

## A COLORLESS NIGHTMARE<sup>1</sup>

Bill Hofer, GIA GG, FGA

*The marketplace thrives from demand by consumers. Recently man-made diamonds have become a lower priced source to help meet that ceaseless demand for diamonds. However, some of these diamonds do not come with warning labels.*

Most gemologist-appraisers can, with extreme detail, explain how man-made diamonds are made, the gemological aspects,<sup>2</sup> how to detect them and so forth. Yes, as a common practice for important diamonds is to be laser inscribed declaring it to be a laboratory made offering, a significant safeguard. And many gemologist-appraisers believe that they can detect every man-made center diamond encountered in appraisal assignments. Odds are, they are not one hundred percent perfect though and some man-made diamonds will slide through. Before you disagree, think about mounted melee diamonds.

### A SMALL BIG PROBLEM

Melee diamonds may be the best example of the problem gemologist-appraisers face in this new struggle for gemological truth.

Depending on the source, the market has been facing the increasingly common practice of blending natural and man-made diamonds together and set into mass manufactured jewelry. Once mounted, it is an onerous task to try to separate the man-made diamonds from their natural counterparts. Can gemologists guarantee they are able to detect without error the man-made diamond melee? Would it be practical to do so for the appraisal fee involved?

Thus, the same disclosure rules needed to alert the appraisal customer and authorized third parties that there is a genuine limitation of the gemologist-appraiser concerning identification of man-made melee diamonds also applies for larger diamonds—'killing two birds with one stone' to use an over-used idiom.

### ALL-SEEING GEMOLOGICAL INSTRUMENTS

An array of gemological instruments is available to detect man-made diamonds ... and their price range is equally vast. Some are for melee, and yes, they are very effective



*Will you be using a diamond screener like the GIA id100 to screen for possible synthetics in rings like this one? (id100 image by GIA, ring image by Gemworld)*

for unmounted melee but ineffective for mounted smalls.<sup>3</sup>

One can conclude that even with detectors, gemologist-appraisers are vastly reduced in their ability to detect unmarked man-made diamonds once they are mounted!

The odds are that you have already misidentified man-made diamonds. But isn't your job to accurately identify gemstones and especially diamonds as natural or synthetic?

### WEAR A LIABILITY PROOF VEST

Firstly, let's start with generic all-encompassing waivers.

Not long ago, appraisals would include a paragraph that stated that the appraiser was not liable for any action taken on the valuation.<sup>4</sup> Does an all-encompassing disclaimer really work?

<sup>1</sup> The article is not meant to be legal advice. Seek an attorney to review anything you decide to use in your appraisals.

<sup>2</sup> Explaining the differences between Type Ia, Ib, IIa, and IIb diamonds are now the boastful expertise of most gemologist-appraisers.

<sup>3</sup> *Small*s is trade jargon for *melee* as commonly used by melee diamond cutters.

<sup>4</sup> "We assume no liability for any action taken on this report ..."

The key is meaningful disclosure warns Rick Wilson,<sup>5</sup> a California attorney and former adjunct professor at the prestigious Hastings Law School. “Describe the real-world scope of the problem and then your limitations—then what level of responsibility you carry.” A blanket waiver is “like stopping a tank with a smoke screen.”

Since the readers of the appraisal do not know that man-made diamonds are a problem in jewelry, that must be revealed as well as the limitations to detect them. In their Supplemental Information Letter’s (SIL)<sup>6</sup> limiting conditions, gemologist-appraisers need to address the lack of instrumentation as well as the inability to detect man-made diamond melee and sometimes center diamonds.

Recommending the use of a recognized gemstone laboratory, such as the Gemological Institute of America (GIA) is suggested. State your ability to be equal to a general practitioner—the higher you claim your level of expertise, the less the mistakes you can make. If you must defend yourself in a professional negligence lawsuit, you will be compared to what other practitioners of your level of expertise would have been able to do. The higher you claim you are as an expert, the higher the level of colleagues you will be compared to. “If you claim to be a general practitioner,” cautions Wilson, “then I would have to prove that others of your same level of expertise would not have made the mistake. Raise your level of claimed expertise and odds are you will fail the comparison test and be sued successfully.”

Most important is the disclosure that an item’s melee will most likely have man-made diamonds. However, how did that affect the value conclusion? Today’s market mostly shows no difference in the resulting prices asked and sales made. If jewelry items guaranteed to have only natural diamonds come to command higher prices, then values will eventually reflect that trend. However, you must declare the

effect regardless of the value outcome. Here are two paragraphs of limiting conditions parlance to consider adding to your appraisal.<sup>7</sup>

*To be certain that a diamond is of natural origin or is laboratory created, advanced laboratory testing is required. Advanced laboratory testing can be cost-prohibitive and consequently outside of the scope of this assignment. The client has the option to pay an additional fee and have the item in question submitted to a recognized laboratory for sophisticated testing. Thus, the diamonds examined and described in this report were restricted to limited non-conclusive testing available to this gemologist-appraiser such as fluorescence, screening instruments and magnification. Supporting documentation was considered when available. Otherwise, all diamonds are assumed to be of natural origin unless otherwise stated in this appraisal report.*

*Small mounted diamonds, called melee, may be or not be natural and standard tests are not reliable. Advanced testing would be necessary and is not performed unless specifically requested. Thus, it will be assumed by this gemologist-appraiser that all small diamonds are of natural origin and the valuation is based upon that assumption.<sup>8</sup>*

Write out a supplemental information page about laboratory grown diamonds that can be added to any appraisal with a detected laboratory grown diamond. This will not only make your appraisal client more informed but also serve to enhance your professional image. ♦

*Bill Hoefler is an independent appraiser, author and educator. He has served as an expert witness in a number of high-profile jewelry valuation cases. He also hosts a web-based resource for appraisers at [www.appraiserunderoath.com/index01.php](http://www.appraiserunderoath.com/index01.php)*

<sup>5</sup> Rick Wilson, Attorney at Law, San Jose, California.

<sup>6</sup> Some appraisers call this a cover letter.

<sup>7</sup> After your attorney reviews and approves them.

<sup>8</sup> Generated by SIL – a script available for subscribers to Appraiser Under Oath.

Gemworld International, Inc., 2640 Patriot Blvd, Suite 240, Glenview, IL 60026-8075, [www.gemguide.com](http://www.gemguide.com)  
 © 2020 Gemworld International, Inc. All rights reserved.

*All articles and photographs that appear are copyrighted by the author, the contributing person or company, or Gemworld International, Inc. and may not be reproduced in any printed or electronic format, posted on the internet, or distributed in any way without written permission. Address requests to the editor-in-chief.*

*The opinions expressed in this publication are the opinions of the individual authors only and should not necessarily be considered to be the opinions of the staff of Gemworld International, Inc. as a whole. Any website listings that appear in articles are for informational purposes only and should not be considered an endorsement of that company.*