

1730

2009-2010 Regular Sessions

I N A S S E M B L Y

January 9, 2009

Introduced by M. of A. BRODSKY -- read once and referred to the Committee on Tourism, Arts and Sports Development

AN ACT to amend the general business law, in relation to auction requirements

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Legislative intent. The legislature declares that the
2 following provisions of law are in addition to other provisions of law
3 and regulations applicable to auctions.

4 S 2. The general business law is amended by adding a new section 29 to
5 read as follows:

6 S 29. AUCTION REQUIREMENTS. 1. THE AUCTIONEER WILL BE HELD RESPONSIB-
7 BLE FOR THE TRUTH OF ANY STATEMENT CONTAINED IN ANY CATALOGUE, ADVER-
8 TISEMENT, ANNOUNCEMENT, PRESS RELEASE OR OTHER PUBLIC STATEMENT MADE BY
9 THE AUCTIONEER RELATING TO ANY AUCTION.

10 2. A. NO PERSONAL PROPERTY MAY BE AUCTIONED EXCEPT PURSUANT TO A WRIT-
11 TEN CONTRACT BETWEEN THE CONSIGNOR OR HIS OR HER AGENT OR AUTHORIZED
12 REPRESENTATIVE AND THE AUCTIONEER, UNLESS AUCTIONED PURSUANT TO AN ORDER
13 OF A COURT OF COMPETENT JURISDICTION.

14 B. EVERY CONTRACT REQUIRED PURSUANT TO PARAGRAPH A OF THIS SUBDIVISION
15 MUST CONTAIN THE FOLLOWING PROVISIONS:

16 (I) ALL FEES, COMMISSIONS AND CHARGES TO BE PAID BY THE CONSIGNOR TO
17 THE AUCTIONEER OR HIS OR HER AGENTS, PRINCIPALS, EMPLOYEES, EMPLOYERS OR
18 ASSIGNS SHALL:

19 (1) TO THE EXTENT PRACTICABLE, BE ITEMIZED AND SPECIFIED AS TO AMOUNT
20 (WHICH MAY BE STATED AS A PERCENTAGE OF THE RESERVE PRICE OR ANY FINAL
21 BID), AND

22 (2) IF SUCH ITEMIZATION AND SPECIFICATION AS TO AMOUNT IS NOT PRACTI-
23 CABLE, BE DESCRIBED WITH SUFFICIENT PARTICULARITY TO INFORM THE CONSIG-
24 NOR OF THE NATURE OF THE SERVICES FOR WHICH SUCH FEES, COMMISSIONS AND
25 CHARGES WILL BE IMPOSED.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets
[] is old law to be omitted.

LBD04810-01-9

1 (II) THAT AS OF THE DATE OF THE AUCTION THE CONSIGNOR WARRANTS THAT HE
2 OR SHE HAS COMPLETE AND LAWFUL RIGHT, TITLE AND INTEREST IN THE PROPERTY
3 AUCTIONED, AND THAT THE CONSIGNOR SHALL INDEMNIFY THE AUCTIONEER, HIS OR
4 HER AGENTS, PRINCIPALS, EMPLOYEES, EMPLOYERS OR ASSIGNS IN THE EVENT OF
5 ANY DEFECT IN TITLE, AND THAT AN INTENDED BENEFICIARY OF THIS WARRANTY
6 IS THE ULTIMATE PURCHASER AT AUCTION.

7 C. WHERE ARTICLES ARE REFERRED TO BY CATALOGUE OR ADVERTISEMENT AS
8 HAVING BEEN OBTAINED FROM ANY SPECIFIC PERSON, PLACE OR SOURCE, SUCH
9 ARTICLES MUST BE SEPARATELY ENUMERATED AND IDENTIFIED.

10 D. IF AN AUCTIONEER OR AUCTION HOUSE HAS ANY INTEREST, DIRECT OR INDI-
11 RECT, IN AN ARTICLE, INCLUDING A GUARANTEED MINIMUM, OTHER THAN THE
12 SELLING COMMISSION, THE FACT SUCH INTEREST EXISTS MUST BE DISCLOSED IN
13 CONNECTION WITH ANY DESCRIPTION OF THE ARTICLE OR ARTICLES IN THE CATA-
14 LOGUE OR ANY OTHER PRINTED MATERIAL PUBLISHED OR DISTRIBUTED IN RELATION
15 TO THE SALE. SUCH NOTICE MAY BE DENOTED BY A PROMINENT SYMBOL OR LETTER
16 WHICH WILL REFER THE READER TO AN EXPLANATION OF THE NATURE OF THE
17 INTEREST THE SYMBOL OR LETTER DENOTES. IN ADDITION, PRIOR TO THE
18 COMMENCEMENT OF THE AUCTION, THE AUCTIONEER SHALL ORALLY ANNOUNCE THAT
19 THOSE LOTS IN WHICH THE AUCTIONEER HAS AN INTEREST COVERED BY THIS
20 SUBDIVISION HAVE BEEN DESIGNATED IN THE AUCTION CATALOGUE AND THE SYMBOL
21 USED TO DENOTE SUCH INTEREST.

22 E. WHERE A CONSIGNOR IS TO RECEIVE A REBATE COMMISSION IN WHOLE OR IN
23 PART, OR WHERE HE OR SHE WILL BE PERMITTED TO BID UPON AND TO BUY BACK
24 HIS OR HER OWN ARTICLE AT THE SALE, DISCLOSURE OF SUCH A CONDITION MUST
25 BE MADE IN CONNECTION WITH ANY DESCRIPTION OF THE ITEM OR ITEMS SO
26 AFFECTED IN THE CATALOGUE OR ANY OTHER PRINTED MATERIAL PUBLISHED OR
27 DISTRIBUTED IN RELATION TO THE SALE. THE EXISTENCE OF SUCH A CONDITION
28 MAY BE DENOTED BY A SYMBOL OR LETTER WHICH WILL REFER THE READER TO AN
29 EXPLANATION OF THE NATURE OF THE INTEREST THE SYMBOL OR LETTER DENOTES.

30 F. (I) IF THE CONSIGNOR HAS FIXED A PRICE BELOW WHICH AN ARTICLE WILL
31 NOT BE SOLD, THE "RESERVE PRICE", THE FACT THAT THE LOT IS BEING SOLD
32 SUBJECT TO RESERVE MUST BE DISCLOSED IN CONNECTION WITH THE DESCRIPTION
33 OF ANY LOT SO AFFECTED IN THE CATALOGUE OR ANY OTHER PRINTED MATERIAL
34 PUBLISHED OR DISTRIBUTED IN RELATION TO THE SALE. THE EXISTENCE OF A
35 RESERVE PRICE MAY BE DENOTED BY A SYMBOL OR LETTER WHICH WILL REFER THE
36 READER TO AN EXPLANATION OF RESERVE PRICE. FOR THE PURPOSE OF PARAGRAPHS
37 (D), (E) AND (F) OF THIS SUBDIVISION, ADVERTISEMENTS IN NEWSPAPERS OR
38 OTHER PERIODICALS SHALL NOT CONSTITUTE PRINTED MATERIAL. WHERE NO PRINT-
39 ED MATERIAL IS PROVIDED IN CONNECTION WITH THE AUCTION AN AUCTIONEER
40 SHALL HAVE AVAILABLE DURING ANY ADVERTISED INSPECTION PERIOD INFORMATION
41 AS TO WHETHER A PARTICULAR LOT IS TO BE SOLD SUBJECT TO RESERVE AND
42 SHALL ANNOUNCE BEFORE HE OR SHE COMMENCES THE AUCTION THAT SUCH INFORMA-
43 TION IS AVAILABLE UPON REQUEST.

44 (II) WHEN A LOT IS NOT SUBJECT TO A RESERVE PRICE, THE AUCTIONEER
45 SHALL NOT INDICATE IN ANY MANNER THAT THE LOT IS SUBJECT TO A RESERVE
46 PRICE.

47 G. IN THE EVENT AN AUCTIONEER EXTENDS A LOAN TO A PURCHASER, THE
48 AUCTIONEER SHALL DISCLOSE IN A GENERAL ANNOUNCEMENT AT THE COMMENCEMENT
49 OF THE AUCTION THAT BIDDERS MAY BE PARTICIPATING IN THE SALE WHO HAVE
50 BEEN OFFERED A LOAN BY THE AUCTIONEER. IN ADDITION, THIS DISCLOSURE MUST
51 ALSO BE MADE ON SIGNS PROMINENTLY DISPLAYED IN THE AUCTION ROOM AND AT
52 THE ENTRANCE THERETO. SUCH SIGNS SHALL INCLUDE THE FOLLOWING DISCLOSURE,
53 OR CONVEY SUBSTANTIALLY THE SAME MESSAGE:

54 "BIDDERS MAY BE PARTICIPATING IN THE SALE WHO HAVE BEEN OFFERED A LOAN
55 BY THE AUCTIONEER."

56 H. THE AUCTIONEER SHALL:

1 (I) PROVIDE INFORMATION AS TO THE NUMBER OF JEWELS, APPROXIMATE NUMBER
2 OF CARATS, NUMBER OF POINTS (DIAMOND), PRINCIPAL METAL CONTENT, AND
3 MANUFACTURER'S NAME, IF KNOWN, FOR ALL ARTICLES OF JEWELRY, INCLUDING
4 WATCHES. THE INFORMATION REQUIRED BY THIS PARAGRAPH SHALL BE PROVIDED
5 EITHER IN THE CATALOGUE DESCRIPTIONS OF SUCH ITEMS OR BY ATTACHING TO
6 EACH SUCH ITEM A TAG OR MARKING CONTAINING THE INFORMATION.

7 (II) ISSUE OR CAUSE TO BE ISSUED TO EACH PURCHASER AN INVOICE WHICH
8 SHALL CONTAIN ALL THE FOLLOWING INFORMATION:

9 (1) THE AUCTIONEER'S NAME, BUSINESS ADDRESS AND LICENSE NUMBER;
10 (2) THE NAME AND ADDRESS OF THE AUCTIONEER'S EMPLOYER OR PRINCIPAL;
11 (3) THE DATE OF SALE;
12 (4) THE LOT NUMBER, DESCRIPTION, QUANTITY AND SELLING PRICE OF EACH
13 LOT;
14 (5) THE TOTAL AMOUNT OF PURCHASE WITH A SEPARATE STATEMENT OF SALES
15 TAX;
16 (6) ALL DEPOSITS MADE AGAINST THE PURCHASE PRICE.

17 (III) ADVERTISE EACH AUCTION SALE AT LEAST ONCE IN THE SEVEN DAY PERI-
18 OD IMMEDIATELY PRECEDING THE AUCTION.

19 (IV) NOTIFY THE PERSON WHOSE PROPERTY IS BEING AUCTIONED (AND ANY
20 OTHER PERSON ENTITLED TO BE NOTIFIED ACCORDING TO LAW) AS TO THE DATE,
21 PLACE AND TIME OF SALE.

22 (V) PERMIT (PRIOR TO THE START OF THE AUCTION) PROSPECTIVE PURCHASERS
23 TO INSPECT EACH AND EVERY ARTICLE TO BE OFFERED FOR SALE.

24 (VI) FURNISH TO ANY BUYER, CONSIGNOR OR OWNER OF AN ARTICLE, UPON
25 REQUEST, INFORMATION AS TO THE WHEREABOUTS OF THAT ARTICLE THAT COMES
26 INTO HIS OR HER POSSESSION OR THAT IS SOLD OR OFFERED FOR SALE BY HIM OR
27 HER.

28 (VII) SEND CHECKS FOR THE NET AMOUNT RECEIVED ON ALL SALES TO PERSONS
29 ENTITLED TO THE PROCEEDS THEREOF WITHIN FOURTEEN DAYS OF DATE OF SALE
30 (EXCEPT AS OTHERWISE AGREED IN WRITING OR OTHERWISE PROVIDED BY LAW)
31 TOGETHER WITH A COMPLETE DETAILED STATEMENT INCLUDING LOT NUMBER, QUAN-
32 TITY, DESCRIPTION AND SELLING PRICE OF EACH LOT; TOTAL AMOUNT RECEIVED
33 ON SALE; AND DISBURSEMENTS LISTING COMMISSION, COST OF ADVERTISEMENT,
34 LABOR, CHARGES AND ALLOWANCES, AND SUNDRY EXPENSES.

35 (VIII) WHEN AN AUCTIONEER HAS A NUMBER OF THE SAME KIND OF ARTICLES TO
36 BE SOLD AND INTENDS TO DISPOSE OF EACH OF THEM AT THE AMOUNT AT WHICH
37 THE FIRST IS SOLD, HE OR SHE SHALL MAKE AN ANNOUNCEMENT TO THAT EFFECT
38 PRIOR TO OPENING THE SALE OF THE FIRST ARTICLE.

39 I. IF AN AUCTIONEER MAKES LOANS OR ADVANCES MONEY TO CONSIGNORS OR
40 PROSPECTIVE PURCHASERS, THIS FACT MUST BE CONSPICUOUSLY DISCLOSED IN THE
41 AUCTIONEER'S CATALOGUE OR PRINTED MATERIAL. IF THE AUCTIONEER DOES NOT
42 PROVIDE ANY SUCH PRINTED MATERIAL, HE OR SHE SHALL MAKE THE DISCLOSURE,
43 EITHER BY CONSPICUOUSLY POSTING A SIGN, OR IN ANOTHER SIMILARLY CONSPIC-
44 UOUS MANNER, AT THE TIME OF ANY ADVERTISED INSPECTION PERIODS PRIOR TO
45 THE AUCTIONS. FOR THE PURPOSE OF THIS PARAGRAPH ADVERTISEMENTS IN NEWS-
46 PAPERS OR OTHER PERIODICALS SHALL NOT CONSTITUTE PRINTED MATERIAL.

47 J. EXCEPT TO IMPLEMENT A RESERVE PRICE, AND SUBJECT THE REQUIREMENTS
48 OF PARAGRAPH B OF SUBDIVISION THREE OF THIS SECTION, NO AUCTIONEER, HIS
49 OR HER CONSIGNOR, EMPLOYEE, EMPLOYER, ASSIGNEE OR AGENT FOR ANY OF THEM
50 MAY BID FOR HIS OR HER OWN ACCOUNT AT ANY AUCTION IF ANY OF THEM SHALL
51 HAVE ACCESS TO INFORMATION NOT OTHERWISE AVAILABLE TO THE PUBLIC REGARD-
52 ING RESERVES, VALUE OR OTHER MATERIAL FACTS RELATING TO THE ARTICLES
53 WHICH ARE THE SUBJECT OF THE AUCTION, UNLESS THEIR STATUS AS A PERSON
54 WITH INSIDE INFORMATION AND INTENDED PARTICIPATION IS DISCLOSED IN THE
55 AUCTIONEER'S CATALOGUE AND ANY PRINTED MATERIAL AND ON SIGNS POSTED AT
56 THE AUCTION.

1 K. WHEREVER AN ESTIMATE OR ESTIMATED VALUE OF AN ITEM OR LOT IS
2 PUBLISHED IN A CATALOGUE OR ANY OTHER PRINTED MATERIAL PUBLISHED OR
3 DISTRIBUTED IN RELATION TO AN AUCTION SALE, A GENERAL DESCRIPTION OF THE
4 ESTIMATE AND ITS MEANING AND FUNCTION MUST BE INCLUDED IN SUCH PRINTED
5 MATERIAL. FOR THE PURPOSE OF THIS PARAGRAPH, ADVERTISEMENTS IN NEWSPA-
6 PERS OR OTHER PERIODICALS SHALL NOT CONSTITUTE PRINTED MATERIAL. WHERE
7 NO PRINTED MATERIAL IS PROVIDED, AND AN ESTIMATE OR ESTIMATED VALUE IS
8 ANNOUNCED OR DISSEMINATED IN ANY MANNER, A GENERAL DESCRIPTION OF THE
9 ESTIMATE AND ITS MEANING AND FUNCTION MUST BE AVAILABLE FOR DISTRIBUTION
10 AND ITS AVAILABILITY MUST BE ANNOUNCED AT THE COMMENCEMENT OF THE
11 AUCTION.

12 L. IN ANY ADVERTISEMENT INDICATING AN AUCTION SALE DUE TO A BUSINESS'
13 LOSS OF LEASE OR LIQUIDATION, THE AUCTIONEER MUST INCLUDE THE NAME OF
14 THE CONSIGNOR OR BUSINESS AUTHORIZING THE AUCTION. IN ANY SALE ADVER-
15 TISED AS PURSUANT TO A SECURITY AGREEMENT, THE NAME OF THE DEBTOR SHALL
16 BE INDICATED CONSPICUOUSLY.

17 3. A. IF THE RESERVE PRICE IS NOT BID, THE AUCTIONEER MAY WITHDRAW A
18 LOT FROM SALE. AT THE TIME OF SUCH WITHDRAWAL, AND BEFORE BIDDING ON
19 ANOTHER LOT BEGINS, THE AUCTIONEER SHALL ANNOUNCE THAT THE WITHDRAWN LOT
20 HAS BEEN "PASSED", "WITHDRAWN", "RETURNED TO OWNER" OR "BOUGHT-IN".

21 B. BEFORE BIDDING ON ANY LOT HAS REACHED ITS RESERVE PRICE NO AUCTIO-
22 NEER MAY MAKE OR PLACE CONSECUTIVE OR SUCCESSIVE BIDS, OR PLACE BIDS IN
23 RESPONSE TO BIDS FROM OTHERS, ON BEHALF OF THE CONSIGNOR, UNLESS THE
24 FACT THAT THE AUCTIONEER WILL OR MAY BID IN SUCH A MANNER IS CLEARLY AND
25 CONSPICUOUSLY DISCLOSED IN ANY CATALOGUE AND ANY OTHER PRINTED MATERIAL
26 PUBLISHED OR DISTRIBUTED IN CONNECTION WITH THE SALE. FOR THE PURPOSES
27 OF THIS PARAGRAPH ADVERTISEMENTS IN NEWSPAPERS OR OTHER PERIODICALS
28 SHALL NOT CONSTITUTE PRINTED MATERIAL. THIS DISCLOSURE MUST ALSO BE MADE
29 ON SIGNS PROMINENTLY DISPLAYED IN THE AUCTION ROOM AND AT THE ENTRANCE
30 THERETO, AND MUST BE ANNOUNCED BY THE AUCTIONEER IMMEDIATELY PRIOR TO
31 THE COMMENCEMENT OF ANY AUCTION.

32 THE SIGN REQUIRED BY THIS PARAGRAPH MUST BE AT LEAST TWELVE INCHES BY
33 EIGHTEEN INCHES IN DIMENSION WITH LETTERS AT LEAST ONE INCH HIGH, AND
34 MUST READ AS FOLLOWS, OR CONVEY A SUBSTANTIALLY SIMILAR DISCLOSURE:

35 THE AUCTIONEER MAY OPEN BIDDING ON ANY LOT BY PLACING A BID ON BEHALF
36 OF THE SELLER. THE AUCTIONEER MAY FURTHER BID ON BEHALF OF THE SELLER,
37 UP TO THE AMOUNT OF THE RESERVE, BY PLACING SUCCESSIVE OR CONSECUTIVE
38 BIDS FOR A LOT, OR BY PLACING BIDS IN RESPONSE TO OTHER BIDDERS.

39 C. AFTER BIDDING HAS REACHED THE RESERVE PRICE OF A LOT:

40 (I) THE AUCTIONEER MAY NOT BID ON BEHALF OF THE CONSIGNOR OR THE
41 AUCTION HOUSE; AND

42 (II) THE AUCTIONEER MAY ONLY ACCEPT BIDS FROM PERSONS OTHER THAN THE
43 CONSIGNOR OR THE AUCTION HOUSE EXCEPT ABSENTEE TELEPHONE, ORDER OR OTHER
44 AGENT'S BIDS;

45 (III) THIS PARAGRAPH SHALL NOT APPLY TO AUCTION SALES CONDUCTED PURSU-
46 ANT TO AN ORDER OF A COURT OF COMPETENT JURISDICTION, INCLUDING AN ORDER
47 OF A BANKRUPTCY JUDGE OR TRUSTEE, OR A SALE OF SECURED PROPERTY PURSUANT
48 TO THE UNIFORM COMMERCIAL CODE, OR THE SALE OF PROPERTY WHICH IS SUBJECT
49 TO A LIEN OR ASSIGNMENT PURSUANT TO THE LAWS OF THE STATE OF NEW YORK.

50 D. IN NO EVENT SHALL THE RESERVE PRICE FOR ANY LOT EXCEED THE MINIMUM
51 ESTIMATED VALUE OF THE LOT AS PUBLISHED IN ANY CATALOGUE OR OTHER PRINT-
52 ED MATERIAL DISTRIBUTED BY THE AUCTIONEER.

53 4. A. AN AUCTIONEER MAY NOT DISCLAIM WARRANTY OF TITLE OF ANY ITEM
54 SOLD AT AUCTION. THE AUCTIONEER SHALL REIMBURSE ANY PURCHASER IN AN
55 AMOUNT EQUAL TO THE SUCCESSFUL BID AT AUCTION PLUS ANY BUYER'S COMMIS-

1 SION PAID IN THE EVENT IT IS DETERMINED THAT THE PURCHASER HAS NOT
2 ACQUIRED TRANSFERABLE TITLE TO THE ITEM.

3 B. AT THE AUCTION SALE PREMISES ONLY EXTERIOR SIGNS MAY BE DISPLAYED
4 ADVERTISING THE AUCTION SALE BUT THE SAME SHALL NOT BE EXCESSIVE IN
5 SIZE.

6 C. AN AUCTIONEER MAY NOT:

7 (I) OFFER MORE THAN ONE ARTICLE FOR SALE AT ANY ONE TIME UNLESS THE
8 COMBINING OF ARTICLES OR LOTS IS SO INDICATED PRIOR TO THE INITIAL BID.

9 (II) REPRESENT AN ARTICLE TO BE GUARANTEED BY THE MANUFACTURER OR THE
10 OWNER UNLESS A MANUFACTURER'S OR OWNER'S GUARANTEE ACCOMPANIES THE ARTI-
11 CLE.

12 (III) OFFER AN ARTICLE CONTAINED IN A CARTON, PACKAGE OR OTHER
13 CONTAINER COMMONLY KNOWN AS A BLIND ARTICLE UNLESS PRIOR TO THE OFFER IT
14 IS ANNOUNCED THAT THE HIGHEST BIDDER MAY REJECT THE ARTICLE IF NOT
15 SATISFACTORY TO HIM OR HER. THIS PROVISION DOES NOT REFER TO AN AUCTION
16 OF ARTICLES IN BULK WHERE A SAMPLE IS DISPLAYED AND BALANCE OF ARTICLES
17 ARE REPRESENTED TO CONFORM TO THE SAMPLE.

18 (IV) ACCEPT AS PAYMENT OR EXCHANGE ANY ARTICLE PREVIOUSLY KNOCKED DOWN
19 OR SOLD TO A SUCCESSFUL BIDDER. THE ARTICLE KNOCKED DOWN OR SOLD MUST BE
20 DELIVERED TO THE BIDDER OR, IF THE AUCTIONEER IS WILLING AND AT THE
21 BIDDER'S ELECTION, THE PURCHASE PRICE REFUNDED IN FULL. NO OTHER ARTICLE
22 MAY BE OFFERED TO SAID BIDDER AS A SUBSTITUTE OR REPLACEMENT. SUCH
23 REFUND SHALL TAKE PLACE WITHIN A REASONABLE TIME OR MAY BE APPLIED AS
24 PART PAYMENT OR PAYMENT FOR ANY OTHER ARTICLE PURCHASED AT AUCTION BY
25 THE SAME BIDDER.

26 5. THE PROVISIONS OF THIS SECTION SHALL BE ENFORCED BY THE COUNTY
27 OFFICER CHARGED WITH ENFORCEMENT OF CONSUMER PROTECTION WITHIN SUCH
28 COUNTY, EXCEPT THAT IN THE CITY OF NEW YORK, BY THE COMMISSIONER OF
29 CONSUMER AFFAIRS OF SUCH CITY.

30 S 3. This act shall take effect on the sixtieth day after it shall
31 have become a law.