

# THE APPRAISERS CORNER

## BUYING A COLLECTOR CAR AT AUCTION



Words and Photography by Neil Thomas



In the last decade classic car auctions have been the place to buy or sell your classic car. Nearly every weekend there is an auction selling your dream car. These auctions have become quite the event. They are big and flashy productions with a fantastic buzz of energy of from the thousands of people who attend. The organizers cleverly market their auctions with glossy auction catalogues, advertisements in car magazines, and some such as Barrett Jackson and Mecum broadcast the auction live on TV.



So what does this mean to the average guy who wants to buy his next classic car? What are the pros and what are the cons of auction purchases? Well there are many on both sides of the equation. You need to be aware of the process and how the system works, and armed with this knowledge, you can successfully navigate purchasing your next classic car, while having fun at the same time. It's the one stop shop, depending on the auction or indeed the auction weekend. In the case of Arizona or Monterey you will have access to hundreds if not thousands of collector cars all offered for sale in one weekend. One thing is guaranteed; you will be spoilt for choice. These auctions will give you the opportunity to compare similar cars, of various condition, options, and prices. Quite often cars will be offered for sale at No Reserve, that means they are going to sell, your chance to pick up a bargain, other cars may be offered with a reserve, this means the bidding will have to reach a certain amount before the car will be sold.

The spectrum of the collector car world is wide and varied, you have your multi-million dollar cars such as Ferrari 250 GT SWB, or

Alfa 2800 8C at the high end, and then at the other end you have the sub \$10,000 cars. Different auctions cater to the different markets. Auction houses such as RM and Gooding & Company cater to the rare and expensive cars, their catalogues will consist of carefully picked cars, usually restored to a very high standard or an untouched rare barn find. They go for quality not quantity, there are usually less than 200 cars offered for sale. These auction houses produce glossy catalogues that would look good on your coffee table, or next to your toilet for those "thinking moments" Beautifully photographed, and a researched description, that is both informative and worthy of a literature prize.

On the other hand auction houses such as Mecum or Barrett Jackson are dealing with a huge quantity of cars usually over 1000 cars are offered at a sale. The owner of the car usually writes the auction description, and the photographs are again sent in by the owner and sometimes are not of the best quality. With the quantity of cars on offer the auction companies do not have the time or the resources to research each vehicle. So bear that in mind when making your buying decisions.



*A rare 1969 Corvette L88 Roadster sells for \$750,000 plus buyers commission at Gooding & Company January 2013.*

So what does this mean for you as a buyer in the daunting world of classic car auctions?

## Have a Plan

Identify the cars that you are interested in, and at which auction. Nowadays the auction will post the estimated run time when the car will go onto the auction block, with so many cars offered for sale you don't want to be caught killing time at the bar, and making a drunken mistake, (God knows you have made enough of those already in your life!) You will need to register as a bidder at the auction, this will give you a bidders number, a catalogue, sometimes free drink tickets (watch out! see above) you will be required to give a deposit or letter of credit from a bank, to prove you have the funds available to pay for your potential purchase.



*The original "Batmobile" sells for \$4,200,000 plus buyers commission at Barrett Jackson January 2013.*

Do a bit of research to find out the real value of the car you're interested in, most of the auction houses maintain a database of all the cars they have sold in recent years, they are a valuable tool to compare what the market is on the particular car you're interested in buying. Value guides such as NADA can give you another idea on values but they are not always accurate, many factors affect the value of a classic, engine configuration, options, originality, race history, and of course condition. All of these can have significant impact on the value. Restoration work is expensive; parts can be hard to come by, so take these factors into account when determining your budget.

Have your wits about you when bidding on a car, set yourself a budget and stick to it. Try not to get wrapped up in what other bidders are doing, because they maybe clueless to what is really going on. Look around the room, make sure legitimate bids are being placed on the cars; quite often the chandelier is doing all the bidding, there is a lot of screaming and shouting going on from



*Matching numbers? It's very easy to re stamp blocks.*

the auction company's spotters in the room so don't get fooled. It funny to see inexperienced bidders at the auction, bidding against themselves! That's right, the frenzy of a fast talking auctioneer, the bright lights, and TV cameras, and you out bid yourself to the tune of \$10,000!!

Inspect the car before you bid, it sounds simple doesn't it? You would be surprised how any people who bought car just on a whim, because it looked nice on the stage!! Do your due diligence, research the car. Auctions have "preview days" where you can



*Cars and truck galore at Russo and Steele January 2013.*



*My clients 1968 Pontiac GTO sold as a non- matching numbers car, shows up at auction 2 years later claiming "Matching numbers" Don't always believe the auction description.*

spend the day checking out the cars prior to being sold. This is especially important when you are looking at the more expensive cars, or investment cars, this is when provenance or originality can have a drastic effect on values. For example the words "matching numbers" are thrown out there with frivolous disregard for its true meaning. I can't tell how many cars I have inspected for clients where the matching numbers claim is false. Either they have been cleverly faked or the engine is original but the transmission is not. Even seasoned buyers do not check these items, so don't believe what an auction catalogue or description tells you.

Case in point: A few years ago I was selling a client of mine's 1968 Pontiac GTO convertible, a nice clean car that had probably been restored 10 years ago. I ran the numbers and decoded the car. It was fitted with a 1971 Pontiac 455 motor and a later

Turbo 400 transmission. The car had no paperwork or documentation of the restoration or service history. I sold the car to a guy in the mid-west. Approximately 2 years after I sold the car, the car is offered for sale at an auction in Kansas December 2010. The catalogue description was a complete fabrication! The claims of a fully documented restoration, matching numbers, a fresh restoration...NOT. Whoever bought the car is in for a nasty surprise if they expected an all original car. They even used the pictures I took of the car when I was selling it 2 years ago! Check the car for rust, accident damage, and oil leaks. Take an expert with you if you are unsure of what to look for. Many of these muscle cars are now restored with aftermarket parts from a catalogue, a car restored with valuable New Old Stock (NOS) parts will always be worth more, do you know how to spot the difference?



*1935 Mercedes 500K allegedly taken unlawfully in 1945 from its then owner.*

It's important to remember the auction company is not liable for any of the information it publishes in their catalogue, the buyers and sellers agreement are worded by the auction company to protect the auction company, and to be fair the buyer and seller. Basically is when you decipher the legal mumbo jumbo it says: We are not responsible. There was a

high profile nightmare concerning a very rare and expensive Mercedes 500K roadster. The car was purchased at the an auction in Monterey 2011 for nearly \$3.8 million, the proud new owner takes the car to Germany for a big classic car show, where the car is promptly seized by German authorities due to a claim the car was stolen in its murky WW2 past. The German court ruled the car should be returned to the heirs of the pre WW2 owners! Ouch! Now let be fair here, 99.99 % of cars sold at auction are perfectly legitimate transactions with no issues at all. Auction companies are not in the business for selling stolen cars, but sometimes problems do arise. When buying very expensive cars, really research the ownership history, if there are big gaps in the ownership chain, it can be a recipe for expensive lawsuits. Defending a challenge to the ownership of a multimillion dollar car is going to be expen-



*The car of Mopar folklore: A 1971 Plymouth Hemi Cuda convertible one of 11 built, sold at Barrett Jackson for \$1,320,000 including buyers commission.*



*A rare and beautiful 1960 Ferrari 250 GT SWB "Competizione" sold for a cool \$8,140,000. Big money, but one of the most desirable Ferraris ever built.*

sive, irrelevant of the legitimacy of the claim. Another problem I have is not being able to test drive the car. Does the car drive correctly? Does the suspension work correctly? How does the transmission shift? Does the rear end whine? Do the brakes work? So when you're making your plan bid accordingly, there may be some mechanical issues that need addressing. There are no warranties; all cars are sold "as is".

What are the other fees? There is always a buyer's fee to add to the hammer price, usually 10 %, and then there is sales tax. On a \$40,000 car that's \$4,000 buyer's fee, sales tax can be as high as 10% depending on your state. The auction company will sometime

be required to collect the local state sales tax, and then you will apply for the difference to be credited when you register the car in your own state. Don't forget about trucking your new pride and joy from the auction to your home. So now you are into best part of \$50k when you are all said and done.

The one thing to remember if you make a bid and your bid is the winning bid, you have bought the car, there is no cooling off period, or "sorry I made a mistake". You own it! It's in your bidding contract. Hopefully this article gives you a bit of insight to the auction process, and how to become a smart winner at the auction. Happy bidding.

## ABOUT NEIL THOMAS

Neil is a self-professed car nut! His car collection includes Oldsmobile, Pontiac, Chevrolet, Ford, Jeep, and Dodge vehicles on the American side, and from Europe, a couple BMW's, a Mercedes, an Audi and a Jaguar are also in the stable. "I have a particular fondness of American muscle cars from the 60's and 70's from all the manufacturers"

Neil was born and raised in Bristol, England. He always had a passion for cars, even at an early age he was busy tinkering with our four-wheel friends. His career in the auto trade started as a sales consultant for a Range Rover dealer in Bath in South of England, and then he transferred to the Rolls Royce, Bentley, Jaguar, and Range Rover dealer in Bristol.

In 1991, Neil decided he needed a new challenge and some sunny weather! He immigrated to the United States. California was the state of choice, and Neil worked as a sales manager of a classic car store in Sacramento, and then moved to Los Angeles where a local Rolls Royce, Bentley, and Jaguar dealership became his new workplace. At this time Neil had a calling to start his own business, and his passion for classic and exotic cars, was instrumental to establishing West Coast Auto Appraisals in 1993. The new company quickly built a reputation for being a leader in the automobile appraisal industry. Neil is often nominated to act as an umpire in arbitrations by his peers in the appraisal industry. In 1998 Neil decided to give West Coast Auto Appraisals his full time

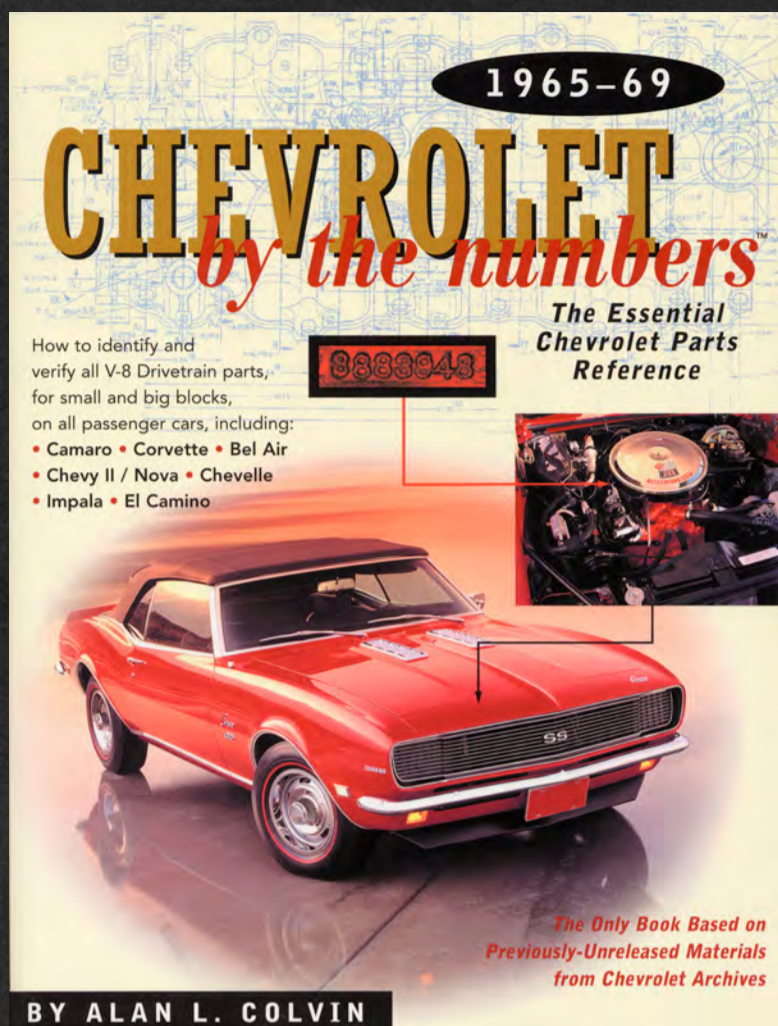


dedication. He still keeps his hand in selling and sourcing cars for his clients, and restoring his own car collection, doing most of the work himself. "I live, breathe and dream cars. I am very lucky that my work is my passion!" Primarily, Neil is a seasoned auto appraiser, based in Los Angeles with experience in all automotive related matters including an expert witness, arbitration, and much more. Neil is also a member of the International Automotive Appraisers Association, a North American Dealers Association advisory board member and a regular contributor for Motor Trend's Classic Car magazine. Make sure to check out his website ([www.thecarappraiser.com](http://www.thecarappraiser.com)) to see a full list of his services.

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