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**Contact: Cynthia Cates**

[cynthia@servnetauctions.com](mailto:cynthia@servnetauctions.com)

916.813.9650

## **ServNet Auctions: Committed to Compliance**

*A Conversation with ServNet's President, Kevin Brown (Managing Partner, Missouri Auto Auction) and CEO Pierre Pons about how ServNet Auctions are meeting the challenges of Compliance.*

**Brown:** A big hurdle facing auto finance companies right now is staying current in all aspects of Compliance, and auto auctions represent just one leg of the Compliance requirements. With CFPB (Consumer Financial Protection Bureau) dictating policy, procedure and practices, the auto finance companies rely even more on our auctions, as they require that every step of the remarketing process be well documented and able to hold up to the scrutiny of an audit.

**Pons:** At ServNet Auctions we are very fortunate that our leadership team recognized early on the importance of supporting our financial institution accounts in this area. Patty Stanley (Carolina and Indiana Auto Auctions) who is now our Board Chairman, took on this challenge during her term as President of ServNet and has been a beacon for the entire industry in 'leading by example'. Her auctions were among the first to designate a dedicated Compliance Officer, who set about to produce a full scale, comprehensive Compliance Manual. Patty has made this 150-page Manual available to all ServNet Auction members, which now gives our auctions access to a library of documentation that they can draw from as they seek to implement various Compliance requirements.

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**Kevin Brown**  
President, ServNet

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**Brown:** Specifically, take the case of a Repossessed vehicle that that may later turn into a Redemption by the debtor: the auction must take great care and implement deliberate procedures to ensure Privacy of Information, to treat the financial institution's customer with respect, and to handle all aspects of the process properly. Equally as important is to have clear documentation in place, so that all auction personnel who interact with that consumer (in person and over the telephone) are well trained and follow a consistent process each and every time.

**Pons:** You have heard me say often that while many of our competitors, specifically the auto auction chains, have established the position of "Compliance Officer" in their corporate structure, I like to point out that ServNet has 20 Compliance Officers, who are the individual Owners of each of our auction facilities. In the end, it is the responsibility and the accountability of each auction Owner that differentiates

our Independently Owned auto auctions from the others. It is the Owner on the ground at each location who makes sure that it's done right - every time.

At ServNet, standing behind each auction owner is a crew of department heads who support the Compliance efforts in their areas of discipline. This is critical because we seem to casually use the term Compliance as a broad-brushed catch-all phrase.

In fact, Compliance takes on many forms in the auto auction remarketing process: Financial Compliance, Technology Compliance, Protection of Information Compliance, Safety Compliance (OSHA), EPA Compliance, Vendor Compliance and Disaster Recovery Programs. These are only a few of the areas for which each auction assigns a management level person to develop and implement detailed and documented procedures.

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Pierre Pons  
CEO, ServNet

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**Brown:** We've actually experienced a very interesting outcome as the ServNet member auctions work through Compliance issues with our various customers. While the process has been initially frustrating and requiring extra work, in each and every case, our auction owners have come back to me and said, "You know what? We should probably have had this level of documentation in place all along." As we look to support our financial institution customers and comply with requests that seem tedious and even outlandish, the process not only makes us better business people but makes our companies stronger as we look internally to review procedures and reduce risks. As you look around the business world, many industries have long been exposed to even greater levels of scrutiny. The good companies will meet the challenge and grow even stronger. I am extremely proud of the way ServNet member auctions have risen to the Compliance challenge. We absolutely view this as an opportunity to show our customers and the industry how our auctions excel.

**Pons:** One last point is ServNet's continued commitment to the industry. We salute the efforts of IARA on the topic of Compliance (spearheaded by Jeannie Chiaromonte of Bank of America and Tim Meta of Fifth Third Bank) and have placed two ServNet members on the newly formed IARA Compliance Committee. While it is up to each individual auto auction to implement practices and procedures in this area, we view Compliance as an industry-wide issue and stand ready to work closely alongside other NAAA auctions (as well as coordinate with repossession companies, transport companies, and all parties in the supply chain) to develop consistency in Compliance Reporting and administration.

The ServNet Auction Group is a network of America's best strategically located independently-owned wholesale auto auctions. Since 1988, ServNet member auctions have been working together to provide a full range of remarketing services to its customers, including the best auctioneers, inspections, reconditioning, transportation assistance and inventory financing. The ServNet Auction Group is managed by TPC Management with headquarters in Franklin, Tennessee.