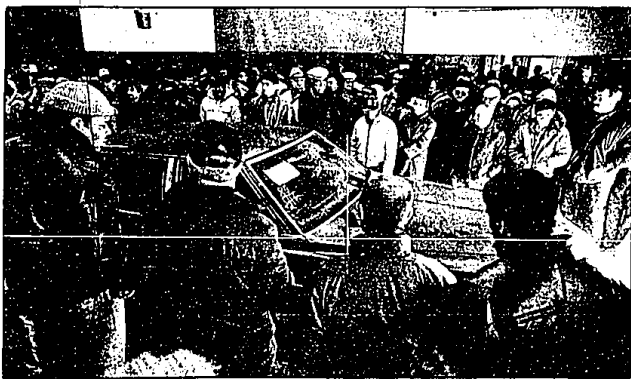


Business

Marilyn Fitchett editor/591-2300

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Prospective bidders gather around a 1980 Cadillac Sedan DeVille that was one of three cars seized by federal marshals and auctioned last week at Midway Auto Auction in Redford Township. The car sold for \$1,050.

staff photos by JIM JAGDELO

Seized goods make for bargain opportunities

By Janice Brunson
staff writer

Property seized by public officials and sold at auction or by sealed bid translates into opportunity for discerning buyers interested in bargains.

Automobiles and jewelry seized by U.S. Customs or the Internal Revenue Service, boats and land confiscated by the Drug Enforcement Agency or furniture and houses forfeited to state or local police are often sold at prices lower than fair market value.

"We don't just give the stuff away. We try and get as much as we can. But bargains can be had. It depends on how shrewd a buyer you are," said Lt. Douglas Smith of the Livonia police.

As head of the department's intelligence section, Smith processes all "property and profits acquired from drug traffickers." A Lincoln Continental Mark VII in good condition that sold for \$7,000 less than Blue Book value was among confiscated property.

Consumer interest often determines a bargain, according to Elicy Maccani of the Internal Revenue Service in Detroit. IRS agents seize property "reluctantly, only as a last resort" in lieu of tax payments, she said. Seized goods are then sold at public auction.

"BIDDING SETS price. When

there's high interest, bidding is heavier and prices get pushed up," she said.

Diamond rings and fur coats normally elicit strong interest.

Twelve-foot rowboats and Brownie shagbuns were popular at a police auction in West Bloomfield, generating higher prices than other comparable items, according to Sgt. Roy Clark of the township's police force.

"There were tremendous buys," said Clark, citing such examples as a woman's Omega watch appraised at \$500 that sold for \$140 and a \$400 racing bike that sold for \$80. In all, \$8,000 was raised.

More than 200 items were auctioned, including jewelry, bicycles and office furniture recovered by West Bloomfield police, who were unable to locate the owners to return the merchandise. Other items were forfeited to police in Circuit Court. Under state law, any real or personal property acquired by profits from drug trafficking is subject to seizure.

MOST AREA police departments hold annual auctions to dispose of recovered and forfeited property, advertising sales in area newspapers. Larger items like autos and other vehicles are often sold at commercial auctions; real estate property is contracted with area real estate agents or sold directly by city governments in sealed bidding.

"Three-bedroom colonial style

home in Livonia's Compton Park. Drapes, carpeted, good condition. Fully landscaped," read the notice advertising a house for sale.

The home was forfeited to Livonia police in 1985 by a 45-year-old female owner arrested and convicted on charges of possession with intent to deliver 650 grams of cocaine.

Later that year, the home sold in sealed bidding during a thriving real estate market for \$79,500, nearly \$4,000 less than appraisal, according to Smith. Prior to the start of bidding, the Livonia City Council established a minimum bid.

In other council action two years ago, members approved a commercial auto auction in Romulus to dispose of all vehicles acquired by Livonia police through forfeiture.

The move is aimed at securing the highest possible prices, Smith said. Still, bargains are available. The Lincoln Continental, for example, a luxury auto owned by a convicted Livonia drug dealer now serving 10 years in state prison, sold at auction for \$17,000. It had been appraised at \$24,000.

Proceeds from the sale of such goods are deposited into city and township general budgets. If more than one enforcement agency is involved in a seizure, each receives a portion of proceeds, based on the amount of effort and manpower supplied by each agency. If federal agents are involved, money is processed through the National Forfeiture and Seized Assets fund maintained by the U.S. Department of Justice.

"1988 CORVETTE convertible. Mint condition. Loaded," said the auctioneer at Midway Auto Auction in Redford Township. The car, one of seven offered recently "by the feds" during a recent weekly auction held Fridays at Midway, sold for \$24,750. It is valued at \$32,000.

"There are drawbacks (buying from the government)," said George Badeen of Midway. "It's kind of a hassle because transactions must be paid for in cash, completed in front of deputy marshals at the federal court house in downtown Detroit, and it takes up to six weeks to receive title."

The vehicles Badeen auctions for the government have been seized by agents for the FBI and the Drug Enforcement Agency. Last year, agents seized an estimated \$10 million in assets in the eastern judicial district

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Cars-for-cash deals draw DEA interest

By Philip Sherman
staff writer

Audis, Saabs, BMWs, Jeeps and Jeep-type all-wheel drive vehicles, Mercedes Benz cars and Bronco-type cars have more in common than being modes of transportation.

They're the vehicles of choice for Detroit-area crack and cocaine dealers, according to William Coonce, special agent in charge of the Drug Enforcement Agency for Michigan, Ohio and Kentucky.

Coonce would like area car dealers who sell these vehicles to call his agency when they suspect they may be completing a transaction, cash or otherwise, with a drug dealer. He said he's not interested in interfering with their business or their right to make a sale; he just needs the lead.

But opinion was mixed among Observer & Eccentric-area dealers regarding whether they should act as an adjunct arm of the agency.

"In this division in 1988, we seized 127 cars, passenger cars, and that would include Broncos, vans and trucks, which had a seizure value of \$1.4 million," Coonce said.

Until recently, drug dealers tended to pay for these cars in cash, largely to avoid filling out credit applications that invite background checks.

But three things recently have happened to discourage individuals from entering the cash-for-car market, although Coonce said some young drug dealers still try to make outright cash purchases, usually to show off.

FIRST, FORMS have come into the picture. If anyone walks into any car dealership and plunks down

\$10,000 cash for more for a car, a dealership is legally obligated to file Form 8300 with the Internal Revenue Service. That form shows the transaction took place and includes the buyer's name, driver's license and Social Security numbers, Coonce said.

Second, when the dealership deposits \$10,000 or more in its bank account, the bank must file Form 4789 with the IRS, which lists the amount and where the money came from. Observer & Eccentric-area dealers were aware of these requirements and all indicated strict adherence to the law.

Third, the DEA recently has been empowered with seizure laws. If a car (or home, boat or almost anything else) is used, even remotely, in connection with the illegal sale of drugs, it can be confiscated by the law enforcement agency.

"We would like to be able to go in and say: 'Listen, I know you have to file this form, and the banks have to file that form. We don't want to interfere with your business. We want you to be able to sell all the cars you want. But when that guy comes in dripping with gold and tennis shoes and has no job and can't fill out a form and whips out \$20,000, \$30,000 or drops \$10,000 on you and says I'll bring back 15 next week, give us a call,'" Coonce said.

GEORGE DAVIS, who has been the Audi sales manager for 15 years at Fred Lavery Porsche Audi Co. in Birmingham, said he hasn't seen many cash sales, but doesn't think Coonce has such a bad idea.

This same scenario was presented to all car dealers interviewed: a male, approximately 20 years old,

with blond hair sticking straight up, wearing several earrings, having a beeper on his belt, and carrying a briefcase full of \$50s and \$100s, tries to buy a car.

Given that hypothetical situation, Davis said he would be inclined to call the DEA.

"Without a doubt, I would want to know more about that person," Davis said.

But Don Massey, headquartered in Plymouth and the area's largest dealer of Cadillac, British Sterling and Rolls Royce cars, said he didn't think much of car dealers acting as pseudo-police officers.

"If this happened, we'd sell the car," Massey said, given the above scenario of a man trying to buy a car with cash. "If he brought the cash we'd take it in a room and count it with him and deliver the car. If he's of legal age and has a driver's license, I guess we can't police where the money came from, and we could be very wrong, being inexperienced (in the area of police work)."

"We could make an accusation about a person that could be totally incorrect and wind up being litigated," Massey said. "The amount of cash that we handle — currency — is 1.6 percent of our revenue," a small amount that includes all incoming cash, such as car service and repairs, he said.

"I DON'T BLAME him. I absolutely don't blame him," Coonce said when told of Massey's comments.

Coonce said he was discussing this issue with a colleague.

"What would I do in that particular situation where you have a bus-

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How to locate seized goods

For information on the sale of government-seized goods, both real and personal property, contact the following:

- U.S. Department of Defense Bidders Control Office, P.O. Box 1370, Federal Center, Battle Creek, Mich. 49017-3092. Write and ask to be included on the mailing list for sale dates of excess government property, including office furniture and supplies, vehicles and vehicle supplies, uniforms, armaments and many, many other items.
- U.S. Internal Revenue Service

Special Procedures
477 Michigan Ave.
Detroit 48226

Write and ask to be included on the Bidders List for Tax Sales, southeastern Michigan region. You must include name, address and whether interested in real or personal property. For other regions of the country, additional requests must be made for each.

• U.S. Customs Service Support Division
Northrop
P.O. Box 2065
Lawton, Okla. 73502

For dates of scheduled auctions,

call 405-357-9194. Annual subscription to auction information is available at a cost of \$50 for the entire country or \$25 for either the eastern or western regions.

• Laser Phase
20 South Gilbert St., Suite 1
South Elgin, Ill. 60177
Call 312-681-4537, or in Michigan, call 616-361-6918. Complete guides on how and where to purchase U.S. government surplus items. Also, additional how-to guides on such topics as real estate foreclosure sales and government employment. Cost for entire service is \$34.99.