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WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1991

ENROLLED Com. Sub. for Com. Sub. for SENATE BILL NO. 135

(By Senator Hawse

PASSED March 7, 1991 In Effect 90 days from Passage

ENROLLED

COMMITTEE SUBSTITUTE

FOR

COMMITTEE SUBSTITUTE

FOR

Senate Bill No. 135

(By SENATOR HAWSE, original sponsor)

[Passed March 7, 1991; in effect ninety days from passage.]

AN ACT to repeal section eleven, article two-c, chapter nineteen of the code of West Virginia, one thousand nine hundred thirty-one, as amended; to amend and reenact sections one, three, four, five, five-a, six, six-a, eight, nine and ten of said article; and to further amend said article by adding thereto three new sections, designated sections six-b, six-c and eight-a, all relating to auctioneers and apprentice auctioneers; definitions; procedure and fees for obtaining a license; department of agriculture as statutory agent for licensees, fees; requiring bonds and specifying approved methods of bonding; requirements for license; promulgation of rules and regulations; duties of licensee; examination of applicants; examination fee; excuse for illness; renewal fees; apprentice licenses; waiver of apprenticeship requirement; investigation of complaints; board of review; duties and responsibilities of apprentice auctioneers and sponsoring auctioneer; procedure for nonresident auctioneer's and apprentice auctioneer's license; civil and criminal penalties for violation of article or rules and regulations; suspension, revocation or denial of licenses; written contracts for auctions and exception; and advertising of auction sales.

Be it enacted by the Legislature of West Virginia:

That section eleven, article two-c, chapter nineteen of the code of West Virginia, one thousand nine hundred thirtyone, as amended, be repealed; that sections one, three, four, five, five-a, six, six-a, eight, nine and ten of said article be amended and reenacted; and that said article be further amended by adding thereto three new sections, designated sections six-b, six-c and eight-a, to read as follows:

ARTICLE 2C. AUCTIONEERS.

§19-2C-1. Definitions.

1 For the purposes of this article:

2 (a) The term "auctioneer" means and includes a 3 person who sells goods or real estate at public auction 4 for another on commission or for other compensation. 5 The term "auctioneer" does not include: (1) Persons 6 conducting sales at auctions conducted by or under the 7 direction of any public authority or pursuant to any judicial order or direction or to any sale required by 8 law to be at auction; (2) the owner of any real or 9 personal property when personally sold at auction by 10 11 such owner and such owner has not personally con-12 ducted an auction within the previous twelve-month period; (3) persons conducting sales pursuant to a deed 13 14 of trust or other security agreement; (4) fiduciaries of estates when selling real or personal property of such 15 16 estate; and (5) persons conducting sales on behalf of 17 charitable, religious, fraternal or other nonprofit 18 organizations: Provided, That nothing contained in this 19 article exempts persons conducting sales at public 20 markets from the provisions of article two-a, chapter 21 nineteen of this code, where the sale is confined solely 22to livestock, poultry and other agriculture and horti-23 culture products i no you series

24 (b) The term "public auction" means any public sale

of real or personal property when offers or bids aremade by prospective purchasers and the property soldto the highest bidder.

(c) The term "commissioner" means the commis-sioner of agriculture of West Virginia.

30 (d) The term "department" means the West Virginia31 department of agriculture.

§19-2C-3. Procedure for license; department of agriculture as statutory agent for licensees; fee.

Any person who wishes to conduct an auction as an auctioneer may apply for a license on forms prescribed by the commissioner and containing such information as the commissioner may by rule or regulation require. A nonreturnable application fee of fifty dollars shall accompany each application as well as license fee of fifty dollars. All fees collected under this article shall be paid into the general revenue fund in the state treasury.

In addition to the payment of fees, an applicant shallfile with his application, a bond as required in sectionfour of this article.

The commissioner shall, within thirty days after the
receipt of an application, notify the applicant of his
eligibility to be examined at the next regularly
scheduled examination, as well as the date of such
examination.

18 In the event the license is denied, the applicant shall19 be refunded the license fee submitted with the20 application.

Licenses issued shall expire on the thirty-first day of December of each year but shall be renewable upon the payment of the annual license fee within sixty days of the expiration date: *Provided*, That licenses issued for fiscal year one thousand nine hundred ninety-one will be extended, at no additional fee, through the thirty-first day of December, one thousand nine hundred ninety-one. Renewals received more than sixty days after the expiration date are

30 subject to a late renewal fee of twenty-five dollars in 31 addition to the annual renewal fee. Licenses which 32 have been expired for more than two years will not be 33 renewed and the auctioneer or apprentice auctioneer 34 will be required to take the written and oral examina-35 tion and to pay the examination fee. No renewal will 36 be made unless the other requirements of this article 37 are complied with.

Should a duplicate or replacement license or a
license reflecting a change in information be required,
the auctioneer or apprentice auctioneer must submit
with such request a fee of five dollars.

42 The state department of agriculture is the agent for 43 the purpose of service of process on any licensed 44 auctioneer for any action occasioned by the perfor-45 mance of the duties of such auctioneer. Every licensed 46 auctioneer, by virtue of his application for license, 47 shall be considered to have consented to such statutory 48 agency.

§19-2C-4. Bond required.

Every person applying for a license as an auctioneer, 1 apprentice auctioneer or continuing to act as a licensed $\mathbf{2}$ auctioneer or apprentice auctioneer, shall file with the 3 4 commissioner and maintain in full effect a bond 5 satisfactory to the commissioner and in form and 6 amount as prescribed by the commissioner pursuant to 7 the rules and regulations promulgated in accordance 8 with this article: *Provided*. That in no event shall the 9 amount of such bond be less than ten thousand dollars 10 for an auctioneer and in no event less than five 11 thousand for an apprentice auctioneer. The bond may 12 include, at the option of the applicant, corporate surety 13 bonding, collateral bonding (including costs and secur-14 ities), establishment of an escrow account, an irrevoca-15 ble letter of credit or a combination of these methods. 16 If collateral bonding is used, the auctioneer may elect 17 to deposit cash, or any of the following collateral 18 securities or certificates: Bonds of the United States or 19 its possessions, of the federal land bank, or of the 20 homeowners' loan corporation; full faith and credit

general obligation bonds of the state of West Virginia, 21 or other states, and of any county, district, or munic-22ipality of the state of West Virginia or other states; or 2324 certificates of deposit in a bank in this state which 25certificates shall be in the name of the department. 26The cash deposit or market value of such securities or 27certificates shall be equal to or greater than the sum 28 of the bond. It shall be the duty of the applicant to insure the market value of such bonds is sufficient. 29 The commissioner shall, upon receipt of any such 30 deposits of cash, securities or certificates, promptly 31 place the same with the treasurer of the state of West 32 Virginia whose duty it shall be to receive and hold the 33 34 same in the name of the state in trust for the purpose for which the deposit is made when the license is 35 issued. The applicant making the deposit shall be 36 37 entitled from time to time to receive from the state 38 treasurer, upon written approval of the commissioner, the whole or any portion of any cash, securities or 39 certificates so deposited, upon depositing with him in 40 41 lieu thereof, cash or other securities or certificates of 42 the classes herein specified having value equal to or 43 greater than the sum of the bond. Such bond shall be conditioned upon the faithful compliance by the 44 auctioneer with the provisions of this article and the 45 payment of all required taxes, fees and penalties 46 imposed by this state and its political subdivisions as 47 well as the payment by any auctioneer of any final 48 judgment obtained for damages arising out of his 49 conduct or duties as an auctioneer. Such bond shall be 50 51 open to public inspection.

§19-2C-5. Requirements for license; rules and regulations; duties of licensee.

1 (1) Each person seeking a license hereunder after 2 the effective date of this section shall submit satisfac-3 tory evidence to the commissioner showing:

4 (a) That he or she has successfully completed the
5 written and oral examinations provided for in this
6 article;
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(b) That he or she has a good reputation;

7

8 (c) That he or she is of trustworthy character;

9 (d) That he or she has met the apprenticeship 10 requirements set forth in this article, if applicable;

(e) That he or she is a citizen of the United States;and

(f) That he or she has a general knowledge of the
auctioneering profession and the principles involved in
conducting an auction.

16 (2) The commissioner shall promulgate such reason-17 able rules and regulations as he or she considers 18 necessary to carry out the intent and the administra-19 tion and enforcement of this article, which said rules 20 and regulations shall be promulgated in accordance 21 with the applicable provisions of chapter twenty-nine-22 a of this code.

(3) Each licensee shall promptly produce for inspection such license at all sales conducted by or participated in by such licensee when requested to do so by
any person and shall keep complete and accurate
records of all transactions engaged in for a period of
six months which records shall be open to inspection
by the commissioner or his authorized representative.

§19-2C-5a. Examinations of applicants; excuse for illness; fee renewal.

1 Examinations shall be held in April and October of 2 each year, at a time and place to be designated by the 3 commissioner or his authorized representative.

4 Any individual auctioneer applicant may take the 5 examination for auctioneer or apprentice auctioneer at the regularly scheduled time and place. The appren-6 7 tice auctioneer's examination shall consist of a written examination. The auctioneer's examination will con-8 sist of both a written and oral examination. The 9 10 passing grade for any written examination shall be seventy percent out of one hundred percent. The oral 11 portion will be scored by the commissioner or his 12 authorized representative. If the applicant fails either 13 14 the written or oral portion of the examination no

15 license will be issued and he or she shall not be 16 administered the examination again until the next 17 regularly scheduled examination date. A person who is 18 qualified for a auctioneer's license as provided for in 19 this article is considered to be a professional in his 20 trade.

21 One notice only of the examination shall be mailed 22to the applicant at the address given on the applica-23tion. If the applicant fails to appear for such examina-24 tion, except as provided herein, a new application and 25a new fee shall be required. No fee shall be returned 26except when the applicant fails to take the examina-27tion because of illness evidenced by a doctor's certif-28 icate sent to the commissioner. If excused because of 29 illness the applicant shall be admitted to the next 30 scheduled examination without paying an additional fee. No applicant shall be excused from taking the 31 scheduled examination for any reason other than 3233 illness unless in the judgment of the commissioner, 34 the applicant would suffer undue hardship by not 35 being excused.

36 An examination fee, of fifty dollars in addition to 37any other fees required by this article, shall be 38 collected from each person taking such examination. If 39 the applicant has previously paid the examination fee and successfully completed the apprentice auctioneer's 40 examination, no additional examination fee will be 41 42 required to take the auctioneer's examination as 43 provided for in this article.

If the commissioner determines that an applicant does not qualify for a license, he or she shall so notify the applicant by certified mail. The notice shall state the reason for refusal to grant a license and the applicant's right to appeal the commissioner's decision within twenty days of receipt of the notice.

50 An examination shall not be required for the 51 renewal of any license unless such license has been 52 revoked or suspended, in which case the applicant 53 may be required, by the commissioner to, take and 54 pass any written or oral examination required by the

55 department. In cases where a license has been expired 56 for more than two years, and not been revoked or 57 suspended the applicant is required to take and pass 58 any written and oral examinations required by the 59 department. The commissioner is hereby authorized to 60 promulgate rules as he or she considers necessary for 61 the renewal of auctioneer licenses, including, but not 62 limited to, requirements for continuing education of 63 auctioneers.

§19-2C-6. Apprentice licenses; fees.

1 The department of agriculture may grant apprentice 2 auctioneer's licenses to those persons considered 3 qualified by the commissioner. Every applicant for an 4 apprentice auctioneer's license must take and pass a written examination relating to the skills and knowl-5 edge, and statutes and regulations governing auctio-6 neers. Every applicant shall furnish to the commis-7 sioner on forms provided by the department, satisfac-8 9 tory proof of the following:

10 (a) That he or she has a good reputation;

11 (b) That he or she is a trustworthy character; and

12 (c) That he or she is a citizen of the United States.

13 Any apprentice auctioneer may take the examina-14 tion to become an auctioneer after serving a two-year apprenticeship under a licensed auctioneer: Provided, 15 16 That if the apprentice auctioneer has attended a 17 nationally accredited graduate school of auctioneering, approved by the commissioner, he or she shall serve 18 19 an apprenticeship of only six months. Before an apprentice auctioneer may take the auctioneer's 2021 examination, the apprentice auctioneer shall conduct 22at least six auction sales under the direct supervision 23of the sponsoring auctioneer. The commissioner may 24 waive the requirements of this section, on an individ-25ual basis, upon the presentation of written evidence 26that the applicant has educational training or exceptional experience in the auctioneering profession and 2728that the applicant has been unable to obtain sponsor-29ship by a licensed auctioneer: Provided, however, That

30 the commissioner shall promulgate rules and regula-31 tions setting forth educational and experience qualifi-32 cations which would entitle an individual to a waiver 33 of the provisions of this section: *Provided further*, That 34 the commissioner shall not waive apprenticeship 35 requirements for any applicant without the concur-36 rence of the board of review.

37 When any apprentice auctioneer is discharged or terminates his employment with an auctioneer for any 38 39 reason, the auctioneer shall immediately provide written notification to the commissioner. No dis-40 charged or terminated apprentice auctioneer shall 41 42 thereafter perform any acts under the authority of his license until such apprentice auctioneer receives a 43 new license bearing the name and address of his new 44 45 employer. No more than one license shall be issued to 46 any apprentice auctioneer for the same period of time. 47 The fee for the transfer of the license of an apprentice 48 auctioneer to a new employer auctioneer is fifteen 49 dollars.

50 The fee for the annual renewal of the apprentice 51 auctioneer's license is fifty dollars. Bond requirements 52for an apprentice auctioneer shall be established by 53 reasonable rules and regulations promulgated by the 54 commissioner, and both the annual renewal fee and 55 the bond must be filed with the department of agricul-56 ture: Provided, That the bond required by this section 57 shall not be less than five thousand dollars. The 58 department shall not issue an apprentice auctioneer's 59 license until bond has been filed in accordance with 60 this article. All apprentice auctioneer licenses expire 61 on the thirty-first day of December of each year but are renewable upon the payment of the annual fee. 62

§19-2C-6a. Investigation of complaints; board of review.

1 The department of agriculture may, upon its own 2 action, and shall upon the verified written complaint 3 of any person, investigate the actions of any auction-4 eer, apprentice auctioneer, any applicant for an 5 auctioneer's or apprentice auctioneer's license, or any 6 person who assumes to act in that capacity, if the 7 complaint, together with other evidence presented in8 connection with it, establishes probable cause.

9 Upon verification of the complaint, the department 10 shall present the complaint to the board of review. 11 The board of review shall consider all of the facts of 12 the complaint and recommend a course of action to 13 the commissioner.

14 The board of review shall be appointed by the 15 governor, by and with the advice and consent of the 16 Senate and shall consist of three members each 17 appointed for a staggered three year term. Two 18 members of the board of review shall be licensed auctioneers in West Virginia and residents of this state 19 20and shall have been licensed and been practicing the 21 profession of auctioneering for five years immediately 22preceding their appointment. The third member shall 23be a lay person from the commercial or agricultural 24 community who has utilized services of auctioneers 25 for at least three years. No more than one board 26 member shall be from any one congressional district 27and no more than two members shall be from the 28 same political party. Board members shall receive no 29compensation for their service on the board, but shall 30 be entitled to receive reimbursement for expenses in 31 accordance with the department of agriculture travel 32regulations.

33 During the establishment of the board one member 34 shall be appointed for a three year term, one member 35 for a two year term and one member for a one year 36 term. The first year of each term expires on the first 37day of January, one thousand nine hundred ninety-38 two and subsequently on the first day of January of 39 each year. There shall be no limit on the number of 40 consecutive terms a member may serve on the board. 41 The governor is authorized to fill a vacancy when it 42 occurs on the board for any reason. An appointment to 43 fill a vacancy shall be for the remainder of the existing 44 term of the vacant position.

§19-2C-6b. Duties and responsibilities of an apprentice auctioneer and a sponsoring auctioneer.

1 An apprentice auctioneer shall only conduct or assist

2 in auctions under the direct supervision of his sponsor3 ing auctioneer. A licensed apprentice auctioneer may
4 not enter into a contract to conduct an auction unless
5 the contract is cosigned by his sponsoring auctioneer.

6 The sponsoring auctioneer is responsible for the 7 actions of an apprentice auctioneer. It is his responsi-8 bility to insure adherence to this and all applicable 9 sections of state law: *Provided*, That if the apprentice 10 auctioneer conducts auctions without the consent of 11 his sponsor, only the apprentice auctioneer is subject 12 to the penalties in section eight of this article.

§19-2C-6c. Procedure for obtaining nonresident auctioneer's and apprentice auctioneer's license.

1 To qualify for a nonresident license by reciprocity 2 the applicant must show evidence of licensing in 3 another state for a period of one year preceding the date of application. The licensing may have been as an 4 5 apprentice auctioneer or as an auctioneer. Provided 6 this qualification is met and the applicant meets all the 7 other requirements as required by this article and by regulation, he or she shall be licensed either as an 8 9 apprentice auctioneer or as an auctioneer, based on a 10 nonresident license, as the case may be.

When an applicant's resident state has no licensing 11 law for auctioneers or the applicant's resident state 12 13 has no written or oral examination associated with its 14 licensing requirements the department of agriculture 15 shall require proof that the applicant has been a 16 practicing auctioneer for a period of two years preceding the date of application. The proof shall be in the 17 18 form of sale bills, contracts, sale permits and other such evidence acceptable to the commissioner. Pro-19 vided this qualification is met, and the applicant meets 20 21 other requirements for licensing as required by the 22statutes and regulations, the applicant shall be admitted to the next scheduled written and oral examina-23 24 tion for auctioneers without being required to first 25serve an apprenticeship.

§19-2C-8. Penalties for violation of article or rules and regulations.

1 (a) Criminal penalties. — Any person, firm, associa-

2 tion or corporation violating any of the provisions of this article, or of the rules and regulations adopted 3 pursuant to the provisions thereof, shall be guilty of a 4 misdemeanor, and, upon conviction thereof, shall be 5 6 fined not less than fifty dollars nor more than two hundred dollars for the first offense, and not less than 7 four hundred dollars nor more than one thousand 8 9 dollars for the second and subsequent offenses. Magistrates have concurrent jurisdiction with circuit courts 10 to enforce the provisions of this article. 11

(b) Civil penalties. - (1) Any person violating a 12 13 provision of this article or any rule or regulation 14 adopted hereunder may be assessed a civil penalty by the commissioner. In determining the amount of any 15 civil penalty, the commissioner shall give due consid-16 eration to the history of previous violations of the 17 18 person, the seriousness of the violation, and the 19 demonstrated good faith of the person charged in attempting to achieve compliance with this article 20 before and after written notification of the violation; 21 22(2) the commissioner may assess a penalty of not more than two hundred dollars for each first offense, and 2324 not more than one thousand dollars for a second and subsequent offenses; and (3) the civil penalty is 25payable to the state of West Virginia and is collectible 26 27 in any manner now or hereafter provided for collection of debt. If any person liable to pay the civil 28 29penalty neglects or refuses to pay the same, the amount of the civil penalty, together with interest at 30 ten percent, is a lien in favor of the state of West 31 32Virginia upon the property, both real and personal, of such a person after the same has been entered and 33 docketed to record in the county where such property 34 35 is situated. The clerk of the county, upon receipt of the 36 certified copy of such, shall enter same to record without requiring the payment of costs as a condition 37 38 precedent to recording.

(c) Notwithstanding any other provision of law to
the contrary, the commissioner may promulgate and
adopt rules which permit consent agreements or
negotiated settlements for the civil penalties assessed

43 as a result of violation of the provisions of this article.

44 (d) No state court may allow for the recovery of 45 damages for any administrative action taken, if the 46 court finds that there was probable cause for such 47 action.

§19-2C-8a. Revocation.

1 In addition to the penalties in section eight of this 2 article, the commissioner may, by order, suspend, 3 deny or revoke any license granted hereunder for any 4 violation of this article or the rules and regulations 5 promulgated hereunder or for any of the following 6 reasons:

7 (a) Obtaining a license through false or fraudulent 8 representation;

9 (b) Making any substantial misrepresentation in any 10 application for an auctioneer's or apprentice auctio-11 neer's license;

12 (c) Engaging in a continued or flagrant course of
13 misrepresentation or for making false promises
14 through an agent, advertisement or otherwise;

(d) Failing to account for or remit within a reason-able time any money belonging to others that comesinto his possession;

(e) Being convicted in any court of competent
jurisdiction of this state or any other state of a
criminal offense involving moral turpitude or a felony;
or for failing to notify the department of any such
conviction within fifteen days of conviction;

23 (f) Engaging in any conduct of an auctioneer which24 demonstrates dishonesty or incompetency;

(g) Engaging in any other conduct that constitutesfraudulent or dishonest dealing; and

27 (h) Acting as an attorney for a client.

28 Any auctioneer or apprentice auctioneer who has 29 had his license suspended or revoked shall not be 30 issued another such license until a period not to

31 exceed two years has elapsed from the date of revoca32 tion. The commissioner may also require the success33 ful completion of the examinations required for an
34 auctioneer's license or an apprentice auctioneer's
35 license.

§19-2C-9. Written contracts; exception.

1 No person shall act as auctioneer on the sale at 2 public auction of any goods, wares, merchandise or of 3 any other property, real or personal, until he or she 4 has entered into a written contract in duplicate with 5 the owner or consignor of the property to be sold, containing the terms and conditions upon which the 6 licensee receives or accepts the property for sale at 7 8 auction. No apprentice auctioneer shall be authorized 9 to enter into a contract without the written consent of 10 his or her sponsoring auctioneer. All contracts shall be 11 in the name of and on behalf of the sponsoring 12 auctioneer.

13 The commissioner may require by rule the following:

14 (a) That written contracts between the auctioneer15 and the seller be made in duplicate;

(b) That the original contract is to be retained by theauctioneer for a period of six months;

(c) That one copy of the contract is to be furnishedto each person that entered into the contract;

(d) That an apprentice auctioneer may not contract
directly with a client, but only through his or her
sponsoring auctioneer;

(e) That an apprentice auctioneer may not engage in
a sale with an auctioneer by whom he or she is not
sponsored without first obtaining the written consent
of his or her sponsoring auctioneer; and

(f) That on all contracts between an auctioneer and
a seller there shall be a prominent statement indicating that the auctioneer is licensed by the department
of agriculture and bonded in favor of the state of West
Virginia.

§19-2C-10. Advertising.

1 In advertising an auction sale by any licensed 2 auctioneer, the principal auctioneer or auctioneers 3 who physically conduct the sale shall be listed prom-4 inently in such advertising as used by said auctioneer 5 or auctioneers. The individual auctioneer or auctio-6 neers who conduct the sale shall be the person or 7 persons who call for, accept and close bids on the 8 majority of items offered for sale.

9 Any apprentice auctioneer who advertises, as pro-10 vided in this section, shall indicate in his advertise-11 ment the name of the sponsoring auctioneer under 12 whom he or she is licensed.

13 The auctioneer's name and license number shall be 14 displayed in equal prominence with the name of the 15 apprentice auctioneer and license number in such 16 advertisement.

17 Nothing in the provisions of this article, shall be 18 construed so as to prohibit any other auctioneer, 19 licensed pursuant to this article, from assisting with 20 any auction, notwithstanding the failure to list the 21 name of the other auctioneer in any advertising 22 associated with such auction.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

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Chairman Senate Committee

Chairman House Committee

Originated in the Senate.

In effect ninety days from pass Clerk of the Senate

Clerk of the House of

President of the Senate

Speaker House of Delegates

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