DIAMOND BUYING: CAVEAT EMPTOR

By Marc Gillotti
Like any investment, buying diamonds requires education and research. With buying options ranging from the Internet, large national enterprises, and regional businesses, consumers have an array of opportunities and pitfalls before them. Making the purchasing process and decision even more difficult is the disparate grading and certification standards that exist which have an impact on you.

It is universally acknowledged that diamond grading in the US is among the highest and most accurate in the world. Interestingly enough, the jewelry industry acknowledges different international grading standards. More often than not, the unsuspecting consumer isn’t aware of these grading disparities and sees only the perceived savings. Jeremy Oster of Oster Jewelers in Denver advises that in the US, “if one is looking for a fine diamond, GIA [Gemological Institute of America] certified stones are the best choice,” and that one should treat other labs, especially EGL, with a little caution. “Base decisions on information that can be trusted which is why at Oster Jewelers almost all of our diamonds are GIA certified.” This “takes away the guesswork of what you may or may not be purchasing.”

Michael Hayes of The Shane Company notes that “Diamonds are graded on the ‘Four C’s: carat weight, clarity, color, and cut. The truth is that of the ‘Four C’s, only carat weight is a fact.” As long as the consumer is happy with the appearance of the diamond, no harm done, right? While many consumers and retailers may be comfortable buying and selling a product under less than GIA standards, there is a growing movement calling for even higher and singular standards. One American grading lab is in a legal battle with its international counterpart in an attempt to ban international-originated grading reports issued over the last ten years from entering the United States. The key issue is the different grading standards between North American and International rating agencies.

Most consumers would suggest this inequality of certification should be illegal and more tightly regulated by objective rating agencies. Well then, why isn’t it. The answer lies in the fact that in the end, diamond rating is a subjective art. As long as the customer is properly warned of the discrepancy at the point of purchase, it is completely legal. Michael suggests “Because of the subjectivity involved in diamond grading, the right question to ask is: does the diamond have lots of sparkle? Two diamonds with the same lab grade may have different amounts of sparkle. For these reasons, it is important to look beyond lab grades and look at and compare diamonds in person.”

Some jewelers have been found to be unaware of this ongoing industry challenge and are often lured into large-lot diamond purchases on internationally graded diamonds at what appear to be extremely attractive prices. A diamond mis-graded to them is equally mis-graded to the consumer. Worse are the jewelry stores that fully understand this yet insist on leveraging these discrepancies for greater profits. The consumer is being cheated then when they are told that a diamond is one or two color grades greater than what it really is because they are not able to understand, see, and know the real differences themselves.

What should you do to make an intelligent purchase of the Earth’s most precious conveyance of affection?

A few simple steps can assure that you are purchasing diamonds of the highest quality and value. Insist on a diamond that is graded in America (preferably GIA) and ask a reputable jeweler such as The Shane Company or Oster Jewelers if they think the diamond is graded accurately. Trust in a professional jeweler to help you make a wise purchase decision and avoid you Uncle’s friend who sells diamonds out of a brief case. Jeremy says “it is so important to develop a relationship with a jeweler whom you can trust,” precisely because you are counting on them having an informed and knowledgeable opinion you can count on. Michael recommends buying from jewelers who pre-inspect the diamonds they purchase for resale as opposed to jewelers who buy through middlemen sight unseen.

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