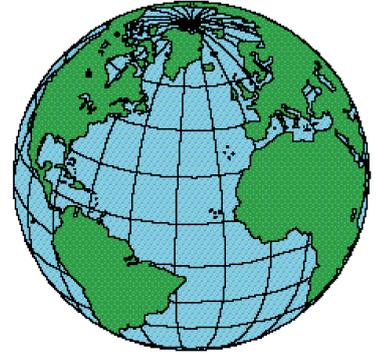


The Gemstone Forecaster



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Gems are supremely portable
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In The News

Gems are Supremely Portable, Easily Concealed and Stored **by Robert Genis**

Why do people collect/invest in diamonds and colored gemstones? Some do so because gemstones are the most concentrated form of wealth known to man.

A gem worth \$1 million fits in the palm of your hand, yet weighs less than a penny! One ounce of fine unheated Mogok Burma rubies could be worth over \$60 million at current price levels. An ounce of red colored diamonds could be worth over \$150 million. That should be enough for most of us.

Gold, Silver and Rare Coins

We love gold, silver and rare coins and they should be part of any diversified portfolio. I remember selling 1000 ounce silver bars in 1980 at the top of the Jimmy Carter market. With silver trading at \$50 per ounce, the bars were worth \$50,000. Clients would always ask, "What do we do with them now?" We would spray paint them black and the clients would use them as doorstops. I'm sure guests or even burglars never guessed what they were. Also, I will never forget the client who threw out his back bringing silver to sell. We had to call 911! Let's face it, you need a semi-truck to move large quantities of silver in a time of crisis. That is why we prefer gold or rare coins over silver. The downside to gold and rare gold coins is large quantities set off metal detectors. Gems are easy to carry through airport security if you need an exit strategy.

International Flight

Stories abound about Europeans who escaped Nazi Germany with nothing but a few diamonds safely tucked away. When the Shah of Iran tumbled, the gem market purchased large yellow colored diamonds, termed Iranian headlights, from wealthy Iranian exiles. Many ex-military and political leaders fled Viet Nam with Burma rubies and sapphires after the war. The Chinese fled Indonesia in the late 1990's with diamonds and precious gemstones. This is not to say anything like this will happen in America but prudent people need to be prepared just in case. Do you remember the movie *Casino* when Robert DiNiro gives Sharon Stone \$2 million in cash plus jewelry to put in her safety deposit box? That's what we call run away assets.

Don't Trust Banks?

Many people do not trust banks, especially since the financial crisis and the TARP bailout. We sometimes forget the 1930 Depression when banks failed. So far in 2010, 127 banks have failed vs. 95 at this time last year. This is the highest tally since the Savings and Loan Crisis in 1992, and probably will get worse. There are now 829 "problem" banks on the FDIC's confidential list. These banks have sapped the FDIC insurance fund. Why so many problems after the crash? Because they loan money against commercial and residential real estate. If you are negative on real estate, you should be bearish on banks. This is one reason many keep a portion of their wealth in "portable" gemstones.

Summary

These facts make gemstones the ultimate crisis hedge. If you need a private, portable, non-detectable asset, gems are an excellent vehicle. Of course, diamonds and gemstones are not for everyone. You must have a substantial portfolio to even consider these assets. For those inclined, many consider gems as the ultimate security and crisis hedge.

Auction

10.95 vivid blue diamond

In 1972, a European collector went shopping at Bulgari in Rome. He was looking for a gift for his wife, who just gave birth to his son. He bought a ring with a 10.95 carat triangular-shaped blue VS-2 diamond with a matching white 9.87 carat G-VS1 diamond for \$1 million.

The two diamonds are each the size of a quarter, so the new owner needs long fingers or to remount the stones. The piece will be offered for sale at Christie's on Oct. 20 in New York. According to The Gemological Institute of America (GIA), this is the largest triangular-shaped fancy vivid blue diamond they've ever graded.

In 2009, a 7.03 cushion vivid blue IF diamond sold at Sotheby's for \$9.5 million, or \$1.3 million per carat - the highest price ever for a fancy vivid blue gem. Joseph Lau Luen-Hung, a renowned Hong Kong collector and connoisseur, was the buyer of the 7.03 vivid blue diamond. Based on that sale, the Bulgari blue diamond alone might be worth about \$14 million. On the negative side, the clarity is not as good as the Lau blue. However, the size is larger and matching diamonds carry a premium. Plus, you need to add the value of the white diamond. Should be interesting bidding.

And only one in 10 million diamonds have a color pure enough to qualify as fancy vivid blue while measuring over 10 carats.

NOTE: Auction Representation Service National Gemstone will represent you at major auctions if you are unable to attend, or if you need specific gemological or market value expertise. Contact National Gemstone for more information.

Notable Quotes

"Did anyone notice the Burma ruby in the movie Expendables? Wow!"

**An Anonymous Client
August 12, 2010**

"It's about the trust that was destroyed by the crisis. People are realizing now they need to have something tangible, not just a piece of paper."

**Roni Rubinov, jeweler
WSJ
May 12, 2009**

Gem Movies

**Bling thieves on celluloid
India Today
July 16, 2010**

We look at some of the top diamond heist movies in the past:

A Fish Called Wanda (1988)

A "diamond-hungry" quartet of George Thomason, Ken Pile, Wanda Gershwitz, and Otto West will stop at nothing to win their spoils-jewels worth \$20 million. The robbery itself is pulled off exquisitely but bickering from within brings them down.

Snatch (2000)

A thief, Frankie 'Four-Fingers', has set his eyes on a valuable 84 carat diamond about the "size of a man's fist". After a successful heist, Frankie is hounded by fellow criminals who realize just how much the 'snatch' is worth.

Flawless (2007)

The film tells the story of Mr. Hobbs, a janitor about to retire, who asks Laura Quinn, a manager at his firm-the London Diamond Corporation-to help him steal from the company. Quinn steals a 123-carat beauty to "guarantee a pension plan" for the janitor.

Dhoom(2006)

In the film, the characters played by Hrithik Roshan & Aishwarya Rai steal a rare diamond from a museum and escape. Detective Jai Dixit (Abhishek Bachchan) predicts Roshan would strike at a diamond show in Mumbai but the thief goes one up on him and steals the gem from another museum

Thief(1981)

Its tagline read: "Tonight, his take home pay is \$ 410,000 tax free." Directed by Michael Mann, Thief follows protagonist Frank's journey as he is coaxed into taking part in a West Coast diamond heist and his fight as he tries to seize what was promised to him in reward.

Enhanced, Plated, Irradiated, and Lab Created: What Jewelry Vendors Don't Want You to Know

By Lynn M. Wilde

\$ 12

80 Pages

Buy on Payloadz.com.

" If it looks too good to be true, it probably is."

A brand new ebook about the down and dirty aspects of the low end gem and jewelry markets. This is a different type of book because it was written by a real consumer. It's based upon her experience of buying gems and jewelry for 30 years. The author seems to have searched out and found many crooks in the business-primarily focusing her shopping prowess on tv shopper networks and Internet auction sites. It's full of interesting tidbits for the novice, even though it has some factual mistakes. For example, some Demantoid garnet is heated and spinel is often mistaken for ruby not sapphire in royal gems of Europe. Caveat emptor is a good rule in these treacherous markets.

International Gemstone News

NC farm produces emerald shaped into massive gem

AP

By Emery P. Dalesio

August 30, 2010

An emerald so large it's being compared with the crown jewels of Russian empress Catherine the Great was pulled from a pit near corn rows at a North Carolina farm. The nearly 65-carat emerald its finders are marketing by the name Carolina Emperor was pulled from a farm once so well known among treasure hunters that the owners charged \$3 a day to shovel for small samples of the green stones. After the gem was cut and re-cut, the finished product was about one-fifth the weight of the original find, making it slightly larger than a U.S. quarter and about as heavy as a AA battery.

The emerald compares in size and quality to one surrounded by diamonds in a brooch once owned by Catherine the Great, who was empress in the 18th century, that Christie's auction house in New York sold in April for \$1.65 million, said C.R. "Cap" Beesley, a New York gemologist who examined the stone.

While big, uncut crystals and even notable gem-quality emeralds have come from the community 50 miles northwest of Charlotte called Hiddenite, there has never been one so big it's worthy of an imperial treasury, Beesley said.

"It is the largest cut emerald ever to be found in North America," Beesley said in a telephone interview from Myanmar, an Asian country rich in precious gems.

The discovery is a rarity for emeralds found not in the rich veins of South America and Asia but in North America, said Robert Simon, owner of Windsor Jewelers in Winston-Salem.

"Most of the stones that have come out have not been gem-quality that I would mount in jewelry," said Simon, who was part owner of a 7.85 carat, dime-sized emerald found in the same community in 1998 that has since been set in jewelry and sold to a private owner.

Terry Ledford, 53, found the roughly 2-inch-square chunk rimmed with spots of iron a year ago on a 200-acre farm owned by business partner Renn Adams, 90, and his siblings. The rural community of Hiddenite is named for a paler stone that resembles emerald.

"It was so dark in color that holding it up to the sun you couldn't even get the light to come through it," a quality that ensured an intense green hue once the stone was cut with facets that allowed light into the gem's core, Ledford said.

The North Carolina stone was cut to imitate the royal emerald, Ledford said. A museum and some private collectors interested in buying the emerald have been in contact, Ledford said.

Modeling an empress's emerald is likely to have less influence on the North Carolina stone's sale price than its clarity, color and cut, said Douglas Hucker, CEO of

the American Gem Trade Association, a Dallas, Texas-based trade association for dealers in colored gems.

"A 65-carat cut emerald from North Carolina is a big, big stone," he said. But "once an emerald is cut, it's subject to the same type of market conditions that any emerald would be."

Emeralds are part of North Carolina's mineral claim to fame, though other places in the U.S. also are rich in gems. Maine mines have yielded aquamarine and amethyst, Montana bears sapphires, Idaho is known for star garnets, and Arkansas has diamonds.

It's not fully known why small, subterranean cavities containing emeralds formed in central North Carolina, said geologist Michael Wise of the Smithsonian's National Museum of Natural History, who has studied the underground world around Hiddenite for years.

Emeralds are produced where a superheated fluid carrying the element beryllium migrated through rocks that contain chromium, Wise said.

"This doesn't happen frequently," Wise said. "The conditions have to be just right to make an emerald. ... It happens to be the case at this particular place."

Adams said decades ago when his parents owned the farm, they allowed anyone with a shovel to dig for emeralds on the property for \$3 a day. Virtually all of it was too full of flaws to be cut into precious stones and was mostly sold to mineral collectors, Adams said.

Ledford said they don't plan to quit after pocketing the profits from their big find, Ledford said.

"We'll definitely keep on mining," he said. "It would be good to know you don't have to go and could do it for pleasure. You feel like you've got to find something to survive but since we found this emerald, once we get it sold, there will be less stress."

Gem Diamonds' 196ct Stone May Fetch

\$11.8 Million, Panmure Says

Bloomberg

By Thomas Biesheuvel

September 7, 2010

A 196-carat diamond unearthed by Gem Diamonds Ltd. at its Letseng mine in Lesotho may fetch as much as \$11.8 million, according to Panmure Gordon and Co.

Offers for the stone, sold as a rough diamond, could come in at between \$7.8 million and \$11.8 million, Alison Turner, a London-based analyst at Panmure, wrote in a report to investors today.

The diamond is the latest large stone to be discovered at Letseng by the company. A 478-carat diamond found at the mine in 2008 was sold for \$18.4 million and stones weighing 603 carats and 493 carats were discovered in 2006 and 2007, respectively.

"This remarkable rough diamond is expected to achieve a substantial price per carat as preliminary examinations indicate that it is expected to produce top color and top clarity polished diamonds," London-

based Gem said today in a statement.

In February, Petra Diamonds Ltd. set a record for the highest sale price for a rough diamond when it sold a 507.6-carat stone for \$35.3 million.

Colombian Emerald Exports to Rebound on India Demand

Bloomberg

By Heather Walsh

August 25, 2010

Colombia, producer of the world's largest emeralds, expects to boost export sales by about half this year as buyers in India spur a recovery in demand.

Exports of the gems mined mainly in the mountains of central Colombia will rise to about \$120 million this year, from \$80 million in 2009, Oscar Baquero, president of the nation's Emerald Federation, said in an interview yesterday in Bogota.

"The market now is Asia," he said from an office above downtown streets crowded with stores showcasing the gems. "They are getting rich quickly. They want things that show status."

Asian economies are buying more Colombian gems, coal and oil, increasing exports from the South American nation while demand in traditional markets such as the U.S. falters. BHP Billiton Plc, Anglo American Plc and Xstrata Plc began exporting coal to China this year for the first time from Colombia's Cerrejon, the world's largest open-pit mine of coal for export.

India's economy accelerated to 8.6 percent in the first quarter, from 6.5 percent in the prior three months, placing it among the fastest-growing economies of Asia.

Colombia produced 47 percent of the world's emeralds in the decade to 2005, according to the U.S. Geological Survey. The South American nation is still the top producer of the largest stones, Baquero said. Zambia probably has surpassed Colombia's overall output, he said.

The Gachala emerald, found in 1967 in Colombia, is among the finest ever discovered and one of the world's largest at 858 karats, according to the federation.

Myanmar emporium smashes jadeite auction records

Overall sales soar to US\$288 million

JewelryNetAsia.com

by Wang Rui Min

July 22, 2010

In spite of the global economic gloom that had forced consumers to hold off on spending, demand for high-end jadeite, after gemstones, remains red-hot in the Asian region. At a Myanmar jadeite auction held in

Yangon from June 22 to July 4 of last year, high-end rough jadeite transactions reached an all-time high with overall sales growing 1.5 times. Jadeite sales amounted to 210 million euros (roughly US\$288 million) or 4.5 times the reserve price.

The Myanmar Jade, Gems and Pearl Emporium is recognised internationally as the largest trading platform for uncut jadeite. According to trade statistics, the Emporium was attended by more than 3,000 foreign merchants and 2,000 local buyers.

A record-breaking 7,508 jadeite lots were displayed at the Emporium. Compared to the 46th Myanmar Gems, Jade and Pearl Emporium held in March 2009, the special auction saw a significant increase in terms of volume and sales.

A total of 7,288 lots were offered for sealed bids priced under 50,000 euros (US\$68,580). As of July 1, 5,327 lots, or 73 percent of the items on the auction block, valued at 141.35 million euros (US\$193.87 million) were successfully auctioned off. Only 220 lots were tendered at over 50,000 euros. From July 2, 141 lots or 64 percent were sold through a three-day competitive bidding, with the total sales amounting to 68.02 million euros (US\$93.33 million).

The reserve price of quality jadeite at the Emporium increased considerably. Fifteen lots were marked with a reserve price of over 500,000 euros (US\$686,016). Stone owners are confident about the jadeite market, and they tend to retain their lots for the next emporium if the reserve price is not met. Certain tender prices were marked too high at the outset, leaving the stones unsold.

Merchants bid fiercely for reasonably priced and high-quality coloured stones, bracelets, pearls and high-end jadeite, pushing auction prices higher than ever. For example, Lot 8119, which was comprised of two slabs of high-end rough with a combined weight of 36 kg, was offered at a reserve price of 500,000 euros. The rough jadeite from the historical mine is very rare since it possesses good translucency and a bright green lustre, making it suitable for various high-end jadeite jewellery pieces. This lot was one of the most exquisite items at the Emporium. Following several rounds of competitive bidding, the lot was eventually sold to a famous and seasoned Hong Kong trader at 8.389 million euros (US\$11.51 million), setting a new record for the highest price ever paid for a jadeite block. The transaction caused a sensation, and has since become the talk of the jadeite industry.

Currently, the jadeite jewellery market is undergoing an upgrade. Consumers have become far more knowledgeable about the quality of the items that they purchase, from the jadeite's texture and colour to an item's craftsmanship and overall aesthetic qualities, and the cultural significance of a jadeite piece. Due to the growing demand for jadeite, it is expected that high-end rough will become rarer and more precious,

giving rise to record-breaking prices for the gemstone. The selling price of high-end, rough will continue to soar, which could further shore up prices for quality jadeite jewellery. In a downward market, the exquisite jadeite continues to shine.

China's jadeite trade

With jadeite fetching record bids at recently held auctions in Myanmar, the "jadeite fever" gripping the mainland continues to heat up, further building up China's market for uncut jadeite.

Jadeite exchanges and small- to medium-sized auctions were held successively in the provinces of Guangdong and Yunnan in 2009. At an auction held at the Shanghai Zhongfu Curio Centre, six tonnes of gamble stone were put on display. In Beijing, renowned Taiwan jadeite expert Chen Jinyuan has thousands of tonnes of gamble stone from the historical mines of Hpakant in Myanmar.

Rio Tinto's 2010 Pink Diamond Tender Promises Not to Disappoint Israel Diamond Industry August 19, 2010

Lovers of fancy colored diamonds will soon have a chance to acquire some of the most valued pink diamonds, as Rio Tinto diamond company has announced the 2010 Argyle Pink Diamonds Tender, a collection of 55 of the world's finest rare pink diamonds from Australia's Argyle Mine, all of which feature a true, deep pink hue.

This year, the Argyle Tender's theme is "Earth Magic," and three diamonds in particular are standout items – Argyle Mystra™, a 2.02 carat round brilliant whose color grade is fancy vivid purplish pink; Argyle Iris™ – a square-shaped, 1.43 carat fancy purplish red diamond; and Argyle Aya™, a fancy purplish red .50-carat diamond.

Argyle Pink Diamonds Business Manager Joesphine Archer said that the company was "delighted" to show its beautiful collection of pink diamonds off to the world. "The color saturation across this year's collection has set a new benchmark with many more 'vivid' pinks than in previous years," Archer said.

Along with the 2010 Pink Diamonds Tender, Argyle is also issuing a new publication dedicated to rare pink diamonds – Rare and Collectable – which will address the rarity of pink diamonds in the worldwide diamond supply and their increasing value.

Rio Tinto General Manager for Sales and Marketing Jean-Marc Lieberherr called the 2010 Pink Diamond Tender "the finest in their class and Australia's most beautiful export."

According to Lieberherr, Argyle pink diamonds are comparable to works of fine art or rare books. "The 2010 Tender collection will not disappoint

connoisseurs, collectors, and investors," he promised. In addition to unprecedented color depth, Argyle's 2010 pink diamond collection marks another milestone – this year, the collection will be shown for the first time in mainland China, which is a growing market for rare fancy colored diamonds.

Gemstone Heists

Four held over \$1.4m diamond heist

The National

by Praveen Menon and Wafa Issa

August 24, 2010

Three men and a woman were arrested after flying into Dubai airport yesterday after a daring diamond heist at an international jewellery show in Mumbai.

Three Mexicans, one of them a woman, and a Venezuelan were arrested on suspicion of stealing diamonds worth US\$1.4 million (Dh5 million) from the India International Jewellery Show on Monday.

The four being held – Guerrero Lugo Elvia Grissel, 24, Gonzalez Maldonado Mauricio, 24, Campos Molan Elias, 39, all from Mexico, and Gutierrez Orlando, from Venezuela – remain in Dubai police custody.

Plans are under way to arrange their extradition to India for questioning.

The raiders are thought to be professional gem thieves and snatched a box containing 887.24 carats of diamonds after distracting sales staff.

The arrests followed an Interpol alert issued by Indian authorities immediately after the theft.

"Three men and a woman were arrested at Dubai airport in connection with the diamond theft in Mumbai," a senior Dubai police official said. "We are now awaiting case papers from India, after which we will look into the possibility of extradition."

The stolen jewels had been recovered from the group, he said. The arrests and recovery of the spoils were made within 24 hours of the heist, one of the quickest recoveries in a high-profile theft. Indian officials said they hoped the extradition process went equally smoothly.

"We have made a formal request to the Dubai police for handover of the four people to Mumbai police," said Himanshu Roy, Mumbai's joint commissioner of police for law and order. "We are now awaiting a response from Dubai. We have an extradition treaty with the UAE and we hope we can get these people soon." The four were being detained at the Dubai airport security centre, he said.

The India International Jewellery Show, which opened in Mumbai on August 19 and ended on Monday, is the third-largest of its kind in the world.

"I have been told that the diamonds were recovered," said Vasant Mehta, the president of Gems and Jewellery Export Promotion Council, which organised the show. "The Mumbai police told me that the group

has been caught. Police officers from here will be in Dubai soon."

Closed-circuit television footage showed the group taking the gems from a stall belonging to the Israeli company Dalumi Group.

Three men distracted the booth's attendant while a woman picked up a box of diamonds and walked towards the main exit. The group left the show without being stopped by security guards.

"Our CCTV cameras captured them clearly and they could be identified," Mr. Mehta said. "They were a group of swindlers who go to major international jewellery shows, distract the attendants and escape with the jewels."

The theft was discovered when the box containing the stones was found to be missing. Show organisers were immediately informed and closed all gates and checked everyone present in the ground. The police were called and an official complaint was lodged.

Mumbai police said the thieves drove straight to the city's international airport, which was about 20 minutes from the show venue. They are known to have taken an Emirates Airline flight for Hamburg via Dubai.

Meanwhile, police officials at the Dubai airport security centre were informed of the robbery and were on the lookout for the group. An airport security official confirmed that the group was arrested immediately after they landed.

Sources close to the case said yesterday that the robbers had swallowed the diamonds before boarding the flight, but this could not be confirmed by airport officials.

There is recent precedent for a fugitive from Indian justice being sent back to the subcontinent. Taher Mohammed Merchant, a key suspect in the serial bomb blasts that killed 257 people in Mumbai in 1993, was extradited from the Emirates in June, closing a six-year process. Indian authorities requested custody of Mr Merchant in 2004 under an extradition agreement signed in 2000.

Check out The great Mumbai diamond theft:

http://www.youtube.com/watch?v=Ba3OJTWU_g

Diamonds Are A Candidate's Best Friend Wyclef once sued over \$320,000 jewelry tab The Smoking Gun August 6, 2010

Along with his IRS debts, Wyclef Jean has had difficulty paying for his gaudy purchases at a New York City jeweler known for catering to musicians, according to a lawsuit previously brought against the Haitian presidential candidate.

In July 2008, Jacob & Company, the Manhattan firm known for diamond-encrusted creations favored by hip-hop figures, sued Jean over unpaid bills totaling nearly \$320,000. According to the firm's complaint, Jean ignored "repeated demands for payment" for the

merchandise, which he bought between 2002-2006. New York State Supreme Court records do not indicate that the case against Jean has been settled or dismissed, and a lawyer for Jacob & Company has not returned a call for comment. Over four years, Jean bought \$765,100 worth of jewelry, paying for a little more than half of that haul.

As seen here, Jacob & Company invoices detail Jean's jewelry purchases, which included:

- * "Chopard watch" (\$225,000)
- * "Ladies Chopard Watch With Diamonds" (\$45,000)
- * "Yachtmaster Rolex 18KT" (\$25,000)
- * "Diamond Chain 57.00CT Round Brilliants" (\$90,000)
- * "CZ Stones For Wyclef Automobile" (\$5,000)
- * "Jesus Head Diamond" (\$12,000)
- * "Five Gold Crosses With Chains" (\$30,000)

While Jean was charged for each of the more than 30 items he purchased, the musician did appear to get one freebie, described by Jacob & Company as, "One rose gold rosary chain for the Jesus head."

Gold thefts prompt police to monitor sellers By Carrie Antfinger Associated Press August 9, 2010

Law enforcement and local governments are scrambling to shut down a shadow industry that has grown up around the booming cash-for-gold business nationwide: thieves are snatching jewelry, then converting it into a quick payday at the shops.

Thousands of shops have opened to take advantage of high gold prices and hard economic times, and police in some cities have noticed an uptick in burglaries and thefts.

"Law enforcement is just swamped," said Maureen Walter of the State Police in Maryland. "Business is booming. I guess that's a good indication of how bad the economy is; for the most part these dealers are very, very busy."

Concerned about a growing criminal trade, Milwaukee passed an ordinance this summer to help police spot stolen jewelry being sold before it was too late to recover. Other cities are rushing to take similar measures, finding that the usual methods for tracking stolen goods weren't coping with the modern day gold rush.

Gold buying businesses began proliferating when prices started rising in 2005, reaching more than \$1,000 an ounce in 2009 and around \$1,200 now. "Cash for Gold" billboards cropped up along highways,

TV commercials urged watchers to mail in their gold for money and exchanges opened in unusual places like liquor stores and hair salons.

In Milwaukee alone, the number of businesses licensed to buy jewelry increased from 16 in 2007 to 59 last year. In Maryland, one of the states revising its enforcement, licensed vendors of precious metals more than doubled in the last two years to 545. The businesses included not only shops but gold-buying events at hotels or Tupperware-like parties in homes.

Local authorities couldn't keep track of all the precious metals changing hands, and discovered that not all the sellers were people with jewelry they no longer wanted.

Police here said they caught several thieves and drug addicts who confirmed they were stealing jewelry to sell to the shops. No comprehensive statistics on gold or jewelry thefts nationwide are available, but burglaries increased about 4 percent overall in Milwaukee from 2007 to 2009, while all other crimes decreased - a pattern investigators linked in part to stolen gold.

Investigations last year at six shops found \$75,000 in stolen jewelry and led to the clearing of 16 burglaries, said Milwaukee police officer Glenn Podlesnik. The city fined the shops about \$64,000 for failing to keep required records on sales.

Police in Georgia and North Carolina recently broke up a large burglary ring that was targeting gold and jewelry, said Mac Abercrombie, a detective in Douglasville, Ga. Six suspects were arrested in Georgia and at least 30 other persons are suspected of involvement.

In Anne Arundel County, Md., east of Washington, D.C., arrests for stolen goods sales at gold shops and pawn shops rose 200 percent from 2007 to 2008.

Authorities say the gold sales overwhelmed anti-crime recordkeeping requirements that were designed for pawn shops. Clerks were required to record information about the sellers and items sold but it often wasn't entered into a law enforcement database for weeks. Even when there was a required holding period for items bought, the jewelry often had been resold or melted down to make new precious objects before police caught up.

Gold shop owners insist they are merely providing a legitimate service for customers in hard times, and shouldn't be blamed for the crimes.

"We opened the store and we had two people sitting outside, 'Oh, we want to sell some gold,'" said Firdous Chandani, owner of Reflections Jewelry in Milwaukee. He said his shop has been buying about 350 grams of gold a day from people eager to take advantage of the high prices.

In July, the Milwaukee Common Council voted to require all gold-buying shops to electronically submit the seller's name and photo to police, along with a photo of the items sold. Last fall, Maryland passed a similar measure and on Oct. 1 will require buyers to have a fixed location. Last year, Florida started requiring mail-in gold-buying companies to put sales information on a database

accessible to law enforcement.

The accelerated identification reporting in a Milwaukee suburb, Greenfield, helped produce a surprise recently for an East Troy woman. A thief had taken jewelry from Lynne Steren's home, including her deceased husband's wedding rings, to two gold buying shops. Police not only recovered some of the items but had the name, address and photo of the man who had sold them - her stepdaughter's boyfriend, Patrick Brhely, 23.

With the return of her husband's ring, she said, "It was a piece of him that I still had in my hand and it made me feel like I could continue."

Alleged Pink Panther faces charges in Japan over diamond tiara theft

A member of "Pink Panther" gang of international jewellery thieves has been indicted to stand trial in Tokyo over a robbery three years ago.

Telegraph.co.uk

September 3, 2010

by Our Foreign Staff

Rifat Hadziahmetovic, a Montenegrin, was extradited to Japan from Spain, where he had been taken into custody over other charges.

Tokyo prosecutors alleged that Mr Hadziahmetovic robbed a tiara, worth 284 million yen (£2.18 million) from a jewellery store in Tokyo.

In the heist at Tokyo's upmarket Ginza district on June 14, 2007, Mr Hadziahmetovic and another "Pink Panther" member were alleged to have sprayed tear gas at store clerks, stole the jewellery and fled on bicycles.

Mr Hadziahmetovic's arrest was one of several blows suffered by the Pink Panthers, a once seemingly untouchable band of thieves drawn from paramilitary circles in the former Yugoslavia.

The smash-and-grab crime group is known to have stolen jewellery worth hundreds of millions of dollars in nearly 30 countries over the past decade.

The group is also thought to have stolen 3.5 billion yen worth of gem products from another Ginza jewellery shop in 2004.

Mr Hadziahmetovic, in his early 40s, was arrested in Cyprus in 2009 on a European warrant over the theft of luxury watches in Spain, to where he was transferred.

Japan then sought his extradition.

Radovan Jelusic, the other suspect in the Tokyo heist, was arrested in Rome in May in possession of a forged Croatian passport.

He was wanted in Cyprus, Japan and several other countries.

The gang was given its name after British detectives found a diamond ring hidden in a jar of face cream, echoing an incident in the 1963 comedy film "Pink Panther", starring Peter Sellers.

In The News

Jewellers warned against misrepresenting gems **Jeweller Magazine** **September 2010**

Gem expert Ted Themelis warned jewellers they must be careful not to hide treatments of gemstones or use misleading definitions, in a seminar at the Sydney trade fair.

Starting off his presentation by debunking the popular myth that gemstones are always beautiful, rare, portable and valuable, Themelis talked to jewellers about the common misconceptions that often take place with gemstones.

"If you say a gem has been enhanced, it increases sales because of the notion it has made the gem better. If you say the gem has been treated, it has negative connotations because it suggests the gem has been subject to some processes," he said.

Themelis, who has worked in the gem identification and treatment field for more than 30 years, pointed out that treating gems can often improve their overall appearance. He used the example of rubies with surface-reaching fractures where lead-filling restored them to a colour-improved, fracture-filled state.

"Without treatments, there would be no ruby business. Twenty or so years ago a treated ruby was an exception rather than the rule; nowadays it is the opposite. I can safely say that almost all rubies in the market are treated one way or another."

That aside, Themelis warned jewellers that lead-filled rubies are neither stable nor durable and went so far as to say they should not be used in jewellery manufacturing. He used the example of a lead-filled ruby eroding in a glass of lime juice after merely a day, due to its instability

and reduced endurance after the treatment.

Themelis advised all jewellers to always disclose when a gem has been treated. However, he conceded that one of the big issues for retailers is that many often cannot tell when a gem has been treated. This is despite the 2005 ACCC ruling that all gemstones' treatments must be disclosed.

Kathryn Wyatt, the GAA's federal publicity and marketing manager, told Jeweller, "What makes this issue current now is that there are more treatments out there and jewellers must be made aware of the treatments – even if they can't tell for themselves."

Failure to comply with the ACCC disclosure ruling could result in fines of up to \$220,000 for individuals and \$1.1 million for companies, with the added cost of corrective advertising.

Themelis also said, "To be called a true gem, a stone should be untreated". All others should be called, "treated (or processed) gems".

He claimed even the terms 'semi-precious' and 'precious' were misleading. "I think the terms 'semi-precious' and 'precious' should be abolished. You can have a high quality amethyst [semi-precious stone] that costs more than a low quality ruby [precious stone]," he said.

The Bangkok-based expert also urged jewellers to refrain from using "geographical markers" as a selling point for low-quality gems.

"Geographical markers should only be used for true classical localities with historical value, hence their added premium. If sapphires are mined from old mines in Kashmir, rubies and sapphires in Mogok (Burma, now Myanmar) then that's fine – but not if they're from new mines in the same country. That leads to misrepresentation of the gem", he explained.

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