

**UNITED STATES BANKRUPTCY ADMINISTRATOR**  
**MIDDLE DISTRICT OF NORTH CAROLINA**  
**JOHN PAUL H. COURNOYER – BANKRUPTCY ADMINISTRATOR**  
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May 31, 2023

To: Trustees and Auctioneers –

A. Under the Guide to Judiciary Policy, Trustees are responsible to:

1. Ensure that all auctioneers are adequately bonded before taking possession of estate property, and the bond should cover 100% of the estimated sale receipts;
2. The original bond should be in favor of the United States; and
3. Ensure that the auctioneer maintains adequate insurance for loss to the estate.

In the Middle District, in an effort to assist Trustees, the BA's office works with Trustees and Auctioneers to meet these requirements. There are several firms that maintain standing bonds and insurance with this office.


Of course, Trustees are free to retain any licensed and disinterested auctioneer whom they believe will do a good job under the circumstances, considering the property to be sold, its location and other factors.

However, the Trustee must ensure that the Trustee or BA has documentation of the applicable insurance and bond before the auction is conducted. Failure to do so poses risk to the estate and may cause this office to contest compensation to the Trustee or auctioneer. Please work with this office to make sure that this requirement is met in every case.

B. When the Bankruptcy Court authorizes the auction sale of property, the authorization extends only to the property described in the Court Order. No property may be added or sold without separate Court authorization. The bankruptcy estate lacks authority to transfer title to property not listed or described in the Order.

To prevent this situation going forward, this office has decided to implement the following policy: when the Trustee obtains an Order of Sale, the Trustee is to serve/deliver a copy of the signed Order to the auctioneer. This policy already exists with respect to sales of real estate (the Trustee is required to serve/deliver a copy to the closing attorney); we are adopting it as modified for the auction situation.

If you have any questions, please do not hesitate to contact me or Bob Price, Assistant Bankruptcy Administrator.

  
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John Paul H. Cournoyer  
U.S. Bankruptcy Administrator  
Middle District North Carolina