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Short Title: Auctions/Auctioneers Act.

(Public)

Sponsors:

Referred to:

April 1, 1991

A BILL TO BE ENTITLED

AN ACT MAKING VARIOUS AMENDMENTS TO CHAPTER 85B AND
CHAPTER 20 OF THE GENERAL STATUTES RELATING TO AUCTIONS
AND AUCTIONEERS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 85B-1 reads as rewritten:

"§ 85B-1. Definitions.

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

- (1) 'Auction' means the sale of goods or real estate by means of exchanges between an auctioneer and members of ~~his~~an audience, the exchanges consisting of a series of invitations for offers made by the auctioneer, offers by members of the audience, and the acceptance by the auctioneer of the highest or most favorable offer.
- (2) 'Auctioneer' means any person who conducts or offers ~~his~~service to conduct auctions and includes apprentice auctioneers except as stricter standards are specified by this Chapter for apprentice auctioneers.
- (3) 'Owner' means the bona fide owner of the property being offered for sale; in the case of partnerships, 'owner' means a general partner in a partnership that owns the property being offered for sale, provided that in the case of a limited partnership it has filed a certificate of limited partnership as required by Chapter 59 of the General Statutes; in the

1 case of corporations, 'owner' means an officer or director or employee
2 or someone acting on behalf of the employee of a corporation that
3 owns the property being offered for sale and that is qualified provided
4 that the corporation is registered to do business in the State of North
5 Carolina--State.

6 (4) 'Absolute Auction' means the sale of real or personal property at
7 auction in which the item offered for auction is sold to the highest
8 bidder without reserve, without the requirement of any minimum bid,
9 and without competing bids of any type by the owner, or agent of the
10 owner, of the property.

11 (5) 'Estate Sale' means the liquidation by sale at auction of real or personal
12 property of a specified person.

13 (6) 'Auction Firm' means a sole proprietorship of which the owner is not a
14 licensed auctioneer, or any partnership, association, or corporation, not
15 otherwise exempt from this Chapter, that sells either directly or
16 through agents, real or personal property at auction, or that arranges,
17 sponsors, manages, conducts or advertises auctions, or that in the
18 regular course of business uses or allows the use of its facilities for
19 auctions. This definition applies whether or not an owner or officer of
20 the business acts as an auctioneer.

21 (7) 'Fund' means Auctioneer Recovery Fund."

22 Sec. 2. G.S. 85B-2 reads as rewritten:

23 **"§ 85B-2. Activities governed by Chapter.**

24 (a) This Chapter shall apply to all auctions held in this State except the
25 following:

26 (1) Sales at auction conducted by the owner of all of the goods or real
27 estate being offered, or an attorney representing the owner, unless the
28 owner's regular course of business includes engaging in the sale of
29 goods or real estate by means of auction or unless the owner originally
30 acquired the goods for the purposes of resale at auction;

31 (2) Sales at auction conducted by or under the direction of any public
32 authority;

33 (3) ~~Sales at auction pursuant to a judicial order or in the settlement of a~~
34 ~~decedent's estate;~~ Sales conducted by a receiver, trustee, guardian,
35 administrator or executor or any similarly appointed person under
36 order of any court or any person conducting a sale pursuant to an order
37 of a United States Bankruptcy Court or the agent or attorney of such
38 person, receiver, trustee, guardian, administrator or executor;

39 (4) Any sale required by law to be at auction;

40 (5) Sale of livestock at a public livestock market authorized and regulated
41 by the Commissioner of Agriculture;

42 (6) Leaf tobacco sales conducted in accordance with the provisions of
43 Chapter 106 of the General Statutes;

- 1 (7) Sale at auction of automobiles conducted under the provisions of G.S.
 2 20-77, or sale at auction of motor vehicles by a motor vehicle dealer
 3 licensed under Article 12, Chapter 20 of the General Statutes;
 4 (8) Sale at auction of a particular ~~brand-breed~~ of livestock conducted by an
 5 auctioneer who specializes in the sale of that ~~brand-breed~~ when such
 6 sale is conducted under the auspices of a livestock trade association;
 7 provided that the sale is regulated by the Packers and Stockyards Act
 8 and the auctioneer is required to be bonded by the United States
 9 Department of Agriculture;
 10 (9) Sales conducted by and on behalf of any charitable or religious
 11 organization; organization if the person conducting the sale receives no
 12 compensation therefor;
 13 (9a) Sales conducted by and on behalf of a civic club, not exceeding one
 14 sale per year;
 15 (10) Sales conducted by a trustee pursuant to a power of sale contained in a
 16 deed of trust on real property;
 17 (11) Sales of collateral, sales conducted to enforce carriers' or
 18 warehousemen's liens, bulk sales, sales of goods by a presenting bank
 19 following dishonor of a documentary draft, resales of rightfully
 20 rejected goods, resales of goods by an aggrieved seller, or other
 21 resales conducted pursuant to authority in Articles 2, 4, 6, 7 and 9 of
 22 Chapter 25 of the General Statutes (the Uniform Commercial Code).

23 (b) The exceptions provided in subdivisions (2), (4), (9), (9a) and (11) of
 24 subsection (a) of this section shall not apply to any person or entity engaged in the
 25 business of organizing, arranging, or conducting auction sales for compensation."

26 Sec. 3. G.S. 85B-3 reads as rewritten:

27 "**§ 85B-3. Auctioneers Commission.**

28 (a) There shall be a five-member North Carolina Auctioneers Commission
 29 having the powers and responsibilities set out in this Chapter. The Governor shall
 30 appoint the members of the Commission, at least three of whom, and their successors,
 31 shall be from nominations submitted by the Auctioneers Association of North Carolina.
 32 The Auctioneers Association shall submit, within 45 days of when the vacancy occurs,
 33 at least three names for each position for which it is entitled to make a nomination. Of
 34 the initial five members of the Commission one shall be appointed for a one-year term,
 35 two shall be appointed for two-year terms and two for three-year terms; thereafter, each
 36 new member shall be appointed for a term of three years. Any vacancy shall be filled
 37 for the remainder of the unexpired term only. Each member shall continue in office until
 38 his successor is appointed and qualified. No member shall serve more than two
 39 complete consecutive terms.

40 (b) At least three members of the Commission shall be experienced auctioneers
 41 who are licensed under this Chapter. One member shall be a person who shall represent
 42 the public at large and shall not be licensed under this Chapter. ~~The Governor shall~~
 43 ~~appoint a public member to fill the first vacancy on the Commission after July 1, 1983.~~

1 (c) The Commission shall employ ~~a secretary-treasurer~~ an executive director and
2 ~~such~~ other employees as needed to carry out the duties of this Chapter. All employees
3 shall serve at the pleasure of the Commission.

4 (d) Any action that may be taken by the Commission may be taken by vote of
5 any three of its members.

6 (e) The members of the Commission shall elect from among themselves a
7 chairman to serve a one-year term. No person shall serve more than two consecutive
8 terms as chairman.

9 (f) The Commission shall receive and act upon applications for auctioneer
10 licenses, issue and suspend and revoke licenses, adopt rules and regulations for
11 auctioneers and ~~auctions~~, auctions that are consistent with the provisions of this Chapter
12 and the General Statutes, and issue declaratory rulings, and take such other actions as may
13 be necessary to see that the provisions of this Chapter are carried out. ~~The Commission may~~
14 make and enforce reasonable rules and take other actions necessary to administer and
15 enforce the provisions of this Chapter.

16 (g) Members of the Commission shall receive the compensation set for members
17 of occupational licensing boards by G.S. 93B-5."

18 Sec. 4. G.S. 85B-4 reads as rewritten:

19 "**§ 85B-4. Licenses required.**

20 (a) No person who is not exempt under G.S. 85B-2, shall sell, or offer ~~his services~~
21 to sell, goods or real estate at auction in this State or perform any act for which an
22 auction firm license is required unless he-the person holds a currently valid auctioneer or
23 apprentice auctioneer license-license issued under this Chapter.

24 (b) No person shall be licensed as an apprentice ~~auctioneer or as an auctioneer if he-~~
25 auctioneer, auctioneer, or receive an auction firm license if the person:

- 26 (1) Is under 18 years of age;
- 27 (2) Repealed by Session Laws 1983, c. 751, s. 6, effective August 1, 1983.
- 28 (3) Has within the preceding five years pleaded guilty ~~to~~ to, entered a plea
29 of **nolo contendere** or been convicted of any felony; or-felony, or
30 committed or been convicted of any act involving fraud or moral
31 turpitude;
- 32 (4) Has had an auctioneer or apprentice auctioneer or auction firm license
33 revoked-revoked; or
- 34 (5) Has, within the preceding five years, committed any act which
35 constitutes grounds for license suspension or revocation under this
36 Chapter or a Commission rule.

37 (c) Each applicant for an apprentice auctioneer license shall submit a written
38 application in a form approved by the Commission and containing at least two
39 statements by residents of ~~North Carolina~~ the community in which the applicant resides
40 attesting to the applicant's good moral character.

41 (c1) Each apprentice auctioneer application and license shall name a licensed
42 auctioneer to serve as the supervisor of the apprentice. No apprentice auctioneer may
43 enter into an agreement to conduct an auction, or conduct an auction, without the
44 express approval of his supervisor. The supervisor shall review all contracts before

1 approving them and shall regularly review the records his apprentice is required to
2 maintain under G.S. 85B-7 and to see that they are accurate and ~~current~~-current, and
3 shall perform such other supervisory duties as may be required by the Commission.

4 (d) No person shall be licensed as an auctioneer unless ~~he~~the person has held an
5 apprentice auctioneer license and served as an apprentice auctioneer for the two
6 preceding years, accumulated sufficient knowledge and experience in such areas of the
7 auctioneer profession as the Commission may deem appropriate, and has taken an
8 examination approved by the Commission and performed on it to the satisfaction of the
9 Commission. The examination shall test the applicant's understanding of the law
10 relating to auctioneers and auctions, ethical practices for auctioneers, the mathematics
11 applicable to the auctioneer business, and such other matters relating to auctions as the
12 Commission considers appropriate. The examination shall be given at least twice each
13 year in Raleigh, and at ~~such~~ other times and places as the Commission designates, but no
14 person shall be allowed to take the examination within six months after having failed it
15 a second time.

16 Any person who has been in the auctioneer business in this State for at least two
17 years prior to the effective date of this act, and who makes proper application to the
18 Commission within one year after July 1, 1973, may be licensed as an auctioneer
19 without holding an apprentice license and serving as an apprentice of two years, and
20 without taking the examination required by this subsection. Any person who has
21 successfully completed the equivalent of at least 80 hours of classroom instruction in a
22 course in auctioneering at an institution approved by the Commission may be licensed
23 as an auctioneer without holding an apprentice license and serving as an apprentice for
24 two years, but must take the examination required by this subsection and perform on it
25 to the satisfaction of the Commission.

26 Each applicant for an auctioneer license shall submit a written application in a form
27 approved by the Commission. If the applicant has been previously licensed as an
28 apprentice auctioneer, the application shall contain an evaluation by the applicant's
29 supervisor of ~~his~~the applicant's performance as an apprentice ~~auctioneer~~-auctioneer and
30 the applicant's performance in specific areas as required by the Commission. If the
31 applicant is exempted from apprenticeship ~~because he has completed the~~ after completion
32 of the equivalent of at least 80 hours of classroom instruction in auctioneering, the
33 application shall contain a transcript of ~~his~~ the applicant's course work in auctioneering.
34 Each application shall be accompanied by statements of at least two residents of ~~North~~
35 ~~Carolina~~the community in which the applicant resides attesting to the applicant's good
36 moral character. The Commission may require verification of any information included
37 in an application for an auctioneer ~~license~~-license and may request other information or
38 verification of information provided to determine whether the applicant possesses the
39 good moral character or other qualifications for licensure.

40 (e) Each license issued under this Chapter shall be valid from July 1 of the year
41 issued, or from the date issued, whichever is later, to the following June 30 ~~of the~~
42 ~~succeeding year and may be~~ unless sooner revoked or suspended pursuant to this Chapter
43 or a rule of the Commission. A license may be renewed for one year at a time, except
44 an apprentice auctioneer license may not be renewed for more than three times. No

1 examination shall be required for renewal of an auctioneer license if the application for
2 renewal is made within ~~12~~ 24 months of the expiration of the previous license.

3 (f) No person shall be issued an auctioneer or apprentice auctioneer license until
4 ~~he the person~~ has made the contribution to the ~~Auctioneer Recovery~~ Fund as required by
5 G.S. 85B-4.1.

6 (g) ~~A sole proprietorship, partnership, or corporation which in the regular course~~
7 ~~of business promotes auctions, employs auctioneers to conduct auctions in its facilities,~~
8 ~~or uses or allows the use of its facilities for auctions,~~ An auction firm must be licensed
9 as an auctioneer business even though no owner or officer of that business acts as an
10 auctioneer. To be licensed as an auctioneer business the sole proprietorship, partnership
11 or corporation an auction firm must make the contribution to the Auctioneer Recovery
12 Fund as required by G.S. 85B-4.1 and must pay the proper fees as set out in G.S. 85B-6,
13 but is not otherwise required to meet qualifications for an auctioneer license. G.S. 85B-
14 6. Licensed auctioneer businesses shall be Auction firms are covered by the provisions
15 of G.S. 85B-8.

16 An auction firm license issued by the Commission is restricted to the persons named
17 in the license and does not inure to the benefit of any other person. Where a license is
18 issued to an auction firm, authority to transact business under the license is limited to
19 the person or persons designated in the application and named in the license.

20 The designated person or persons, prior to being licensed, shall be required to take a
21 written examination, approved by the Commission, and demonstrate to the satisfaction
22 of the Commission a thorough understanding of the law relating to the conduct of the
23 auction business and other matters the Commission deems appropriate. An individual
24 who is licensed as an auctioneer and who is the designated person applying for an
25 auction firm license is not required to take the auction firm examination. Licensed real
26 estate brokers and real estate firms may be exempt from the auction firm examination
27 provided they employ or associate themselves with a licensed auctioneer to handle those
28 aspects of the transactions peculiar to the auctioneer profession. Any person or entity,
29 on the effective date of this Chapter, duly licensed as an auction firm in good standing is
30 not required to take any examination in order to maintain or to renew auction firm
31 license provided that the license does not otherwise expire or lapse and is not suspended
32 or revoked by the Commission.

33 (h) The Commission shall publish at least once a year a list of names and
34 addresses of all persons, ~~sole proprietorships,~~ partnerships and corporations holding
35 valid apprentice auctioneer or auctioneer licenses or ~~designated as licensed auctioneer~~
36 ~~partnerships or corporations.~~ auctioneer, auctioneer, or auction firm licenses.

37 (i) The Commission may investigate as it deems necessary the ethical
38 background of any applicant for licensure under this Chapter."

39 Sec. 5. G.S. 85B-4.1 reads as rewritten:

40 "**§ 85B-4.1. Auctioneer Recovery Fund.**

41 (a) ~~In addition to the license fees provided for elsewhere in this Chapter, upon~~
42 ~~the application for a license or the renewal of a license, or both, the Commission may~~
43 ~~charge the applicant or licensee an amount not to exceed fifty dollars (\$50.00) per year~~
44 ~~to be included in the Auctioneer Recovery Fund (hereinafter the Fund).~~

1 (b) The purposes of the Fund shall be as follows:

2 (1) ~~When an auctioneer, apprentice auctioneer, or auctioneer business has~~
3 ~~been found guilty of violating any of the provisions of G.S. 85B or the~~
4 ~~rules promulgated thereunder, and upon the entry of a final agency~~
5 ~~decision by the Commission or if appealed, a court order, the~~
6 ~~Commission is authorized to pay the aggrieved party or parties an~~
7 ~~aggregate amount not to exceed ten thousand dollars (\$10,000) against~~
8 ~~any one auctioneer, apprentice auctioneer, or auctioneer business,~~
9 ~~provided that the auctioneer, apprentice auctioneer, or auctioneer~~
10 ~~business has refused to pay such claim within a period of 20 days of~~
11 ~~entry of the final agency decision or court order and provided further~~
12 ~~that the amount or amounts of money in question are certain and~~
13 ~~liquidated.~~

14 (2) ~~The Commission shall maintain a minimum level of one hundred~~
15 ~~thousand dollars (\$100,000) for recovery and guaranty purposes.~~
16 ~~These funds may be invested and reinvested by the State Treasurer in~~
17 ~~interest bearing accounts, such interest accrued being added to the~~
18 ~~Fund. Sufficient liquidity will be maintained so that there will be~~
19 ~~money available to satisfy any and all claims which may be processed~~
20 ~~through the Board. The Fund may be disbursed by a warrant drawn~~
21 ~~against the State Treasurer or other method at the discretion of the~~
22 ~~State Treasurer.~~

23 (3) ~~The Commission, in its discretion, may use any and all funds in excess~~
24 ~~of one hundred thousand dollars (\$100,000) for the following~~
25 ~~purposes:~~

26 a. ~~To carry out the advancement of education and research in the~~
27 ~~auctioneering profession for the benefit of those licensed under~~
28 ~~the provisions of this Chapter and the improvement of and~~
29 ~~making even more efficient the industry as such;~~

30 b. ~~To underwrite educational seminars, training centers, and other~~
31 ~~forms of educational projects for the use and benefit generally~~
32 ~~of licensees;~~

33 e. ~~To sponsor, contract for and to underwrite any and all other~~
34 ~~educational and research projects of a similar nature having to~~
35 ~~do with the advancement of the auctioneer profession in North~~
36 ~~Carolina; and~~

37 d. ~~To cooperate with associations of auctioneers and any and all~~
38 ~~other groups for the enlightenment and advancement of the~~
39 ~~auctioneer profession of North Carolina.~~

40 (a) In addition to license fees, upon application for a license or renewal of a
41 license, the Commission may charge the applicant or licensee up to fifty dollars
42 (\$50.00) per year to be included in the Fund.

43 (b) The Commission shall maintain at least one hundred thousand dollars
44 (\$100,000) in the Fund for use as provided in this Chapter. The Fund may be invested

1 by the State Treasurer in interest bearing accounts, and any interest accrued shall be
2 added to the Fund. Sufficient liquidity shall be maintained to insure that funds will be
3 available to satisfy claims processed through the Board. The Fund may be disbursed by
4 a warrant drawn against the State Treasurer or by other method at the discretion of the
5 State Treasurer.

6 (c) The Commission, in its discretion, may use contents of the Fund in excess of
7 one hundred thousand dollars (\$100,000) for the following purposes:

- 8 (1) To promote education and research in the auctioneer profession, in
9 order to benefit persons licensed under this Chapter and to improve the
10 efficiency of the profession;
- 11 (2) To underwrite educational seminars, training centers, and other forms
12 of educational projects for the use and benefit of licensees;
- 13 (3) To sponsor, contract for, or underwrite education and research projects
14 in order to advance the auctioneer profession in North Carolina; and
- 15 (4) To cooperate with associations of auctioneers, or other groups, in order
16 to promote the enlightenment and advancement of the auctioneer
17 profession in North Carolina."

18 Sec. 6. G.S. 85B-4.2 reads as rewritten:

19 "**§ 85B-4.2. Special provisions. Grounds for payment; notice and application to**
20 **Commission.**

21 (a) ~~In the event that an auctioneer, apprentice auctioneer, or auctioneer business~~
22 ~~is found guilty of violating any of the provisions of G.S. 85B or the rules promulgated~~
23 ~~thereunder, and if the amount of money lost by the aggrieved party or parties is in~~
24 ~~dispute or cannot be determined accurately, then the amount of damages shall be~~
25 ~~determined by the superior court in the county where the alleged violation took place,~~
26 ~~provided that the Board has previously determined that a violation of the license laws or~~
27 ~~rules and regulations has occurred and a final agency decision has been entered.~~

28 (b) ~~If such final agency decision has been entered and the rights of the licensee~~
29 ~~have been finally adjudicated, then the superior court shall make a finding as to the~~
30 ~~monetary damages growing out of the aforesaid violation or violations.~~

31 An aggrieved person who has suffered a monetary loss as a direct result of the
32 conversion of funds or property or other fraudulent act or conduct by a licensed
33 auctioneer, apprentice auctioneer, or auction firm shall be eligible to seek compensation
34 from the Fund subject to the limitations of this Chapter and the amount of loss which is
35 otherwise unrecoverable provided that:

- 36 (1) The aggrieved person has sued the licensee in a court of competent
37 jurisdiction and has filed with the Commission written notice of such
38 lawsuit within 60 days after its commencement unless the total loss
39 claimed excluding attorneys' fees is less than two thousand five
40 hundred dollars (\$2,500), in which case the notice may be filed within
41 90 days after the termination of all judicial proceedings, including
42 appeals;
- 43 (2) The aggrieved person has obtained final judgment in a court of
44 competent jurisdiction against the licensee based upon conversion or

1 other fraudulent conduct arising out of a transaction which occurred
2 when the licensee was licensed by the Commission and was acting in a
3 capacity for which a North Carolina license is required, which
4 judgment shall show the amount owed the aggrieved person;

5 (3) The aggrieved person was not engaged in any act or conduct for which
6 an auctioneer license is required and was not acting in violation of any
7 of the laws of the State of North Carolina or of the United States; and

8 (4) Execution on the judgment has been issued and has been returned
9 unsatisfied in whole or in part.

10 Upon the termination of all judicial proceedings including appeals, and for a period of
11 one year thereafter, a person eligible for recovery may file a verified application with
12 the Commission for payment out of the Fund of the amount remaining unpaid upon the
13 judgment which represents the actual and direct loss sustained by reason of conversion
14 or other fraudulent conduct. A certified copy of the judgment and return of execution
15 shall be attached to the application and filed with the Commission. The applicant shall
16 serve upon the judgment debtor a copy of the application and shall file with the
17 Commission an affidavit or certificate of service, in accordance with the procedures
18 specified by rule by the Commission."

19 Sec. 7. Chapter 85B of the General Statutes is amended by adding a new
20 section to read:

21 "§ 85B-4.3. Hearing; required showing.

22 Upon application by an aggrieved person, the Commission shall conduct a hearing
23 and the aggrieved person shall be required to show that:

24 (1) The person is not a spouse of the judgment debtor or a person
25 representing such spouse;

26 (2) The person gave notice of the lawsuit as required by G.S. 85B-4.2;

27 (3) The person is making application not more than one year after
28 termination of all judicial proceedings, including appeals, in
29 connection with the judgment;

30 (4) The person has complied with all requirements of this Article;

31 (5) The person has obtained a judgment as described in G.S. 85B-4.2;

32 (6) The person has made all reasonable searches and inquiries to ascertain
33 whether the judgment debtor is possessed of real or personal property
34 or other assets subject to be sold or applied in satisfaction of the
35 judgment;

36 (7) That by a search the person has discovered no real or personal property
37 or other assets subject to be sold or applied, or has discovered certain
38 of them, describing them, but that the amount realized was insufficient
39 to satisfy the judgment, stating the amount realized and the balance
40 remaining due on the judgment after application of the amount
41 realized; and

42 (8) The person has diligently pursued available remedies including
43 attempted execution on the judgment against all the judgment debtors
44 and the execution has been returned unsatisfied. In addition to that,

1 the person knows of no assets of the judgment debtor and has
2 attempted collection from all other persons who may be liable in the
3 transaction for which payment is sought from the Fund if there are any
4 other persons."

5 Sec. 8. Chapter 85B of the General Statutes is amended by adding a new
6 section to read:

7 **"§ 85B-4.4. Response and defense by Commission and judgment debtor; proof of**
8 **conversion or other fraudulent act.**

9 (a) When the Commission proceeds upon an application as set forth in this
10 Article, counsel for the Commission may defend action on behalf of the Fund and shall
11 have recourse to all appropriate means of defense, including the examination of
12 witnesses. The judgment debtor may personally defend the action and shall have
13 recourse to all appropriate means of defense, including the examination of witnesses.
14 Within 30 days after service of the application, counsel for the Commission and the
15 judgment debtor may file responses setting forth answers and defenses. Responses shall
16 be filed with the Commission and copies shall be served upon every party by the filing
17 party. If at any time it appears there are no triable issues of fact and the application for
18 payment from the Fund is without merit, the Commission shall dismiss the application.
19 A motion to dismiss may be supported by affidavit of any person having knowledge of
20 the facts and may be made on the basis that the application or the judgment referred to
21 does not form a basis for meritorious recovery under G.S. 85B-4.2, that the applicant
22 has not complied with the provisions of this Article, or that the liability of the Fund with
23 regard to the particular licensee or transaction has been exhausted; provided, however,
24 notice of such motion shall be given at least 10 days prior to the time fixed for hearing.

25 (b) Whenever the judgment obtained by an applicant is by default, stipulation, or
26 consent, or whenever the action against the licensee was defended by a trustee in
27 bankruptcy, the applicant, for purposes of this Article, shall have the burden of proving
28 the cause of action for conversion of funds or property or other fraudulent conduct.
29 Otherwise, the judgment shall create a rebuttable presumption of conversion or other
30 fraudulent conduct."

31 Sec. 9. Chapter 85B of the General Statutes is amended by adding a new
32 section to read:

33 **"§ 85B-4.5. Determination of certain small claims without a prior judicial**
34 **determination.**

35 Notwithstanding any other provisions of this Chapter, the Commission may, in its
36 discretion, order that payment be made from the Fund, without requiring a prior judicial
37 determination in any case where:

- 38 (1) The total loss claimed by the claimant is two thousand five hundred
39 dollars (\$2,500) or less;
40 (2) The amount of alleged loss is readily ascertainable rather than
41 speculative in nature;
42 (3) The alleged loss is one that is otherwise compensable under this
43 Chapter;

1 (4) The claimant filed a properly notarized complaint with the
2 Commission not more than one year following the date of the alleged
3 wrongful act or conduct of the licensee; and

4 (5) The Commission, in its discretion, determines that, based upon the
5 evidence presented, justice would be better served by allowing
6 compensation to be paid without first requiring the aggrieved party to
7 obtain a judgment from a court of competent jurisdiction."

8 Sec. 10. Chapter 85B of the General Statutes is amended by adding a new
9 section to read:

10 **"§ 85B-4.6. Order directing payment out of Fund; compromise of claims.**

11 (a) Applications for payment from the Fund shall be heard and decided by a
12 majority of the members of the Commission. If, after a hearing, the Commission finds
13 that the claim should be paid from the Fund, the Commission shall enter an order
14 requiring payment from the Fund of whatever sum the Commission shall find to be
15 payable upon the claim in accordance with the limitations contained in this Article.

16 (b) Subject to Commission approval, a claim based upon the application of an
17 aggrieved person may be compromised; however, the Commission shall not be bound in
18 any way by any compromise or stipulation of the judgment debtor."

19 Sec. 11. Chapter 85B of the General Statutes is amended by adding a new
20 section to read:

21 **"§ 85B-4.7. Limitations; pro rata distribution; attorneys' fees.**

22 (a) Payments from the Fund shall be subject to the following limitations:

23 (1) The right to recovery under this Article shall be forever barred unless
24 timely notice is given as required by G.S. 85B-4.2(a)(1) and
25 application is made within one year after termination of all
26 proceedings, including appeals, in connection with the judgment.

27 (2) The Fund shall not be liable for more than ten thousand dollars
28 (\$10,000) per transaction regardless of the number of persons
29 aggrieved.

30 (3) The liability of the Fund shall not exceed in the aggregate ten thousand
31 dollars (\$10,000) for any one licensee within a single calendar year,
32 and in no event shall it exceed in the aggregate twenty thousand
33 dollars (\$20,000) for any one licensee.

34 (4) The Fund shall not be liable for payment of any judgment awards of
35 consequential damages, multiple or punitive damages, civil penalties,
36 incidental damages, special damages, interest, costs of court or action,
37 or other similar awards.

38 (b) If the maximum of the Fund is insufficient to pay in full the valid claims of
39 all aggrieved persons whose claims relate to the same transaction or to the same
40 licensee, the amount for which the Fund is liable shall be distributed among the
41 claimants in a ratio that their respective claims bear to the total of such valid claims or
42 in a manner the Commission deems equitable. Upon petition of the Commission, the
43 Commission may require all claimants and prospective claimants to be joined in one

1 proceeding so that the respective rights of all claimants to the Fund may be equitably
2 resolved."

3 Sec. 12. Chapter 85B of the General Statutes is amended by adding a new
4 section to read:

5 **"§ 85B-4.8. Repayment to Fund; automatic suspension of license.**

6 Should the Commission pay from the Fund any amount in settlement of a claim or
7 toward satisfaction of a judgment against a licensee, the license of the licensee shall be
8 automatically suspended upon the effective date of the order authorizing payment from
9 the Fund. The licensee shall not be eligible for consideration for reinstatement until
10 repayment in full, plus interest at the legal rate as provided for in G.S. 24-1, the amount
11 paid from the Fund."

12 Sec. 13. Chapter 85B of the General Statutes is amended by adding a new
13 section to read:

14 **"§ 85B-4.9. Subrogation of rights.**

15 When the Commission has paid from the Fund any sum to the judgment creditor, the
16 Commission shall be subrogated to all of the rights of the judgment creditor to the
17 extent of the amount paid and the judgment creditor shall assign all his right, title, and
18 interest in the judgment to the extent of the amount paid to the Commission and any
19 amount and interest recovered by the Commission on the judgment shall be deposited in
20 the Fund."

21 Sec. 14. Chapter 85B of the General Statutes is amended by adding a new
22 section to read:

23 **"§ 85B-4.10. Waiver of rights.**

24 The failure of an aggrieved person to comply with this Chapter shall constitute a
25 waiver of any rights hereunder."

26 Sec. 15. Chapter 85B of the General Statutes is amended by adding a new
27 section to read:

28 **"§ 85B-4.11. Persons ineligible to recover from Fund.**

29 No licensee who suffers the loss of any commission from any transaction in which
30 the licensee was acting in the capacity of an auctioneer, apprentice auctioneer, or
31 auction firm shall be entitled to make application for payment from the Fund for the
32 loss. Likewise, any person who suffers any monetary loss as a result of a joint business
33 venture of any sort with a licensee shall not be entitled to be compensated from the
34 Fund for the loss."

35 Sec. 16. Chapter 85B of the General Statutes is amended by adding a new
36 section to read:

37 **"§ 85B-4.12. Disciplinary action against licensee.**

38 Nothing contained in this Article shall limit the authority of the Commission to take
39 disciplinary action against any licensee under this Chapter, nor shall the repayment in
40 full of all obligations to the Fund by any licensee nullify or modify the effect of any
41 other disciplinary proceeding brought under this Chapter."

42 Sec. 17. G.S. 85B-5 reads as rewritten:

43 **"§ 85B-5. Licensing of nonresidents.**

1 (a) Any person who holds a valid auctioneer license in another state may apply
2 for and be granted a reciprocal North Carolina license if the resident state in which he
3 the person is licensed has minimum training or experience standards which are
4 acceptable to the Commission but are not more lenient than those required by this
5 Chapter. ~~Chapter~~, if the resident state extends similar reciprocal privileges to auctioneers
6 who are residents of and licensed by the State of North Carolina.

7 (b) An applicant under this section shall submit an application and other
8 documentation and proof of eligibility for licensure as may be required by the
9 Commission, but shall not be required to take the examination required under G.S. 85B-4
10 ~~but G.S. 85B-4.~~ Applicants shall pay the appropriate fee under G.S. 85B-6 and shall file
11 with the Commission an irrevocable consent that service on the ~~secretary~~ Executive
12 Director of the Commission shall be sufficient service of process for actions against the
13 applicant by a resident of this State arising out of his auctioneering activities.

14 (c) An applicant under this section shall make the contribution to the ~~Auctioneer~~
15 ~~Recovery~~ Fund as required by G.S. 85B-4.1. Any license issued under this section shall
16 be marked to indicate that its holder is a ~~nonresident~~ nonresident reciprocal licensee.

17 (d) A license issued pursuant to this section shall be valid from the date of
18 issuance to the following June 30 and may be renewed from year to year unless
19 suspended or revoked pursuant to the provisions of this Chapter or rule of the
20 Commission, provided that the licensee continues to be a resident of and duly licensed
21 in good standing in the licensee's resident state.

22 (e) Any person licensed under this section shall notify the Commission of the
23 lapse, surrender, suspension, revocation, or any other act amounting to a loss of license
24 in the person's resident state. The notice must be sent to the Commission, by certified
25 mail, return receipt requested, within 10 days of the occurrence.

26 (f) Any person licensed under this section shall provide the Commission with
27 written notice of any change of business address or residence within 10 days of the
28 occurrence.

29 (g) Any license issued under this section shall be immediately suspended or
30 revoked based upon the occurrence of any of the events set out in subsection (e) of this
31 section or based upon a change of principal state residence of the reciprocal licensee.

32 (h) Any person whose license is terminated as a result of a change of principal
33 state residence may reapply for reciprocal status provided the person is otherwise
34 eligible for a license based upon the new state residence, and submits with the
35 application the fees required by the Commission.

36 (i) Notwithstanding any other provision of this section, a reciprocal licensee who
37 subsequently becomes a domiciliary of the State of North Carolina may request, by
38 application, that the reciprocal license be converted to that of an in-State licensee
39 without having to take the State exam required by G.S. 85B-4. The Commission may,
40 however, require an applicant to pay processing and application fees it deems
41 appropriate."

42 Sec. 18. G.S. 85B-6 reads as rewritten:

43 "**§ 85B-6. Fees; local governments not to charge fees or require licenses.**

1 (a) The Commission shall collect and remit to the State Treasurer fees in an
2 amount not to exceed the following: fifty dollars (\$50.00) for application for apprentice
3 auctioneer license; twenty-five dollars (\$25.00) for apprentice auctioneer license for one
4 year; twenty-five dollars (\$25.00) for application for auctioneer license and for
5 examination; one hundred dollars (\$100.00) for auctioneer license for one year; seventy-
6 five dollars (\$75.00) for designation as licensed auctioneer business.

7 (b) No local government or agency of local government may charge any fees or
8 require any licenses for auctioneers, apprentice auctioneers, or auctioneer businesses in
9 addition to those set out in this Chapter."

10 Sec. 19. G.S. 85B-7 reads as rewritten:

11 "**§ 85B-7. Conduct of ~~auetion-~~ auction; records.**

12 (a) No ~~person-licensee~~ shall conduct an auction in this State without first having a
13 written agreement with the owner of any property to be sold. The agreement must
14 contain the terms and conditions upon which the auctioneer received the goods for sale.
15 The ~~auetioneer-licensee~~ shall provide the owner with ~~one~~ a signed copy of the agreement
16 and shall keep at least one copy for his own records for two years from the date of the
17 agreement. ~~A written agreement shall not be required for a sale at auction if the sale is made at~~
18 ~~an auction house or similar place where members of the public are generally offered the~~
19 ~~opportunity to present goods for sale, there has been no prior negotiation between the owner~~
20 ~~and the auctioneer, and the goods are not sold for more than five hundred dollars (\$500.00).~~
21 Copies of all contracts shall be made available to the Commission or its designated
22 agent upon request.

23 (b) Each ~~auetioneer-licensee~~ shall maintain a ~~record book~~ accounting records and
24 enter in it, ~~them,~~ upon receipt of goods for auction and before their sale, the name and
25 address of the person who employed ~~him~~ the licensee to sell the goods at auction and the
26 name and address of the owner of the goods to be sold. ~~It shall not be necessary to enter in~~
27 ~~the record book any record of sales made at an auction house or similar place where members~~
28 ~~of the public are generally offered the opportunity to present goods for sale, there has been no~~
29 ~~prior negotiation between the owner and the auctioneer, and the goods are not sold for more~~
30 ~~than five hundred dollars (\$500.00).~~ The record book accounting records shall be open for
31 inspection by the Commission or its designated agent at reasonable times.

32 (c) ~~Each auetioneer~~ All licensees shall have ~~his license~~ their licenses available at
33 each auction ~~he conducts~~ they conduct.

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

40 Sec. 20. Chapter 85B of the General Statutes is amended by adding a new
41 section to read:

42 "**§ 85B-7.1. Handling clients' funds.**

43 (a) Each licensee shall maintain a trust or escrow account and shall deposit in the
44 account all funds received for the benefit of another person. The funds shall be

1 deposited with an insured bank or savings and loan association located in North
 2 Carolina.

3 (b) Each licensee shall maintain, for not less than five years, complete records
 4 showing the deposit, maintenance, and withdrawal of trust or escrow funds. The
 5 Commission or its designated agent may inspect these records periodically, without
 6 prior notice and may also inspect these records whenever the Commission determines
 7 that they are pertinent to an investigation of any specific complaint against a licensee."

8 Sec. 21. Chapter 85B-8 reads as rewritten:

9 "**§ 85B-8. Prohibited acts; denial, suspension—suspension, or revocation of license.**

10 (a) The following shall be grounds for denial, suspension—suspension, or
 11 revocation of an auctioneer or apprentice auctioneer license: ~~auctioneer, auctioneer~~
 12 apprentice, or auction firm license:

- 13 (1) Any violation of this Chapter or any violation of a rule or regulation
 14 duly adopted by the Commission;
- 15 (2) A continued and flagrant course of misrepresentation or making false
 16 promises, either by the ~~auctioneer—~~licensee, an employee of the
 17 licensee, or by someone acting ~~in his—on~~ behalf of and with ~~his—the~~
 18 licensee's consent;
- 19 (3) Any failure to account for or to pay over within a reasonable time, not
 20 to exceed 30 days, ~~money—funds~~ belonging to another which ~~has—have~~
 21 come into the ~~auctioneer's—~~licensee's possession through an auction sale;
- 22 (4) Any ~~false, misleading—misleading,~~ or untruthful advertising;
- 23 (5) Any act of conduct in connection with a sales transaction which
 24 demonstrates bad faith or dishonesty;
- 25 (6) Knowingly using false bidders, cappers or pullers, or knowingly
 26 making a material false statement ~~for license; or representation;~~
- 27 (7) Commingling the ~~money—funds~~ or property of a client with ~~his—the~~
 28 licensee's own or failing to maintain and deposit in a trust or escrow
 29 account in an insured bank or savings and loan association located in
 30 North Carolina ~~money—funds~~ received for another person through sale
 31 at ~~auetion—~~auction;
- 32 (8) Failure to make the required contribution to the ~~Auctioneer Recovery~~
 33 ~~Fund—Fund;~~
- 34 (9) The commission or conviction of a crime that is punishable as a felony
 35 offense under the laws of North Carolina or the laws of the jurisdiction
 36 where committed or convicted, or the commission of any act involving
 37 fraud or moral turpitude;
- 38 (10) Failure to properly make any disclosures or to provide documents or
 39 information required by this Chapter or by the Commission;
- 40 (11) A demonstrated lack of financial responsibility.

41 (b) to (d) Repealed by Session Laws 1973, c. 1195, s. 5.

42 (e) The Commission may upon its own motion or upon the complaint in writing
 43 of any person, provided the complaint and any evidence presented with it establishes a
 44 **prima facie** case, hold a hearing and investigate the actions of any ~~auctioneer or~~

1 ~~apprentice auctioneer~~ auctioneer, apprentice auctioneer, or auction firm, or any person
2 who holds himself or herself out as an auctioneer or apprentice auctioneer, and shall
3 have the power to suspend or revoke any license issued under the provisions of this
4 ~~Chapter.~~ Chapter, or to reprimand or censure any licensee. In all proceedings for the
5 ~~denial, suspension~~ suspension, or revocation of licenses, the provisions of Chapter 150B
6 of the General Statutes including provisions relating to summary suspension shall be
7 applicable. Any person who desires to appeal the denial of an application for any
8 license authorized to be issued under this Chapter shall file a written appeal with the
9 Commission not later than 30 days following notice of denial.

10 (f) A person whose license has been denied, suspended, or revoked may not
11 apply in that person's name or in any other manner within the period during which the
12 order of denial, suspension, or revocation is in effect, and no firm, partnership, or
13 corporation in which any person has a substantial interest or exercises management
14 responsibility or control may be licensed during the period."

15 Sec. 22. G.S. 85B-9(b) reads as rewritten:

16 "(b) The Commission may in its own name seek injunctive relief in the General
17 Court of Justice to restrain any violation or anticipated violation of the provisions of
18 ~~G.S. 85B-4(a).~~ G.S. 85B-4(a) or any violation of this Chapter."

19 Sec. 23. G.S. 20-286(11) reads as rewritten:

20 "(11) Motor vehicle dealer or dealer. – A person who does any of the
21 following:

- 22 a. For commission, money, or other thing of value, buys,
23 sells, or exchanges, whether outright or on conditional
24 sale, bailment lease, chattel mortgage, or otherwise, five
25 or more motor vehicles within any 12 consecutive
26 months, regardless of who owns the motor vehicles.
- 27 b. On behalf of another and for commission, money, or
28 other thing of value, arranges, offers, attempts to solicit,
29 or attempts to negotiate the sale, purchase, or exchange
30 of an interest in five or more motor vehicles within any
31 12 consecutive months, regardless of who owns the
32 motor vehicles.
- 33 c. Engages, wholly or in part, in the business of selling new
34 motor vehicles or new or used motor vehicles, or used
35 motor vehicles only, whether or not the motor vehicles
36 are owned by that person, and sells five or more motor
37 vehicles within any 12 consecutive months.
- 38 d. Offers to sell, displays, or permits the display for sale for
39 any form of compensation five or more motor vehicles
40 within any 12 consecutive months.
- 41 e. Primarily engages in the leasing or renting of motor
42 vehicles to others and sells or offers to sell those vehicles
43 at retail.

1 The term 'motor vehicle dealer' or 'dealer' does not include any of
2 the following:

3 a. Receivers, trustees, administrators, executors,
4 guardians, or other persons appointed by or acting under the
5 judgment or order of any court.

6 b. Public officers while performing their official duties.

7 c. Persons disposing of motor vehicles acquired
8 for their own use or the use of a family member, and
9 actually so used, when the vehicles have been acquired and
10 used in good faith and not for the purpose of avoiding the
11 provisions of this Article.

12 d. Persons who sell motor vehicles as an incident to
13 their principal business but who are not engaged primarily in
14 the selling of motor vehicles. This category includes
15 financial institutions who sell repossessed motor vehicles
16 and insurance companies who sell motor vehicles to which
17 they have taken title as an incident of payments made under
18 policies of insurance, and auctioneers who sell motor
19 vehicles for the owners or the heirs of the owners of those
20 vehicles as part of an auction of other personal or real
21 property or for the purpose of settling an estate or closing a
22 business or who sell motor vehicles on behalf of a
23 governmental entity, and who do not maintain a used car lot
24 or building with one or more employed motor vehicle sales
25 representatives.

26 e. Persons manufacturing, distributing or selling trailers
27 and semitrailers weighing not more than 750 pounds and
28 carrying not more than a 1,500 pound load.

29 f. A licensed real estate broker or salesman who sells a
30 mobile home for the owner as an incident to the sale of land
31 upon which the mobile home is located.

32 g. An employee of an organization arranging for the
33 purchase or lease by the organization of vehicles for use
34 in the organization's business.

35 h. Any publication, broadcast, or other communications
36 media when engaged in the business of advertising, but
37 not otherwise arranging for the sale of motor vehicles
38 owned by others.

39 i. Any person dealing solely in the sale or lease of vehicles
40 designed exclusively for off-road use.

41 j. Any real property owner who leases any interest in
42 property for use by a dealer.

43 k. Any person acquiring any interest in a motor vehicle for
44 a family member."

1 Sec. 24. This act becomes effective January 1, 1993.