

The Informed Consignor

Amoskeag Auction Company... a solid reputation as being one of the most honest and reputable auction houses in the industry

Lately, we have been hearing from people who have been surprised when they received their settlement checks from some other auction houses. They complained about paying higher commissions than expected based on the auction house's "average sale price per lot" commission system. When there is a sliding scale commission based on the average sale amount, you need to consider that any items that do not sell are factored into the average as "zero" dollars, which drastically reduces the average sale price per lot, and in many cases drastically **INCREASES** the commission paid by the consignor. *For example:* you give an auction house that uses this commission system ten guns worth an average of \$10,000. If the guns average \$10,000 each you are expecting to pay a 5% commission. However, if three of your guns then fail to sell and the others sell at \$10,000 each. Your average sale price per lot is now \$7000 and you pay a 15% commission on the seven sold items. Three guns failing to sell **triples** your commission even though the items that did sell were within the 5% commission bracket. But wait, there's more, the three guns that didn't sell, that you thought were going to cost you 5% to sell, will now cost you 10% because that is the minimum no-sell fee, therefore to get your guns back you have to pay the auction house another \$3000 for not selling your guns.

So, if all 10 items sold at \$10,000 each you would have paid a 5% commission on \$100,000 in sales or \$5000.00. When only seven sell at \$10,000 each you pay a 15% commission on \$70,000 or \$10,500.00. Add the extra \$3000 for the three items that did not sell, which cost you 10% of the low estimate and you paid a total of \$13,500 and received \$56,500.00 and three guns back. With the 23% buyer's premium, the auction company's commissions totaled \$29,600 or more than 42% of the hammer price.

Converting this scenario to Amoskeag's terms which factors your items on an individual basis: seven guns sell for \$10,000 each or \$70,000 in sales at 5% commission equals \$3500 in commission and nets the consignor \$66,500. Add the 15% buyer's premium, the total proceeds to the auction house are \$14,000 or exactly 20% of the hammer price and the three items that did not sell are returned to you at no cost.

With our commission structure, if you have an item sell for \$20,000 you pay zero. If you have a gun in the same consignment sell for \$1500 the commission on that piece is 20%, a \$3500 gun would be at 15% and the commission on the \$20,000 item remains at zero. If your item does not sell, there is no fee to you.

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Also, consignors must ask auction houses what their buyer's premium is. This question used to be a moot point when all auction houses were at a 15% premium, however many have increased their buyer's premiums to as much as 23% and 25%. We remember when gun auction houses charged no buyer's premiums and we recall how poorly received the 10% buyer's premium was to the gun auction fraternity. Over time it moved to 15% as the norm and now companies are following the big New York house's and charging exorbitant buyer's premiums. At the very least, this diverts proceeds from you, the consignor, to the auction house, as people reduce their bid amounts to factor in the premium. Where it **really hurts** is with the buyers who refuse to pay such a premium and do not participate in the auction at all. Not only are you getting lower sale prices, but you are then getting a smaller percentage of that lower sale price, it's a double loser.

Our commission structure is straightforward, easy to understand and fair

At Amoskeag, our commission structure is straightforward, easy to understand and fair. We have been specialty firearms auctioneers for over 20 years and in that time have earned a solid reputation as being one of the most honest and reputable auction houses in the industry. We are focused solely on bringing fine arms collections to auction, we don't sell items in other collecting genres, we are gun people and we focus on what we know...fine firearms. ■