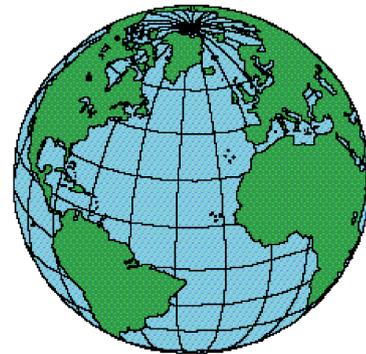


The Gemstone Forecaster



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The Burma Ban: When Will It End?

by Robert Genis

The original Burmese jade and ruby ban began with Bush in 2003. It was set to expire on July 28, 2013. In August, Obama signed an executive order extending the Burmese ban.

Obviously, the Burmese have made tremendous gains towards transitioning from military to democratic rule. Burmese President Sein recently stated all political prisoners would be free by the year's end. The National Ceasefire Accord is expected to be completed in October with 16 former armed groups. Fourteen armed groups have already signed peace agreements with the Government.

Since the Obama administration has already rescinded the most onerous sanctions against the Burmese Government, what exactly is the problem with ruby and jade mining? No one seems to know the answer to this question. Some contend the extension is simply a way to keep some pressure on the Burmese government. Others believe it's simply bureaucratic inertia. All we know is the executive order lasts for at least another year. What is really unusual about the ban is it does not cover Burma sapphires, Burma spinel, Burma Peridot and other gems discovered in Burma. Although you could argue jade and rubies represent the largest dollar amount of sales, the ban is still strangely designed. Europe has already lifted the ruby and jade ban. Does anyone in the US Government really think anyone in Burma is getting hurt with the Chinese and Europeans standing in line to buy these goods?

The Price Effect of the Ban

Since the initial ban, all Burma goods have gone straight up. Although these increases may not be all due to the ban, the law of supply and demand is real in this market. You could argue the new Chinese demand and wealthy investors seeking refuge in gems away from the stock, bond and real estate markets helped fuel these price increases. Nevertheless, without new material, collectors are forced to buy what miniscule supply enters the market or repurchase gems from old collectors. From a price standpoint, the ban has been nothing but bullish for collectors. We see no signs of this trend abating.

Interesting Effect

Since Burmese dealers import Burma gemstones and cannot bring back ruby or jade, they have started bringing in gemstones not included in the ban. These include Burma spinel and Peridot. Also, we have recently seen some very unusual fancy sapphire colors. They include pinks, purples, pinky purples, color change from blue to purple, yellow, green, bluish green, padparadscha and light blue colors. What is nice about these colors is they are unusual and relatively inexpensive compared to unheated Burma Mogok ruby. This is a great opportunity for collectors on a limited budget or major collectors looking to diversify.

Summary

If I sound like a broken record, I'm sorry. My opinion has not changed in decades. If you are a connoisseur of fine gemstones, collect as many unheated Burma gemstones as you can. Even if the ban is lifted next year, I do not expect prices to fall. Although a recent report indicates production seems slightly up in Mogok, the worldwide demand for these gems is insatiable. As a wise gem aficionado once told me as a young man, "Just own no-heat Burma gems and forget it." He was right then and remains right today. Nuff said.

Enhancement Guidelines for Gemstone Buyers **by C.R. "Cap" Beesley**

For those who are unfamiliar with Cap Beesley or the issues of gemstone enhancement disclosure in America, the following information will provide an historical background. Cap was the founder of the original American Gemological Laboratories (AGL). He built the laboratory over a 31 year period during which it became the preeminent colored stone laboratory in the world. He is a tenacious advocate of consumer protection and was the primary architect of the original Gemstone Enhancement Guidelines adopted by the Jewelry Industry. He currently serves as a gemstone consultant and is the Director of the Gemstone Standards Commission, a no-nonsense developer of gemstone enhancement policy and colored stone grading standards.

Protecting Your Interest

With the acquisition of certain products there are protection guidelines for consumers involved in the purchasing process. For example, in the car buying arena there is the Kelley Blue Book or Edmunds car buying guides that can put a buyer in the pricing ballpark before acquiring a new or used automobile. In addition, there are companies like CARFAX that claim they can provide inside information that will prevent an unsuspecting or trusting buyer from being blindsided by details that were buried in deception by unscrupulous sellers who disguise critical acquisition information.

So how much protection is afforded to a gemstone buyer in the acquisition process of one of the most pricey purchases they will ever make. The answer requires that savvy buyers be prepared to ask the right questions and then read between the lines of the usual answers. Typically, consumers look to gem lab paper for protection and the "trust me" pronouncements of promoters and skilled sellers that have no interest in a "trust but verify" policy. There is also a misguided reliance on not for profit organizations masquerading as consumer protectors with their posture of one eye open and one eye closed prognostications. The implication that a non-profit status automatically implies an unwavering commitment to consumer protection is absolute fantasy. If there are any doubts about this statement a review of events from the archives of GIA, the most well-known of the non-profits in the lab business, will clarify the point.

A GIA Cover-up?.....Is This Their Benghazi?

A classic example of the inner working of the system was demonstrated when a group of prestigious

diamond dealers, all members of GIA's elite supporters, were caught red-handed paying off top graders at the GIA laboratory to manipulate grades on high end material. The identity of the major perpetrators was withheld by the GIA and the lab personnel involved in the scam were coerced into signing non-disclosure agreements. Apparently, the entire episode drifted into a foggy cover-up that politically left consumers holding the bag. Reportedly, GIA published an announcement that they would re-grade material, but despite the fact that they could track every single diamond in these bogus transactions, to our knowledge, they did not do the homework of tracking and notifying everyone who acquired a contaminated grading report. This action denied buyers the opportunity to take appropriate action to defend themselves against the dealers that rigged the grading process. This episode was not the first time this had happened at GIA and from an accountability standpoint this is GIA's Benghazi. Historically, the GIA has referred to themselves as the Gem Trade Laboratory and with good reason. This episode clearly underscores where they place their priorities.

The Trade Protection Program

The dealer protection programs don't end there. The fact is, on the subject of gem enhancements, the international lab community has been dragged into enhancement disclosure kicking and screaming. Unfortunately, every major lab has ties to entrenched dealer interest that frequently taints the information pool of consumer protection. Lab Boards are populated by dealers and retailers that commonly dictate policy even to the most well-intentioned and ethically oriented gem lab staff member. Dealers have gone to great lengths to defend their corporate interest and deflect criticism. They have actively supported laboratory terminology control groups like the Laboratory Manual Harmonization Committee (LMHC) that have limited decision making authority and are ultimately subject to the frequently self-serving decisions of their dealer dominated boards.

A typical example of what can happen when the fox is left to guard the henhouse is exemplified by the actions of the American Gem Trade Association (AGTA), the preeminent dealer organization in the US. Originally, they were only a one vote member of the Jewelers of America (JA) enhancement guidelines policy evaluation group. Subsequently, the AGTA volunteered to publish the final guidelines and in the process manage to usurp control of the content and then proceeded to tweak the Guidelines to serve the interest of their trade members at the expense of consumer confidence and protection. The most egregious violation of the public trust occurred when they decided to alter the meaning of "O". The change currently exists in their published version of the enhancement guidelines now designated "The Gemstone Information Manual". A more appropriate title, based on the current trends of the guide would be "The

Trade Protection Guidelines". In the beginning, the enhancement guidelines utilized a series of single capital letters to specifically designate a particular enhancement or treatment process. For example, "H" was used to designate a gem that was subjected to a heating process; "R" indicated that radiation was used to alter a gem's appearance and "N" referenced a stone that was natural and not subjected to any alterations. Two capital letters, like "LG" were employed to describe materials that were "laboratory grown" in a controlled commercial environment. Similarly, two letter designations were applied to imitation and assembled products used in gemstone applications.

There were key battle ground areas contained in the guides that were critically important to protect the decision making options for the ultimate consumer. During my tenure as president of the most pro-consumer gem lab in the world, we engaged in endless battles with the gem trade in committee meetings and in the public media over disclosure issues. Dateline, 20/20 and a host of other networks became engaged in our battle to protect consumer interest by proper disclosure of enhancements within the gem trade. For example, dealers tenaciously fought any disclosure of heat treatment claiming that it was an extension of a natural process that parallels what occurs within the earth. They indicated that "cookers" were simply completing the process that 'mother nature' had started. On the surface the argument may appear plausible, but the discussion eliminates the key components, specifically the impact of pressure and time on the growth process of a gem. These two elements operate together to produce a more durable end product devoid of the costly time constraints of "cookers" that are pressured to complete the alteration process as quickly as possible to minimize treatment costs. Most discussions of heat treatment fail to mention the negative impact of a high temperature heat treatment process on the day to day durability of sapphires in particular. As a result of the emergence of the heat treatment process massive amounts of "super fried" ruby and sapphire flooded the market and diluted the concept of rarity; a key element in the equation that defines the gem category.

The Terminology Lobby

To be "fair and balanced", there are times when the heat treatment process produces an excellent end result. However it is the prerogative of the client to decide, once informed of all the facts, if they want to acquire heated material. The issue of high temperature heating and the industry's failure to disclose to the public became one of the key motivators to produce the original enhancement guidelines. The issue of whether or not a ruby or sapphire has been heated with a high temperature process is critical to the

informed gemstone buyer. Unfortunately, following the lead of the LMHC lobby, many labs have chosen a less definitive path and use hedgy phrases like "no indications of heating" which is a clever way of skirting a specific conclusion. The question is..... is it or is it not "fried"? Although it is not always possible to make an absolute statement, in many cases a "Heat Enhancement: None" statement is possible and was commonly used in our lab reports. These nuances impact directly on the price a buyer should be willing to pay for a gem, since tampering with the natural chemistry of material should have an impact on value.

A similar circumstance involves the use of high temperature cooking utilizing "Borax" type fillers that are used to close fissures and fill cavities, especially in ruby. Lab speak from both European and US based labs suggest that "filling" of these fractures is a "byproduct" of the heat enhancement process thereby skirting the actual issue of clarity enhancement. However, it is absolutely and specifically intended to "heal or fill" fractures and cavities while improving the clarity grade of a gem by refusing, healing and obscuring fractures. The AGTA guides used the "F" designation to describe this process and at the same time have added glass and plastic into the fracture filling equation. This expanded definition exonerates the dealers from any responsibility to distinguish between fillers leaving the general buying public with a new definition of the description "F" aka "Fend For Yourself".

The "Oil Slick" Of AGTA Enhancement Guidelines

However, the AGTA modifications to the meaning of "O", endorsed by numerous trade organizations, are the most troubling especially for gem buyers of emerald, ruby and sapphire. The definition of "O" has been expanded to include a complete range of organic fillers. The litany of compounds now covered by "O" includes oils, polymer/resins and waxes. This new definition is a major coup d'état for dealers that have been lobbying long and hard in the dark corners of the industry to pollute the disclosure process by putting almost all of these fillers under the same "O" umbrella. They no longer have to tell consumers what they are using to alter emeralds, even though each filler has a different impact on appearance. Polymers/resins are more effective masking agents than oil, but plastic precursors are a hard sell to the general public. The AGTA and all its industry supporters have capitulated to dealer demands to no longer distinguish between emerald enhancements and as a result it is party time in Bogota. What few gem buyers realize is that these fillers, especially oil, are frequently found in both rubies and sapphires to mask fractures. Currently, "O" does not even appear in the AGTA guides as an enhancement option for either ruby or sapphire, suggesting it is not relevant. The fact is fillers can have

a major impact on the clarity grades and visual appearance of both ruby and sapphire, especially Burma rubies and on occasion Kashmir sapphires.

Understanding these three issues; heating, fracture filling and oil/polymer treatments is key to protecting your interest as a gemstone buyer. If you find these treatment issues daunting, take heart in the fact that there are ways to protect yourself against deception in any form. Just like buying any expensive product the buyer must Be Aware. Do your homework, which means reading the fine print, don't accept trade or lab proclamations as gospel and you had better know the seller well enough to be assured you have recourse in the event of a subsequent problem. The following guidelines will help you avoid disasters and insure that your gemstone acquisitions will provide years of enjoyment and visual pleasure.

Critical Guidelines

Be aware and cautious of gem labs that are heavily promoted by trade associations and dealer interests. Frequently, dealers "push" labs that offer cheap glitzy paper that is empathetic to trade positions. These reports can look slick, but commonly use ill-defined terms like "Pigeon's Blood" and "Golconda" or other quality suggestive terms that have no consistent definitions. Check the history of the lab to determine if they are predominantly known for diamond grading and affiliated in a significant way with dealers and retailers. Exercise caution about the conclusions expressed by diamond labs that now claim mastery of colored stone issues especially with respect to enhancement disclosure and country of origin issues. Always remember who is signing the check in the transaction. You have the right to protect your interest by asking specific questions about your intended acquisition and you also have the right to receive straight, unambiguous answers. Don't be intimidated by "lab speak" intended to obscure and demean your questions. You're entitled to know the confidence level attached to conclusions expressed by the laboratory on any topic that impacts on the value of your intended purchase. Be assertive about understanding the specifics of enhancement issues relative to your acquisition. If treatment is present, request a definitive statement regarding the extent of the treatment and exactly what type of enhancement agent has been used. A vague or "we don't know" response should temper the price of the purchase and your confidence in the lab and the transaction.

Remember High temperature heating applies predominantly to ruby and sapphire. Expect a definitive answer to the question of whether or not the material has been heated and to what extent. A "Heat Enhancement: None" should be clearly indicated on the sales receipt if that piece of information was

represented by the seller and became part of your decision making process.

Remember: "Glass type" fillers are a primary concern when considering a ruby or sapphire purchase. Ask if a foreign substance of any kind aka enhancement agents have been used to alter the appearance or clarity grade of the material under consideration.....Yes or No! If the answer is yes, ask for the specific identity of the enhancement agent in non-ambiguous terms. In addition, request a quantification of the amount or degree of filler present in the material.

Remember: Organic fillers, such as oils, polymers/resins and waxes are used with consistency on the big three gemstones; emerald, ruby and sapphire. Although these organics are commonly used in emerald, many labs ignore or overlook these treatments in ruby and sapphire. The impact of oils and resins on the clarity grades of ruby and sapphire can be significant. This oversight can be an expensive lesson for unsuspecting buyers that don't know enough to pose the question. It is imperative to ask if any clarity enhancement has been applied to your potential purchase and if so, to what extent? If the gem has been clarity enhanced, what is the specific enhancement agent that was used? If the supplier, gem laboratory or appraiser indicates there are no clarity modifiers present, that information should be spelled out in their report or on your sales receipt. In addition, the material should be soaked in the appropriate chemistry for 48 hours to confirm that the material is indeed free of any treatments as confirmation of the representations. Next to emerald, Burma rubies are most frequently treated with oil to improve clarity. Even Kashmir sapphires, on multiple occasions have displayed clear evidence of an oil based clarity improvement process.

REMEMBER: The gemstone dealer or supplier you select should be fully engaged and conversant in the process of protecting the interest of their client without exception. They should clearly understand and be able to articulate the mechanisms and methods they employ to protect your interest. Any value related item that is used to persuade you to purchase should be documented in the sales receipt of the transaction. For example, if a supplier indicates a sapphire has not been heated and is free of any enhancement agents you should expect a written statement on the transaction receipt that confirms those facts.

Corporate America In The Fast Lane

The purpose of the observations and recommendations contained in this article are intended to make gem buyers more astute and inquisitive when

dealing with the gem trade. For the record, acquisition challenges are not unique to the gem business. Marketing hype and sales practices across a broad range of products and services available in the marketplace require buyers in any market to be smarter about interpreting information and protecting their interest. We are surrounded by an ever expanding population of hucksters. We are pitched for insurance bargains by little green geckoes with Aussie accents. We are hustled by TV promoters with the “buy one get one free” pitch.....only pay the extra shipping and handling, where the profit is buried. Even the pill pushing pharmaceutical companies hype their products while the smiling faces and family portraits in the ad are apparently oblivious to the life threatening implications of the meds being described by a mellow-toned voiceover in the background. Even the recent million dollar prize for the winner of “America’s Got Talent” was an annuity payout over 40 years. Those details were obscured in the fine print at the end of the program.

These practices are all reflective of a growing disconnect in the corporate world between detached marketing departments that create the pitch and the company’s capacity to deliver a product or service anything close to the marketing hype. So it is up to savvy buyers to read the fine print, listen to what’s not being said, ask the right questions and deal with someone that has a trustworthy history of protecting consumer interest.

Gem News

Lost and found...rubies, emeralds, and sapphires worth up to £200,000 found on Mont Blanc in the French Alps

MailOnline

By Tim Finan

September 26, 2013

A young French climber has discovered a treasure trove of 100 precious stones worth up to £200,000 in a metal case high up in the French Alps on Europe's highest mountain, Mont Blanc.

The mountaineer walked into gendarmerie headquarters earlier this month and reported his amazing find to officers.

They immediately suspected that the rubies, emeralds and sapphires most likely belonged to one of the 117 passengers, who died when an Air India Boeing 707 en route from Bombay to New York, crashed on the mountain on January 24, 1966, at an altitude of 4,750 metres.

The causes of the crash were never established, and rescuers found no survivors.

Gendarmes believe a second possibility is that the metal case and the treasure within, came from another plane, The Malabar Princess, which crashed on the mountain in November, 1950, with the loss of 58 lives.

Since the two plane crashes, climbers have routinely found debris, baggage and even a jet engine.

In September last year, India took possession of a bag of diplomatic mail from the Kangchenjunga, the Boeing 707 which crashed in 1966.

The precious stones, found this month, were carefully packed inside the case in plastic sachets marked 'Made in India'.

French authorities are contacting their Indian counterparts to trace the owner or heirs of the jewels.

Given it is 47 years since the second crash, sources in France have indicated that establishing beyond any doubt who owned the treasure would be difficult, as the stones may have been transited illegally from India to the US.

If no one comes forward with proof of ownership and with a valid claim to the treasure, under French law it will be handed back to the young mountaineer in his twenties, who was praised by gendarmes for his honesty.

'This was an honest young man who very quickly realised that they belonged to someone who died on the glacier,' local gendarmerie chief Sylvain Merly told the AFP news agency. 'He could have kept them but he preferred to give them to the police.'

However, the discovery has not pleased everybody.

Arnaud Christmann, the rescue worker who found the diplomatic mail last year, warned it could spark a 'gold rush'.

'Today, the crash site is like an open-air dump, with debris from the wreck scattered everywhere,' he told Le Figaro.

He said he was worried inexperienced climbers might be tempted to try and seek their fortune on the glacier, which is easy to access but dangerous.

'There are crevasses, holes and rivers. You also have to watch out for falling rocks,' he said.

Complaining that some climbers displayed a 'grave digger mentality', he added: 'I ask people to show some respect for this place.'

Notable Quotes

“Rising prices for natural precious gemstones has put pressure on jewellers to find alternatives. “Prices for unheated Burma rubies, Kashmir sapphires and Colombian emeralds that haven’t been enhanced are on the up because of their genuine rarity. This demand for colour means other gemstones have attracted attention and the likes of paraiba tourmalines, spinels, rubellites, pink sapphires and topaz are now increasingly sought after.”

Joanna Hardy, jewellery historian

Financial Times

September 6, 2013

“One of the most important things to bear in mind in regards to investments is how and when one can go about liquidating it. Certain assets are fairly simple to liquidate. Unfortunately, this is not the case with diamond investments. Similar to other alternative investment assets, it cannot be sold with the click of a mouse. Rather, there will be a need to allow other investors or diamond enthusiasts an opportunity to connect with your stone. Having said that, the market is huge and many companies remain in business and flourish year after year because the buyers are among us all. There are many different tools available to research when it comes time to liquidate such as marketing through social media platforms, public auctions, online marketplaces and various diamond/jewelry companies.”

Benji Margolese
Nu Wire Investor
September 3, 2013

“Until now, gold has been sought after due to its unique blend of near indestructibility, beauty and rarity, and because of its importance as a means of exchange. Today, attention is gradually being shifted from gold to precious stones as a store of wealth and investment. Individuals are now using gemstones as a store of wealth and as insurance against the fluctuations and depreciation of paper money and to protect against other macroeconomic and geopolitical risks.

Investors in this sector say there has not been any other asset in the world which has a universal appeal like gold, yet precious stones are equally appealing to the investment sensibilities of people and this shift is increasing in recent times due to the very significant macroeconomic, geopolitical, monetary and systemic risk facing modern global financial system and economy.

“A thriving investment is all about the diversification and management of risk,” says Treasure Akinisoye, an investment analyst. “In simple terms, it means it is not advisable to have all your eggs in one basket. History has shown that markets can and do crash and if investment is not properly diversified, the egg nest can be severely affected.” In addition, he explains that the motivation for buying precious stones is fundamental in deciding in which form the investor should buy it. “He should ask himself the following questions: am I a speculator, investor or saver? Do I wish to take a short-term speculative position in precious stones? Am I investing for the short, medium or long term? Or am I diversifying, saving or using precious stones as a form of financial insurance? The yearning to acquire uncommon gemstones is growing among both consumers and investors who, aside from their captivating beauty, are driven by a loss of confidence in time-honoured assets as well as a renewed perception of the gemstone as a safe store of wealth, a tangible asset with strong investment potential.”

Business Day
April 19, 2013

English Boiler Rooms Back

Regrettably, boiler rooms are back! We have been fighting these criminals for decades, although they have been quiet until recently. One of the main reasons we got on the internet in 1995 was to educate the public how to properly purchase collector/investor gemstones. Please do not respond to “cold calls,” borrow money or remortgage your house to buy gems. Do not fall for high pressure sales tactics. Also, if it sounds too good to be true, it probably is. ED

MailOnline
21 August 2013
By Anna Edwards

Four gems dealers who made £1 million duping investors into buying diamonds at hugely inflated prices are facing years behind bars. The fraudsters used a 'sucker list' to source unwitting victims, cold-calling scores of victims and promising them sky-high returns. One retired customer used up the last of his savings buying gems for £140,000 - but the stones were worth little more than £10,000.

All the gems had been purchased out of a mainstream diamond catalogue before the gang added mark-ups of up to 2,800 per cent. Adam Simmons, 27, his father Michael, 53, and brother-in-law Adam Leach, 29, denied fraud but were convicted following a trial at the Old Bailey. Adam Simmons had tried to claim workers at his No1 Gems firm, based in Hove, East Sussex, had perpetrated the scam without his knowledge.

The mastermind, who used his share of the profits to pay for a luxury lifestyle in Marbella, grinned and shook his head as the verdicts were announced. Loud sobbing could be heard from friends and relatives in the public gallery. Co-conspirator Lee Miller, 32, pleaded guilty to fraudulent trading shortly before the case got underway. The judge, Mr. Recorder Michael Wood QC, said he would sentence all four on September 27. He told them, 'I can only impose a custodial sentence and it will be a significant one.'

The fraudsters also face having to pay back the cash they made and being disqualified from holding company directorships. Adam Simmons set up No1 Gems in late 2011 and conned investors for the best part of a year. By the time the company was raided by police in September last year, they had closed down their operation and were preparing to start a similar firm called Pinnacle, based in nearby Eastbourne. Prosecutor David Durose said: 'Basically, No1 Gems were engaged in what is known as a boiler room fraud. 'It is a specific type of fraud in which individuals are targeted with cold calling and pressured into making

purchases of items such as shares, equities or financial instruments - or in this case, diamonds. 'The purchasers were sold the items for prices vastly above what the items were worth. 'In this case they purchased small coloured diamonds at a markup as high as 900 per cent or more.' Glossy brochures were sent out boasting employees at No1 Gems had more than 100 years' experience in the jewel business. They also lied about the closure of diamond mines and a potential £15m deal to sell jewels to HSBC to get customers to part with their cash.

But Mr. Durose said, 'Those representations were blatant lies.' Retired William Doorbar, from Stoke, Staffordshire, was one of those targeted by the fraudsters. He initially agreed to buy one 0.26 carat green diamond for £5,598 in March 2012 after a No1 Gems representative told him he could make annual returns upwards of 20 per cent. 'It sounds like a good investment,' said Mr. Durose. 'But the 20 per cent is how much the value of the diamond would go up, not how much he paid for it would go up. Even if the rate came through, if the diamond was originally purchased for £350, after three years it would still be worth less than £1,000. 'This was not an investment - this was a scam.' Mr. Doorbar's first purchase had been bought by No1 Gems from Langermans for just £550, he added. He was then convinced he should buy two more stones for his grandchildren for more than £44,000. Both had been bought by No1 Gems for £2,000 each.

They claimed HSBC had agreed to buy its entire stock for £15.5m and said he could buy three jewels from another customer before selling them back to the bank at a £38,000 profit a month later. Mr. Doorbar was also told the Argyle diamond mine in Australia would shortly be closing and this would push up prices. "He was told it would only be a small amount of time before there was a huge return,' said Mr. Durose. "They suggested he consider taking out a loan if he could not afford it.' Mr. Doorbar bought a total of nine stones from the firm and used the last of his savings for his final £9,000 purchase. No1 Gems agreed to refund him £3,000 when he raised suspicions - but the cash never materialised. One American victim, who met Simmons while holidaying on the Costa del Sol, was defrauded out of £220,000.

Another victim was offered a collection of 500 diamonds for £200,000 and told he should remortgage his house to finance the deal. Eight unwitting customers gave evidence during the two-week trial but detectives fear many more could have been conned who are too embarrassed to come forward. Adam Simmons, of Old Swan, Liverpool; Michael Simmons, of Pevensy, East Sussex; and Leach, of Eastbourne, East Sussex, all denied conspiracy to defraud, money laundering and two counts of fraudulent trading. Miller, of Bexhill-on-Sea, East Sussex, admitted a single count of fraudulent trading.

Burma Gem News

100K Jade Locket, Ruby Stones Stolen at Burma's Gem Emporium

The Irrawaddy

June 25, 2013

By Zarni Mann

Burmese gem traders are complaining about poor security at a major gemstone emporium in Burma's capital after a necklace worth more than US\$100,000 was apparently stolen and other precious stones went missing.

A diamond-encrusted jade locket, worth more than 100 million kyats (\$105,000) reportedly went missing earlier this month on the opening day of the 50th Myanmar Gem Emporium in Naypyidaw.

"We heard the jade on the locket was about 32 carats, and [the necklace] was decorated with diamonds, and it was lost after the opening ceremony," a gem trader told The Irrawaddy. "It is believed to have been stolen, which was such a surprise for us because the security this year was much tighter than in previous years, and there were security cameras in the area."

According to The Yangon Times, the jade locket was decorated with more than 100 diamonds weighing a total of about 20 grams. The Naypyidaw police station opened a theft case, the newspaper reported, after the locket went missing on June 15.

Gem traders also say raw ruby stones and some pieces from a set of raw jade were stolen in the following days, but authorities said poor security was not to blame.

"My friend left a collection of raw jade in the exhibition area and went to the auction hall for his gems, which got around 100,000 kyats," said a gem trader from Mandalay. "After the auction, when he went back to the exhibition area, one of the best pieces was missing. We alerted the emporium authorities but they said they were not responsible for this."

"It's a huge loss for a gem trader," he added. "Although the security system was upgraded, it's still poor because they could not provide 100 percent security to gem traders."

Raw jade—which is often cut from a single stone into between three and 10 pieces—is usually exhibited outside the auction hall under the watch of security guards.

Burmese gem traders also complained of different treatment for foreign traders at the emporium.

A jade trader from Mandalay said that if a Burmese trader fails to collect the gems purchased at the auction within three months, he or she is blacklisted from future emporiums. But he said foreign traders, especially Chinese traders with close ties to high-ranking authorities, were rarely blacklisted.

"There are some foreign gem traders who were blacklisted, but they disguised themselves and re-entered the emporium," he said. "We want emporium authorities to strictly check on this."

Burmese gem traders say they would prefer to sell

crafted gem statues, rather than raw uncut stones or simple jewelry, at the emporium. Chinese traders often buy raw stones in Burma and make a profit by polishing and cutting the gems for large statues to be sold on the international market.

"If we could produce the quality crafted gem statues by ourselves, our country would get more of a profit, as would the [Burmese] traders and craftsmen," Win Thu, a gem trader from Mandalay, told The Irrawaddy. "For this we need support from the government—not only to welcome foreign investment, but to ensure that investment benefits the people most."

Gem emporiums in Burma were once held annually, but in 2010 the emporium was postponed for security reasons.

The 50th Gem emporium in Naypyidaw this year featured pearls, rubies and a variety of raw jade stones valued from 500 euros to more than 200,000 euros (about \$650 to \$260,000). According to the emporium organizer, the auction featured nearly 10,000 sets of jade, more than 200 sets of pearl and more than 300 sets of other gems. Most sets included between three and 10 pieces of raw stones in various sizes. More than 3,000 jade and gem traders—including Burmese traders and traders from China, Macau, Taiwan, Thailand, Japan and India—participated in this year's event.

Gem, jade traders call for new rules to deter fake bids

Myanmar Times

August 27 2013

By Aung Ye Thwin

Mandalay gem and jade traders are calling for new rules to prevent foreign traders from disrupting proceedings at gem fairs by making fake bids.

The call results from an incident at the 50th Myanmar Gems Emporium in Nay Pyi Taw in June involving Chinese traders, who are major buyers of the country's precious stones. The Mandalay traders are calling for regulations requiring foreign traders to pay tax here and also have a bank account in Myanmar before they take part in the auctions. Trader U Myo Zaw of the Maha Aung Myay jade market in Mandalay said one Chinese trader bid for 600 lots at the June emporium. While he paid a deposit he did not complete payment for any of them. "His bids were exorbitantly high, and the market was spoiled because other traders were deterred from making higher bids," U Myo Zaw said. "The trader was later warned that he could lose his auction fee if he failed to collect the stones he bid for, because his action could cause losses for other traders if he failed to pay for the stones," he said. Foreign traders pay 50,000 euros (US\$66,700) to attend the auction. While the emporium also attracted buyers from Britain, Malaysia, Thailand and Hong Kong, traders said it was mostly Chinese buyers who tried to manipulate the market. They disturb the market by overbidding, which then scares off the other foreign bidders," trader Ko Soe Nyunt said, adding that they were known to bid double the market value of a lot. The local vendors are then forced to sell them at a much lower price on the domestic market – often to the same Chinese buyers, traders said. Ko Soe Nyunt said even when Chinese traders do win auctions with genuine bids it often takes a long time for the Myanmar sellers to receive the payment. More than 10,000 lots of jade, 379 lots of gems and 255 lots of pearls were exhibited in the Myanmar Gems Emporium, including 91 jade and four gems lots with a floor price of at least 1 million euros (\$1.33 million).

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