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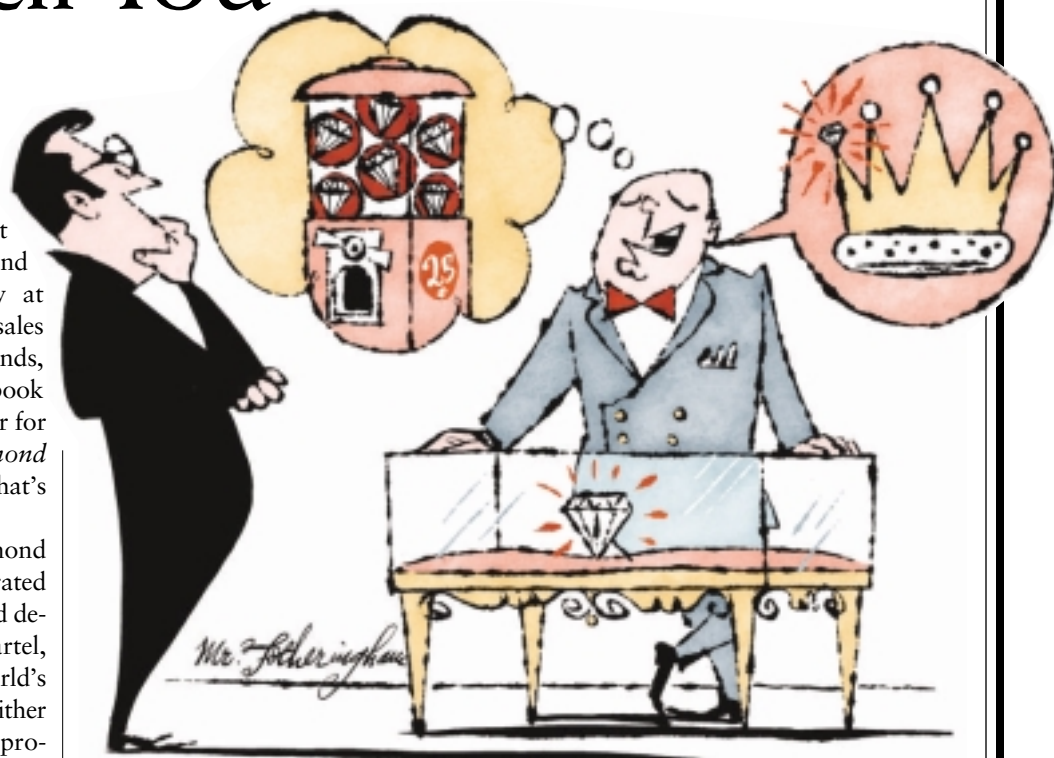
Ten Things Your Jeweler Won't Tell You

"There's no such thing as a diamond sale."

YOUR LOCAL JEWELRY store is advertising a "blowout sale"—what better time to splurge on that diamond bracelet that seemed too pricey at Valentine's, right? Bad news: True sales don't exist, at least not with diamonds, says Matthew Hart, author of the book *Diamond* and former mining editor for trade publication *Rapaport Diamond Report*. "If [a sale] ever happens, that's the end of the diamond business."

Why? The retail world's diamond supply, he says, is carefully orchestrated by De Beers. Based on the perceived demand of consumers, the mining cartel, which controls 65 percent of the world's rough (or uncut) diamond supply, either chokes back supply or increases production. For instance, in 2000, De Beers was selling about \$500 million of rough diamonds at each of its regular sales, and now, because the market is cooling, it's selling \$300 million. That way the market is never oversaturated, and prices never plummet. A De Beers spokesman declined to comment.

So what is that "sale" diamond? Often, a stone cut in less-than-perfect proportions, Hart says, to get (and sell) as big a rock as possible. As a result, the stone may have less brilliance, and be less valuable. "You pay for what they throw out," he says. "Tiffany is going to throw out a lot of diamond because they polish it for 'perfect' proportions so it's as brilliant as possible."



"Your 'perfect' diamond got a face lift . . ."

THANKS TO RECENT scientific developments, even some brilliant-looking diamonds in your jeweler's case aren't all they're cracked up to be. They could be "fracture-filled," referring to a treatment that has been around a few years in which visible cracks are filled with a glasslike substance, making a stone appear more expensive than it is. That treatment usually isn't guaranteed to last, however, and with good reason: If the stone ever gets repaired using heat, the filler can ooze like a jelly doughnut. You'll get better quality with "Bella-

taire" diamonds—co-created by General Electric two years ago and sold to retailers across the U.S.—that have undergone high-pressure, high-temperature treatment that whitens the color, increasing their value dramatically.

Still, such stones should cost less than the all-natural goods and be labeled as having been treated. But unfortunately, some aren't marked—or priced—accurately. To establish that your diamond is legit, make sure there's a return policy before you buy, then take the piece to an outside, certified appraiser; you can find one through the American Society of Appraisers (703-478-2228) or the American Gem Society (702-255-6500).

ILLUSTRATIONS BY EDWIN FOTHERINGHAM

“... and these emeralds, sapphires and rubies got dye jobs.”

BY THE SEEMING bounty of them available at any jewelry store, you wouldn't guess that natural colored stones are an increasingly rare commodity. But the truth is that few truly stunning natural colored stones are found these days—deposits are either depleted or are producing inferior rocks. The result: The rainbow of gems at your jeweler likely consists of rubies, emeralds and sapphires that have been treated with a variety of techniques such as heating or oiling to make them look more vibrant. Not that there's anything wrong with that, as long as you know what you're getting. “But the average salesperson doesn't volunteer that information or know themselves,” says Antoinette Matlins, a gem expert and author of such books as *Jewelry & Gems: The Buying Guide*. “Unless you read the [fine print] on the sales receipt, the average consumer thinks that's the way the stone came out of the earth.” Before you buy, ask if the stones have been treated, and make sure that you get documentation attesting to their status. And again, getting an outside appraisal is a smart move.

But since such natural quality can easily cost thousands, you can also ask your jeweler to order one of the excellent alternatives—tsavorite garnets instead of emeralds, and red or blue spinels in lieu of rubies or sapphires—which are brilliant without any treatment, and usually much cheaper. “In fact,” Matlins says, “a red spinel is the centerpiece of the Imperial State Crown in London, which for centuries was believed to be a ruby.”

“There may be blood on this stone.”

JUST ASK NIKE or Kathie Lee Gifford. Companies that rely on sweatshops usually end up suffering the wrath of indignant consumers. But few people know this embarrassing secret of the diamond industry: Human rights advocates estimate that as many as one in 10 diamonds sold today is a “conflict” stone, meaning it came from

a country—say, Sierra Leone, Angola or the Congo—where the diamond trade uses slave labor and funds warlords who routinely kill innocent civilians. (It's even been reported that Al Qaeda derives some of its income from the diamond trade.)

As a responsible consumer, then, you might feel compelled to ask about a stone's provenance before you buy. Unfortunately, a nonanswer is the best you can hope for. Tracking a stone's origin is next to impossible, since diamonds change hands several times between the mines and your jeweler. Any retailer claiming that a diamond's provenance is pure is out of line, says the U.S. General Accounting Office, which has determined that there's no way to certify a diamond as “conflict-free.” That may change: Legislation that would create an international certification process (and track stones from the mines to at least the polishers) was, as of press time, awaiting a Senate vote.

“Those pretty jewels shown on my Web site aren't for sale.”

YOU BUY YOUR BOOKS on Amazon, your airline tickets on Orbitz, so why not buy a diamond on the Web? Sure—if you can be certain that what you see on the

Web is what you're actually buying. Cecilia Gardner, executive director and general counsel of the Jewelers Vigilance Committee in New York City, routinely sees sites that use standard photos to represent their goods: “Very often it's a generic picture of a diamond ring, and then you wind up with something very different.”

To make matters worse, Gardner says, some sites' return policies are problematic, and “some sites, in the meantime, sort of disappear.” How can you tell a good one? Look for a return policy that allows you a full refund within a reasonable time frame, Gardner says, and for lab reports that include full disclosure of a piece's characteristics (such as clarity, size and color for gems) as well as any treatments. In late 2001 the Federal Trade Commission sent letters to 16 of the 21 largest Web jewelry sellers advising them to post more information about stone enhancements. “If you see no information about treatment,” says Gardner, “I wouldn't buy at that site.”

“These pearls make a lousy inheritance.”

THE KEY TO ANY pearl is the nacre, or the lustrous coating that covers the nucleus. Unlike natural pearls—which make up a very small percentage of the market and are virtually all nacre—a cultured pearl is a bead surrounded by nacre. But the majority of those pearls sold today “have



such a thin [nacre] coating that in a small period of time, the nacre will peel, then chip and be worthless shell beads,” says Matlins. She particularly advises against pearl bracelets and rings that sell for, say, \$150 around Mothers’ Day and graduation: “They’re tantamount to flushing your money down the toilet.” Even in a fine jewelry store, Matlins estimates, 30 to 40 percent of the pearls won’t hold up from generation to generation.

How can you tell the good from the bad and the potentially ugly? “The good news is, the luster of the nacre is something the eye can detect,” says Matlins, and the thicker the nacre is, the more luster. “I don’t mean a surface shine; I mean a glow that seems to emanate from the core of the pearl.” Avoid pearls with coatings that seem transparent or chalky, and stay away from those that seem to “blink” at you when you roll a string of them across the table, Matlins says. “That’s your nucleus showing through.”

“I replaced your dusty old diamond with a nifty new CZ.”

CAROLE PARRISH, a Cincinnati-based spiritual adviser, wanted to have her grandmother’s gold and diamond ring reset in a more modern style. She had the piece appraised, then found a small local jeweler willing to use her redesign plan. But after the work was done, Parrish realized that some of the stones were chipped. When she had it reappraised, she learned that some of the diamonds had been switched for lesser stones, and one was even replaced with cubic zirconia.

Although stone switching doesn’t happen every day, some experts say you’re not paranoid to wonder what goes on in the jeweler’s back room. Joyce Jonas, president emeritus of the American Society of Jewelry Historians, says it’s particularly a problem with antique pieces featuring stones in high demand, such as the late-18th-century Old Mine or 19th-century European cuts. “People often don’t know what they have, and they bring it in to be fixed. The fakes are so good, you don’t

know the difference.”

When Parrish’s jeweler wouldn’t replace the broken and fake diamonds, she sued and was awarded \$4,827; that pre-repair appraisal made her case. For extra security, Jonas advises getting an ID number lasered onto your best pieces by a jeweler you trust or the Gemological Institute of America (www.gia.edu).

“Sure, this estate piece is from the ‘war era’—remember the Gulf?”

UNLIKE MOST JEWELRY, estate pieces—the designation currently given to pieces crafted between 1890 and 1960—often prove to be good investments since they’re increasingly hard to find and can come back into vogue. But not all “estate” pieces are authentically old. Take the platinum “Edwardian” engagement rings that are all the rage these days, admired for their intricate engravings and highly detailed mountings. All too often, Jonas says, jewelers might pawn off a slightly newer ring—crafted of white gold because platinum was needed for the World War I effort—as Edwardian, whose dates span from 1890 to about 1914.

Even true oldies aren’t necessarily goodies. Many antique pieces have been revamped, which diminishes their value. For instance, “You don’t want to buy a [gold] piece that has been repaired using lead solder,” Jonas says, because it cuts the piece’s value in half and eventually eats through the gold. That’s why, as always, along with an outside appraisal, it’s important to get things in writing: in this case, when and where the piece was made, its condition, the type of metal or stones and whether they’ve been treated, and whether the stones are the original gems.

“Your warranty is a joke.”

MANY JEWELRY STORES sell extended warranties for their merchandise—typically, from a few dollars to a few hundred—to cover defects and damages for a year or two. But the wording is often so

vague, says Tom Adelman, an assistant vice president at Neenah, Wis.-based Jewelers Mutual Insurance, that “it wouldn’t surprise me one bit if customers leave the store thinking they’re protected if anything happens to the jewelry.” In reality these warranties usually cover only a “partial loss”—like when a stone gets wobbly in its setting—but not a total loss.

What people also don’t realize is that for not much more than the price of a warranty, you can often buy a separate insurance policy or an endorsement to your homeowner’s or renter’s policy that will cover the piece better. You’ll be protected against all kinds of loss, from theft to death by garbage disposal. For family heirlooms or pieces you almost never wear, make its primary home a safe-deposit box and it can be even cheaper to insure.

“I’m happy to haggle with you.”

BUM DIAMOND SALES aside, you can get deals in a jewelry store—just don’t expect merchants to advertise. Jewelry stores play “pricing roulette,” says Ken Gassman, a Richmond, Va., jewelry industry analyst. “The only place where you’ll see more negotiating is a used-car lot.”

In today’s soft market, Gassman says, it’s common to be rewarded with a 10 to 20 percent discount or an extra piece of merchandise if you ask. It’s also a good time to “buy up,” or put the cost of an older piece toward a bigger item. Colored gemstones such as opals and topazes tend to carry the greatest margins since the grading systems used are “a little more flexible,” Gassman says, than for diamonds. You’re less likely to get a discount on wristwatches, which carry the smallest markup in the store.

But timing is everything. The deals dry up a month before Valentine’s Day and Mothers’ Day, respectively, and you’ll need to do your Christmas shopping by Oct. 31. Or “you can wait until two weeks before Christmas, when retailers panic,” says Gassman, “but you don’t know what you’ll find on the shelves by then.” **SM**