

**As Introduced**

**132nd General Assembly**

**Regular Session**

**2017-2018**

**H. B. No. 480**

**Representative Hill**

**Cosponsors: Representatives Scherer, Seitz**

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**A BILL**

To amend sections 4707.01, 4707.023, 4707.15, 1  
4707.20, and 4707.22 of the Revised Code to 2  
establish requirements governing multi-parcel 3  
auctions. 4

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:**

**Section 1.** That sections 4707.01, 4707.023, 4707.15, 5  
4707.20, and 4707.22 of the Revised Code be amended to read as 6  
follows: 7

**Sec. 4707.01.** As used in this chapter: 8

(A) "Auction" means a method of sale of real or personal 9  
property, goods, or chattels, at a predetermined date and time, 10  
by means of a verbal exchange, regular mail, telecommunications, 11  
the internet, an electronic transmission, or a physical gesture 12  
between an auctioneer or apprentice auctioneer and members of 13  
the audience or prospective purchasers, the exchanges and 14  
gestures consisting of a series of invitations for offers made 15  
by the auctioneer and offers by members of the audience or 16  
prospective purchasers, with the right to acceptance of offers 17  
with the auctioneer or apprentice auctioneer. "Auction" includes 18

a sale of real or personal property, goods, or chattels in which 19  
there has been a solicitation or invitation by advertisement to 20  
the public for an advance in bidding using sealed bidding, 21  
provided that the bids are opened and there is a call for an 22  
advancement of the bids. 23

(B) "Auctioneer" means any person who engages, or who by 24  
advertising or otherwise holds the person out as being able to 25  
engage, in the calling for, recognition of, and the acceptance 26  
of, offers for the purchase of real or personal property, goods, 27  
or chattels at auction either directly or through the use of 28  
other licensed auctioneers or apprentice auctioneers. 29

(C) "Apprentice auctioneer" means any individual who is 30  
sponsored by an auctioneer to deal or engage in any activities 31  
mentioned in division (A) of this section. 32

(D) "Special auctioneer" means any person who currently is 33  
subject to section 4707.071 of the Revised Code. 34

(E) "Absolute auction" means an auction of real or 35  
personal property to which all of the following apply: 36

(1) The property is sold to the highest bidder without 37  
reserve. 38

(2) The auction does not require a minimum bid. 39

(3) The auction does not require competing bids of any 40  
type by the seller or an agent of the seller. 41

(4) The seller of the property cannot withdraw the 42  
property from auction after the auction is opened and there is 43  
public solicitation or calling for bids. 44

(F) "Reserve auction" means an auction in which the seller 45  
or an agent of the seller reserves the right to establish a 46

stated minimum bid, the right to reject or accept any or all 47  
bids, or the right to withdraw the real or personal property at 48  
any time prior to the completion of the auction by the 49  
auctioneer. 50

(G) "Auction mediation company" means a company that 51  
provides a forum through the internet for a person to sell the 52  
person's real or personal property via the submission of silent 53  
bids using a computer or other electronic device. 54

(H) "Public authority" means any board or commission of 55  
the state or any officer of such a board or commission, or any 56  
political subdivision of the state. 57

(I) "Estate auction" means the auction of real or personal 58  
property of a deceased person. 59

(J) "Absentee bidding" means a method by which a potential 60  
purchaser authorizes a proxy to place on behalf of the potential 61  
purchaser a written or oral bid to an auctioneer or auction firm 62  
or an agent of an auctioneer or auction firm. 63

(K) "Person" means an individual, sole proprietor, 64  
corporation, limited liability company, association, or 65  
partnership. 66

(L) "Auction firm" means a person who provides auction 67  
services. 68

(M) "Auction services" means arranging, managing, and 69  
sponsoring a personal property auction. "Auction services" 70  
includes the taking and advertising of personal property on 71  
consignment to be sold at auction by a licensed auctioneer. 72

(N) "Consignee" means a person or auction firm that takes 73  
personal property on consignment to be sold at auction by a 74

licensed auctioneer. 75

(O) "Firm manager" means the individual designated by an 76  
auction firm who is responsible for ensuring that the auction 77  
firm complies with this chapter. 78

(P) "Sealed bidding" means a method of submitting a bid in 79  
writing by one or more persons following which the bids are 80  
opened at an advertised, predetermined time and place, and, 81  
after a review of all the bids received, the real or personal 82  
property is awarded to the highest and most responsive bidder. 83

(Q) "Multi-parcel auction" means any auction of real or 84  
personal property in which multiple parcels or lots are offered 85  
for sale in various amalgamations, including as individual 86  
parcels or lots, combinations of parcels or lots, and all 87  
parcels or lots as a whole. 88

**Sec. 4707.023.** (A) No person licensed under this chapter 89  
shall advertise, offer for sale, or sell real or personal 90  
property by absolute auction unless all of the following apply: 91

(1) One of the following applies: 92

(a) Except for current tax obligations, easements, or 93  
restrictions of record of the seller, there are no liens or 94  
encumbrances on the property in favor of any other person. 95

(b) Every holder of a lien or encumbrance, by execution of 96  
the auction contract or other written agreement provided to the 97  
auctioneer, agrees to the absolute auction without regard to the 98  
amount of the highest bid or to the identity of the highest 99  
bidder. 100

(c) A financially sound person, firm, trust, or estate, by 101  
execution of the auction contract or other written agreement 102

provided to the auctioneer, guarantees the complete discharge 103  
and satisfaction of all liens and encumbrances, as applicable, 104  
immediately after the absolute auction or at the closing without 105  
regard to the amount of the highest bid or to the identity of 106  
the highest bidder. 107

(2) The seller of the real or personal property at the 108  
time of advertising and at the time of the absolute auction has 109  
a bona fide intention to transfer ownership of the property to 110  
the highest bidder regardless of the amount of the highest bid 111  
and without reliance on any agreement that a particular bid or 112  
bid level be attained in order to transfer the property. 113

(3) The auction contract requires that the auction be 114  
conducted as an absolute auction, specifies that the auction is 115  
not a reserve auction, and prohibits the seller or anyone acting 116  
on behalf of the seller to bid or participate in the bidding 117  
process of the auction. 118

(B) Division (A) of this section does not prohibit any of 119  
the following: 120

(1) The bidding of a secured party or lien holder, other 121  
than the seller, at an absolute auction, provided that the bids 122  
are bona fide offers, that the bidding does not constitute bid 123  
rigging or a reserve for the seller, and that the bidding is not 124  
for the purpose of aiding or assisting or on behalf of the 125  
seller or the auctioneer; 126

(2) The bidding by an individual or a party to a 127  
dissolution of marriage, partnership, or corporation on real or 128  
personal property being sold at auction pursuant to the 129  
dissolution; 130

(3) The advertising of real or personal property to be 131

sold by absolute auction and by reserve auction within the same 132  
advertisement or for auction on the same date and at the same 133  
place, provided that the advertisement is not misleading and 134  
clearly identifies the property that is to be sold by absolute 135  
auction and the property that is to be sold by reserve auction. 136

(C) A person licensed under this chapter may make a bona 137  
fide bid on the licensee's own behalf at an absolute auction and 138  
at a reserve auction, provided that the licensee provides full 139  
disclosure that the licensee may make a bona fide bid to the 140  
seller and at the auction. 141

(D) A seller or a person on behalf of a seller may make a 142  
bid if the auction is a reserve auction and the auctioneer 143  
provides full disclosure before bidding begins that the seller 144  
retains the right to bid. No person licensed under this chapter 145  
knowingly shall receive such a bid in the absence of full 146  
disclosure. 147

(E) Except in the case of a dissolution as provided in 148  
division (B) (2) of this section, a person licensed under this 149  
chapter shall not knowingly receive a bid by a seller or a 150  
person on the seller's behalf at an absolute auction. 151

(F) A person licensed under this chapter may advertise an 152  
absolute auction as a multi-parcel auction if the person 153  
licensed complies with this section and section 4707.22 of the 154  
Revised Code. 155

**Sec. 4707.15.** The department of agriculture may deny, 156  
refuse to renew, suspend, or revoke the license of any auction 157  
firm, auctioneer, apprentice auctioneer, or special auctioneer 158  
for any of the following causes: 159

(A) Obtaining a license through false or fraudulent 160

representation;	161
(B) Making any substantial misrepresentation in an application for a license;	162 163
(C) A continued course of misrepresentation or for making false promises through agents, advertising, or otherwise;	164 165
(D) Specifying that an auction is a reserve auction, absolute auction, <u>multi-parcel auction</u> , or estate auction, but not conducting the auction as specified;	166 167 168
(E) Failing to account for or remit, within a reasonable time, any money or property belonging to others that comes into the licensee's possession, and for commingling funds of others with the licensee's own, or failing to keep funds of others in an escrow or trust account, except that in the case of a transaction involving real estate, such funds shall be maintained in accordance with division (A)(26) of section 4735.18 of the Revised Code;	169 170 171 172 173 174 175 176
(F) Paying valuable consideration to any person who has violated this chapter;	177 178
(G) Conviction in a court of competent jurisdiction of this state or any other state of a criminal offense involving fraud, forgery, embezzlement, false pretenses, extortion, conspiracy to defraud, or another similar offense or a felony;	179 180 181 182
(H) Violation of this chapter or rules adopted under it;	183
(I) Failure to furnish voluntarily at the time of execution, copies of all written instruments prepared by the auctioneer or auction firm;	184 185 186
(J) Any conduct of a person that is licensed under this chapter that demonstrates bad faith, dishonesty, incompetency,	187 188

or untruthfulness;	189
(K) Any other conduct that constitutes improper, fraudulent, or dishonest dealings;	190 191
(L) Failing prior to the sale at public auction to enter into a written contract with the owner or consignee of any property to be sold, containing the terms and conditions upon which the licensee received the property for auction;	192 193 194 195
(M) The use of any power of attorney to circumvent this chapter;	196 197
(N) Failure to display <del>the</del> <u>either of the following:</u>	198
<u>(1) The sign</u> required under section 4707.22 of the Revised Code <del>and a</del> ; <u>or</u>	199 200
<u>(2) A notice</u> conspicuously at the clerk's desk or on a bid card that clearly states the terms and conditions of the auction <u>and, if applicable, an explanation of the multi-parcel auction</u> <u>process;</u>	201 202 203 204
(O) Failure to notify the department of any conviction of a felony or crime involving fraud within fifteen days of conviction;	205 206 207
(P) Aiding an unlicensed person in the performance of services or acts that require a license under this chapter;	208 209
(Q) The suspension or revocation of a license to engage in auctioneering or other disciplinary action by the licensing authority of another state;	210 211 212
(R) The refusal or disapproval by the licensing authority of another state of an application for a license to engage in auctioneering;	213 214 215



(S) Failure of a licensee to notify the department of 216  
agriculture within fifteen days of a disciplinary action against 217  
the licensee by another state's applicable governing authority; 218

(T) Engaging in auctioneering or providing auction 219  
services without a license or during the suspension of a 220  
license; 221

(U) Attempting to cheat or cheating on an auctioneer 222  
examination or aiding another to cheat on an examination. 223

**Sec. 4707.20.** (A) Except when conducting an auction under 224  
division (B) (5) (b) of section 4707.02 of the Revised Code, no 225  
person shall act as an auction firm, auctioneer, or special 226  
auctioneer until the person has first entered into a written 227  
contract or agreement in duplicate with the owner or consignee 228  
of any property to be sold, containing the terms and conditions 229  
upon which the licensee receives or accepts the property for 230  
sale at auction. The contracts or agreements shall, for a period 231  
of two years, be kept on file in the office of every person so 232  
licensed. No apprentice auctioneer shall be authorized to enter 233  
into such a contract or agreement without the written consent of 234  
the apprentice auctioneer's sponsoring auctioneer, and all 235  
contracts or agreements shall be made in the name of and on 236  
behalf of the sponsoring auctioneer. In addition, an apprentice 237  
auctioneer shall not enter into an auction contract for the sale 238  
of real property in the name of the sponsoring auctioneer 239  
regardless of whether the apprentice auctioneer is licensed as a 240  
real estate broker or salesperson. 241

(B) On all contracts or agreements between an auction 242  
firm, auctioneer, or special auctioneer and the owner or 243  
consignee, there shall appear a prominent statement indicating 244  
that the auction firm, auctioneer, or special auctioneer is 245

licensed by the department of agriculture, and either that the 246  
licensee is bonded in favor of the state or that an aggrieved 247  
person may initiate a claim against the auction recovery fund 248  
created in section 4707.25 of the Revised Code as a result of 249  
the licensee's actions, whichever is applicable. 250

(C) The auction firm, auctioneer, or special auctioneer 251  
who contracts with the owner is liable for the settlement of all 252  
money received, including the payment of all expenses incurred 253  
only by the licensee and the distribution of all funds, in 254  
connection with an auction. 255

(D) For purposes of this section, a contract or agreement 256  
shall specify all of the following: 257

(1) The owner of the property to be sold or the owner's 258  
agent or the consignee; 259

(2) The date of the auction or a termination date of the 260  
contract or agreement; 261

(3) The location of the auction; 262

(4) The terms and conditions of the auction; 263

(5) All of the fees to be charged by the auctioneer or the 264  
auction firm, which shall include commissions, rentals, 265  
advertising, and labor; 266

(6) An explanation of the settlement of the auction that 267  
includes the disbursement of interest money, if applicable; 268

(7) A statement establishing the responsibility for bad 269  
checks, debts, and unpaid auction items; 270

(8) A statement indicating whether the auction is a 271  
reserve auction or an absolute auction. In addition, the 272

statement shall include the definition of reserve auction or 273  
absolute auction from section 4707.01 of the Revised Code, as 274  
applicable. 275

(9) A statement of the auctioneer's or auction firm's 276  
policy regarding absentee bidding; 277

(10) A brief description of the real or personal property 278  
to be sold; 279

(11) If the sale is of real or personal property at 280  
absolute auction, a statement affirming that the seller of the 281  
real or personal property has a bona fide intention to transfer 282  
ownership of the property to the highest bidder. 283

(12) If the sale is a multi-parcel auction, a statement 284  
between the owner or owners of the real or personal property and 285  
the auctioneer, auction firm, or special auctioneer attesting 286  
that the type of auction will be a multi-parcel auction. 287

**Sec. 4707.22.** (A) Any person licensed under this chapter 288  
who advertises, by linear advertisements or otherwise, to hold 289  
or conduct an auction shall indicate in the advertisement the 290  
licensee's name or the name registered with the department of 291  
agriculture and that the licensee is an auctioneer or apprentice 292  
auctioneer. Any apprentice auctioneer who advertises, as 293  
provided in this section, also shall indicate in the 294  
apprentice's advertisement the name of the auctioneer under whom 295  
the apprentice is licensed. The name of the auctioneer shall be 296  
displayed in equal prominence with the name of the apprentice 297  
auctioneer in the advertisement. Any such licensee who 298  
advertises in a manner other than as provided in this section is 299  
guilty of violating division (C) of section 4707.15 of the 300  
Revised Code. 301

(B) An auction firm licensed under this chapter that 302  
advertises, by linear advertisements or otherwise, to solicit or 303  
receive consignments or to provide auction services shall 304  
indicate in the advertisement the name of the auction firm. In 305  
addition, an advertisement of an auction of consignments or an 306  
advertisement by an auction firm of an auction for which the 307  
auction firm will provide auction services shall comply with 308  
divisions (A) and (D) of this section. 309

(C) If an auction to be advertised is an absolute auction, 310  
all advertisements for the auction shall unequivocally state 311  
that the auction is an absolute auction. 312

(D) If an advertisement for an auction contains the words 313  
"estate auction," or words to that effect, the person licensed 314  
under this chapter who advertises shall do both of the 315  
following: 316

(1) Enter into an agreement directly with the executor, 317  
administrator, or court appointed designee of the estate 318  
property; 319

(2) List prominently in the advertisement the county in 320  
which the estate is located and the probate court case number of 321  
the estate. 322

(E) All persons licensed under this chapter that conduct 323  
or are involved in an auction jointly are responsible for the 324  
posting of a sign at the auction. The sign shall contain all of 325  
the following: 326

(1) The name of all licensed persons involved in the 327  
auction; 328

(2) A statement that the persons are licensed by the 329  
department of agriculture; 330

(3) The address of the department of agriculture. 331

The sign shall be posted at the main entrance of the 332  
auction, at the place of registration for the auction, or by the 333  
cashier for the auction. The sign shall be of a size not smaller 334  
than eight and one-half inches by eleven inches. The letters and 335  
numbers on the sign shall be of adequate size to be readily seen 336  
by an individual with normal vision when viewing it. 337

(F) An advertisement for the sale of real property at 338  
auction shall contain the name of the licensed auctioneer who is 339  
entering into the auction contract and the name of the real 340  
estate broker licensed under Chapter 4735. of the Revised Code 341  
who is involved in the sale. Compliance with this section shall 342  
not require a real estate broker licensed under Chapter 4735. of 343  
the Revised Code to obtain a license under section 4707.073 of 344  
the Revised Code. 345

(G) If an auction to be advertised is a multi-parcel 346  
auction, all advertisements for the auction, excluding road 347  
signs, shall state that the auction will be offered in various 348  
amalgamations, including as individual parcels or lots, 349  
combinations of parcels or lots, and all parcels or lots as a 350  
whole. 351

**Section 2.** That existing sections 4707.01, 4707.023, 352  
4707.15, 4707.20, and 4707.22 of the Revised Code are hereby 353  
repealed. 354