

# Gemstone Forecaster

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## How to Hide your Gems From Prying Eyes

by Robert Genis

The million dollar question has always been where do you safely hide your gemstones and diamonds? Do you keep them in your house or somewhere away from where you live?

### Away Protection Safe Deposit Boxes

Many people put their gems in their bank's safety deposit boxes. We are led to believe these are safe. Are they really? Most don't know safety deposit boxes are not insured by the bank or the FDIC. You might want to contact your home owners insurance about insuring the contents of your safe deposit. Of course, never tell the insurance agent you have valuable gems in your house or safe deposit. Insurance leaks are often a starting point for a gem heist.

You also have to worry about the poor training of bank employees. Bank employees are not trained to spot or stop thieves. In the past, cunning thieves rented their own safe deposit box. Later, acting in pairs, they gain access to the vault to open the box. One distracts a guard long enough to make a wax impression of a master key and return it, which can take just a few seconds. With the duplicate, they can later enter the vault and access other boxes if left alone and unguarded. The

horrible thing about this kind of scam, is you might not know you have been robbed for years. If you do have a safety deposit box with gems, create a spread sheet and check the contents yearly.

You also have to worry about inside jobs. Recently, the Federal reserve took punitive action against an employee who stole \$30,000 from a client's safe deposit box.

Also, don't forget that in 2015, the Hatton Garden Safe Deposit Company, an underground safe deposit facility in London was robbed for over \$250 million. Many famous movies show how easy it is to open these boxes.

### Midnight Gardening

Many old school collectors only believe in this method. Perhaps because they grew up in the 1930's Depression, they never trusted banks again. They would buy metal boxes, seal their gems and gold coins and bury the goods in various locations near their house or property. If you decide to hide some of your stash further away from your property, do not use GPS, don't take your cell phone with you and don't take your digital camera. You don't want to even drive your car near the location, or you risk being tracked. You don't want any evidence you have ever been to

your hiding spot. Look for hilltops above any potential water for your safe spot.

In the old days, people would bury their goods in military surplus cans, which could set off metal detectors. Today, new products like the Pelican Air 1605 Case With Foam are the way to go.

### **Home Protection Super Secure Appearance**

Keep your home safe from break-ins by making your home appear to be high-tech wired. This is your first line of defense. If you have a security system, display the decals and signs prominently. Even if you don't, buy some decals and signs and post them in obvious spots. An ex-security system expert once told me in confidence, "If a professional is going to hit you, there is nothing you can do to stop him. What you are trying to do is stop the other 99% of thieves. If your home appears to have security, the vast majority will move to your neighbor's house without alarms."

Also, don't advertise your recent purchases by throwing away labeled gem boxes and containers in the garbage can. Shred shipping labels that indicate you received something from a gem company. Keep your shrubs trimmed and make sure you have powerful motion sensor lighting around your home.

### **Security Systems and Cameras**

Installing security cameras is one of the most effective ways to deter burglars. Modern security camera systems and full security systems are reasonably-priced and easy to install and use. You don't need an expert to install your systems anymore, unless your house is large and complicated. Make sure to install a camera at each entrance point. Many new doorbells have cameras, making them less obvious. For a small monthly fee, you can store video of who comes and goes in the cloud. When a visitor approaches your door, they show up immediately in real time on your phone. In case of a break in, you can give the police visual evidence for the intruders. This is your second line of defense.

### **Home Safes**

For larger portfolios, a large safe may be in order. Today, you can purchase biometric lock and facial recognition safes from Home Depot. Probably smart to not charge this transaction but

use cash and make sure you are not followed home.

You can also buy wall mounted and fireproof vault safes. Some safes are disguised as electrical outlet vents, wall clocks and fake surge protectors.

My favorite is to bury the safe in the cement foundation of your house. Who is going to go through the trouble of removing a large safe from concrete? Practically no one. Bury these in closets or in your tool room in the garage. Just make sure you trust the installers. Also, don't forget to put a hidden camera near the safe. Safes are convenient and affordable, and give you 24/7 access to your gems.

### **Be Creative**

To collectors who have only a few stones or pieces of jewelry, it's pretty easy to hide your goods because they are so small. One way is to think of unusual places to store your valuables. The average thief spends 6 minutes or less inside the home. The most obvious is often overlooked.

As often seen in movies, some people put diamonds in the freezer. Gems in a freezer bag give new meaning to the old saying "cold as ice." Just stash it somewhere in the back of your freezer. Even the most eager thief is unlikely to go through your fridge, unless they are starving too. I still like the Campbell Soup container hiding theory. You can put a large value of gems into these 3" x 3" x 4.5" safes. You can buy Del Monte green beans, Barbasol shaving creme and Maxwell coffee safes. Be careful if you have professional cleaners though. Another old but reliable hiding place remains books with cut out sections for your valuables. Most burglars are not readers and few have the time to go through your library.

You can always sleep with your goods with a hidden pillow safe. The possibilities are endless.

### **Let's Wrap this Up**

Whether you bought to collect, to invest, to hedge your wealth against a crisis, or because you think these stones are beautiful, the last thing you want is your goods pilfered. Hopefully, we have sparked you to think about what options are best for you to keep your goods safe from prying eyes.

## Gemstone News

### The 8 Stones Jewelry Collectors Should Invest In

Singapore Tater

By CNA Luxury

June 10, 2019

*The vast majority of this information is spot on. We disagree with his projection that Tanzanite will rally. We have heard these same claims but Tanzanite really has done nothing but decline in value since 1985. Regarding Paraiba tourmaline, the trade has been arguing which colors are the best since its discovery. Most now agree pure blues are the top color and the priciest. Others prefer pure greens. Greenish blue are ultra-desirable, too. ED*

The vast gemstone market can be a maze, but some of the best known rocks also represent the most investment worthy. Rubies, emeralds and diamonds are all beloved of collectors, based on their solid returns. But newer entrants like tourmaline and tanzanite have been performing even better as investments.

Like all investments, gemstones carry risk, and profits are not assured. But for anybody interested in building a collection, these are the ones most likely to grow in value, according Italian jeweler Danilo Giannoni.

#### Rubies

Colored rubies are among the safest gemstone investments. They are seen by collectors to hold their value and market demand better than diamonds, especially as they become rarer. Fine unheated rubies in larger sizes from Myanmar draw prices over US\$1 million to \$1.35 million per carat at auction. At the same time, similar examples from other sources, such as Madagascar, Mozambique and Tanzania, are also quickly increasing in price. Vivid red examples are the most valuable, known to dealers as "pigeon's blood". Rubies often have inclusions, so color is a more important factor in the value of a stone than clarity.

#### Emeralds

Though the market for emeralds has seen some disruption in the last couple of decades, the stone has traditionally been considered an

investment. In ancient Egypt, they were used by merchants to hedge their wealth against disasters. Green emerald is a favorite among collectors, in particular, large-sized stones from Colombia and Brazil. However, it is becoming increasingly more difficult to find high-quality emeralds, making them as safe an investment as you can find in the gemstone market. Dealers will recommend considering buying only emeralds that have not been treated to improve their clarity, which attracted values of US\$300,000 per carat in a 2017 auction.

#### Colored Diamonds

Investment-grade colored diamonds account for just a fraction of a per cent of all mined diamonds, giving them a distinct and immediate advantage over regular colorless stones. The more celebrities who embrace the stones for high-profile engagement rings, the more appealing they are to collectors. Red diamonds are far and away the most valuable of all the colored varieties, reflected by their value of up to US\$3 million per carat. Still, yellow diamonds represent a good investment, especially vivid yellow diamonds which fetch up to US\$100,000 per carat, while green, purple, pink and blue examples are more pricey but worth the extra outlay.

#### Sapphires

While blue sapphire is the second most popular colored stone for investors, after ruby, other colors are fast growing in popularity. Sapphires are found in all colors of the rainbow, from green and orange to purple and even salmon pink, in the case of Padparadscha sapphires. Globally, a medium- to dark tone called Royal Blue with lots of saturation is best for investors, though this can depend on the location of your market. Generally speaking, greater color saturation and a deeper tone will push up the price, although a darker stone will invariably be cheaper than a lighter colored one. A good investment-grade blue sapphire will cost up to US\$50,000 per carat.

#### Tanzanite

Mined in only one location covering just six square kilometers in Tanzania, tanzanite can only go up in value. The owner of this land, in the foothills of Kilimanjaro, is attempting to control the market, similar to the way De Beers sets the value of diamonds. If it succeeds, which is likely,

this will lead to a significant rise in prices, which currently start from US\$1,000 up to US\$5,000 per carat. With more interest coming from the vast Asian market, led by China, supplies are under pressure, and could be depleted quickly. This would also lead to sharp and immediate growth in the value of tanzanite.

### **Paraiba**

Rarer still than tanzanite, the Paraiba tourmaline is only found in three mines in remote northeastern Brazil. With prices of up to US\$100,000 per carat, it can lay claim to being one of the world's most expensive gemstones. Yet the tourmaline still comes with a broad stretch of prices, depending on its color and tone, which are both more important than clarity. Blue-green examples are worth twice as much as pure blue stones, as are other shades of green. Investors tip mid-range stones for best returns.

### **Alexandrite**

Another exceedingly rare and investment-worthy stone is alexandrite, a color-changing crystal that has been outperforming the stock markets in recent years. Otherwise a chrysoberyl, itself a precious stone, what marks alexandrite out is how its chemical composition reacts to different light sources, turning from blue-green in daylight to a red-purple at nighttime. Over the last half-decade, collectors have been seeing double-digit annual returns on this mineral investment. And with time running out on reserves of an already exotically priced stone, their investment is bound to leap further upwards in value as remaining stocks are depleted. Prices vary according to individual stone, with gems of exceptional quality reaching up to US\$100,000 per carat.

### **Spinel**

Hardly anyone seemed interested in investing in spinels just five years ago, but after some excellent price growth, and benefitting from an elevated profile fueled by the popularity of candy-colored designer jewelry collections, they are now considered worthy investment gems. Though pure spinel is colorless, impurities are responsible for its rainbow of colors. Of these, the most valuable are red, hot pink and flame orange, though collectors tip neon pink-red spinels from Tanzania as having the best investment potential, at a cost of up to US\$50,000 per carat.

## **Burma News**

### **Ruby rush: Myanmar gem hunters exploit law change**

**Channel News Asia**

**May 23, 2019**

*Sometimes we forget what a dangerous job it is to find the rubies, sapphires and spinels we covet. Burma decided to not renew the licenses of large companies who dig deeper into the earth. Small entrepreneurs are now mining but the results are pathetic. No wonder top gems are rarer than before and prices keep escalating.*  
ED

### **Mogok**

Burrowing deep underground, thousands of informal miners risk their lives to find gleaming red gems as a law change spurs opportunity in Myanmar's "land of rubies".

Emperors, kings and warlords have long fought over the valley of Mogok in Mandalay region, where the unique "pigeon-blood" stones lie hidden.

The Mogok rubies are the most expensive in the world, with the highest-quality jewels fetching multi-million dollar prices in an industry notoriously bereft of regulation.

For years, private companies were permitted to mine in a joint venture with state-owned Myanmar Gems Enterprise.

But a recent law change - aimed at reining in big companies digging hundreds of meters deep - means many licenses have not been renewed, and the former diggings have been invaded by artisanal miners.

With no security protecting the sites, locals - many former employees of the mining companies and long marginalized in the trade - have rushed in to stake a claim.

Now the openings of makeshift shafts, some just meters apart, pepper crowded sites, with teams working around the clock to bring up buckets of soil from depths of 30m.

The holes lead down into a maze of bamboo-supported tunnels just wide enough for the men to inch along on their bellies, while long tubes feed oxygen into the shafts.

"Sometimes you hit another tunnel when you're digging underground," one miner, asking not to be named, tells on a break from his shift,

covered in mud and kitted out with head torch and walkie-talkie.

Team members haul buckets to muddy pools to clean away dirt, before sifting through piles of pebbles for a telltale red glint.

Police have started patrolling some sites, sparking fears among hopeful prospectors that they will soon start cracking down on the operations.

### **Risky Business**

Tunnel collapses are a constant threat in this scramble for riches, and the start of the rainy season only ups the risk.

Despite slim pickings, the lure of a quick profit is difficult to resist.

One worker said his team of five had only found one gemstone in a month, which they sold for just 100,000 kyat (US\$65).

"We've spent about 600,000 kyat on petrol and machines so far," he laments, adding they are simply unable to dig deep enough.

Myanmar's ruby industry surged in the mid-90s when the former military junta first allowed in private companies that brought with them more industrial methods.

But western sanctions hit hard.

In 2008 the US closed a loophole that had allowed imports of gems from Myanmar - despite 2003 sanctions on the industry - in a bid to starve the junta of funds.

Specific sanctions were lifted after Aung San Suu Kyi's government came to power in 2016.

The industry remains tainted with a "reputation for corruption, conflict and deep connections to military-linked figures and armed groups", says Paul Donowitz, of the watchdog Global Witness.

High-value rubies are often smuggled over the border into Thailand or China to be sold directly to private buyers or made into jewelry.

Many of the remainder end up at Mogok's market, where dealers using torches and magnifying glasses scrutinize small mounds of the gemstones.

### **Bottom line**

Merchants say the boom times are in the past.

"We only see low-quality gemstones these days," says one shop owner, who has been in the business for 25 years.

### **India News**

#### **Ground Report: How Jaipur's Flourishing Gem Industry Was Destroyed, Livelihood Snatched From Countless Artisans NewsCentral24X7**

**By Asif Iqbal & Pathikrit Sanyal  
Apr 27, 2019**

*With an Indian government like this, who needs enemies? In 2016, a new currency was introduced and the effects on small business were devastating. The government also started a nightmarish Goods and Services Tax (GST). Unbelievably, that same government was recently reelected.*

*On the business side, gem dealers cheating the banks sure didn't help. Looks bad for Jaipur. ED*

Furqan Ali, who was once a master of gemstone-cutting and polishing, now works as a driver in a travel agency. Speaking to NewsCentral24x7, he said, "There's no work, what to do? Modi ji has made life difficult for us," adding, "Some drive taxis, others have joined the catering industry. And many now sit at home, jobless."

Once a global hub for gemstones, Jaipur has been struggling to hold on to this title for a couple of years now. Many in this unorganized, labor-intensive market have suffered in the past couple of years, But it the artisans who have been hit the worst.

The deescalating demand for gemstones has forced many skilled artisans to leave the industry and work in other fields for considerably lower pay.

"Many who drive electric rickshaws or autos in Jaipur now, were once gem-cutters," agreed Akshak Agarwal, who owns a gemstones shop in the busy market of Johari Bazar in Jaipur. Akshak said increased unemployment could be one of the many reasons behind the decline in the demand for gemstones.

"My family has been involved in the gemstones business since 1983. Trade is now down to 60 per cent of what it used to be," he added. But it's not just unemployment that is behind this

decline. The gemstone industry is one of the many sectors in the country that was adversely affected by Demonetization.

Anil Kabra, the director of Gemco Exports Pvt Ltd, located in Johari Market, told NewsCentral24x7 that since November 8, 2016, when the Narendra Modi-led Bharatiya Janata Party (BJP) government invalidated 86 per cent of high currency notes overnight, lack of liquidity has been hurting the industry significantly.

The flawed implementation of the GST, too, has had a part to play in the meltdown of this unorganized industry. Imran who owns a small gem-cutting unit in Topkhana said, “The situation is really tough. We had barely recovered from Demonetization when GST hit us. A 0.25 per cent GST rate for cut and polished precious stones landed hard on small units that had survived for decades on a thin margin. The nature of the business is such that gems are imported and embellished in India, and the finished product is exported.

The entry of GST on imports is one of the primary concerns for those in the industry. Manoj Dhandia, a partner at Dhandia Gems Corporation, told NewsCentral24x7 that when traders send their goods for exhibition in international fairs, GST is imposed on goods that are shipped back. “So, these are our own goods on which we have to pay GST. And that part of GST is always blocked up. So it takes a toll on the financials.”

Colin Shah, vice chairman of The Gem & Jewelry Association Export Promotion Council, told Business Standard, “The industry is also struggling with blockage of working capital due to delays in getting a refund. All these issues have hit overall gems and jewelry exports this financial year.”

The Punjab National Bank scam— when diamantaire Nirav Modi and his uncle Mehul Choksi fled the country after cheating the bank to a tune of around \$US2 billion— dented the reputation of the jewels and gems industry, noted Dhandia, adding that credit lines had been squeezed.

“Squeezing the credit line for the jewelry industry as such large, and marking the industry as a riskier sector — I think it is unjustified,” Dhandia said, adding, “If the trade is going down for any reason, it impacts down the line.

“If I am selling less, I will be buying less; I will be manufacturing less. If I am manufacturing less, there will be less work for the artisans. It travels down the line,” Dhandia told said.

Ultimately, the last in the line, in this grotesque version of “trickle-down economics” is the artisan. As Moinuddin sits, transforming raw chunks of hessonite into polished gomed in his small karkhana in Amritpuri — a low-income neighborhood in Jaipur— he tells NewsCentral24x7, “We don’t get enough work now. Earlier, we used to get orders from five or six stores. Now that has dropped down to maybe one or two.” Moinuddin employs about five or six artisans in his shop in a locality that was home to hundreds of such small units. His income is now half of what it used to be.

The artisans have also been victims of institutional apathy. To compete with emerging new markets in other countries, the local artisans of Jaipur are in dire need of technological intervention and capital support to improve their operation.

Dhandia said with some regret, “We haven’t been able to retain our artisan in our trade. What we need is a little bit of support from the government also, so that we can do more on their skill-upgradation.”

He explained that while skill development councils were in place, there is a need for more capital investment. “When the artisan is being trained, it needs a considerable amount of money to learn the skills that are one part of it. And the second part is with technological upgradation; there is a lot of mechanization. Unfortunately, you can learn to work on those machines, but artisans are unable to afford to buy them.”

Speaking to NewsCentral24x7, Mahesh Chandra Sharma, the general secretary of Rajasthan

Congress said, "Since Demonetization and the implementation of GST, the artisan community, not the traders, have been affected. All of this business runs on cash-rotation. As cash-flow stopped, the big businessmen stopped giving them work... Those who worked in this industry now have to find other means of livelihood. This is a failure for the BJP."

Sharma said that in its manifesto, the Congress has promised an overhaul of the GST regime and a rehabilitation plan for severely affected units. On the other hand, BJP's Rajasthan spokesperson, Jitendra Shrimal, praised GST. He claimed that GST was responsible for, "leading the country towards honest business," adding that real estate and jewelry, two industries that were earlier notorious for "do number, are now heading towards "number".

Since the city was founded in the early 18th century by Maharaja Sawai Jai Singh II, Jaipur has attracted from across the world the most exquisite gems to be cut, polished and mounted. Nearly three centuries later, this industry, which is also part of the city's heritage, is on the brink of doom.

It's difficult to gauge the effect of this downturn on the upcoming Lok Sabha polls in the city. But as the residents prepare to exercise their democratic right on May 6, one can only hope that the incumbent regime, or a new one, can prove to be a shot in the arm for both the heritage and the artisans.

**Gem Scams**  
**SEC Cracks Down on ICO That Offered Investors Colored Diamonds U Today**  
**by Alex Dovbnya**  
**May 21, 2019**

*Hate to keep repeating ourselves, but do not buy into diamond and gemstone funds where they hold the gems and your money. A prime rule of gemstone investing/collecting is to take possession. That's the only way to stay safe.*  
 ED

The ICO that was promoted as a game-changer on the diamond market faces a dramatic fall from grace.

The U.S. Securities and Exchange Commission (SEC) has pulled the plug on a \$30 million cryptocurrency Ponzi scheme called Argyle Coin. The company, which promised to turn fancy colored diamonds into globally accessible assets, defrauded more than 300 investors.

### **No diamonds for you**

Who told you that colored diamonds are only for ultra-rich individuals? Argyle Coin allowed the average Joe to invest in one of the rarest diamonds in the world. The project was presented as a Blockchain-powered marketplace for trading these precious rocks.

According to the SEC's press release, Argyle Coin was nothing more than a Ponzi scheme that defrauded new investors in order to pay returns to the old ones. On top of that, Jose Angel Aman, the man behind this scam, used investors' funds in order to enrich himself (he bought real estate and horses). Overall, those who wanted a piece of luxury ended up losing \$10 million.

As alleged, Aman operated a complicated web of fraudulent companies in an effort to continually loot retail investors and perpetuate the Ponzi schemes as well as divert money to himself," said Eric I. Bustillo, Director of the SEC's Miami Regional Office.

### **Old story, new names**

Argyle Coin was supposed to offer its clients a 'risk-free' investment opportunity given the ICO is backed by over \$25 million of fancy colored diamonds that are securely stored in the London-based Malca-Amit vault.

Notably, prior to Argyle Coin, Aman had managed to pull off two similar scams – Natural Diamonds and Eagle. Aman was charged with violating securities law antifraud provisions.

## **NFL QB Drew Brees Sues Over Value of Colored Diamonds Sold to Him by La Jolla Jeweler**

**San Diego 7  
By R. Stickney  
June 10, 2019**

Drew Brees and his wife, Brittany Brees, are suing a jeweler from La Jolla, claiming he misrepresented the value of diamonds and defrauded him out of \$6.7 million.

On Monday, Drew Brees testified Monday that diamonds he invested in were shown to him in settings that changed their color.

The civil lawsuit filed in San Diego County Superior Court accuses jeweler Vahid Moradi of breach of oral contract, fraud by intentional misrepresentation, breach of fiduciary duty and fraud by concealment.

Brees testified Monday he never had the opportunity to see the diamonds removed from their settings.

In court, he held the diamonds after they had been removed from the settings.

"They look nowhere near what they look like in the settings," Brees said.

"They're much more light, much more faint in fact the blue diamond looks like it could be a white diamond. There appears to be no color to the naked eye."

**Drew Brees Sues La Jolla Jeweler for Millions**  
Brees and Moradi met through a teammate when he was in college.

"Well, Vahid became a good friend. He became somebody I referred family and other friends too. I don't do that lightly," the New Orleans Saints quarterback testified on Thursday.

The two men entered into 10 transactions since they first started discussing diamonds as investments in 2010.

The defense argued diamonds are a good investment and explained the difference between wholesale diamonds and retail diamonds to the jury.

The typical retail profit on a diamond is 1.6 percent of the diamond's value, according to the defense. Using a calculator, the attorney showed how the diamonds sold to Brees had a 1.55 to 1.6 percent markup.

Moradi's attorney said each diamond that was sold to Brees was accompanied by a certificate from GIA.

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