

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 1271
Committee Substitute Favorable 5/5/05

Short Title: Amend Auctioneer Licensing Laws.

(Public)

Sponsors:

Referred to:

April 19, 2005

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND CERTAIN LAWS PERTAINING TO AUCTIONS AND
3 AUCTIONEERS.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 85B-1 is amended by adding the following new
6 subdivisions to read:

7 "§ 85B-1. Definitions.

8 For the purposes of this Chapter the following definitions shall apply:

9 ...

10 (8) 'Auctioneering', 'conduct of auction', or 'conduct of business' means, in
11 addition to the actual calling of bids, any of the following:

12 a. Contracting for auction.

13 b. Accepting consignments of items for sale at auction.

14 c. Advertising an auction.

15 d. Offering items for sale at auction.

16 e. Accepting payment or disbursing monies for items sold at
17 auction.

18 f. Otherwise soliciting, arranging, sponsoring, or managing an
19 auction or holding oneself out as an auctioneer or auction firm.

20 (9) 'Consignment' means, unless otherwise modified by written agreement,
21 the act of delivering or transferring goods or real estate in fact or
22 constructively to an auctioneer or the auctioneer's agent in trust for the
23 purpose of resale at auction whereby title does not pass to the buyer
24 until there is an action indicating a sale. For purposes of this section,
25 consignment may also mean a bailment for sale.

26 (10) 'Designated person' means any person approved by the Board to have
27 the authority to transact business for a licensed auction firm."

28 SECTION 2. G.S. 85B-2(b) reads as rewritten:

1 "(b) The exceptions provided in subdivisions (2), (4), (9), (9a) and (11) of
2 subsection (a) of this section shall not apply to any person or entity engaged in the
3 business of organizing, arranging, or conducting auction sales for
4 compensation or any person who or entity that accepts consignments to
5 be sold at auction where the consignor receives any proceeds from the sale."

6 **SECTION 3.** G.S. 85B-2 is amended by adding the following new
7 subsection to read:

8 "(c) The exceptions provided in subdivision (7) of subsection (a) of this section
9 shall not apply to any auctioneer licensed pursuant to this Chapter employed to be an
10 auctioneer of motor vehicles for a licensed motor vehicle dealer, while conducting an
11 auction for that dealer."

12 **SECTION 4.** G.S. 85B-4(d) reads as rewritten:

13 "(d) No person shall be licensed as an auctioneer unless the person has held an
14 apprentice auctioneer license and served as an apprentice auctioneer for the two
15 preceding years, accumulated sufficient knowledge and experience in such areas of the
16 auctioneer profession as the Commission may deem appropriate, and has taken an
17 examination approved by the Commission and performed on it to the satisfaction of the
18 Commission. The examination shall test the applicant's understanding of the law
19 relating to auctioneers and auctions, ethical practices for auctioneers, the mathematics
20 applicable to the auctioneer business, and such other matters relating to auctions as the
21 Commission considers appropriate. The examination shall be given at least twice each
22 year in Raleigh, North Carolina, and at other times and places the Commission
23 designates, but no person shall be allowed to take the examination within six months
24 after having failed it a second time.

25 Any person who has successfully completed the equivalent of at least 80 hours of
26 classroom instruction in a course in auctioneering at an institution whose curriculum
27 and instructors meet the qualifications approved or established by the Commission may
28 be licensed as an auctioneer without holding an apprentice license and serving as an
29 apprentice for two years, but shall take the examination required by this subsection and
30 perform on it to the satisfaction of the Commission.

31 Each applicant for an auctioneer license shall submit a written application in a form
32 approved by the Commission, pay all applicable fees, and consent in writing to a
33 criminal history check as required by G.S. 85B-3.2. If the applicant has been previously
34 licensed as an apprentice auctioneer, the application shall contain an evaluation by the
35 applicant's supervisor of the applicant's performance as an apprentice auctioneer and the
36 applicant's performance in specific areas as required by the Commission. If the
37 applicant is exempted from apprenticeship after completion of the equivalent of at least
38 80 hours of classroom instruction in auctioneering, the application shall contain a
39 transcript of the applicant's course work in auctioneering. Each application shall be
40 accompanied by statements of at least two residents of the community in which the
41 applicant resides attesting to the applicant's good moral character. The Commission may
42 require verification of any information included in an application for an auctioneer
43 license and may request other information or verification of information provided to

1 determine whether the applicant possesses the good moral character or other
2 qualifications for licensure."

3 **SECTION 5.** G.S. 85B-7 reads as rewritten:

4 "**§ 85B-7. Conduct of auction; records.**

5 (a) No licensee shall conduct an auction in this State without first having a
6 written agreement with the owner of any property to be sold. The agreement must
7 contain the terms and conditions upon which the auctioneer received the goods for sale.
8 The licensee shall provide the owner with a signed copy of the agreement and shall keep
9 at least one copy for his own records for two years from the date of the agreement.
10 Copies of all contracts shall be made available to the Commission or its designated
11 agent upon request.

12 (b) Each licensee shall maintain ~~accounting~~ consignment records and enter in
13 them, upon receipt of goods for auction and before ~~their~~ sale, the name and address of
14 the person who employed the licensee to sell the goods at auction and the name and
15 address of the owner of the goods to be sold. The consignment record shall contain an
16 adequate description of the goods to be sold and shall be sufficient to positively identify
17 each item. ~~The accounting~~ Consignment records shall be open for inspection by the
18 Commission or its designated agent at reasonable times.

19 (c) All licensees shall have their licenses available at each auction they conduct.

20 (d) Each licensee shall maintain ~~records~~ sales records, which identify the
21 purchaser of all goods sold by name, address, and when possible, telephone number.
22 The sales records shall contain an adequate description of the items sold and must be
23 sufficient to positively identify the owner of the property. Sales records shall be
24 maintained for a period of not less than two years from the date of sale. Sales records
25 shall be open for inspection by the Commission or its designated agent at reasonable
26 times."

27 **SECTION 6.** G.S. 85B-7.1(a) reads as rewritten:

28 "(a) Each licensee who does not disburse all funds to the seller on auction day
29 shall maintain a trust or escrow account and shall deposit in the account all funds that
30 are received for the benefit of another person and are not disbursed to the seller on
31 auction day. The licensee shall deposit funds that are not disbursed on auction day with
32 an insured bank or savings and loan association located in North Carolina. ~~A licensee~~
33 ~~who disburses funds on auction day shall prepare a receipt or settlement statement for~~
34 ~~the disbursed funds that contains the name and address of the person receiving the~~
35 ~~disbursement and the amount of the disbursement. The receipt or statement shall be~~
36 ~~signed by the licensee and the person receiving the disbursement.~~ At or before the time
37 of all final settlements, the auctioneer shall provide the seller or consignor with a
38 settlement statement, which includes a description of all goods sold, the selling price of
39 the goods sold, the net proceeds due to the seller or consignor, the name and address of
40 the person receiving the disbursement, and the amount of the disbursement. All
41 settlement statements shall be signed by the licensee or the licensee's agent and by the
42 person receiving the disbursement."

43 **SECTION 7.** G.S. 85B-8(e) reads as rewritten:

1 "(e) The Commission may investigate complaints and conduct hearings as
2 follows:

- 3 (1) The Commission may upon its own motion or upon the complaint in
4 writing of any person, provided the complaint and any evidence
5 presented with it establishes a prima facie case, hold a hearing and
6 investigate the actions of any auctioneer, apprentice auctioneer, or
7 auction firm, or any person who holds himself or herself out as an
8 auctioneer or apprentice auctioneer, and shall have the power to
9 impose a civil penalty on any licensee, suspend or revoke any license
10 issued under the provisions of this Chapter, or to reprimand or censure
11 any licensee. In all proceedings for the imposition of a civil penalty or
12 the denial, suspension, or revocation of licenses, the provisions of
13 Chapter 150B of the General Statutes including provisions relating to
14 summary suspension shall be applicable. Any person who desires to
15 appeal the denial of an application for any license authorized to be
16 issued under this Chapter shall file a written appeal with the
17 Commission not later than 30 days following notice of denial.
- 18 (2) The Commission may, upon its own motion, summarily suspend a
19 license when the health, safety, or welfare of the public is at risk, such
20 as in the event of a potential loss of consigned items or potential loss
21 of funds."

22 **SECTION 8.** This act is effective when it becomes law.