

Auctions

by William W. Edmunds

My topic this afternoon is Auctions. This talk will concern itself with how and possibly why to choose an auction house, if you should ever need to do so. The process of selecting an auctioneer can, at times, be a frustrating experience, and even an unsatisfactory experience if one goes about choosing a gallery without giving the matter considerable thought. I hope I can help you avoid some of the pitfalls that can occur and set you on the right road for solving this sometimes difficult problem.

I have tried my best to be as unbiased as I can about choosing any particular auctioneer even though this is difficult, since, as some of you know, I have been associated with Richard A. Bourne Company, an auction gallery on Cape Cod, for twenty-two years. When George Missbach sent me my "it's your turn to speak" letter a year or so ago, he asked if I would speak on auctions and I said that I would be glad to as long as he did not think that it would seem as if I were seeking business at a Society meeting. He felt that I could handle the situation so here I am. I will end this talk with a twenty minute movie which I hope will explain visually how a reputable gallery goes about doing a major auction, and although the film was produced by Richard A. Bourne Company eight or so years ago, I am sure that you will find it of interest, even though the prices and the gallery facilities will be somewhat dated.

One qualification that I will make at the outset is that when I refer to auction I, in each case, refer only to reputable firms that properly advertise, catalogue, and sell their merchandise.

One definition of "auction" is that it is a proceeding at which people are invited to compete for the purchase of property by successive offers of advancing sums. Most of you know that the method of auction has been used for many centuries as a means of selling. I found a few interesting facts about early auctions while looking into the history of auction, and I have included a few that I found unusual.

Herodotus, in his writings, describes the custom which prevailed in Babylonian villages of disposing of maidens in marriage by delivering them to the highest bidders in an annual assembly held specifically for that purpose. The Romans sold military booty and captives of war at auction and, according to Gibbon, one of the largest grossing auctions in history occurred on March 28, 193 A.D., when the throne of the Roman Empire was auctioned to the highest bidder by the Praetorian Guard who had taken over the empire after murdering the Emperor Pertinax. The two bidders were Julianus, a wealthy Senator, and Sulpicianus. The two men stood in front of the ramparts and sent messages to the Guards who numbered nine to ten thousand men at the time. The winning bid was 6,250 drachmas payable to each soldier in the guard and the successful bidder was Julianus. Now 6,250 drachmas amounted to about 200 pounds of Sterling, so it was a tidy sum. The sad end to the story is that Julianus lasted sixty-six days before he was beheaded on June 2, 193 A.D., and succeeded by Severus, the



head of the Panomanian legions.

Various methods of auction have been used over the years and a few of the more interesting ones I shall tell you about. In 1698, William III of England enacted a law that prescribed an unusual method for disposing of goods that had been imported from East India. A one inch candle was lit and the bidding started and continued until the wick burned itself out. The last bid before the flame went out was the successful bid.

In early Dutch auctions the property was offered at successively lower prices until one was accepted. Dumb bidding was the name given to the type of auction when a price designated by the owner was placed under a candlestick with the stipulation that no bidding would count if that price was not equaled. This is basically what we call a reserved auction today. Roup was the Scottish name for an auction by this method, a bid was only an offer and could be withdrawn up until the time the hammer fell. Well, enough of the past, let's move on to the present.

Selling goods over the auction block is becoming more and more popular in the United States and throughout the world, as is the practice of buying goods at auction. In 1979, Sotheby Park Bernet sold approximately \$412 million worth of goods worldwide. Add to this amount the gross of all the other auction galleries worldwide and the amount is staggering.

Auction is a useful tool in disposing of various kinds of property if it is properly utilized. The auction method is unique because it presents a single piece of property to a large, interested, buying group for a short period of time (usually less than 60 seconds) and sells the piece to the individual who is willing to pay the most in active competition with his or her peers.

Many of you will at some time be in a position of having to dispose of an estate which consists of a collection or a single item, because you have been named executor in a will, or a good friend or relative has asked your advice on how to sell a house full of things, or a few things, or, possibly, you have

decided to sell something of your own. Some of you may be associated with a trust department of a bank or law firm where it becomes your responsibility to find the most advantageous means of marketing a group of items. It is a good guess that some time in your life the auction gallery will be a means of selling that you will consider, or should consider.

The psychology of auction is an interesting phenomenon that can work to the seller's advantage in a way that can not be duplicated on a "one on one" basis. Public competition for an item can create considerable ego in some individuals, a quality that drives them onward so as not to "lose the battle." The sense of pride can also come to the surface and urge the bidder on. There are some people that use a public auction to be the center of attraction and, by being the highest bidder, call attention to themselves. Some buyers have to purchase certain items in some situations to maintain an image or to build an image. These are but a few of the interesting motivations that can influence the price of a piece at auction far more strongly than they would at private sale.

A buyer who sees a piece in an antique shop that he is interested in, can take his time, discuss price, haggle a bit, tell the owner he will think about the transaction for a while and, in general, delay a decision. A good night's sleep gives ample time for a change in feeling or desire for the piece, time to talk to a friend who might dissuade him from his original thoughts on the piece and, in general, cool his initial enthusiasm. Were this same piece put up at auction, the excitement of ownership and the competition from his peers during the short period of selling would force him to make a much quicker decision while he was caught up in the excitement of bidding and might even cause him to pay more than he had originally planned to pay. How many of you have attended an auction and decided on a maximum limit that you were willing to spend for a piece before the bidding started and have exceeded that limit during the heat of bidding?

At most auctions there are dealers who earn a living by buying and selling and you would expect that they have set an absolute maximum they were willing to pay for an object in order to resell it. Even they, for one reason or another, often exceed this price. I know this to be true for I have asked them.

Many times people will call in two or three dealers, or groups, for whatever material they wish to dispose of and take the highest offer. This may be a satisfactory means of selling in some cases, but I believe that in most instances the sale of goods at public auction will net the most amount of money, and be the best defensible position for an executor, trust officer, or museum board to be in.

A few years ago, the leading decoy collector in the country passed away and left a collection of 2,600 decoys to be disposed of by his company. The collection was appraised by several of the top ranking dealers in that field and then bids were asked for. The highest bid for the group was approximately \$276,000. Richard A. Bourne and Company was commissioned to auction the collection and a gross of \$660,000 was realized for the group over a two year period. The interest in and competition over the birds was intense and the result could not have been foreseen even by the top experts in this field of collecting. The procedures of auction produced results that have had a

lasting influence on decoy collection.

When Bill Locke passed away and I learned that the collections was to be sold, I did my utmost to convince the family to auction the collection. The collection had all the charisma that goes to make a successful auction—a name that was in the forefront of the arms collecting world, both nationally and internationally, and also extreme quality and variety. I still think today of what that group of items might have grossed over a two or three year period had it gone entirely to public auction, and what individual price records might have been set at that time. Please forgive me, Bob and Ted.

Many times the unexpected will happen at an auction. Something that you have no way to foretell will occur and affect the price of a given object. One example that I will never forget took place eleven or twelve years ago when we were auctioning a fine collection of scrimshaw. The particular item was a pair of whalebone doorknobs from a ship's cabin. They were very plain but were an example of the whaler's art that I had not seen before or, as a matter of fact, since. There were two people in attendance who were always in competition for unusual whalebone items. In this particular case, the attitude of one person that the knobs were too good for the other person to have, played a large part in the price the knobs brought. Our estimate was, I believe, \$75-\$100 and the final bid was \$1,000. Were these same knobs sold today, I doubt that this price would be equaled.

Another example of the unexpected that can happen at auction also took place in a Marine sale. We were selling a Chinese port painting of a ship which had the Captain's name and the ship owner's name painted in a border below the ship. When we advertised the painting, we had calls from a descendent of the ship's captain and also from a descendent of the ship's owner. Both parties arrived at the auction and, needless to say, the painting brought many times our estimate.

Our last interesting example of chance took place last August at our American Painting sale. I had gone to Atlanta to bring back a weapons collection for auction the previous fall and while I was walking through the dining room of the house, I saw a fine American nineteenth century still life painting of fruit and watermelon. The painting was unsigned but was one you would never forget after having once seen it. I told the owner it was a heck of a painting and he said, "What do you mean in dollars?" Without any research material in that field with me, I guessed 8-10 thousand dollars. He told us to take it along and sell it. We had the painting examined by authorities in the field but could not come up with even an attribution as to the artist. About a week before the day of the sale, after the catalogue was in print, a lady wrote us and enclosed a photograph of a painting that she had that was almost the same, only a bit smaller. She said that hers was signed on the back by an artist by the name of Joseph Procter. Procter turned out to be a black artist living in New York in the 1830s and only two examples of his work had come to light at that time. Our catalogue estimate was 10-15 thousand dollars. The painting sold for \$69,000 to the singer Andy Williams.

I could go on with more stories of this type, but my intent has been to show you what can happen in the world of auction by mere chance.

There seem to be hundreds of new auction galleries springing up throughout the country and the majority, I am sure, are reputable concerns, but as with most businesses some are not. The matter of selecting a gallery to work for you is really not a great deal different than choosing a doctor, lawyer, or any other personal service which you need. An auction house should be chosen with the same care and research with which you might select any professional to work for you. Once you have made your choice, you should step back and let the gallery do its job without trying to tell the auctioneer how to do his job. It is no different than trying to tell a lawyer how to try your case. You have hired the gallery to do the job and you should rely on that gallery's expertise and judgment to do the selling to your best advantage. It is amazing how many consignors try to tell us how and when to run their auctions, and even how to advertise them.

The search for a gallery should include some very specific questions to which you should get satisfactory answers. Some of the more important questions to ask are the following: What do you charge for your service? This question can be answered five different ways by five different galleries. Some may say 10%, others 20%, and still others 30% scale or various versions of the preceding figures. At this point you still have not really learned what it is going to cost you. The next important questions is what services are included in your commission and what services are over the above the commission quoted. Now you begin to find out the real cost. The gallery that quoted 10% might say that the services of trucking, insurance, photography and special advertising are extra, and, if it is a reserved gallery, the buy back fee will be 3% or some such figure of the hammer price.

The gallery that quoted 30% scale commission might tell you that this means that each item that sells for up to \$500 is 30%; \$501 to \$1,500, 25%; \$1,501 to \$5,000, 20%. In other words, as the hammer price ascends the commission decreases accordingly. This same gallery might also tell you that the commission is all inclusive and that there are no extra charges. What I am saying is that when you have considered the whole picture the gallery that initially seemed to be charging you the most, was no more expensive than the gallery that seemed to be charging the least and, possibly, it was less expensive. The point that I am really trying to get across by these examples is that you must really examine what you are getting for the commission that you pay and then compare commissions.

From the gallery standpoint, each situation is a special one and some times a commission must be tailored for the specific collection. For example, if a gallery was offered the Hope diamond to sell, a special commission would be created for that specific consignment.

The largest auction houses make news all the time and their names are constantly in the public eye and are well known. This fact, however, does not mean that they are the gallery that will best serve your individual needs. A great many times a gallery that is not in the top five in auction gross each year can be far more suited to your specific needs than the larger gallery. You, the consignor, can become a very big fish in a small pond rather than just a small fish in a very big ocean. By this I mean more personal attention to you and your sales needs

can often be gotten at a smaller gallery without sacrificing your net proceeds. The type of item that you may be selling could also lead you to a smaller gallery that was known for specializing in such items.

Another important question is, "When will I be paid?" This question will also produce different answers from different galleries, based on the type of auction they run. A major gallery that runs catalogued auctions and actively seeks absentee bids will probably answer three weeks to thirty days from the date of the sale. There is good reason for this length of time for it takes time to send out bills and collect money and have checks clear the bank, from absentee bidders in this or foreign countries. I have seen an auction contract that stated that the gallery would pay the consignor within thirty days after they were paid, which could prove to be an interesting experience to the consignor. To look at the opposite end of the spectrum, a country type auctioneer that collects in cash after each item is sold, will probably be able to pay the consignor the same day as the auction.

The question of whether the gallery has a good absentee bidding system, I personally believe, is becoming more important each day. I say this because energy is becoming a vital factor in our economy. By having a sound, honest and respected absentee bidding system, the gallery can create a whole second audience that is not actually seated in the gallery at the time of the sale. This type of gallery can also attract a bid on a single item from a fellow in California who can not get to the East Coast for the auction but will send a significant bid if he feels that the cataloguing is guaranteed to be correct so that he will receive in the mail an item that resembles in condition, etc., the item he saw described in the catalogue. It takes a long time for a gallery to build such a reputation but there are some who have.

The basic absentee bidding system should work in the following manner. If an individual can not be at an auction in person for one reason or another, he can leave a specified amount that he is willing to pay on an item. The bidding starts in the audience as it usually would and if the absentee bid is not reached, a bidder for the gallery will bid in his behalf, in the same increments that the audience is bidding until he owns the item or the amount bid by the person in the audience equals or surpasses his bid. If more than one bid is left on a single item, the auctioneer would start the bidding at the next logical raise over the second highest bid. For example, if one person left \$100 and one left \$200, the bidding would start at \$125 and the house bidder would bid for the \$200 bidder until his bid was reached by the audience or until he owned the item for his bid amount or lower. It is important to know that technically a person can leave a bid of \$1,000 on an item and wind up owning it for \$200 if he is dealing with an unreserved gallery. In other words, a gallery should not start the bidding on an item at \$1,000 if that is the only bid left on the item. All this might sound complicated but this system makes it as much like the bidder is in the audience as is possible. I will be glad to answer any questions you may have on this procedure if you see me after my talk.

The question of advertising is also important and the potential consignor should ask what newspapers, magazines, etc.,

will be used for his sale. Also the question of an illustrated brochure and what type of people it will be sent to.

Lastly, if the collection of items that you are selling is of substantial value and you have any reservations about the auction house, you should ask the gallery to enter into a contractual agreement that specifically states the commission, what services are included for this commission, when the sale will be

held, the payment procedure, and any other pertinent specifics.

These suggestions have been but a check list of some of the important questions that you should ask, but by no means is it to be considered all inclusive. Each situation is different and may warrant some additional questions and answers.



Auctions are great, but some people have good luck at ASAC meetings, too: Bill Floyd sold some long guns at Sarasota. (Read the tags)



Here are some other "sale" items at Sarasota—can't tell if any were sold, though.