

THE AUCTION EXCHANGE

Successful Debut for New Rosen Service

The **AUCTION EXCHANGE**— a new approach to machinery sales at Rosen System—has had a successful introduction.

It enables owners of machinery to sell as few as one piece of equipment at auction, utilizing Rosen's expanded new headquarters and the Internet. The company's new building has a warehouse as well as a one-acre paved yard for the storage of machinery.

"This is an ideal way for an owner of a company to dispose of excess equipment," said Kyle Rosen, vice-president. "The idea is that the machinery can be moved to our property where it can be sold at an online auction."

The first Auction Exchange events were scheduled in the late spring and they proved to be successful, drawing the praise of the machinery owners who were selling. But it soon became obvious that the machinery for sale did not have to be moved into the Rosen warehouse.

Kyle explained:

"We decided the market was ready for the consignment sale. No longer does every piece of machinery have to be under one roof. Online auctions solved that problem by allowing a single auction event to include assets from an almost unlimited number of locations.

"Assets have been sold from as many as eight locations at the same time. While most of the initial consigners were located in north Texas, there is no reason it wouldn't be successful from anywhere."

Rosen has sold metalworking, woodworking, plastics, printing, bindery, construction, material handling and electronics equipment, as well as trucks and trailers. The sales have attracted over 150 bidders, some in distant locations such as California and North Carolina. Clients have included manufacturers with surplus machines, bankruptcy trustees, lenders and individuals.

The Auction Exchange has quickly proven itself to be a cost effective strategy, Kyle said. He envisions the day when a large number of owners from around the county consign their machinery for sale while incurring only minimal preparatory expense.

ROSEN SYSTEMS HAS SUCCESSFULLY RUN CONSIGNMENT SALES ON A BIMONTHLY BASIS.

-Kyle Rosen, vice president.



NEWS & VIEWS

This is no gimmick; this is the future

By Michael Rosen, President

Of course we still have our gavels, we just don't need to use them very often.

That simple admission in a few words tells the story of the evolution of the auction business. I've always insisted that the auction is the most efficient way to dispose of surplus machinery and other property. I continue to stress that position. I am convinced that we have developed an approach which expands our services in a way that we never could have predicted, an approach we believe will be widely accepted.

It is what we call the Auction Exchange. In its simplest terms it provides the opportunity for owners of machinery to consign as little as a single piece of equipment to sell at an on-line auction. Our new facility, with its warehouse and outside storage area, is ideally suited to accept equipment on that basis. No longer is it necessary for the owner of surplus machinery to ponder the best method of converting it into cash.

We introduced the Auction Exchange earlier this year and soon discovered it had possibilities we truly hadn't seriously considered: the machinery to be sold does not have to be shipped to our warehouse; it can be any place. Most likely it will remain in the plant or warehouse of the owner. We will show photos and descriptions of the item on our web site before and during the sale. When the sale is concluded and the item sold it will be shipped to the buyer directly from the owner.

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Nearly everything can sell at auction

From axles to lamps and fried food



In an active season, Rosen Systems liquidated a number of very specialized businesses and found that, despite the lagging business conditions there is still an active market for used machinery.

Several of the most recent sales of interest were of specialized enterprises that ranged from an axle manufacturer, a tire molder and a lighting fixture distributor to a frozen food company with a single product that was both unique and popular.

Many recommended them with catfish

A major frozen food processing plant with some \$3.5 million in upgraded equipment and a 30,000 square foot freezer processing and storage area was successfully liquidated by Rosen Systems.

The plant in Ore City, Texas, in the eastern part of the state drew considerable interest because of the variety of modern equipment. There were some 50 bidders on site for the auction and more than 50 others bidding through the Internet.

The plant of Great American Foods had a very specialized, single category product line. It manufactured hush puppies in a variety of different styles, with different sauces and accompaniments. The hush puppy has for years achieved iconic status, especially in the south, among lovers of traditional fried food. It is basically corn bread formed into balls and deep fried, then finished with different sauces.

Great American processed and packaged the hush puppies, shipping them to retailers over a wide area.

“There was very high demand for the equipment because food processing remains a relatively stable industry,” observed Kyle Rosen. Among the machinery that attracted the most interest was an IJ White spiral freezer, a Rovenal/Ishida form fill and seal machine and a Rovema drop case packer.



In addition to the equipment the sale included the building, with an area of over 52,000 square feet and the 10 acre property.

“This was a very successful sale,” said Kyle.

◀ *The blast freezer was a piece of modern equipment sold at Great American Foods.*

Well-equipped sawmill

A major sawmill and wood processing business with three facilities in Idabel, in southeastern Oklahoma, attracted bidders both on line and in person as Rosen liquidated the operation.

“The company was very well-equipped and the machinery generally modern and well maintained, making it quite desirable,” said Kyle. “The plant was able to convert the raw material of trees into lumber in various sizes and shapes. Despite the stagnant building industry interest in that type of machinery continues to be high.”

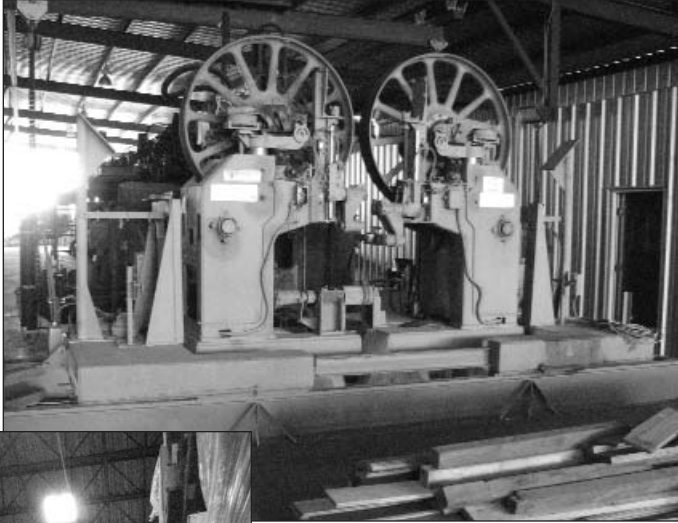
The equipment was varied and included a variety of

A Nicholson Debarker from the sawmill auction ▼



debarkers, mills, saws, trimmers, planers, dryers and chippers. In addition to the wood processing equipment, there was an array of general plant machinery applicable to almost any manufacturing facility. That group included electrical controls, compressors and material handling equipment.

▼ *A band saw sold at Idabel, OK*



Major distributor of lighting fixtures

Epiphany Lighting Products of Garland, Texas, maintained a huge inventory of commercial and residential lighting fixtures in order to fill the requirements of its customer base of lighting retailers and electrical contractors.

When the business ceased operations, Rosen was retained to liquidate the inventory, which was valued at \$4 million. It included indoor and outdoor fixtures including chandeliers, wall sconces, track lighting, pendants, vanities, posts, and a wide range of lighting-related items.

“They were all in the original packages and represented some of the latest designs,” said Kyle. “We

sold them by the pallet. Our bidders competed for a full pallet of the same fixture, a sample of which they could see at our web site. Each pallet contained from 20 to 40 fixtures, depending on the size and shape of the unit.”

Because of the size and variety of the inventory, the sale was held on two different days, the sale date being scheduled three weeks apart.

“We had hundreds of bidders, mostly retailers, and it proved to be a very successful assignment, exceeding our expectations,” Kyle observed.

▲ *Epiphany Lighting Products inventory was valued at \$4 million.*

Axle maker

Manufacturing truck axles is a specialized enterprise requiring specific skill and equipment. The essential device is an axle making machine, a large unit capable of forming the final products.

Rosen auctioned the Freedom Axle Co. of Falkville, Alabama, in a successful sale that also was comprised of other machines: presses, welders, lathes and a complete press line.

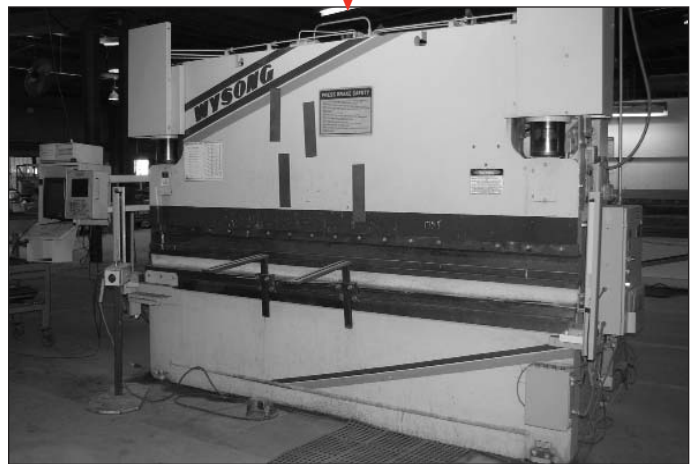
“This was another business with specialized equipment but we were able to reach an audience of potential buyers, a group that stimulated active bidding,” Kyle said.

Metal fabrication plant

In Durant, Oklahoma, Rosen liquidated a complete metal fabrication facility where the machinery list was highlighted by a Wysong CNC press brake, a Wysong power shear, and a Cincinnati press brake, as well as considerable other metalworking equipment.

“The interest in this type of equipment fluctuates with the market ups and downs, but we were able to achieve a good result at this sale,” Kyle recalled.

▼ *A Durant Fabricator was selling this Wysong CNC Press Brake*



Manufacturer of specialized tires

Some tires are so big they almost dwarf the driver of the vehicle. Those are the type of tires that were manufactured at the CT Industries & Esperanza Palms plant in Parkhurst, Texas. The company's product line emphasized custom tires used for military vehicles, tractors, oversize trucks and agricultural equipment.

“This was a plant that molded rubber and the sale inspired very competitive bidding that yielded excellent prices,” Kyle reported.

The machinery included hydraulic presses, a CNC vertical mill, a Williams White Moline hydraulic press and a Pangborn Rotoblast shot blaster. In addition there were ovens, drills, rubber mills, lathes, welders, plus material handling equipment.



A burning issue

It was a rare before and after assignment for David Dalfonso, who heads the Atlanta office of Rosen Systems and specializes in appraisals of machinery.

The challenge:

Appraise the manufacturing equipment at a plant in Georgia that had been destroyed in a major fire. The owner needed the appraisal figures as he negotiated with the insurance carrier over settlement details.

The plant manufactured planks used in the construction of decks and other exterior uses. The product was made from wood scraps, sawdust, plastic and glue and formed into planks. The factory, in a 100,000 square foot building, was destroyed in May, 2010. Dalfonso, vice president of Rosen, was called upon to make his appraisal in June, 2011, over a year after the fire.

“We relied on records showing the date of purchase and the original price as well as photographs of the machinery,” David said. “Most of the equipment was heavily damaged in the fire and some of it had to be scrapped.

“However, by researching our database, we were able to make accurate appraisals of the values before the fire, so those figures could be compared with the current value, which of course, was much less,” David explained. “It was a first for me, a rather unique situation, but it demonstrated our capacity to make appraisals after an event of that nature.”

**DETERMINING
VALUES
BEFORE AND AFTER**



NEWS & VIEWS

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Already we have conducted several sales where the various pieces of machinery were in several remote locations. That is a dramatic development in the auction business. It provides a kind of freedom to the owners of machinery that just a few years ago was beyond belief.

Of course the development of the Auction Exchange is the direct result of the universal presence of the Internet and the willingness of people to conduct business online. Most of our auctions have been primarily online for several years, although some auctions are both “live” and online, with inspection days before the sales.

Now we have moved the process in another direction. Some might consider it to be a virtual auction. The sellers and the bidders can be in distant locations. We use e-mail—sometimes generalized and sometimes industry-specific—to notify potential bidders. This is the latest development in the evolution of the auction business that has been powered by the Internet.

We envision it as an opportunity for dramatic growth and great benefits for both sellers and buyers.

The Rosen Report

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