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Turning Old Bling Into Fresh Green

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Like many women, I've collected an assortment of gold jewelry over the years, and some of it I never wear anymore. So recently, I decided it was time to join the growing number of people who are taking advantage of skyrocketing gold prices to turn old bling into fast cash.

Certainly, the time is ripe. Yesterday, gold closed at \$963.90 an ounce -- up 15% since the beginning of the year, and 52% since the end of 2006. The last time gold prices soared like this was 1980, when the annual average price was \$612 an ounce, the equivalent of \$1,660 in today's dollars. Back then, lines stretched out the doors of jewelry stores as people tried to sell their gold.

Gold refiners, wholesalers and jewelers say the number of people wanting to cash out their gold has picked up significantly in the past year, though it is tough to quantify. Several sources say there are frequently lines at gold buyers in Manhattan's diamond district. One refiner notes that people are cashing in not just their old or broken jewelry, but also gold bars and coins they bought for investment purposes. Jewelry stores, pinched by a softening economy, are selling their old inventory to refiners, too.

So now seemed like a good time to join the gold rush and offload my unwanted pieces to someone who'd pay for the metal. But like any business venture, turning gold into greenbacks starts with getting an education. Who buys gold jewelry for its meltdown value? Which pieces would be most worth selling? And how would I know if I was getting a fair price?

Finding a jewelry store or dealer to buy my gold wasn't that difficult -- there is no shortage of companies advertising their services on the Internet, in the newspaper and on TV. But when it comes to getting a good deal, selling requires some shopping around.

For advice, I called David Firestone, third-generation owner of Firestone & Parson in Boston, a dealer in estate jewelry and antiques who was recommended by a colleague. He said I should expect to get at least 90% of the gold's value based on that day's price on the open market. He also suggested I find someone who deals in gold coins, a full-time gold broker, or skip the

company I chose with the Better Business Bureau and the city or state department of consumer affairs.

Sentimental Sorting

When cashing out, my first step was deciding what items I was willing to part with, which can be an emotionally complex task. I was willing to sell some pieces that had been gifts over the years from relatives. One very dated gold-nugget bracelet handed down from my mom also went into the sale pile. But a heart-shaped locket inscribed with my grandmother's initials and the date 1908 went back in the drawer. Even though I don't wear it, it's a sentimental keepsake. In the end, I decided to sell three nondescript gold-link bracelets and a necklace, plus the circa-1960 gold-nugget bracelet.

Before I could calculate my likely take, I found that gold prices are quoted based on pure gold, or 24 karats. Most jewelry is 14-karat, though some better pieces are made from 18 karat, and cheaper jewelry is often 10 karats. So my gold pieces are worth only a proportionate fraction of the 24-karat price. In other words, a 14-karat gold bracelet is valued at 58.5% of the 24-karat gold price. The karat is usually stamped on the jewelry, but is sometimes too tiny to see with the naked eye. So I relied on the dealers to tell me the makeup of my metals.

Next, I needed to find out how much my gold pieces weighed. Gold is most often measured in penny weights, with 20 penny weights equaling an ounce. Again, a dealer determined the weight of the items I wanted to sell.

On Feb. 22, when I was flogging my jewelry, the price hit a record \$949 an ounce. But I knew I couldn't expect to get full value. Dealers have to make a profit, and they'll factor in how much of a discount refiners are giving them when buying the loot. These days, so many people are selling their gold jewelry that refiners are backed up, causing meltdown delays and raising carrying costs for brokers. I wanted the best price I could get, so my job was to figure out how much off full price was reasonable.

With my task framed, I was ready to go. But where?

My answer arrived in the weekend newspaper, where I noticed a loud, four-page ad screaming, "BUYING 7 DAYS ONLY -- INSTANT CASH FOR ALL." A group of 25 independent buyers was setting up shop in a local Dallas hotel, buying diamonds and gold and select antiques.

I took my bag of jewelry and headed to the hotel, where I met Harrisburg, Pa., antiques jeweler Rodger McKinley. He told me he travels 30 weeks a year buying gold. He resells some pieces and melts down the rest.

From Mr. McKinley I learned I had exactly 60 penny weights, or three ounces, of gold jewelry, which included one five-penny, 18-karat bracelet, with the rest 14-karat. He offered me \$750. I was ecstatic -- until I began to wonder if a 50% discount was the going rate. That day gold was selling for \$902 an ounce. Three ounces of my jewelry at 58% of the market price would come to \$1,569. I knew Mr. McKinley deserved to make a profit, but how much was fair?

I decided to keep looking. My next stop was the Dallas Gold & Silver Exchange Inc., a huge store that sells used jewelry and watches on its premises and in online auctions. A jeweler there looked at my four pieces through a jeweler's loupe, weighed them, and then offered me \$600. No good.

Next, I turned to the Internet and found a Dallas gold broker and wholesale jeweler who offered me \$730 over the phone after I gave him my weights and karats. I told him I'd already received a \$750 quote when gold was at \$902, and prices had gone up to \$939 that day. "Oh, I didn't realize it was that high," he explained hastily. "I'll go as much as \$1,000 then."

Overnighting Jewelry

Not good enough. I went back to the Internet and found a gold broker in the heart of Manhattan's diamond district, U.S. Gold Buyers, which buys and refines precious metals. A customer-service representative said the company pays 96% of the spot price for five ounces or more and on a sliding scale for lower weights. I could overnight my jewelry at the company's expense, and a representative would give me a quote the next day. If I declined the offer, the jewelry would be sent back at no charge to me. If I accepted, I could expect a payment to be processed within 24 hours. I could choose a wire transfer, or have the money sent via PayPal or by postal mail.

As reassurance that the company could be trusted, she gave me the company's license number with the Better Business Bureau and the New York City Department of Consumer Affairs.

Using the company's Federal Express account, I sent off the loot, and the next day a salesman called with a quote just as gold hit its new \$949-an-ounce high. U.S. Gold Buyers' offer: \$1,570.17.

Sold. My check arrived the following Tuesday.

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