

For Charity, Bidding for Access to Stars — Even a Hug



Jeff and Staci Mills, the Edge of U2 and Leslie and Jimmy John Liautaud.

A few months ago, the restaurateur Jimmy John Liautaud had a private tour of the guitar collection of David Howell Evans (stage name the Edge) of U2. Then Mr. Liautaud and his wife, Leslie, sat down with the musician to chat about “kids, family, being on the road,” Mr. Liautaud recalled.

The visit cost Mr. Liautaud, the founder of a 1,300-unit, nationwide sandwich chain called Jimmy John’s Gourmet Sandwiches, \$42,500. He said the money was well spent.

“The cat was straightforward, kind, gracious,” he said. “Treated my wife and I like he’d known us his whole life.”

The \$42,500, which went to benefit a school for musicians in New York, was not Mr. Liautaud’s first winning bid in an online charity auction.

Stars and stellar brands have become a major presence in the philanthropic world, and demand for access to them or something extraordinary seems to be growing.

The most popular offerings now are “experiential items that someone cannot go to the store and purchase,” said Tom DiNardo, chief executive and owner of DiNardo & Lord Auctioneers in Seattle, which has been conducting charity auctions since 1993.

A couple of hours with Paul McCartney and other musicians while they prepare for a concert (\$130,000, to benefit a community environmental program). A day with former President Bill Clinton (\$124,000, to benefit [St. Jude](#)

[Children's Research Hospital](#)). A tennis lesson from Andre Agassi (\$100,000, to benefit the [Robert F. Kennedy Center for Justice and Human Rights](#).)



Tom DiNardo, left, and Jerry Colangelo auction an autographed basketball. Mr. DiNardo, chief executive and owner of DiNardo & Lord Auctioneers in Seattle, has been conducting charity auctions since 1993.

If the item is a car, make it a Mercedes model not yet on the market. If it is a week at a vacation house, “maybe add on a couple of dinners at high-end restaurants, or manicures or facials,” Mr. DiNardo advised.

This sort of giving constitutes only about 1 percent of philanthropic activity in the United States, which totaled \$291 billion last year, according to the [Association of Fundraising Professionals](#), a trade group in Arlington, Va.

But the glamour of auction and raffle offerings attracts a lot of attention and brings in new supporters to the causes they benefit.

“The caliber of the event is what really dictates the attendees and also the items,” said Mr. DiNardo, adding that among the hottest tickets were wine events, with auctions of vintage wines and tastings or dinners, sometimes stretching over a weekend.

Added Cappy Holzman, cofounder and chief executive of [Charitybuzz, the auction site](#) that handled Mr. Liautaud’s bid for the Edge: “People want to have access to a celebrity, that’s the primary reason they shop. Or merchandise and experiences that aren’t readily got.”

Indeed, Mr. Liautaud was blunt about his motivation for bidding to meet the Edge and bids to meet more than a half-dozen other celebrities. “The cause wasn’t the reason so much as was the opportunity to meet some folks I thought were cool,” he said.

Similarly, Nicolas Di Nunzio, a telecom project manager in Montreal, was the winning bidder on a hug from the singer-actress Jennifer Lopez and a visit to the back lot of “Desperate Housewives,” among other prizes. Before jumping into the auctions, he had never heard of any of the organizations his activity would support, he said.

(His \$850 bid for the Ms. Lopez moment went to [Musicians on Call](#), which brings music to patients’ bedsides, while the \$2,245 bid for “Housewives” benefited the [Actors Fund](#), a 129-year-old nonprofit that provides social services to people in the entertainment industry.)

Because the bidders are often not focusing on philanthropy, there need not be any obvious connection between the charity and the reward.

The most expensive item sold through Charitybuzz from 2009 to 2011 — a 2011 Mercedes SLS, at \$225,000 — benefited the [Hackensack University Medical Center Foundation](#) in New Jersey. A Lexus LS 600h L brought \$120,000 to Gilda’s Club Worldwide, now known as the [Cancer Support Community](#), an organization for cancer patients and their families.

In addition to celebrities, businesses and individuals offer gifts, services and opportunities for auction. Their motivations may vary from dedication to a cause, to a chance to get their company’s name in front of a high-end audience, to an opportunity to unload an item that is not selling well.

As with any charitable donation, the prospect of a tax deduction can be a motivation for both sides, but [financial advisers](#) warn that it is complicated.

Generally, a winning bidder can claim a tax deduction only for the amount by which the bid exceeds the item's fair market value, and the donor can deduct in full the fair market value of anything given away in full. But one-of-a-kind donations can make it hard to establish fair market value; getting the Mercedes before anyone else is presumably worth more than its suggested retail price.

The calculation is more complex if the donation is a service or partial donation — for instance, a personally cooked meal or a week in a vacation home. Then, the donor may deduct only the costs that are directly incurred, like the ingredients in the meal.

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“You can't deduct services, because it would be very difficult to track and very easy to cheat,” said Ross Levin, a founding principal and president of Accredited Investors, a wealth management firm in Edina, Minn., which requires clients to have at least \$2 million in assets under management.



A diamond necklace won by Sheree Wen.

Even damages to a vacation home are not deductible, experts say, and such risks have prompted some donors to handle things differently.

Charles D. Haines Jr., chief executive and president of Kinsight Advisors, a financial advisory firm in Birmingham, Ala., for clients with at least \$1 million in net worth, recalled one couple who wanted to offer the \$10,000 weekly rental on their vacation home to charities. But they didn't want to participate in an auction, telling Mr. Haines, “We don't want to open our house to an auction where we don't know the people, because it might be damaged.”

Instead, they asked officials of three cultural organizations to find trustworthy people to rent their home for one week apiece, with the rental fee going to the organizations.

However, other vacation-home donors say they were reassured by the self-selecting audience who bid, and the price level.

And while some bidders go for the sparkle, others are eager to support a cause.

At last year's annual dinner and raffle to benefit the [Women's Justice Center](#) at Pace University Law School, which provides free legal services for victims of domestic violence and elder abuse, Sheree Wen, a chief executive and engineer, won the raffle for a \$2,900 diamond necklace that had been donated by a local jewelry store. Ms. Wen, who had paid \$30 for her winning ticket, gave the prize back to the center to re-raffle.

“She said she feels strongly about the work of the center and wanted to do the most she could to help us,” said Cindy J. Kanusher, the center's deputy director.

The second raffle brought in an additional \$1,800, on top of \$3,980 from the first go-around.

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