

Title: “NSC Auctions and Sales: 2008-2009 Rules and Procedures for Buyers and Sellers”

By: Doug Hickman “NSC Auction Master”

Lead-In:

Every year we publish our auction and sale rules and procedures so our members have a clear understanding of the entire N-Scale Collector Society® auction and sale process. We encourage all NSC members to read these next paragraphs to fully understand just how our members-only, silent auctions work. Even if you do not plan to buy or sell through our auctions and sales, it is still important to know how our auctions and sales differ from all others and the steps we take to ensure our member/bidders that they are only bidding/buying NSC “Certified Collector-Quality”® N-Scale and Z-Scale items.

Body:

Our NSC auctions and sales are offered as an exclusive benefit of NSC Membership. All buyers and sellers must be N-Scale Collector Society members in order to participate. We now have three (3) different types of auctions and sales for our NSC members to participate in. First, our NSC “Classic” auctions contain mostly five years and older (based on retirement date) MicroTrains cars, selected other collectible-quality items from other manufacturers, new condition custom-painted locomotives, brass models (other than those listed on our Premier auctions), most NN-3 and Z-Scale items. Second, our periodic sale events contain newer out of stock MicroTrains cars that have not yet achieved full “Classic” stature, other new, but sold out items from various manufacturers, overstock locomotives, etc. And third, our wildly popular Dutch auctions target our many NSC runner members and feature overstock MicroTrains cars (great for running), other new items from various manufacturers, building kits, track, etc. There’s something for everyone!

Our NSC “Classic” auctions are unique as they are silent (or blind) auctions unlike the online auctions such as eBay. It takes a certain amount of skill, research and some education to get the “feel” of our auctions. We recommend that all auction participants get access to one or more of the N-Scale reference guides available in the marketplace and study them thoroughly before you bid on our auctions. NSC Members can also view our past auction results by going to our website ([www.nscalecollector.com](http://www.nscalecollector.com)) and clicking on the “auctions” tab. From there you can select the various posted results for review.

NSC auctions and/or sales run monthly throughout the year. The closing date for all of our NSC auctions is toward the end of each month. Exact closing dates are posted as each list is published. Some auction closing dates may be extended at the sole discretion of the Auction Master. The N-Scale Collector runs approximately ten auctions and four sales per year although this number may vary slightly from year to year. We also run our Dutch auctions from time to time as inventories allow.

*Here’s how the NSC auction process works...and how you understand our lists.*

Each month our entire Membership receives notice of that month's auction and/or sale list posting via email. After that notice is received, NSC members can easily go to the NSC website, view the list, and download a copy for themselves. NSC members without computers or Internet access can still receive a mailed paper copy of the list as long as they are actively participating in the auctions. We no longer can afford to print and mail paper copies of these large auction lists to members who do not participate on a regular basis.

These monthly lists usually contain over 700 items. The lists are presented in a spreadsheet style format that is very easy to follow. There is also a "cover sheet" that contains all the important dates for that auction like the closing date, payment due date (if a credit card is not on file) and the return item deadline date. Page two (which also precedes the auction list) describes some of the "featured items" included on the list.

The auction list is made up of ten columns of information, all of which are important to the bidders and/or sellers. This year, our auction list format has changed slightly due to our migration to a new "custom-built" auction management software system. The *first* column is labeled "**code**" (short for seller code). It lets our sellers know which items are theirs. Some bidders also like to bid on items from certain sellers based on other items they purchased previously from that same seller. The *second* column is labeled "**mfg**" that signifies the manufacturer of the listed item. We are using abbreviations of the various vendors' names (e.g. "MTL"=Micro Trains). We plan to list these "vendor abbreviations" in the magazine and on our website, but most NSC members figure them out on their own. The *third* column is simply labeled "**model #**". In years past, our lists have contained "new number" and "old number" columns referring to the old and new numbering sequences used for Micro Trains cars. We have now streamlined our lists and use only a single model number by each item. Our *fourth* column, labeled "**BL**" denotes that the model number for that particular item is the old Kadee "blue label" model number used only during the first couple years Kadee cars were produced.

The *fifth* column is labeled "**description**". This one is pretty self-explanatory...the road name (or description) of the item. The *sixth* column is the "**road #**" of the item. This column further identifies a particular item where there might be more than one road number produced. The *seventh* column header..."**variation**" is *very important* to collectors. Within an individual item there may be several variations other than just a different road number. Sometimes it's the color; sometimes it's the door style, or what ever. The "variation" column is where this very important information is listed. With very little space available to list all the important attributes of each item, we have to make every effort to provide the most information that we can so bidders know exactly what they are bidding on.

The *eighth* column is the "**min bid**" column. Here is stated the minimum amount that can be bid on any particular item. We'll talk more about minimum bids later. The *ninth* column is the "**item**" column. This column is simply a numerical list of all the items included on a particular auction list. It is very important as it determines the specific item that a bid is being placed. Please do not use the road name nor the road number or some other descriptive words when bids are being submitted. The people who enter all these bids (our NSC auction staff) only know the Item number...and the bid amount...period!

That brings us to the *tenth* and final column...”**your bid**”. This is where bidders enter their bid amount.

Before we proceed, we need to discuss “minimum” bids. As stated above, the minimum bid is the lowest amount that will be accepted for any item listed on our auctions. *How are these minimum bids established?* Originally, the minimum bid for any item was set at about 50% of the value as listed in the various reference guides available in the marketplace and/or certain other credible value data. However, as the market dictates price, the minimum bid amount fluctuates more with the demand for the item versus some percentage of the published value in the Guides. The minimum bid values for packs is at least the combined minimum values of the individual items in the pack, or the value of the pack divided by the number of cars in the pack. Obviously there are certain exceptions to this “pack rule” where the pack price is at a large premium versus the separate car values. Brass models, select rare items, locomotives and many other items are priced at the low-end of current market values. These prices are established after on-going consultation with a panel of brass model experts who are also NSC members and looking at other sales data .

There is one key exception to our “minimum bid” formula. There are many items listed in the Guides where the all-time high values are way “out of touch” with the item’s true worth. In some cases, even using 30%, 40% or 50% of these exaggerated high values puts these items above what people will pay for them (market value). These erroneous high values were established some years ago when several competing mail-order retailers and the N-Scale Collector all ran monthly paper auctions. Bidding errors occurred. Result posting errors occurred. Then, the Guides picked up many of these errors. Some of them were corrected after the fact, but many of them still remain. Therefore, some of the valuation data is still invalid and we instead use current establishes selling prices as our minimum.

Another bigger problem is that items that are listed with “un-real” minimums will just sit on our auction lists and not receive any bids at all! The purpose of our NSC auctions is to sell products *for* our members...*to* our members! Therefore, we monitor the bidding activity of all listed items. Since we have access to and use the most sophisticated N-Scale auction management system in the world, our results data over time establishes real values for our listed items.

When an item does not receive any bids after several listings, the minimum bid is lowered to a point where we believe it will receive bids. If that item still does not receive any bids, its minimum bid is lowered even further in an effort to solicit bidding activity.

***You want to place some bids on our auctions. Here’s how you do it...***

Placing bids on our NSC auctions is simple and easy. Over 95% of our members bid via email, but you can also submit bids by snail-mail if necessary. If you choose to bid by mail, you only need to submit a list of the item numbers and your bid amount for each item. Also make sure to include your name and member number.

By far the easiest and most efficient way to place bids on our auctions is by email! Not only is it the fastest and most accurate, but for those that supply us a list done in excel, all we have to do is copy that list directly into our auction bid system. There’s less chance for errors and a lot less work for our auction staff. The other benefit of email

bidding is that you receive a confirmation that your bids have been received and entered into the auction system.

This next statement is very important. **When you place a bid on our auctions, you have entered into a binding contract.** That means that if you are awarded any item at your bid price (winner or “dupe” award), you are expected to honor that bid and pay for those items...period. Again, once a bid has been submitted and entered into the system, it is a “firm” bid and cannot be withdrawn. The bottom line here is...”be careful”. Don’t make mistakes when you are bidding. Double-check your bids before you submit them. If you are not sure that a particular item is the one you want...ask before you bid! You will be held responsible for any errors made while bidding. Unfortunately, failure to honor any bids placed by a NSC member will result in the forfeiture of all auction privileges and possible termination from the Organization.

At the conclusion of each auction, the results are tallied and posted on our web site. It usually takes at least 24-36 hours after the auction close for the results to be posted. If you do not have access to the NSC website, maybe a friend can download the results for you. Or, you can also go to your local public library and view the results at no charge. If you want a hard-copy of the results, current auction participants can send in \$1.00 along with their bids.

We prefer that all bidders maintain an active Credit Card on file for any winning bids. This way, we can charge your card and ship your winnings within a few days of the auction close. This saves us a lot of time and paperwork and also saves us money! We accept Visa, MasterCard and Discover (no American Express). Please note...All non-USA bidders must have a valid email address and use a Credit Card for payment. No bids can be placed without this information on file. Most of our auction “players” use Credit cards for auction payments and we do appreciate it. However, on monthly auction purchase over \$1,000.00, we may request to be paid by check or money order. If you can accommodate that request... great!

Winning bidders who have an email address on file receive an “e-invoice with their amount due (if they do not pay via credit card on file). A confirming reply of the email message and prompt payment of the total due is expected. If the member does not have email access, they must supply us with a daytime telephone number so that we can call them with their invoice amount due. We do not mail invoices. It simply takes too long to receive payments. All non credit card payments are due upon receipt of the e-Invoice and we must receive all payments within 10 days thereafter. All member/bidders receive a “paid” invoice with their auction shipments.

Another great feature of our auction system is the awarding of duplicate items. In certain cases where an auction item receives more than one substantial bid, and we have another exact-same item in our inventory, the system will award that duplicate item to the second-high bidder if that bidder matches the winning price. It would not be fair to the winning bidder (or the seller) to do it any other way.

After all bookkeeping and invoices are completed, the real fun begins...packing! Our NSC auctions and sales usually generate between 75 and 150 outgoing shipments each month! That’s not a lot if you had all month to do it, but in our case, we have to have all the auction winnings “out the door” within a few days of the auction closing. Please note that auction shipments to credit card participants are shipped first, within a few days of an auction closing. Shipments being paid via check or Money Order are shipped after

receipt of payment. Also, if your shipping address is different than where we send your magazine, we need to know that **BEFORE** the auction closes.

It takes a minimum of three (3) people over 40 hours to final-inspect, pack, label and ship auction items from a single auction. We have developed special packing techniques that allow us to ship almost anything to anyone in the world...without damage or loss! And, as additional protection for the new owner, we insure every shipment for “full value” (over \$100.00). We also maintain an additional third-party insurance policy that covers whatever the USPS does not cover. That way, all NSC buyers are covered one way or another in case of accident or loss. Also, do not ask us “not to insure” your shipment. If it’s over \$100.00 in value, it has to be insured. That is our long-standing rule and it’s not worth the minimal savings that might be realized.

When the auction shipment arrives at a Member’s home/office, the Member then has three (3) days to inspect the items and report any problems. This limited inspection time is necessary due to the fact that all “problems” must be resolved by the return deadline (maximum 14 days after the auction closing date). If any item needs replacement (for whatever reason), that item needs to travel back to us and then back to the new owner before the return deadline.

One of the key reasons that our NSC auctions are so popular is our exclusive NSC “Certified Collector-Quality<sup>®</sup>” guaranty. All of our bidders can bid with total confidence and peace of mind knowing that the NSC is standing behind every item listed on our auction lists. Our guaranty states that *“all auction items have been inspected (more than once) for accuracy and are certified to be in NSC Grade 1 or Grade 2 condition. The new purchaser will be allowed to return any item found to be other than described. That item will be corrected, replaced or refunded (including return shipping costs), but this is done at the sole discretion of the NSC AuctionMaster.”*

Before any items may be returned, a Return Merchandise Authorization (RMA) must be issued. It is important that you contact our office immediately upon receipt of your items if there are any problems. If an item is deemed to meet our return criteria, an RMA will be granted, but only up to three (3) days after receipt of your shipment, and no later than the return deadline posted on all auction lists. In most cases, when a Member contacts us with a potential problem, we can resolve most of them instantly on the phone, as miss-information is the probable cause and there’s really nothing wrong at all.

### ***Now, we’ll explain how to sell items on our NSC auctions...***

Selling N and Z-Scale items on our NSC auctions is easy! First, just like being a bidder on our auctions, all sellers must also be NSC members in good standing in order to sell items on our lists. All qualified items submitted for our collector-quality auctions are to be in NSC **Grade 1** or **Grade 2** condition including the packaging. Any items (including the packaging) found to be less than Grade 2 condition, and contain minor correctible defects such as broken stirrups will be corrected at the seller’s expense. If the item cannot easily be corrected, the item will be returned to the seller at the seller’s expense including a \$2.00 per item failed inspection fee. Under no circumstances will any Grade 3 or less item (a used item) be “restored” in any way to achieve Grade 2 or higher condition nor will they be sold in our NSC auctions, or our sales.

*Once submitted, items may not be withdrawn by the seller for any reason. Certain rare exceptions do exist, but in all cases a 22.5% return fee (based on published Guide values) will be assessed on all items returned per the seller's request. Items already committed to auctions or sales within a 60-90 day period of the return request date must run in those auctions and/or sales and are not immediately available for return until after those lists expire and the items have not been sold.*

There is no limit on how many items each member may submit. However, lists of less than fifty items are discouraged (unless they are very valuable) as our cost to set-up a seller account for that member will far exceed any revenue generated for the N-Scale Collector Society.

All potential sellers should first call us on the telephone during normal business hours to discuss what they want to sell. Then they should prepare a list of the items and submit that list to us for review and acceptance. It is important to include any variation data (clip-on trucks, Narrow-Rib door, etc.). If convenient, please use the various Reference Guides that are available in the marketplace. A list of those Guides is posted on our NSC website. Ideally, this list should be prepared in an Excel-type spreadsheet format, but other formats are acceptable (including hand-written lists if necessary). Sellers do not have to establish starting values for their submitted items. Our auction database system automatically calculates these values based on a variety of criteria using all of the current, verifiable market data available.

The list should be sent to us via email (our first choice), or snail-mail if necessary. Upon receipt, we will review the list and respond with any questions we may have. Remember, all items must be in collector-quality Grade 1 or Grade 2 condition including the packaging to be considered for our collector auction and sales. After we have completed our review process, we will inform you which items to send to us.

Before you pack the auction items, sellers should inspect all of the items one more time to make sure they are in Grade 1 or Grade 2 condition. You should remove any non-factory applied stickers or markings and replace any scratched, cracked or discolored boxes and lids to avoid being charged for those services. You should also add the published NSC Special Run ID Number to all MicroTrains Special Run cars. Note: a complete list of all NSC ID numbers listed to date is available on our NSC website. Use a small Avery sticker (or Post-It note) on the end of the box to accomplish this. Do NOT write the ID number directly on the insert label or the box!

You should then carefully pack and ship these items and get them to us as soon as possible as we do NOT "reserve" positions on our auction lists. It's a FIFO (first-in, first-out) system. That means that the sooner we receive the items, the sooner those items will appear on our auction lists. However, all approved shipments must be received no later than 30 days after the approval date. Upon receipt of all auction items, our team of "experts" will carefully inspect every one of item. We have permission to use the most-comprehensive N-Scale variation database in the world to assure authenticity of every item we list. No other auction venue in the world has this capability! As we stated above, any minor correctible defects found on the items (or packaging) will be corrected at the seller's expense.

Before a seller's items are entered into our auction system, the seller is issued a "seller code". This is a 3-letter code (ABC for example) that is listed with all of the seller's

items when they appear on our auction lists. It's an easy way for all of our sellers to see just how many of "their" items are appearing on a particular list.

Once the items that meet our high standards have been inspected and authenticated, they are entered into our state-of-the-art auction management system. This system controls all aspects of our collector auctions from inventory control to seller payments. Once entered, a detailed list of all of the seller's items is transmitted to him/her for confirmation. This is the time that any discrepancies must be resolved and corrections made. No items will be sold until we receive approval from the seller that all items are accurately listed and complete. Once approved, this list becomes the "bible" for that seller. Any disputes (we have not had any yet) that arise in item counts, road numbers, etc. will only be reconciled using the seller's approved "master list".

Once entered, all items appear on our NSC auction lists in the order they were entered. We have a rule that no two specimens of the exact same item will appear in two consecutive auctions. Therefore, when one of them runs, the second one is pushed back at least two auction to meet our "no two in a row" rule. Sellers may submit multiple copies of the same item. However, if another seller submits one of the same items, the new seller's item will jump ahead of all but the first unsold item from the first seller, thus allowing more sellers to participate and be fair to all of our members. After a seller's items have been inspected, accepted, and the list approved by the seller, all the seller has to do now is sit back, relax and wait for their items to appear. Our NSC auction staff does all the work (a lot of work).

As each auction is closed, all sold items are invoiced, packed and shipped to their new owners. The new purchaser has three (3) days from receipt of their auction shipment to file any claims for damage, etc. Once that period has lapsed, the sale is considered final. Any unsold items from one particular auction are automatically placed in the next available auction on our schedule. Unsold items are NOT returned to the sellers unless the seller specifically makes that request. If so, the 22.5% return fee (as described above) will first be collected, plus the cost of shipping.

Approximately four (4) weeks after the conclusion of each auction or sale, sellers receive a detailed recap of their sales transactions and a check for the proceeds of their sold items. The recap details total sales, fees and any other charges associated with each seller. This process continues each month until all of a seller's items are sold.

Our selling fees remain at a very reasonable 22.5% of the selling price for all items. Sellers are also responsible for the selling fees and shipping costs associated with any returned items based on our published "collector-quality" guaranty. (Note, last season we only experienced three returned items, and all of them were due to shipping damage). Also, as stated earlier, any charges for correcting minor defects will be deducted from a seller's proceeds as well. When you think about what eBay, etc. now charges including their Paypal and credit card fees, and all the time and expense you have to absorb yourself, our fees are quite a bargain! It's also important to remember that unlike other auction venues where all the profits go into someone's pocket, any profits we may generate all go right back into the N-Scale Collector Society<sup>®</sup> to make it a better Organization for you.

We know that more than half of our NSC Membership use our N-Scale auctions as a means of finding and/or disposing of their N-Scale items or collections on an on-going basis. We list and sell over 10,000 "collector-quality" items each year. Our auctions

have become the “benchmark” standard for the majority of the N-Scale collecting community in the entire world. We attract the best quality items. We attract the best selection. That’s why our NSC auctions are called “the best auctions on the planet®!”

One final note...we refer to “NSC Grade 1 and Grade 2” condition for items that appear in our auctions. Many people may not know what that means. If you have a copy of the September/October 2002 Collector magazine, please re-read the article “What is Collectible?” for a complete description of our NSC grading system. This article is also available on our NSC website at [www.nscalecollector.com](http://www.nscalecollector.com).

If you have any other questions, suggestions, or comments about our auctions, they are always welcome. You can contact me via telephone or at the address listed in the front of NSC Collector® magazine, or send me an email at [auctions1@nscalecollector.com](mailto:auctions1@nscalecollector.com).

Have fun and enjoy our auctions and sales. Happy Bidding, and Happy Buying!

*Doug Hickman*  
*NSC Auction Master*