



*Earth*  *Treasures*

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## INTRODUCTION:

Welcome to an Insiders, no-holds barred, look at the diamond business! You are about to discover that knowledge and inside information can put you in position to beat diamond dealers at their own game.

From its inception, the diamond business, through the choice of its dealers and merchants, has been shrouded in mystery leaving the consumer to rely wholly on the claimed expertise of the seller. Like it or not, those were the rules of the game. The purpose, of course, was to ensure substantial profit margins and keep potential competitors from entering the diamond trade.

Well the rules are about to change, at least for you. This report will bring you a great opportunity to save thousands of dollars and make you a confident buyer regardless of where you buy your jewelry and diamonds.

### What My Insiders Diamond Report Will Teach You:

- Basic Diamond Knowledge
- How Diamond Market Prices Are Determined
- How To Be Assured of Quality Protection
- How To Understand Grading Scales
- How To Shop For A Diamond, Step By Step
- How To Locate Diamond Bargains
- How To Do Comparisons of Dissimilar Diamonds
- How To Recognize Diamond Imitations
- Names, Addresses, & Phone Numbers of sources for everything you will require
- How To Cut Through Red Tape And Double Talk
- How To Sell For Top Dollar
- How Diamond Dealers Can Take Advantage of You
- Why Most People Lose Big When Buying Diamonds
- How To Overcome Diamond Buying Phobia
- A Question & Answer Section For Review

I, Paul Bischoff, wrote the Insider Diamond Report from hundreds of pages of research and years of actual experience. It has been refined into a concise, detailed report with no filler or extraneous information. Therefore, plan to carefully read and study all the information provided. Reread until you grasp all the facts and concepts. Don't try any shortcuts, too little knowledge can be dangerous and very expensive.

### BASIC DIAMOND KNOWLEDGE

A combination of extreme hardness, high luster, high single refraction and rarity make diamonds one of the most brilliant, scintillating, durable and valuable gemstones the world has known. Because of these features and the fact that diamonds are such a compact store of value, they have become the ultimate in portable wealth. In addition, the ease of carrying in your pocket or wearing in jewelry without setting off airport metal detectors make diamonds even more valuable to those who insist on discreet assets with international liquidity.

**WHAT DETERMINES THE VALUE of A DIAMOND?** The "Four C's"—carat weight, color, clarity, and cut explain why diamonds range in value:

Carat Weight: This is the weight of a diamond measured in carats. One carat (ct) is divided into 100 "points", so that, for example, a diamond of 75 points weighs .75 carats or 3/4 of a carat. Because larger diamonds are very rare they have a greater value per carat.

Color: Diamonds are found with a range of colors, the most common being those tinted yellow or brown. However, the best color for a diamond is no color. It is a totally colorless diamond that allows white light to pass effortlessly through it and be dispersed as a rainbow of color.

Clarity: Most diamonds contain very tiny natural birthmarks known as inclusions. However, the fewer and smaller the inclusions are, the less likely it is that they will interfere with the passage of light through the diamond and the more beautiful the diamond will be. A diamond can only be called "flawless" when no imperfections are visible to a trained eye under 10-power magnification in good light. However, remember that inclusions or flaws make each stone unique, for no two diamonds have the same flaws in the exact same places.

Cut: The diamond's beauty depends on the way it handles light for brilliance, fire, and scintillation ("twinkling"). Diamonds are cut according to an exact mathematical formula. A finished diamond has 58 "facets" which are small, flat polished planes cut into a diamond so that the maximum amount of light is reflected back to the viewer's eyes. A poorly cut diamond will not appear as brilliant as a well cut diamond.

### MARKET PRICE STRUCTURE

There are two basic markets for diamonds. Heavily flawed material is used for industrial purposes such as grinding, drilling, etc. 80% of all diamonds mined are industrial quality. The remaining 20% are of sufficiently high quality to be used for jewelry and investment purposes. This category, referred to as gem quality, is further divided into two distinct markets. The **Rough Market** consists of uncut diamond parcels which are sold to diamond manufacturers who in turn carefully fashion them into beautiful faceted diamonds. These diamonds are called finished or polished goods. The finished goods are then distributed through the **polished goods market** by importers, manufacturers, wholesalers, jobbers, and retail merchants who then sell to the public.

DeBeers firmly controls availability and price of the rough market but prices on the polished goods market are determined by supply and demand. However, in some cases, DeBeers will buy up polished goods and release them into the market at their own discretion to stabilize prices at levels which they deem proper.

However, until 1978, there were no industry wide price guides in use. Importers and wholesalers sold to the retailers at whatever price they thought appropriate. The retailer had no way of cross referencing for the sake of price comparison with other suppliers since clarity, color, and carat weight combinations were so extensive. Then in 1978 Martin Rapaport revolutionized the diamond trade when he published weekly price guides that gave the average wholesale price for every color & clarity combination for every size category of diamonds. His prices were determined by surveying the average transacted prices within the N.Y. wholesale diamond market. The effects were dramatic. The "Rap Sheet" is now an indispensable part of the diamond business with nearly all diamond dealers buying and selling with one eye glued to that week's price sheet.

Now, one would think with such a comprehensive pricing structure, that diamonds would be bought and sold in a narrower price range. They would, except for one very major problem, a great majority of diamond wholesalers, importers, jobbers and retailers don't know how to properly grade diamonds.

### UNDERSTANDING QUALITY PROTECTION

#### **Grading standards:**

In the 1920's, a non profit organization known as The Gemological Institute of America (GIA), developed a clarity grading system. Then in 1979 they expanded their grading system into a complete quality analysis system for grading clarity, color, cut and carat weight. This grading system was backed by training courses available for home study and in residence at the GIA facilities so that diamond merchants could learn how to correctly and uniformly grade diamonds. The ultimate goal was to standardize diamond grading. The system was widely acclaimed and soon became the most internationally accepted and used grading system in the world.

Nearly all diamond merchants use the GIA grading system, but unfortunately only a very small percentage grade diamonds with strict accuracy. Why? Many merchants are guilty of one or all of the following:

- (1) Some merchants are too "busy" or lazy to pursue formal and comprehensive training that will sharpen their grading skills.
- (2) Some are too conceited to compare their grading ability to known standards on a weekly or even monthly basis to insure consistency. Being a diamond grader for 10, 20, or 30 years hardly guarantees that personal standards don't slip due to weakened eyesight, color perception, or simply carelessness.
- (3) Some merchants are simply greedy. Misgrading a diamond just 1 color and 1 clarity grade can affect the price by as much as 30%! Very tempting and very easy to do.

A similar situation exists in the rare coin business. But three highly professional numismatic grading services have added a new dimension to that business. Each of those services employs a staff of grading experts who jointly determine the specific grade of each coin submitted and certify the quality by sealing the coin in a tamper proof holder. These certified coins have become very popular among investors and collectors and are often bought and sold sight unseen due to the high credibility of the grading laboratories. Such coins have complete acceptance, even to the unskilled buyer because the grading was done by disinterested third parties.

In the diamond business we also have similar grading services or laboratories. And just as in the coin business, there are some grading services that are better than others. The two laboratories that I have found to be the most consistent and accurate are the GIA Diamond Trade Laboratory and the International Gemological Institute (IGI). They are staffed by expert diamond graders who neither buy nor sell diamonds. Their sole function is to perform a complete analysis of the diamond in question. Each diamond is graded by a minimum of two gemologists who analyze all the important characteristics of the diamond including carat weight, proportion breakdown, symmetry, polish, and exact color and clarity grade. Another important feature on the grading report is a large diagram where all flaws and identifying features of the diamond are plotted or noted so as to create a fingerprint of the diamond unique only to itself. Since no two diamonds are exactly alike, the certificates become "pedigree papers" for the accompanying diamonds.

**I strongly recommend diamonds which are accompanied by IGI or GIA laboratory certificates.** These "certs" are your single most valuable weapon in the war against misgrading diamonds as well as eliminating diamond "switching". **Don't buy without a GIA or IGI laboratory report!**

Now go back and re-read the last two paragraphs. Really. Do it. Remember, if you insist on a "cert" when you buy your diamond you could easily save a thousand dollars or more!

**UNDERSTANDING GRADING SCALES**

**GIA CLARITY SCALE**

*INTERNALLY FLAWLESS (IF)*

A diamond that shows no internal inclusions or flaws and only insignificant external blemishes under 10 power magnification.

*VERY VERY SLIGHTLY INCLUDED (VVS1 and VVS2)*

VVS diamonds contain minute inclusions that are difficult for even a skilled grader to locate under 10 power. In VVS1, inclusions are extremely difficult to see, visible only from the pavilion, or small and shallow enough to be removed by minor repolishing. In VVS2, inclusions are also very difficult to locate but are easier to locate than VVS1.

*VERY SLIGHTLY INCLUDED (VS1 and VS2)*

VS diamonds contain minor inclusions ranging from difficult (VS1) to somewhat easy (VS2) for a trained grader to see under 10 power. Small included crystals, small feathers, and distinct clouds are typical.

*SLIGHTLY INCLUDED (SI1 and SI2)*

SI diamonds contain noticeable inclusions which are easy (SI1) or very easy (SI2) to see under 10 power. In most cases, no inclusions can be seen in the face-up position with the unaided eye. However, in some cases with larger diamonds, an inclusion may be somewhat visible without magnification.

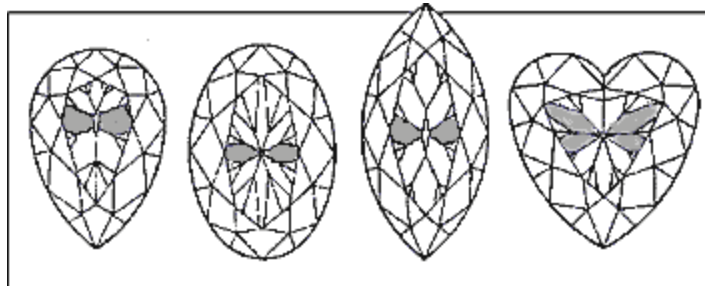
*IMPERFECT (I1, I2 and I3)*

I grade diamonds contain inclusions which are obvious to a trained grader under 10 power, can often be easily seen face-up with the unaided eye, seriously affect the stone's potential durability, and/or are so numerous that they affect transparency and brilliance.

<b>IF</b>	<b>VVS1</b>	<b>VVS2</b>	<b>VS1</b>	<b>VS2</b>	<b>SI1</b>	<b>SI2</b>	<b>I1</b>	<b>I2</b>	<b>I3</b>
<b>INVISIBLE FLAWS TO UNAIDED EYE</b>							<b>EYE VISIBLE</b>		

*BOW-TIE EFFECT:*

Because of inherent difficulties in cutting fancy shaped diamonds with nice symmetry and proportions, many stones will exhibit a dark, reflected area in the center of the stone called a bow-tie. Avoid diamonds that have very noticeable bow-ties, as they reduce the brilliance of the stone.



**BOW-TIE (judge with unaided eye)**

## GIA COLOR GRADING SCALE



<b>D</b>	<b>Colorless</b>  "Icy White", rarest and most expensive
<b>E</b>	
<b>F</b>	
<b>G</b>	<b>Near Colorless</b>  Stones in these grades will "face-up" colorless. Slight traces of color will not be apparent in mounted stones.  Most <u>popular color grades</u> .
<b>H</b>	
<b>I</b>	
<b>J</b>	
<b>K</b>	<b>Faint Yellow</b>  Small stones will "face-up" colorless when mounted but large ones will be tinted.  Popular for limited budgets.
<b>L</b>	
<b>M</b>	
<b>N</b>	<b>Very Light Yellow</b>  Mounted stones in these grades will display a yellowish tint even to the untrained eye.  Least expensive color grade.
<b>thru</b>	
<b>Z</b>	

*CUT - (proportions and symmetry guidelines)*

Familiarize yourself with the different parts of a diamond. Each part of the diamond should have specific measurements (recommended dimensions are shown on enclosed sample certificates).

An Example of a Typical Diamond Certificate



# GIA GEM TRADE LABORATORY, INC.

A Wholly Owned Subsidiary of Gemological Institute of America, Inc.

1660 Stewart Street  
Santa Monica, California 90404  
(213) 829-2991

606 South Olive Street  
Los Angeles, California 90014  
(213) 629-5435

580 Fifth Avenue  
New York, New York 10036  
(212) 221-5858

**DIAMOND GRADING REPORT 6026163**  
6/06/84

THE FOLLOWING WERE, AT THE TIME OF THE EXAMINATION, THE CHARACTERISTICS OF THE DIAMOND DESCRIBED HEREIN BASED UPON 10X BINOCULAR MAGNIFICATION. DIAMONDLITE AND MASTER COLOR DIAMONDS, ULTRA-VIOLET, MILLIMETER GAUGE, DIAMOND BALANCE, PROPORTIONSCOPE.

RED SYMBOLS DENOTE INTERNAL CHARACTERISTICS. GREEN SYMBOLS DENOTE EXTERNAL CHARACTERISTICS. SYMBOLS INDICATE NATURE AND POSITION OF CHARACTERISTICS, NOT NECESSARILY THEIR SIZE. MINOR DETAILS OF FINISH NOT SHOWN.

**KEY TO SYMBOLS**

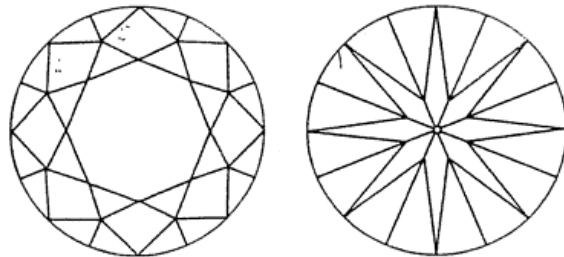
- CLOUD
- ~ FEATHER
- PINPOINT

SHAPE AND CUT.. Any  
Measurements .... Any (for fancies-refer to length to width ratio chart)  
Weight ..... Any

PROPORTIONS ...  
Depth ..... 58% to 62.5%  
Table ..... 54% to 65%  
Girdle ..... thin to slightly thick  
Culet ..... none to medium  
FINISH  
Polish ..... good or better  
Symmetry ..... good or better

CLARITY GRADE.. Any  
COLOR GRADE ... Any  
Fluorescence .... avoid strong Fluorescence

COMMENTS: Avoid stones with comments such as:  
  
cloud throughout stone  
hazy or milky appearance  
crown angles less than 30°  
laser drilled  
reflective twinning or growth lines

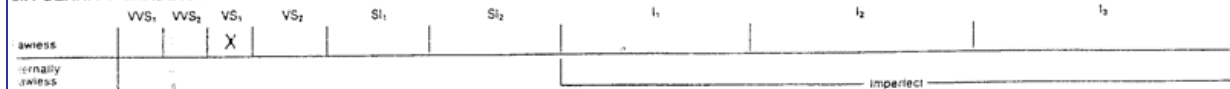


ORIGINAL

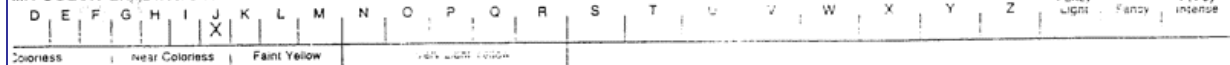
GIA GEM TRADE LABORATORY, INC.

by MM KU

**GIA CLARITY GRADING SCALE**



**GIA COLOR GRADING SCALE**





A Typical Appraisal

# INTERNATIONAL GEMMOLOGICAL INSTITUTE

SCIENTIFIC LABORATORY FOR IDENTIFICATION AND GRADING  
OF DIAMONDS AND COLORED STONES

580, FIFTH AVENUE  
NEW YORK, N.Y. 10036  
TEL. (212) 398-1700  
TELEX 429600 IGI



## DIAMOND CERTIFICATE

**LABORATORY REPORT (ORIGINAL)**

TO WHOM IT MAY CONCERN	Certificate Number : 0000000	DATE : NEW-YORK, JULY 25, 1989
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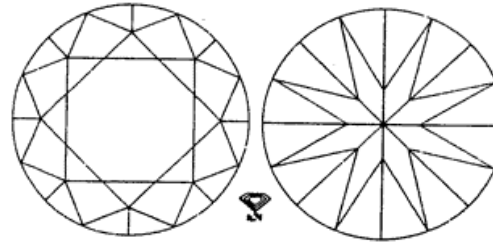
DESCRIPTION : NATURAL DIAMOND  
SHAPE AND CUT : ANY  
WEIGHT : ANY  
MEASUREMENTS \* : ANY (FOR FANCY SHAPES REFER TO LENGTH TO WIDTH RATIO CHART)

AVOID STONES WITH COMMENTS SUCH AS

- \* CLOUD THROUGHOUT STONE
- \* MILKY APPEARANCE
- \* LASER DRILLED
- \* SIGNIFICANT GRAINING

PROPORTIONS and FINISH :

Total depth Percentage 58 % TO 62.5 %  
Table Diameter Percentage 54 % TO 65 %  
Crown height percentage 11 % TO 16 %  
Pavillon depth percentage 41.5 % TO 45 %  
CULET SIZE : NONE TO MEDIUM  
GIRDLE THICKNESS : THIN TO SLIGHTLY THICK  
FINISH \*\* POL / SYM. GOOD TO EXCELLENT



COMMENTS :  
*(insignificant external details, visible only under high magnification, are not mentioned)*

CLARITY GRADE (10 x) : ANY  
COLOR GRADE : ANY  
FLUORESCENCE : AVOID STRONG BLUE

# SPECIMEN

LABORATORY DIRECTOR, GEMMOLOGIST

SPACE FOR DOUBLE-CHECK, CLARITY- AND COLOR GRADE

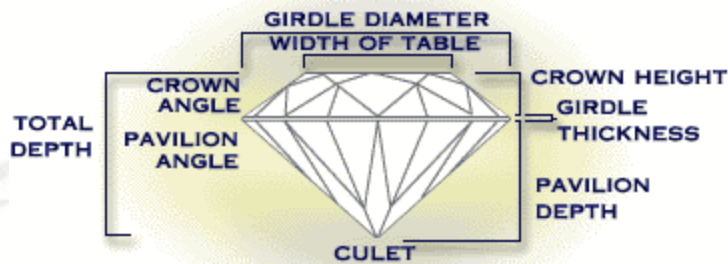
CLARITY GRADE:	Flawless, Internally FL.	vs 1	vs 2	vs 1	vs 2	si 1	si 2	p 1	p 2	p 3														
COLOR GRADE:	D+	D	1+	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	FANCY COLOR

PROPORTIONS - MARGIN : ± 1%  
MEASUREMENTS - MARGIN : ± 0,03 mm.

This report is subject to the terms and conditions set forth on page 2 hereof.



## FACET ARRANGEMENT OF STANDARD ROUND BRILLIANT



### SPECIAL NOTE ON PROPORTIONS FOR FANCY SHAPES:

Judging proportions and symmetry of fancy shape diamonds are much more difficult. Special consideration must be made for shape outline, length-to-width ratios, and "Bow-Tie" effect.






### OUTLINE & LENGTH-TO WIDTH RATIO:

The chart below shows ideal shape for various fancies along with desired ratios. Very Simply—when you are examining a laboratory "cert", refer to MEASUREMENTS. The first number is the length, the second is width, and third is depth.

Example: 12.00 X 6.00 X 3.50mm  
length-to-width ratio is 2.00  
(12 divided by 6 = 2)

Referring to chart below—a 2.00 ratio is acceptable for a marquise shape but is considered too long for other fancy shapes.

### LENGTH-TO-WIDTH RATIOS

SHAPES	PREFERRED	TOO LONG	TOO SHORT
 Emerald Cut	1.50 – 1.75	2.00 + (lean)	1.25 – 1.10 (squarish)
 Heart Cut	1.00	1.25 + (indented pear)	1.00 - (stubby)
 Marquise Cut	1.75 – 2.25	2.50 + (sliver)	1.50 - (stubby)
 Oval Cut	1.33 – 1.66	1.75 + (thin)	1.25 – 1.10 (fat)
 Pear Cut	1.50 – 1.75	2.00 + (gaunt)	1.50 - (stubby)

## HOW TO SHOP FOR A DIAMOND (STEP BY STEP):

- (1) Review charts on color, clarity and proportions and the acceptable ranges to look for on a "cert".
- (2) Decide how much money you want to spend or what size and quality diamond you would like to buy.
- (3) If you prefer to buy locally, refer to your local yellow pages under "Diamonds" and "Jewelers".
- (4) Phone as many jewelers and dealers as you like and ask to speak directly to the owner or gemologist. Ask the following questions:
  - "Do you sell diamonds with laboratory reports from GIA or IGI labs?" (An appraisal from a GIA trained gemologist is not the same thing.)
  - "Do you have a microscope available so customers can examine diamonds?"
  - "Can you quote me a price on one or more "well made" (nice proportions, symmetry and polish) certified diamonds?"
  - "If not in stock, can you give me hypothetical prices?"
  - "What is your return policy?"
  - "What is your buy-back policy?" (Not trade up policy.)
  - "Have you been in business for more than 5 years?"
  - "Will you supply references & credentials?"

If you receive a no or negative response to even one question, cross that merchant off your list of possibilities.

When you have found one or two merchants that fit these strict standards you have successfully eliminated nearly all double-talking sales persons and cut through reams of red tape. **Instead of spending days, weeks, or months locating a competent jeweler or diamond dealer, you have done this research in an hour or two in the comfort of your home or office.**

- (5) The next step is to make an appointment to examine the diamond(s) . When you visit the merchant bring your notes and be mentally prepared to give a deposit if the diamond is right for you.
- (6) Ask to see the diamond under a microscope and have the gemologist match up the inclusions or flaws in the diamond with the plot on the GIA or IGI laboratory report.

**Caution** - Do not consider buying a diamond until you can physically compare stones directly with the plot on the "cert". A promise to get a diamond certified later is not acceptable. You should not be obligated to buy until you examine the diamond side by side with the certificate.

When examining a diamond under the microscope, have the gemologist show you how to both focus and increase magnification power so you can really familiarize yourself with all the diamond's characteristics. Once you match up the actual inclusions with the plot on the "cert" you have a positive ID!

- (7) Now compare specifications on the "cert" with those recommended in this report (refer to sample "certs" enclosed). Does the diamond fall short of acceptable standards? How does the diamond look close up out of the microscope? (Make sure the diamond is free of smudges and fingerprints which can make the stone look dull). Compared to other diamonds in the showcases, does it "jump out" at you or is it "sleepy" or "lazy?" If the diamond is a fancy shape, is there a noticeable black "bow-tie" illusion that detracts from the stone's appearance?

Don't commit to a purchase unless you're really satisfied. If the diamond is mounted, make sure you receive a separate price for the stone alone.

- (8) What did you say? You'll take it? Not so fast, there are still a few more details to work out!
- a) **Return Policy** - Minimum acceptable is 7 days for **full refund**. Exchange only is **NOT** acceptable.
  - b) **Detailed Sales Receipt** - Should show "cert" number, carat weight, color, clarity, diamond shape and the price paid with the return policy in writing.
  - c) **Detailed Appraisal** - Should accompany the diamond showing retail replacement value and should list the laboratory report as proof of quality.
  - d) **Buy-Back Policy** - How much will the merchant guarantee to buy back the diamond for at a later date?
- (9) If the dealer agrees to all of the above, it's time to close the deal. Congratulations! You've just bought more intelligently than 95% of all diamond buyers. But don't blow it! When you come back to pay for and pick up your diamond, examine it a second time under the microscope and match up the flaws once again with the plot on the certificate. That "fingerprint" means no one will ever be able to successfully switch your diamond with another, whether by accident or intentionally.

### **RECOGNIZING DIAMOND IMITATIONS**

Ever since man discovered diamonds thousands of years ago, he has been trying to imitate them. Either honestly sold as imitations or dishonestly sold as "diamonds" it is a practice alive and well today. Imitations started with glass and "foil back" stones and became more and more sophisticated with Zircon, Rutile, and White Sapphire.

Then in the 1960's a new stone was synthetically made in a lab in the USSR. The stone Cubic Zirconia (CZ) revolutionized the diamond imitation market forever. With similar dispersion, color, brilliance and cut, it takes a trained gemologist to tell a CZ from a diamond.

Here are some pointers to help you determine what may be a diamond or CZ, but remember, while these are good indicators, they are not fool-proof. If you are not qualified to identify diamonds and imitations, refer your concerns to a trained gemologist.

- (1) A CZ is denser than a diamond, so a CZ weighs more. (This is true for almost all diamond simulants with the exception of glass)

example:

6 ½ mm diamond weighs approximately 1.00ct

6 ½ mm CZ weighs approximately 1.60cts

Remember, you may detect density with unmounted stones only.

- (2) Facet junctions of imitation diamonds scuff and abrade easily after only a few weeks of wear. (More brittle) Thus, imitations will quickly show wear and tear and appear "abused", especially in rings. Also, because diamonds are much harder, they can be cut with much sharper, straighter facet edges. Some imitations look like they have rounded, molded edges.
- (3) Imitations lose brilliance more easily when dirty, so they may appear cloudy and dull. They tend to look less like diamonds when worn a few times.

- (4) Instruments such as "Diamond Guard" are excellent for spot-checking any size stone. Simply touch probe to the surface of stone. You will receive an immediate indication whether the stone is a diamond or not. "Diamond Guard" tests the thermal conductivity very unique to diamonds.
- (5) **Read-through effect** - If you are looking at round diamonds, lay the stone table down (flat top surface) on top of news print. On reasonably well-cut stones you will not see any print. Poorly cut rounds or other shape diamonds may show you a distortion of print. Round CZs will usually show a very clear circular distorted print.

### HOW TO SPOT DECEPTIVE ADVERTISING

A red flag should go up if you see any of the following in an advertisement:

- (1) **"Below Wholesale"** - Real bargains are available but never in enough quantity to advertise. Too many people are willing to overpay for diamonds so don't expect a dealer to give you a "steal" unless you qualify as a knowledgeable buyer.
- (2) **"Total Weight Engagement Rings"** - Where carat weight of the center diamond is not disclosed separately from the side diamonds. Diamonds fall into specific size categories which have a dramatic effect on their price per carat. The major size categories are as follows:

1/3ct	=	.30 - .37ct	1ct	=	1.00 - 1.49ct
3/8ct	=	.38 - .44ct	6/4ct	=	1.50 - 1.99ct
light half	=	.45 - .49ct	2ct	=	2.00 - 2.99ct
1/2ct	=	.50 - .69ct	3ct	=	3.00 - 3.99ct
3/4ct	=	.70 - .89ct	4ct	=	4.00 - 4.99ct
light carat	=	.90 - .99ct	5ct	=	5.00 - 5.99ct

A typical ring a jeweler may advertise as a 1/2 ct total weight (TW) engagement ring containing six small side diamonds and 1 large diamond in center. If the small diamonds weigh .06 ct, the center diamond weighs .44 ct. Let's break down the wholesale value of the ring versus a 1/2 ct (.50 ct) single diamond.

.44ct RND VS2 H (\$800) + .06ct SM. DIAS. & RING (\$110) = \$990 WHOLESAL

.50ct RND VS2 H (\$1400) + RING & NO SM. DIAS. (\$70) = \$1470 WHOLESAL

As you can see the single 1/2ct diamond is worth nearly 50% more. Always insist on a separate exact weight on any major diamond (1/3 ct and larger).

- (3) **50 - 60% OFF!** - OFF WHAT?! If a jeweler or merchant is making a profit on such a sale (and you can be sure he is) then he's grossly overpriced to begin with. Steer clear of that establishment!

## QUESTIONS & ANSWERS:

**Q. How do I spot underpriced diamonds?**

A. If you are flexible on size and quality, ask diamond merchants with whom you have a good rapport, to call you if they have any modern cut estate diamonds for sale. Some dealers are active buyers of estates, auctions, and resales. They have the advantage of buying for less than wholesale and may be willing to take a small profit for fast cash. You can get excellent buys, but always insist on return privileges if the diamond does not "grade out" accurately.

**Q. How do I know if the diamond will "grade out" accurately?**

A. Easy, call either GIA or IGI and arrange to ship the diamond registered and insured mail for a preliminary grading. Request that they call you with results before printing the actual report. If the grades do not match what the dealer promised, you can decline a finished report and the lab will return the diamond to you with the preliminary grades. In this case you will only pay for a partial report rather than the full fee for a "cert".

**Q. How long does it take to receive a preliminary grade?**

A. GIA - approximately 1 to 2 weeks. IGI - approximately 3 to 5 days.

**Q. How can I buy like an expert?**

A. If you follow my Insiders Report carefully, and don't cut any corners, you can buy better than many so called experts. Your basic format should be to:

- (1) Determine the wholesale price of the diamond.
- (2) Make sure the diamond is certified by IGI or GIA.
- (3) Compare qualities and numbers on the "cert" to the guidelines in my report.
- (4) Insist on a detailed sales receipt showing the diamond size and quality as well as return policy.
- (5) Have the diamond independently examined to verify that it matches the "cert" exactly.

**Q. What are the 2 key questions dealers hope I'll never ask?**

A.  

- (1) "I only buy laboratory certified diamonds. Is this diamond certified?"
- (2) "If I decide to sell my diamond back to you after a year, how much will you give me in cash?"

**Q. Why are laboratory "certs", such as GIA and IGI, so important to me?**

A.  

- (1) "Certs" contain a "fingerprint" of the diamond that serves as a positive identification.
- (2) "Certs" eliminate the possibility of misrepresentation by the diamond merchant.
- (3) "Certs" international recognition is extremely valuable when you seek to resell your diamond in the future.
- (4) Insurance claims can be settled with fewer hassles as proof of ownership and quality are well defined.

**Q. My jeweler said "certs" are just somebody's opinion of the diamond's grade and aren't worth the paper they're printed on.**

A. "Certs" are not "just somebody's opinion". They are the opinion of highly-trained and sophisticated experts who grade thousands of diamonds per week under ideal grading conditions using the most up-to-date equipment. Each diamond is independently graded by a minimum of two gemologists who have no knowledge of the owner of the submitted diamonds. The "labs" are totally unbiased when grading diamonds but they are definitely strict. Jewelers like to stress that "certs" are only an opinion. In reality, **"certs" are the opinion that counts**. Diamonds worth tens of thousands of dollars are traded sight unseen based solely on "lab certs".

**Remember this** - If the "labs" graded stones to softer standards, nearly all diamond merchants would offer "certs" to their customers. But since quality grading reports are an obstacle to misrepresentation and profit margins, merchants hate them.

**Q. Which laboratory is best, GIA or IGI?**

A. Although both labs are excellent, the GIA is better known, so for very expensive or very large diamonds they are preferred. However, for diamonds under 1ct or for faster service, use IGI. I have double submitted the same diamond to both laboratories on a regular basis to compare both labs' grading standards. I have found no difference in strictness and accuracy and in 90% of the cases, both GIA and IGI gave identical grades. The cost for a laboratory report ("cert") for a 1ct diamond is approximately \$90.00 for the GIA and \$60.00 for the IGI.

**Q. How do I go about getting an even better working knowledge of diamonds?**

A. Here are several possibilities: "Diamond Grading ABC" by Verena Pager-Theisen, is an excellent reference book with emphasis on learning grading skills. The GIA educational department has both home study and in residence diamond courses as well as one week grading classes. (See Appendix for addresses and phone numbers).

**Q. How do I resell my diamond for top dollar?**

A. From my report you have learned the following:

- (1) Only buy GIA or IGI certified diamonds - this insures immediate respect and recognition and establishes a firm value.
- (2) Only buy with a "buy back guarantee" from the merchant. This insures a minimum or base price at which you know you can resell. (Merchants should be in business at the same location for more than 5 years)
- (3) Try to buy round diamonds for a maximum of 10% over the wholesale market price.

If you have followed these steps, reselling your diamond should be a rewarding experience rather than a painful one. Two suggested methods of resale are:

- (1) Run a creative classified ad in business publications such as *The Wall Street Journal*. Offer to fax a copy of the "cert" to interested prospects for their review. Upon receiving payment you can ship the diamond safely by registered insured mail (request return receipt from the post office).
- (2) Sell through diamond dealer broker .

Set a realistic price but remember that as with any other resale market, a desperate immediate sale will generally mean a lower price. If time is on your side you can hold out for your price.

**Q. Are diamonds a good investment?**

A. The diamond market is one of the very few controlled markets that has a proven track record of sound investment. Because DeBeers essentially controls the rough diamond market extremely well, there has never been a prolonged shortage or surplus of diamonds in the market place. Their vast monetary reserves enable them to hold back or increase mining production to meet consumer demand. This tight control has resulted in an almost uninterrupted steady increase in diamond prices for more than 50 years. But they are not intended as a short term, high yield investment. Rather, diamonds really "shine" when the combination of personal adornment, extreme durability, portable wealth and steady increase in value are all factored in to create a unique investment.

**Q. My jeweler has a real bargain but wants fast cash and final sale with no refund. I hate to pass up the deal, what should I do?**

A. You fail! Go back to start and this time make sure you understand my instructions. No SHORT CUTS! Do it by the book. Most hot deals are over-graded, poorly shaped diamonds that dealers are willing to blow

out at any price. But a problem stone is always a problem stone unless you're an expert at estimating recut value (assuming there is potential recut value). Never buy a diamond that is stipulated as non-returnable.

## **APPENDIX**

### **INFORMATION & ASSISTANCE**

Neither my business nor myself benefit promotionally, or in the form of any favors, for including and recommending any of the following listed aids. They are strictly for your benefit.

#### **GEMOLOGICAL TRADE LABORATORIES:**

##### **GIA GEM TRADE LAB**

580 5th Ave.  
New York, NY 10036  
212-221-5858

1660 Stewart St.  
Santa Monica, CA 90404  
213-829-2991

##### **INTERNATIONAL GEMOLOGICAL INSTITUTE (IGI)**

580 5th Ave.  
New York, NY 10036  
212-398-1700

17 Schupstraat  
B-2018 Antwerp Belgium  
03/231 68 45

##### **EUROPEAN GEMOLOGICAL LABORATORY (EGL)**

30 W. 47th St., Suite 205  
New York, NY 10036  
212-730-7380

15 Schupstraat  
B-2018 Antwerp Belgium  
03/325-32458

#### **BOOKS:**

"DIAMOND GRADING ABC", by Verena Pager-Theisen  
Handbook for diamond grading

#### **GEMOLOGICAL TRAINING: (home study and in residence courses)**

Gemological Institute of America  
1660 Stewart St.  
Santa Monica, CA 90404  
800-421-1750 ext. 235

#### **LEGITIMATE COMPLAINTS AGAINST JEWELRY AND GEM MERCHANTS:**

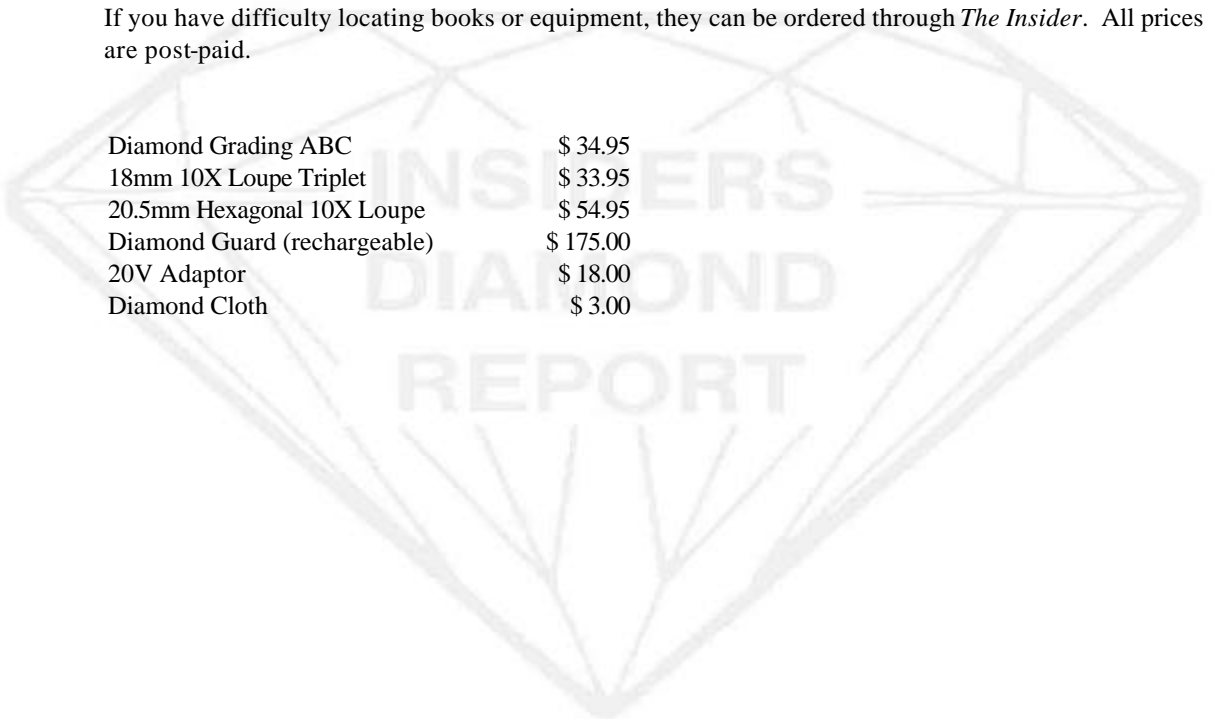
Jewelers Vigilance Committee  
1185 Ave of the Americas  
Suite 2020  
New York, NY 10036  
212-869-9505



**RECOMMENDED PERSONAL EQUIPMENT:**

- 10X fully corrected diamond loupe
- Diamond Guard (electronic tester for distinguishing between diamonds and imitations such as a CZ)
- 1 ct diamond size CZ for comparison for reference
- Diamond cloth and jewelry cleaner

If you have difficulty locating books or equipment, they can be ordered through *The Insider*. All prices are post-paid.



Diamond Grading ABC	\$ 34.95
18mm 10X Loupe Triplet	\$ 33.95
20.5mm Hexagonal 10X Loupe	\$ 54.95
Diamond Guard (rechargeable)	\$ 175.00
20V Adaptor	\$ 18.00
Diamond Cloth	\$ 3.00