

# stuart moore

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## certificates

We are long-established fans of the GIA and its certificates (every stone we sell over half a carat comes with one). These certificates have eliminated a large part of the uncertainty and doubt that have always been part of buying a diamond. The age-old question, “How do I know what I'm getting?” can now be answered somewhat more clearly.

The numerous and welcomed upsides of GIA certificates in their role of assuring consumers a stone has been accurately described in gemological terms are clear to all. We at stuart moore advise everyone not to buy any diamond over .75 carat, from anyone, without a certificate from the GIA (and only the GIA), no ifs, ands or buts.

Well... allow us just one ‘but’...

Nothing’s perfect and we are concerned, not with the certificate, but the manner in which it is sometimes used.

Our daily experience shows us the pendulum between ‘no cert’ and ‘cert’ has swung too far. We have noticed many buyers believe diamonds have become commodities and quality gradings shown on a certificate can be used as a substitute for viewing the stone itself. This is called ‘buying the cert’ and, in our opinion, this has potentially serious consequences to the buyer, both financially and aesthetically.

‘Buying the cert’ assumes that a three-dimensional piece of nature can be broken down and categorized on two-dimensional paper finely enough for its beauty to be properly visualized (and price determined) so there’s no longer a need to use your eyes. That just isn't so; here's why.....

Surprisingly, although more than 50 years old, the present grading system is still adequate in *purely gemological terms*. But, in our opinion, they are simply *inadequate* in today’s market when used for a purpose for which they weren’t designed; *analyzing the last 20% of price*.

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Here's why.....

Let's look at Color first.....

If you've ever tried to buy white paint for your home you'll get this concept really quickly.

There's a *Range* of hundreds of whites, each one hardly distinguishable from the next.

Almost all diamonds sold for rings are also called white, but they have been placed into *only seven, broad* categories. As you can see, each category changes the price by about 15%. *But, and it is a big but, nature's range* doesn't line up into those *nicely defined categories*.

In response, we've come up with a *Sub-Grading* suggestion. We took the trend of the paint guys and divided each old grade into three new subgrades, which emulates how buyers like us instinctively value a stone.



the existing grading structure, invented in 1953, separates nature's range into a few broad categories.

d	\$20,000
e	\$17,250
f	\$15,000
g	\$12,750
h	\$10,500
i	\$9,000
j	\$7,500

how it should be: each grade split into 3 subgrades.

f	almost e	f1	\$15,000
	average	f2	\$14,250
	almost g	f3	\$13,500
g	almost f	g1	\$12,750
	average	g2	\$12,000
	almost h	g3	\$11,250
h	almost g	h1	\$10,500
	average	h2	\$10,000
	almost i	h3	\$9,500

The lines are *artificial* so some stones are almost into the next grade up and some nearly cross the line to the next grade *down*.

This should be scary stuff when you're the one paying a 15% premium for a certain grade of color.

As you can see there's a serious difference in cost between the top and bottom of any color grade. We think you should know which sub-grade you're getting when you pay your money. You'll also see the pricing between grades evens out more sensibly.

A bottom color F, (which we've called F3) costs only about 5% more than a top color G (which we've called G1).

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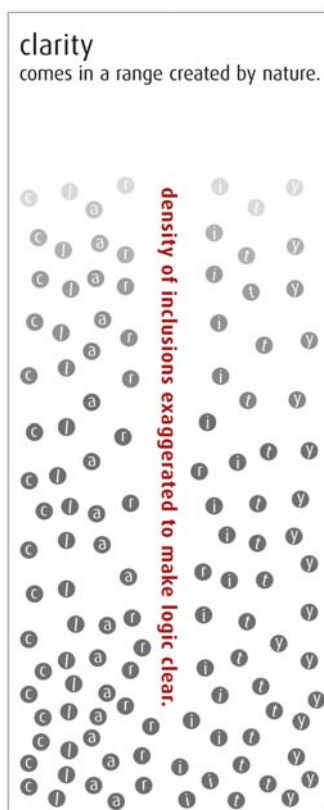
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## Exactly the same range problem exists with Clarity, doubling the pricing confusion.

Again, nature's *range* of clarities in a diamond doesn't fall cutely into man's artificial categories.

Like color, we believe seven clarity grades is inadequate for today's consumer to evaluate a stone's fair cost.

By creating our three subgrades we again show the cost difference between the top and bottom of each existing grade.



Then it evens out the cost difference between grades so a bottom clarity VS<sub>1</sub> (which we've called VS<sub>1</sub>c) costs only about 5% more than a top VS<sub>2</sub> (which we've called VS<sub>2</sub>a).

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So with the crazy amount of possible combinations of Color and Clarity subgrades, we think the important question a consumer should ask is.....

**“If I bought a VS2 Clarity, G Color diamond, how would I know if I’m getting a top, average or bottom grade?”**

***That’s a very good question!***

Here’s a little back-story and our suggestion.....

Diamond Cutters have three markets to sell their stones. For simplicity let’s assume they sell an equal amount of diamonds to each market.

First.

They sell to each other. All buyers are experts so every stone is carefully examined under magnification, before a dollar is parted with.

Second.

They sell to Brokers like us. Same story.

Third.

They supply Internet dealers with lists of stones available to the public.

Now, imagine *you* are a diamond cutter. You will never meet the consumer to whom your stone was sold.

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Ask yourself which two-thirds of your certified stones you'll keep in your office to show markets one and two (*experienced repeat customers*) who will be personally examining each stone. Then ask which third you'll put on the Internet to be sold to, usually, an *inexperienced one-time consumer*.

Or, if you, the cutter, do put your entire inventory list on the Internet, do you price the bottom and average parts of each grade, differently, to the top? Or perhaps you take advantage of the fact that consumers "Buy the Certificate" and price all stones at the top price?

Some cutters might, some might not. But how would you know?

**As you see, the answer to why prices can vary so much is quite simple once you have all the information.**

Unfortunately, until the GIA comes up with their version of our suggested sub-grading system, you can't yet get all the information you need. We're working on how to make that happen so watch this space for text or video updates.

Update Number 1. November 18, 2010.

We are presently having some certified stones photographed to demonstrate exactly what we say in the video.