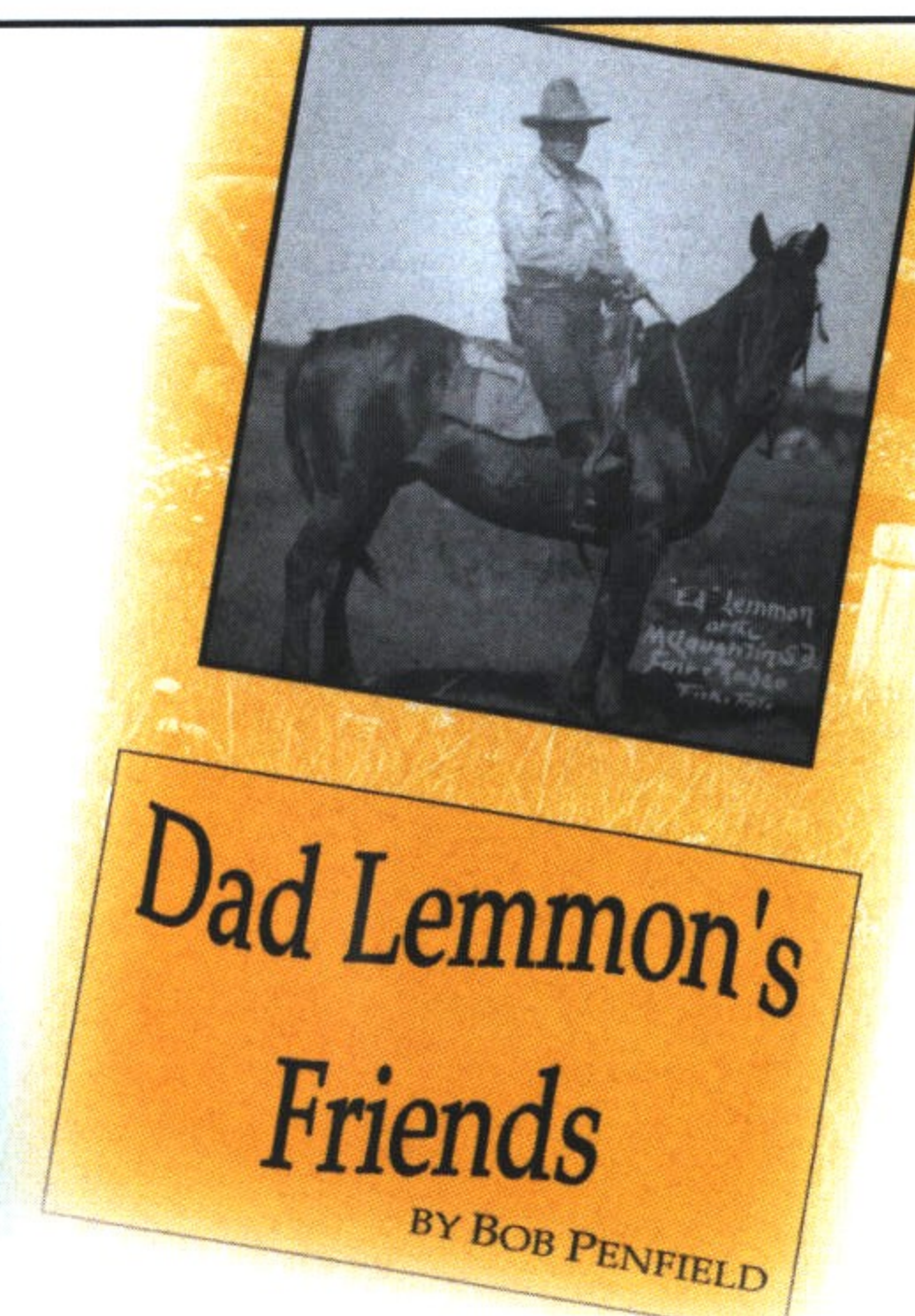
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- Complete this form, then mail with check or money order to: **NAA Membership**  
8880 Ballentine  
Overland Park, KS 66214

**1** PLEASE CHECK ONE. Membership in NAA is open to individuals, not companies.

## MEMBERSHIP TYPES

<input type="checkbox"/> REGULAR	An active Auctioneer that subscribes to the NAA Code of Ethics and embraces the NAA Mission and Vision. Voting Member [Printed Materials].	<input type="checkbox"/> \$300 (1 year) <input type="checkbox"/> \$535 (2 year) <input type="checkbox"/> \$725 (3 year)
<input type="checkbox"/> ONLINE	Online member is an active Auctioneer receiving all correspondence through on-line and electronic formats. Voting Member [Digital Materials].	\$225
<input type="checkbox"/> AFFILIATE	Individuals who are not Auctioneers, but who are involved in auction or auction-related business with the purpose to provide good and services to Auctioneers and the public. Non-Voting Member. [Printed Materials].	\$500
<input type="checkbox"/> ASSOCIATE	Employees of Active Members who are not Auctioneers. Auction-related professionals representing the real estate, finance and legal industries should apply for Associate membership. Non-Voting Member [Printed Materials].	\$225
<input type="checkbox"/> MEMBER + SPOUSE	An Active member and their spouse or significant other that subscribes to the NAA Code of Ethics and embraces the NAA Mission and Vision. Voting Member. Includes Auxiliary membership for spouse for one year [Printed Materials].	\$450

## OPTIONAL FEES

<input type="checkbox"/> NATIONAL AUCTIONEERS FOUNDATION DONATION	The National Auctioneers Foundation is the fundraising partner of the NAA. Funds promote the auction profession and industry. Donations are tax deductible.	\$50
<input type="checkbox"/> MEMBERSHIP: NAA AUXILIARY	The Auxiliary is a source for the promotion and advancement of the auction team. Membership in the Auxiliary is open to all members and spouses.  Please include Auxiliary Member's name here: _____	\$25 per membership

TOTAL AMOUNT DUE

\$

## 2 MEMBERSHIP INFORMATION (PLEASE PRINT)

First Name Middle Last

Nickname

Company Name

Address

City State Zip

Phone Fax

E-mail

Web Address

☐ Check here if you think you have been an NAA member before or are a member of your state association.

☐ Male ☐ Female

Number of years in the auction profession Year of birth

Name of auction school attended if applicable

Referred by (optional)

## 3 PAYMENT INFORMATION

☐ Check Enclosed (U.S. based monies) ☐ Credit / Debit

### Credit/Debit Card Information

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Credit Card # Exp. Date month/year

Card Holder Name (Print)

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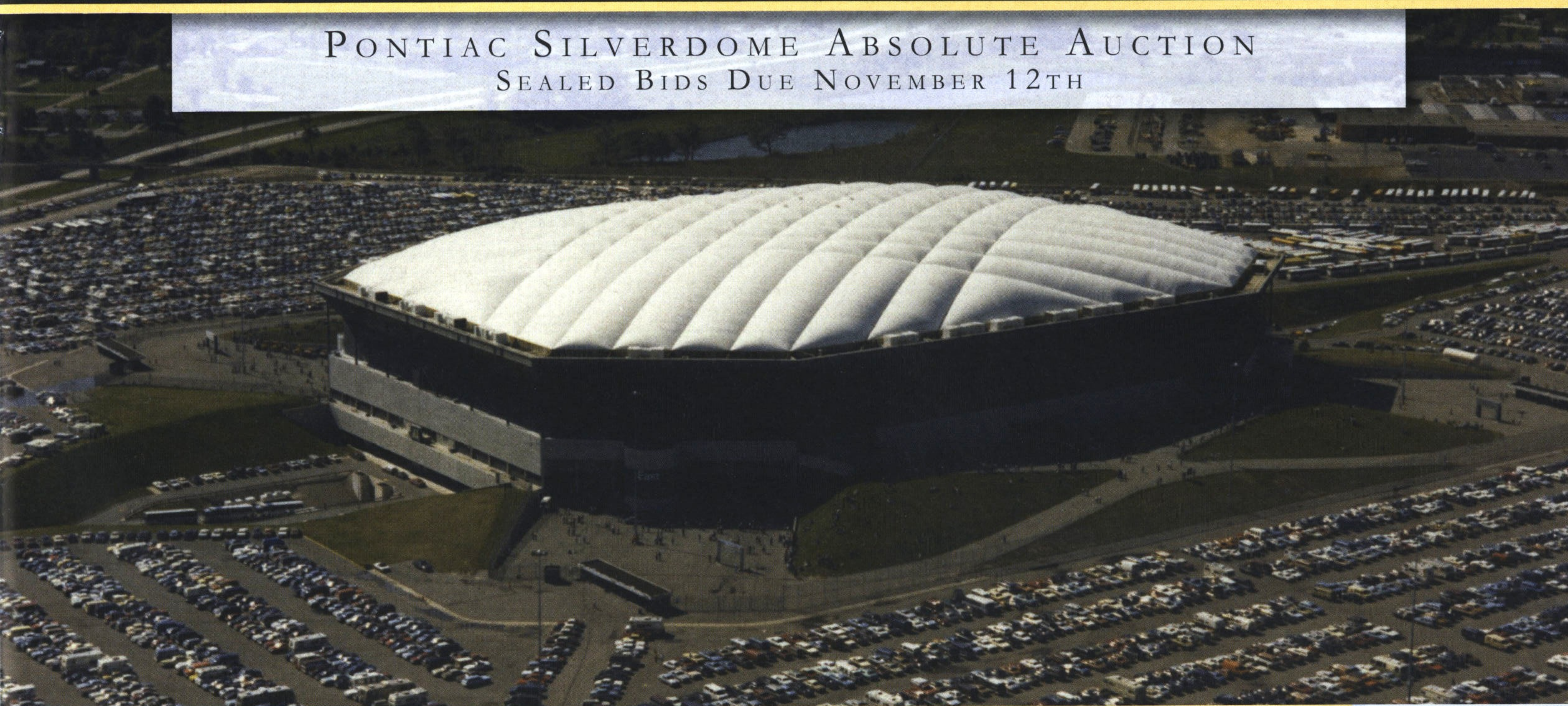
**It is recommended that you indicate your specialties. This information is available on the NAA Web site where the public is able to do a search by specialty. YOU MAY CHOOSE UP TO FIVE.**

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|---|---|
| <input type="checkbox"/> Antiques & Collectibles            | <input type="checkbox"/> Industrial & Manufacturing   |
| <input type="checkbox"/> Appraisal                          | <input type="checkbox"/> Intellectual Property        |
| <input type="checkbox"/> Art & Galleries                    | <input type="checkbox"/> Laboratory & Pharmaceutical  |
| <input type="checkbox"/> Automobiles & Transportation       | <input type="checkbox"/> Liquidation & Asset Recovery |
| <input type="checkbox"/> Benefit & Charity                  | <input type="checkbox"/> Logging & Forestry           |
| <input type="checkbox"/> Business Liquidations              | <input type="checkbox"/> Media                        |
| <input type="checkbox"/> Carnivals & Amusement Parks        | <input type="checkbox"/> Numismatist                  |
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| <input type="checkbox"/> Computers & Electronics            | <input type="checkbox"/> Real Estate, Commercial      |
| <input type="checkbox"/> Estate & Personal Property         | <input type="checkbox"/> Real Estate, Land            |
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| <input type="checkbox"/> Government & Municipal             | <input type="checkbox"/> Restaurant & Food Industry   |
| <input type="checkbox"/> Heavy Equipment                    | <input type="checkbox"/> Trucks & Trailers            |



NOVEMBER 2009  
COMMERCIAL REAL ESTATE AUCTIONS

PONTIAC SILVERDOME ABSOLUTE AUCTION  
SEALED BIDS DUE NOVEMBER 12TH



TWO-DAY SOUTHERN COMMERCIAL AUCTION  
NOVEMBER 17 - 18TH



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# Selling a landmark

## Auction of 80,000-seat Silverdome stadium in Pontiac, MI presents special challenges

*By Steve Baska, editor*

Auctioning the Pontiac, MI Silverdome sports stadium, former home of the Detroit Lions, is presenting challenges and a great opportunity for Williams & Williams, real estate auction specialists based in Tulsa, OK.

The company believes this is the first time a major stadium has been sold by auction, perhaps anywhere in the world. The stadium and 127 acres will be sold at absolute auction in partnership with CB Richard Ellis on behalf of the City of Pontiac, MI, a suburb of Detroit. A “rolling sealed bid” auction will be used with sealed bids taken until 4 p.m. EST on Nov. 12. At that time, Pontiac city officials will open the bids and can either accept the high bid or they may begin a live auction among those the top five bidders. The live auction would be held Nov. 16 at 1 p.m. EST at the Marriott Hotel in Pontiac and would be conducted by Tommy Williams, CAI, co-founder of Williams and Williams and a former president of NAA.

The Silverdome has had little use since the Detroit Lions moved out in 2002, and there are three other sports facilities in the area, including the Palace in Auburn Hills, Ford Field and the Joe Lewis Arena. The



Pontiac Silverdome near Detroit, MI.

city spends about \$1.5 million in annual maintenance for the Silverdome. In a CNN story, Pontiac Emergency Financial Manager Fred Leeb acknowledged that demolition of the stadium is a possibility and the city “has established a very flexible zoning ordinance to allow people (a new buyer) to do virtually anything that makes economic sense.” He added that “The

decision to sell via absolute auction illustrates our commitment to sell the stadium and convert an expense into a vibrant future development.”

Williams said one of the challenges for his auction company on this project is to try to identify the future usage for the property, but also to market it worldwide to capture as many potential buyers, with different ideas, as possible. “We don’t want to define to the client who the likely buyers are. It’s one thing for us to talk about that in our company, but in the marketing we don’t want to pigeonhole and limit the marketing potential. We think that foreign buyers are as likely as domestic buyers.” For example, advertisements for the project describe the property offered, but do not specifically target

*“This project shows that there is nothing that doesn’t lend itself to the auction method.”*



developers who may wish to use the property for a new purpose.

The project is being advertised on websites, in USATODAY, by direct mail, signage, public relations and partnership marketing, the company said. The project came to Williams & Williams after city officials issued a Request For Proposal to sell the Silverdome and invited Williams & Williams to be one of the auction companies to submit information on how they would conduct the auction. "Our marketing and commercial division people met with the city officials and won the job," Williams said.

Williams said he has been adamant that the Silverdome be sold by absolute auction. "The city tried to sell the property for a long time. I think the only way to overcome the rumors that build up around a project like this is just to build the excitement with an absolute auction and say the stadium is going to sell on this exact day at absolute auction. That way you dispel myths some bidders may have about how much somebody else may have earlier offered and you overcome hesitancy of the market to get the property moving toward a sale."

Williams said it was a bit hard to convince some city officials not to put a reserve on the auction, but after explaining the advantage of the absolute format to drive interest in this project, "the officials with business minds saw right away that absolute was the only way to get this done. Putting a reserve on this project would leave a lot of people off the table."



Tommy Williams, CAI

A great opportunity exists in this auction because it "can shine a good light on the auction industry" as it gets worldwide publicity, Williams said. "This project shows that there is nothing that doesn't lend itself to the auction method. You have to use your marketing ingenuity to tailor-make your marketing to the item you are selling, but there is not a better way to sell something than by auction. Real estate, especially, was made for auction. This Silverdome project shows that anything is possible if you will think outside the box."

The 80,300-seat stadium was built at a cost of \$55.7 million and was the largest arena in the National Football league when it opened in 1975. It is still one of the largest in the world. The Silverdome was also home to the National Basketball Association's Detroit Pistons and the United States Football League's Michigan Panthers. It has seen major events such as Super Bowl 16 and the 1994 FIFA World Cup.

"We are excited about the Pontiac Silverdome auction and finding a new owner to become a key member of our community," Leeb said. "What's important for bidders to realize is that this is not just a large site. This is a prominent location and it is in a city that will do all it can do to welcome business and foster a new way of operating in the state of Michigan."

Dean C. Williams, Chairman and CEO of Williams & Williams, said "We are pleased to sell and find a steward for this property. It is an excellent opportunity for the people of Pontiac and investors worldwide. This signifies a new chapter for the community and we are proud to be a part of it."

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## AuctionZip.com

**In the month of August 2009, AuctionZip.com received over 100 million page views from 1,041,871 unique visitors.**

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*Steve Johnson - Joe Koval - Doug Campinella - Teresa Biss - Justin Dodson - Angie Thomas  
Bill Defibaugh - Brad Shroyer - Jade Corle - Joelle Roberts - Shirley Stuckey - and Tasha Bowers*



# NAA Board of Directors and NAA Education Institute Trustees meeting

The NAA Board of Directors and the NAA Education Institute Trustees met to discuss education issues at NAA headquarters on October 12. To read outcomes of the Fall board meeting, go to [www.auctioneers.org](http://www.auctioneers.org) and Members Only section under Fall board outcomes. The attendees included: On the left row, from the top coming down the steps, Randy Wells, CAI, AARE, BAS, CES, GPPA, chairman of the NAA board; B. Mark Rogers, CAI, AARE, president-elect of the board; Aaron Traffas, CAI, ATS, CES, of the EI Trustees; Robert Mayo, CAI, AARE, ATS, of the NAA board; Christie King, CAI, AARE, BAS, vice president of the board; Mark Shear, CAI, AARE, CES, MPPA, of EI Trustees; Eugene Klingaman, CAI, of EI Trustees; Paul C. Behr, CAI, of the board; Monte Lowderman, CAI, of the board;

Harold Musser, CAI, of the board; Scott Musser, CAI, BAS, president of the board; and Joe Calhoon, of the board.

On right side from the top coming down the steps are Shawn Terrel, CAI, AARE, of the board; JJ Dower, CAI, AARE, of the board; William Head, CAI, AARE, BAS, CES, of the board; Michael Fine, CAI, AARE, of the EI Trustees; Kurt Keifer, treasurer of the board; Steven Hunt, CAI, AARE, GPPA, of the EI Trustees; Scott Shuman, CAI, vice chairman of EI Trustees; Chuck Bohn, CAI, GPPA, National Auctioneers Foundation representative member on the NAA board; Kurt Aumann, CAI, ATS, chairman of the EI Trustees; Merle Booker, CAI, GPPA, of the board, and Jay Nitz, CAI, of the board.





# State Auctioneer association upcoming events

## DECEMBER

6-7 -- Tennessee Auctioneers Assoc. convention, Nashville.

## JANUARY

8-10 -- Colorado Auctioneers Assoc., Denver.

8-10 -- Virginia Auctioneers Assoc., conference.

13-16 -- Pennsylvania Auctioneers Assoc., Harrisburg.

14-16 -- Minnesota State Auctioneers Assoc., conference, Duluth.

15-17 -- Auctioneers Assoc., of North Carolina, convention, Greensboro.

16-18 -- Ohio Auctioneers Assoc., Columbus.

21-24 -- Kansas Auctioneers Assoc., convention, Wichita.

22-23-- Montana Auctioneers Assoc.,

24-26 -- Wisconsin Auctioneers Assoc., conference, Wisconsin Dells.

25-28 -- Michigan State Auctioneers Assoc., conference, Kalamazoo.

**TO HAVE YOUR STATE ASSOCIATION EVENTS LISTED HERE, PLEASE EMAIL THE INFORMATION TO EDITOR STEVE BASKA AT [STEVE@AUCTIONEERS.ORG](mailto:STEVE@AUCTIONEERS.ORG).**

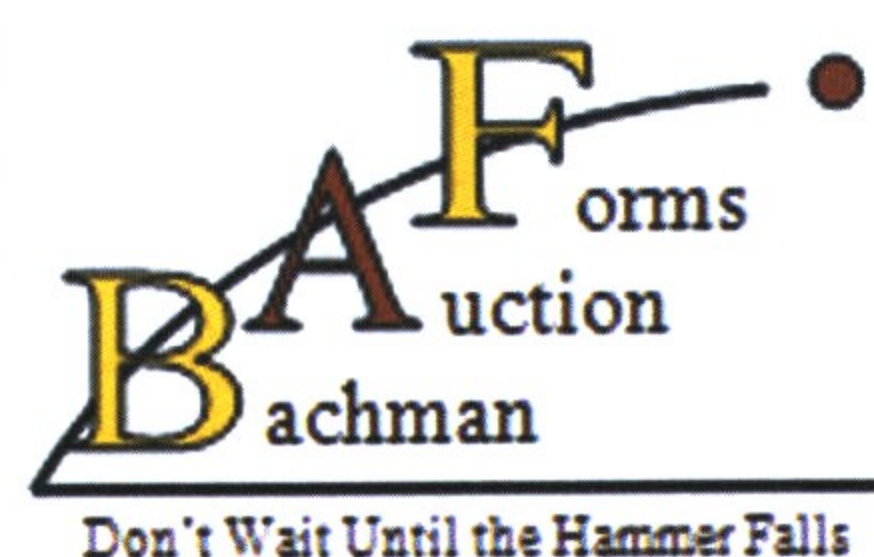
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# A transforming group

“We aren’t your grandma’s Auxiliary anymore!”

*By Hannes Combest, CAE*

With the quote above, thus began the National Auctioneers Auxiliary’s Long Range Planning meeting held at the end of September in Mt. Airy, NC. Seven members of the Auxiliary’s new Trustees spent two days discussing the future of the organization and how this group can support the mission and vision of the National Auctioneers Association.

In the last year, the Auxiliary underwent a transformation to become more closely aligned with the NAA. The group approved this movement in order to advance its vision of “being the source for promotion and advancement of the



Auxiliary group by a log cabin.

auction team in partnership with professional Auctioneers.”

Last year, the Auxiliary Trustees revised their

governance system to become a committee within the NAA, similar to the structure used by the Education Institute Trustees. This long-range planning meeting was the first held under this structure and these representatives faced challenges in making sure that the governance changes are made throughout their group.

Historically the Auxiliary has raised funds for scholarships that are competitively awarded to the families of those who have been members of the Auxiliary for at least five years. At the 2009 conference, the Auxiliary provided six scholarships.

During this meeting, the Auxiliary discussed ways to continue raising funds for scholarships. During the conference, the Auxiliary holds an auction during their luncheon and in 2009 raised more than \$6,200. Proceeds from the sale of a special print painted by Joani Mangold, CAI, GPPA, CES, called “Unsung



Auxiliary group in front of a marker about Siamese Twins that settled in the area. Deidre Rogers is a direct descendent of one of the twins.



*“We are focusing our efforts on education – for the auction support team – and providing scholarships for the children of our members,” said Deidre Rogers, chair of the Auxiliary Trustees.*



Barbara and Benny Fisher, CAI, with sculpture of Andy Griffith and Ron Howard.



From left, Kim Ward, BAS, CES; Hannes Combest, CAE; Deidre Rogers, actor David Browning and Traci Ayers Dower, CAI, AARE.

Heroes,” as well as donations from auctions held by the Texas Auction Academy have added to the Auxiliary scholarship funds.

During the meeting, the group agreed on the events they will offer at NAA’s 61st International Auctioneers Conference and Show next July in Greensboro, NC. Last July’s speaker was David Browning, an actor who brings the TV character Barney Fife to life. Browning was a prominent guest at the social activities during the Long Range planning weekend and will be a special guest at the Auxiliary events in Greensboro.

And finally, the new Auxiliary trustees hope to spend time during 2010, rewriting a program entitled the Auction Team Administrator, designed to provide education to those auction team members on their roles and responsibilities during the auction.

“As you can see,” Deidre Rogers, chair of the Auxiliary Trustees said, “we are focusing our efforts on education – for the auction support team – and providing scholarships for the children of our members. We believe these

activities provide the support Auctioneers need to be successful.”

Auxiliary members in attendance included: Deidre Rogers, chair; Barbara Fisher, past president; Susan Hinson, vice-chair; and trustees Lucinda Terrel (serving as historian), Kim Ward (chair of the scholarship committee), Lori Jones (chair of the membership committee), at-large member Traci Ayers-Dower, CAI, AARE, and Hannes Combest, CAE, NAA’s CEO.

In addition to the meetings, participants at the Long Range Planning Meeting were able to attend several activities related to Mayberry Days, an annual event held in Mt. Airy to celebrate and honor the television series, “The Andy Griffith Show.”

Trustees attended the annual celebration dinner which opened the weekend’s events and all were treated to the auction, spontaneously called by past-NAA President and former IAC champion Mike Jones, CAI. Food continued throughout the weekend, with breakfast provided by past-NAA President Bracky Rogers and dinner provided by Deyton Rogers, daughter of NAA President-elect B. Mark Rogers, CAI, AARE and Auxiliary Trustee Chair Deidre Rogers.

Susan Hinson, vice-chair of the Auxiliary Trustees, noted that next year’s meeting will be held October 15-17, 2010 in Nashville, TN. More information about this meeting will be forthcoming.

**There are currently 1,257 members of the Auxiliary. For membership information, contact Elaine Christian at [execman@att.net](mailto:execman@att.net) or Lori Jones at [info@texasauctionacademy.com](mailto:info@texasauctionacademy.com)**



# Man of the West

## Wyoming Auctioneer enjoys serving as new NAA board member, seeing change

*By Steve Baska, editor*

Harold Musser, CAI, of Cody, WY lives and conducts auctions on the edge of famed Yellowstone National Park, an icon of the American West. And just as the West has changed over the years, so has Musser's business. Where many years ago he conducted mostly farm and ranch auctions, today the ranches are far fewer and he conducts about 50 percent real estate auctions and 50 percent farm and ranch and equipment auctions.

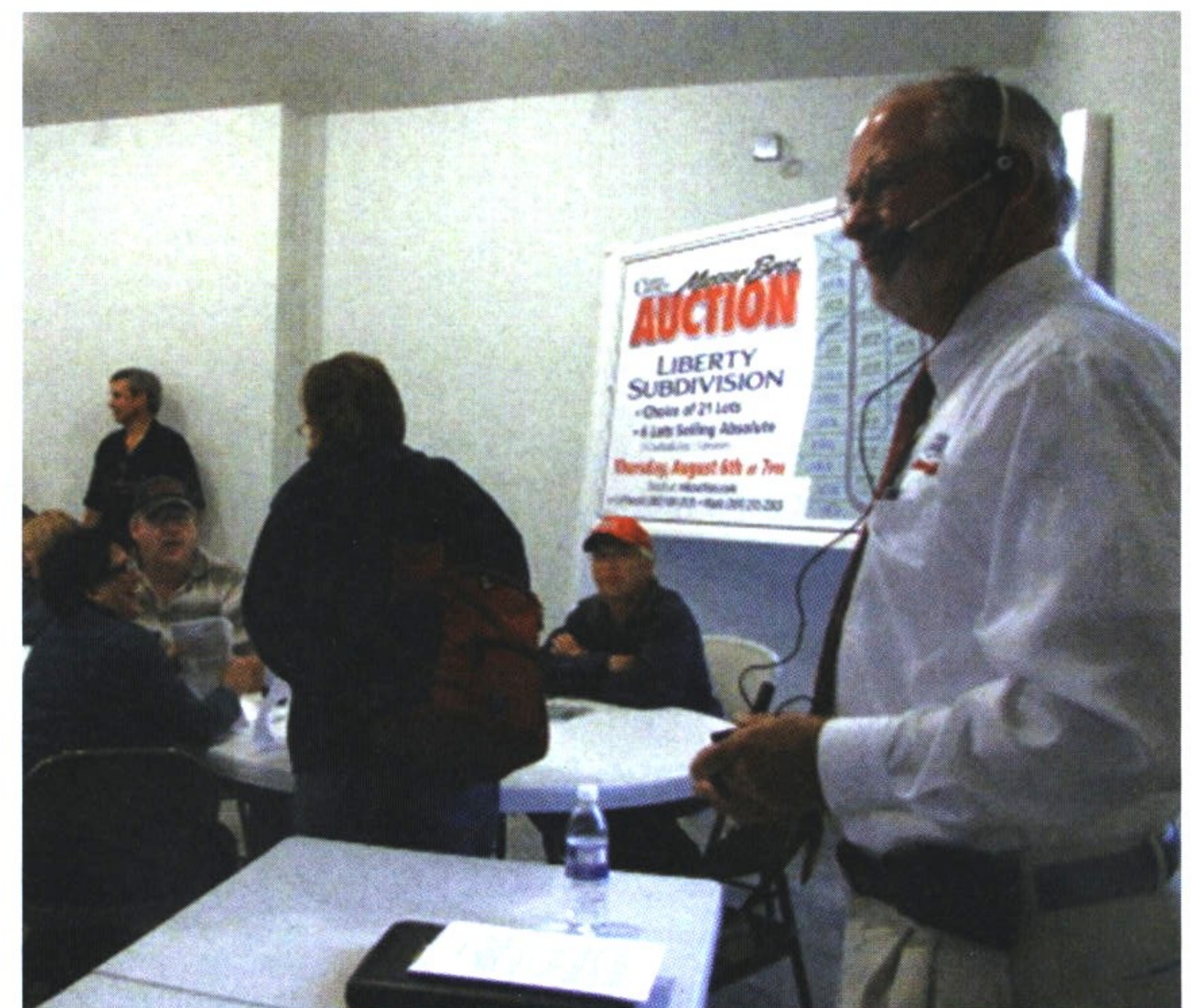
In the Cody area, Musser has recently sold residential homes, nine building lots (in one hour), 14 homes in a one-event ballroom auction for a builder of speculative houses, and a few ranches and high-end homes, he said. An upcoming auction is of a library building in downtown Cody (population 8,500). "My brothers and I realized about five years ago that we

needed to do more real estate auctions if our businesses were going to thrive. It's a different vision. I'm not looking for household sales anymore. Now we can focus on helping people solve their real estate problems."

Musser is a new member of the NAA Board of Directors, and was elected last July. He is the brother of NAA President Scott Musser, CAI, BAS, and has two other brothers in the auction business: Merton Musser, CAI, AARE, BAS, MPPA, of Billings, MT. and Randy Musser, of Twin Falls, ID.

While they all help each other with large auctions, Harold works with Merton on

almost every auction the two conduct because they are fairly close geographically. "I cover most of Wyoming and help Merton cover most of Montana," Harold said. His employees include son Mark, 33, an Auctioneer and real estate agent; (and Mark's wife, Shelley), grandson Forrest, 14, who catches bids, and



Musser, CAI, right, works a real estate auction.

sometimes Musser's sister, Loveta, who helps with all auctions when she is available. "And then Merton and his wife Susan come down to help us. We're a small group, but we want to give full service to our clients."

Musser lives in the area he grew up in with his parents, Bob and Lillian Musser, who supported NAA and ran a general auction business. Musser is glad to be part of the NAA tradition.

"I thought about running for the board after a past president of NAA called me last February and encouraged me to run. He said we need people with experience in not only auctions, but someone who has a good conservative business background."

Musser's previous jobs have been in buying and selling oil and gas leases; he has also bought and managed an apartment complex, and has built and currently owns several offices that he leases to the federal



Musser, CAI, with his motorcycle.





Musser, CAI, and his family include, from left on front row, Harold, his father Bob, daughter-in-law Shelley, and mother Lillian. From left in back are son Mark and grandson Forrest.

and state governments. His varied background has helped give him a well-rounded business perspective and a fiscally-conservative outlook, he said. But as he has worked those other businesses, he has also conducted auctions consistently at the same time.

"I love auctions and the NAA," said Musser, 58. "I found that coming to NAA's annual Conference and Show to attend the seminars and to network allowed me to better serve my clients. For example, I first learned about doing an indoor ballroom-style auction at an NAA conference. Using

that format, we were able to sell 1,000 items in 12 hours at a auction inside a building where normally we would sell outside where it is cold and muddy. That kind of knowledge has been invaluable. Knowledge and education is key. As an example, I had four stents put in heart five years ago by a very professional and educated doctor and I would not have gone to anyone else. I want my clients to think of our company the same way when they think of auctions."

Musser said he believes the five goals for NAA in the next five years should be: Give

members excellent education that will help them be competitive in an ever-changing world; build NAA's financial resource by conservative and thoughtful financial decisions; embrace new ideas and technology to help members provide their clients the latest in auction processes;

through the NAA website provide members information and ideas on how to become the industry professionals and experts in their areas; look at ways to make NAA membership larger by methods such as affiliating with other organizations.

Aside from auctions and NAA, Musser has several hobby passions. One is flying his own small airplane. Flying to his brothers' homes to do auctions saves many hours of driving, he said. "I use it as a business tool, but it's not justifiable financially only for business. It's a passion of mine." He also loves motorcycles and owns a BMW 1200 GS Adventure, which he rides often on a four-hour looping route through the mountains. His son has the same model of motorcycle and they enjoy riding together. He has also enjoyed currently building a cabin 45 miles from Cody where he will vacation with

family and ride all-terrain vehicles. "You want to be careful hiking in this area because there are a lot of grizzly bears there," he said. Musser says he enjoys the solitude of the mountains and does not own a television. "I rather read the news on the Internet instead of watch TV. I'm kind of an information junkie."

Musser is looking forward to continuing his service on the NAA board through at least 2012, when his current term expires. He serves as vice-chair of the 2010 Conference and Show Oversight Committee, and encourages all members to attend the event in Greensboro, NC in July. "The education at conference has been boosted to provide a higher level of learning at the next conference. There will be new speakers and new ideas you can't get anywhere else."

**In coming months, NAA will profile each of the new members of the NAA Board of Directors (one per month) to give members a look at the type of business experience each have and their thoughts on NAA.**



Musser, CAI, with his airplane.



# Business transition options

## Knowing the options for business ownership transition helps you plan how to move out

*By Dave Webb, president of the Kansas Auctioneers Association and owner of Webb & Associates, has been in the auction business since the mid 1980s and has performed hundreds of auctions for many satisfied clients throughout the Midwest & Canada. Auctions have included real estate, personal property, and benefit auctions for numerous charities. Webb will offer a seminar on this topic during the Winter Convention of the Kansas Auctioneers Association, January 21-24, 2010.*

We all work hard to build our businesses, and we should. That's what we do, and enjoy doing. But the time will come when we want to retire. For Auctioneers and most individual business owners this is a difficult decision, however there needs to be a proper and timely transition plan. The sooner this is done the easier it will be to sell your business, transition your business, or retire. The more options you have the easier this will be. If we want our business to succeed into another generation, or with an outside buyer, proper planning needs to occur; just like the proper planning for a successful auction.

An effective transition plan for Auctioneers or any business can take months or even years to execute. There are professionals within our association and outside professionals who can assist in this planning. Some of the steps you need to consider are;

**1: Update your Strategic Business Plan:** Do you even have one? This does not have to be formal plan. It can be on a single piece of paper or several pieces of paper over dinner. This will restate your mission, your goals, and your means to achieve those goals. Likewise ownership transition plans should be specific and include both your strengths and weaknesses. This should define a clear direction based upon

growth and opportunities and any possible threats. With an ownership change in mind or retirement in mind, sit down and update your plan for this to happen effectively.

### **2: Prepare a Financial Plan:**

Auctioneers are business people; this should be done each year.

This needs to include your

personal and financial goals. They, among other things, should determine when you can or would like to turn over ownership, and what quality of financial life you want to maintain, and what type of finances will this require. The answer to this question can and will affect the timeline for a potential transition.

**3: Prepare an Estate Plan:** Ownership transition is a long-term process; any owner wants to prepare for possible outcomes. This includes reviewing estate planning. This is very important to protect your family, your personal wealth, and your company in the event of a crisis as well as handling tax or legal issues. This should be done even if you're not planning to retire or sell, things happen in life and sometimes not expected events. You have worked hard for your goals, protect them. We are in changing times now with regard to tax policy. Once your plan is in place, that is good, however now it will need to be re-evaluated every year. You do not want the government as your new partner!

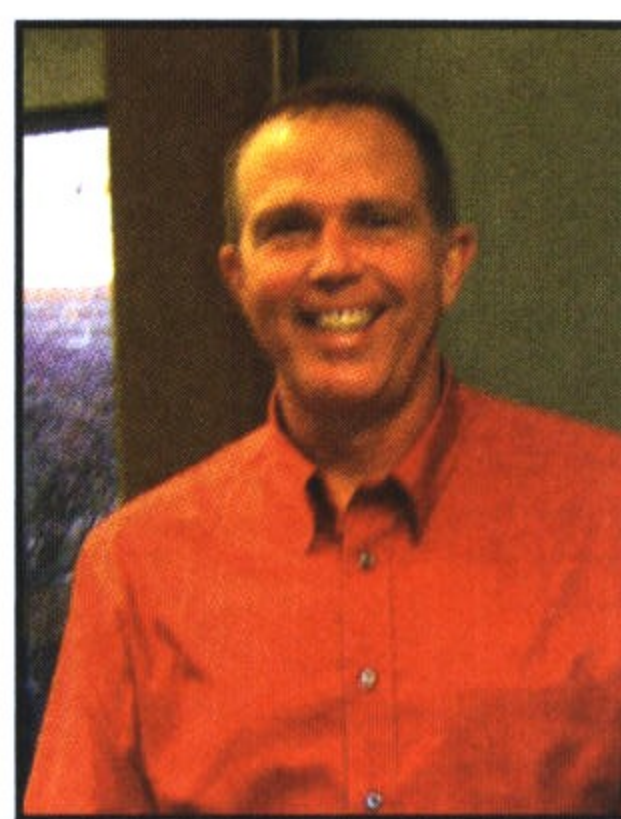
**4: Evaluate Ownership Transition Alternatives:** There are always alternatives available to Auctioneers, so keep an open mind. Those alternatives become less available as time passes and major events occur. Some of those include transition of

ownership to family members, an open sale of your business, third party management of your business, employee sale, stock sale, and other options.

It is wise, yes even difficult to discuss ownership transition alternatives. Be sure to have a good understanding of the financial consequences for both the sellers and a buyer. A professional business valuation is a critical component to this process. What is your business worth? By going through this process as an owner you will understand the drivers that both positively and negatively affect your value. Then you can make the necessary adjustments before a transition plan is in place. You want to maximize your value.

**5: Develop a Successor and Management Plan:** A smooth ownership transition is what you want to have happen. You want your business to remain viable and successful. This depends on your successors. It's imperative that you as an owner develop or at least recognize a leadership team of internal and external talent. Regardless of the transition path you choose, a qualified succession plan and team will enhance your value to a potential buyer.

This planning and change can seem complicated and frustrating. If you wait and do nothing, the frustration will only mount, your options become limited, and the value will only decrease. With proper planning and outside guidance, owners can not only protect their business and assets, but also keep their ties to the business and help ensure their business is viable for someone else, and a benefit to the community for years to come. If you choose to do nothing that is fine, however keep in mind that is what your business will be worth when it is time to retire or sell.



Webb



# NAA

## Education Institute 2009-2010

### Upcoming Education Programs Listed by Event

#### DECEMBER

##### **Accredited Auctioneer Real Estate**

Las Vegas, NV.....December 6-11

##### **Certified Estate Specialist**

Las Vegas, NV.....December 7-9

##### **Graduate Personal Property Appraiser**

Las Vegas, NV.....December 7-11

##### **Appraiser as Expert Witness in the Courts**

Las Vegas, NV.....December 11

#### JANUARY

##### **Graduate Personal Property Appraiser**

Charleston, SC.....January 11-14

#### FEBRUARY

##### **Winter Symposium**

Park City, UT.....February 7-10

#### MARCH

##### **Certified Auctioneer Institute**

Bloomington, IN.....March 21-25

#### December 2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

#### January 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
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24/31	25	26	27	28	29	30

#### February 2010

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#### March 2010

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#### April 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
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#### May 2010

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# E&O insurance defined

Which costs an Auctioneer more:  
insurance or an attorney?

*By Greg Magnus AIC, CPIA, works for E.R. Munro and Company. Magnus has been in the insurance industry for 21 years.*

*He can be reached at gmagnus@ermunro.com or at 877-376-8676, ext. 157. The company's website is at www.ermunro.com.*

I often hear "war stories" from Auctioneers when I'm attending NAA's annual Conference and Show, and these stories inevitably involve an Auctioneer who has been unfairly sued by a client or auction attendee. I hear about the amount of legal fees it costs for his or her defense. These stories often lead to questions about Errors and Omissions (E&O) Insurance, including what it is and what type of coverage it provides.

## WHAT IS E&O INSURANCE?

E&O insurance is coverage that pays the defense costs against a claim (lawsuit) in connection with an Auctioneer's business. An Auctioneer can get blamed for anything, from not having enough advertising signage to not making enough money for the seller. Even if the seller's claim has no merit, the Auctioneer has to defend him or herself. There are attorneys' fees, potential court costs, time spent



Magnus

sitting in your attorney's office as well as the office of the attorney representing the person or persons suing you and time you have to take off work to attend pretrial conferences. There's always the possibility of a judgment (money you will be ordered to pay by the court to the person suing you) if the Auctioneer loses the lawsuit.

## WHAT DOES E&O COVER?

A typical E&O policy covers the Auctioneer's work product, promises or warranties, and actual contract terms for things like advertising and other performance-related goals. Failure to provide services as promised would also be covered.

## ARE THERE OTHER TYPES OF E&O INSURANCE AN AUCTIONEER SHOULD CONSIDER?

Today more Auctioneers are getting involved in real estate. This opens up the

Auctioneer to a new risk exposure that can significantly impact the financial stability of the Auctioneer's business. Auctioneer, appraiser and real estate E&O policies are distinct from one another. Typically, an Auctioneer policy will have exclusions built in. An Auctioneer's activities as an appraiser or in real estate are not covered by the policy; however, an appraiser or real estate policy will work the same way. All three types of coverage provide protection in all three situations.

## THREE E&O POLICIES? HOW IS THE COST FIGURED?

The premium for an E&O policy is determined primarily on an Auctioneer's revenue and on a case-by-case basis by an insurance company underwriter. Whether an Auctioneer conducts many small auctions frequently or just a few large auctions every now and then, the E&O premium will be decided, for the most part, on revenue. Additionally, the number of years an Auctioneer has been in business, the amount of continuing education, and the number of claims he or she have had figures into the calculation as well.

If each policy is purchased separately, an

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Auctioneer may pay from \$1,200 to \$1,500 per policy per year for \$1 million in coverage. However, a few insurance carriers will combine coverage into one policy. For a combination policy, an Auctioneer may pay about \$1,800 per year and get all three types of coverage. Just a half day's consultation with an attorney about a claim could easily cost that much. An E&O policy covers defense costs plus the cost of any judgment. And unlike a claim against an Auctioneer's bond, a claim against an E&O policy does not have to be paid back.

In addition to the cost savings, there are other advantages to a combination policy. What if an Auctioneer has three separate insurance policies with three different insurance companies? There could be a disagreement among the insurance companies when a claim is filed, which insurance company is primary and which is secondary. No insurance company is interested in paying the bulk of a claim if

another company can be involved. With a combination policy from a single company, there's no chance the companies will argue over who is responsible for covering the claim.

### ARE AUCTIONEERS REQUIRED TO HAVE THIS KIND OF INSURANCE?

There are no laws that require Auctioneers to carry E&O insurance. However, an Auctioneer may be required by a specific auction contract to have professional liability insurance. Each contract is different – never assume that all contracts are alike. Although E&O may not be specified in an Auctioneer's contract, in general, licensed individuals are held to higher standards of qualification and performance than unlicensed individuals. Even though Auctioneers are not compelled by law to carry E&O Insurance, professionals – people who know the industry and the liabilities – choose E&O.

It's one of the things that separate the professionals from the amateurs.

### ARE THERE OTHER ADVANTAGES TO HAVING E&O INSURANCE?

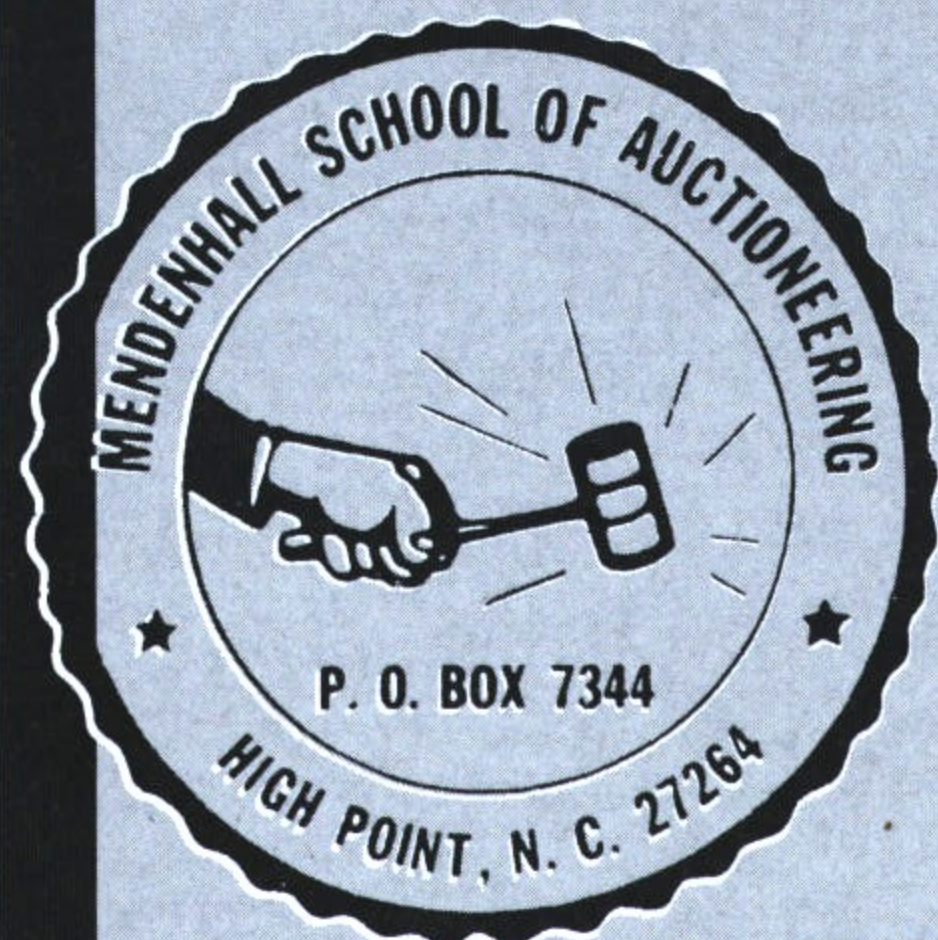
Aside from the peace of mind a good E&O policy offers, it provides the Auctioneer's clients an appreciation of the Auctioneer's professionalism. They'll know the Auctioneer takes his or her responsibilities seriously enough to protect them from unforeseen circumstances, unfortunate events, or just plain bad luck. An Auctioneer with E&O coverage will be able to work with sellers who require this policy in their contracts instead of scrambling on short notice to find a policy and, as a result, looking less than professional. It's a sensible way to get high quality protection as well as serve as a marketing tool.

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# Three designation classes offered in December

Do you sell real estate by auction? Do you understand how to position your firm to handle estates? Have you thought about expanding your business to include appraisals?

If the answer to any of these questions is yes, you may want to consider attending one of three designation classes offered in December in Las Vegas, NV.

NAA's Education Institute is offering three programs that can help you in these areas of business. The Accredited Auctioneer Real Estate program is a six day program designed to educate and train real estate and auction professionals on how to best position their firms to sell real estate by auction. Course topics include legal issues, financial analysis, property transfer and marketing of residential, agricultural and commercial real estate.

There are three educational programs required to complete the designation. In addition, participants must take all three components, plus submit an auction summary report within one year of completing the third component and

submit proof of 10 real estate auctions in order to obtain the designation. Not interested in the designation? That's okay, come for any of the three programs or just one. Dates for these programs include:

**AARE 100: DECEMBER 6-7**

**AARE 200: DECEMBER 8-9**

**AARE 300: DECEMBER 10-11**

Those Auctioneers who want to learn how to market their services to estate professionals should register for the **Certified Estate Specialist (CES)** designation program. Course topics cover the legal and financial aspects of selling personal property, the relationships of the parties involved in estates and the role of the Auctioneer. **This course is offered on December 7-9 in Las Vegas.**

And finally the Graduate Personal Property Appraiser Program is designed to help Auctioneers learn the responsibilities of the appraiser as well as the factors affecting the value of appraised items. Come for the content of the program or for the designation (in order to obtain

this designation, you must pass the exam and submit an appraisal report within 90 days, plus submit two additional affidavits of completed appraisals. In addition, within one year of receiving your designation, you must attend the USPAP 15-hour course and pass the exam. **This program is December 7-11 in Las Vegas.**

According to Dr. Harlan Rimmerman, NAA's Director of Education, "many Auctioneers feel that they don't need the designation and perhaps they don't. However, the content offered in these courses will ensure you have the knowledge needed to expand your business within these specific areas."

Many of the participants in these classes will be staying at the Hampton Inn Tropicana and as a result you will have additional opportunities to network with your peers in all classes.

For more information about these classes, be sure to check the Education section on [www.auctioneers.org](http://www.auctioneers.org) or call (913) 541-8084, ext. 19 or 28. **REGISTER TODAY!** Expand your business opportunities – you'll be glad you did!

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*Gregg Marshall, CPMR, CSP, is a speaker, author and consultant. He can be reached by e-mail at [gmarshall@repconnection.com](mailto:gmarshall@repconnection.com), or visit his website at <http://www.repconnection.com>.*

If you go to the NAA Conference and Show, or other conventions, you'll come home with a large stack of business cards and a lot of good intentions about what you'll do with them.

Or go to some networking event, again you come home with lots of business cards.

You might be really lucky and have an assistant you can assign to enter those cards into your contact manager. But more and more, as organizations flatten, you don't have that luxury.

What to do with that mountain of business cards, and no time to type them in (if you can type)? Get an inexpensive, easy to use business card scanner, such as the CardScan Executive I use (<http://www.cardscan.com>).

These specialized scanners are about the size of a deck of cards and attach to your computer via USB, which also powers them.

Specialized optical character recognition software (OCR) can convert the scanned images into text.

Then the magic happens. Since most business cards follow a relatively standard format, and/or many fields on the card can be readily identified (e.g. telephone numbers, email addresses, etc), the software can automatically put the right information into the right fields.

And they can then automatically put that information, and the card image, into your favorite contact management software (e.g. Outlook) for ready access when you want to make contact.

Over the years I have collected thousands of business cards. If I didn't have a way to get them organized, they'd be just that much scrap paper.

Take all that information and give it to CardScan.com or Plaxo (<http://www.plaxo.com>), and they can help keep that information up to date as your contacts change jobs and/or move around.

And after you get the contact information in your computer, you can use your business card collection to prop up that shaky table.

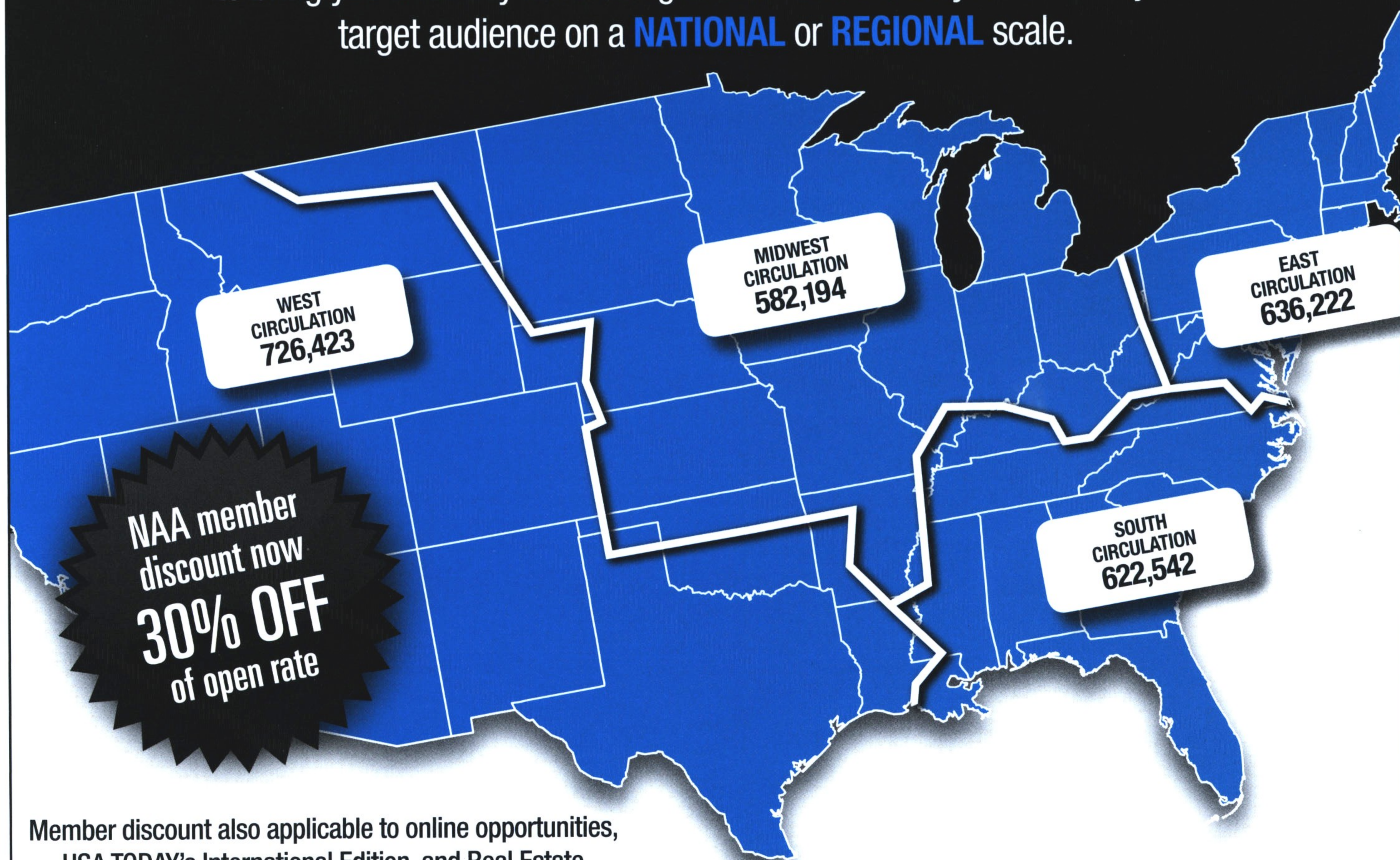
## Publisher's Ownership/Circulation Statement

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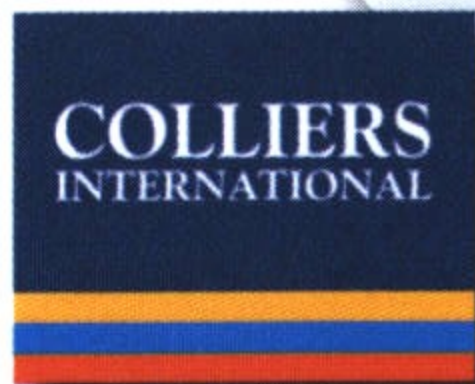
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