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**From:** Elwood, Kenneth L. (USTP)  
**Sent:** Thursday, January 12, 2017 11:00 AM  
**To:** Edwards, Charles (USTP); Burnette, Cindy (USTP); Hardy, Elizabeth (USTP); Gebhardt, Guy G. (USTP); Mills, Matthew E. (USTP); Lecaroz, Monsita (USTP); Sterbach, Charles R. (USTP); Turner, Steve (USTP)  
**Cc:** Baltzell, Mary Kay (USTP); Sox, Jill W. (USTP); Gimenez, Maureen (USTP); Del Forn, Roland (USTP)  
**Subject:** Auctioneer Bonding (letter of credit? and verifying surety)

Good Morning.

As discussed on this morning's call, there is a **component below** where the trustee is supposed to verify the appropriateness of the surety company issuing the auctioneer's bond.

It should be the trustee's job to determine the surety company is approved. If a trustee asks how to do so, please feel free to provide them the following link which lists the Department of Treasury's certified companies.

[https://www.fiscal.treasury.gov/fsreports/ref/suretyBnd/c570\\_a-z.htm](https://www.fiscal.treasury.gov/fsreports/ref/suretyBnd/c570_a-z.htm)

Also, Washington clarified that a letter of credit **will not** suffice in lieu of a blanket bond for an auctioneer.

Kenny

Kenneth L. Elwood  
Bankruptcy Analyst  
Office of the U.S. Trustee  
(404) 331-4437, x130

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----- Forwarded Message -----

**From:** "Elwood, Kenneth L. (USTP)" <[REDACTED]>  
**To:**  
**Cc:** "Edwards, Charles (USTP)" <[REDACTED]>; "Burnette, Cindy (USTP)" <[REDACTED]>; "Hardy, Elizabeth (USTP)" <[REDACTED]>; "Gebhardt, Guy G. (USTP)" <[REDACTED]>; "Mills, Matthew E. (USTP)" <[REDACTED]>; "Lecaroz, Monsita (USTP)" <[REDACTED]>; "Sterbach, Charles R. (USTP)" <[REDACTED]>; "Turner, Steve (USTP)" <[REDACTED]>; "Simmons, Christy S. (USTP)" <[REDACTED]>; "Sox, Jill W. (USTP)" <[REDACTED]>; "Gimenez, Maureen (USTP)" <[REDACTED]>; "Del Forn, Roland (USTP)" <[REDACTED]>; "Baltzell, Mary Kay (USTP)" <[REDACTED]>; "Farr, Scarlett (USTP)" <[REDACTED]>; "Sharrock, Trisha (USTP)" <[REDACTED]>; "Lewis-Sutton, Lamar J. (USTP)" <[REDACTED]>; "Kolba, Lindsay P. (USTP)" <[REDACTED]>  
**Sent:** Tuesday, November 1, 2016 11:24 AM  
**Subject:** Auctioneer Bonding

I am sending this on behalf of Acting United States Trustee Guy Gebhardt...

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Bankruptcy Analyst  
Office of the U.S. Trustee  
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Good Morning Chapter 7 Trustees.

To help ensure estate property is protected from loss, the Handbook for Chapter 7 Trustees (Handbook) Chapter 4.C.10.g. [pages 4-22 through 4-24] provides guidance for trustees regarding the employment of auctioneers. The guidance specifically provides that:

- The trustee must ensure that auctioneers are adequately bonded, prior to auction or taking possession of estate property, in an amount that is sufficient to cover all receipts from the sale.
- The bond must be in favor of the United States of America and is distinct from any other auctioneer's bond required under state law.
- All original bonds must be forwarded to the United States Trustee.
- The trustee should verify that the auctioneer maintains insurance for lost or stolen property in the event that the trustee decides to make a claim against the insurer in the event of such losses.

As part of ensuring the auctioneers are adequately bonded, you should verify that any auctioneer you employ is bonded in an appropriate amount to cover not only your bankruptcy estates, but all bankruptcy estates in which the particular auctioneer has been employed.

Your applications to employ auctioneers should contain language representing that: (i) the auctioneer has posted a blanket bond in the amount of \$\_\_\_\_\_ (or a case specific bond in the amount of \$\_\_\_\_\_); (ii) the blanket or case specific fiduciary and faithful performance bond or surety bond was issued by a surety company approved by the Department of the Treasury; (iii) the amount of the bond is not less than the maximum expected proceeds of any proposed auction or combination of auctions; (iv) the bond is in favor of the United States of America; (v) the original bond has been forwarded to the United States Trustee; and (vi) true copies of the appropriate licenses and bonds are attached to the Affidavit of Auctioneer attached hereto as Exhibit "A".

Additional guidance will be forthcoming regarding the U.S. Trustee's collection of original bonds from the auctioneers for submission to the court and procedures to monitor the coverage amounts of the bonds.

Please inform your staff of these provisions and ensure the Handbook guidance is adhered to. We will notify the auctioneers who we are aware conduct business on behalf of chapter 7 trustees in Region 21 of these requirements. If you have any questions, please contact Kenny Elwood or your local U.S. Trustee office.

Guy G. Gebhardt  
Acting United States Trustee