

Precious Metal Buying Tips

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Precious metal markets have hit record highs and have maintained very high market levels throughout the year. This has brought many challenges to the jewelry industry but has also presented opportunities for jewelers to become buyers of old or not used jewelry or coins from their customers. If you are buying these items you may run into some items that are not stamped, counterfeit, plated, or unusual so here are some tips and tricks to keep you from getting burned on your purchase.

The items should first be checked with a magnet. Many plated items are magnetic and you will know right away if the item has little or no value. A word of caution: Platinum Cobalt will have a slight magnetic pull but Platinum Cobalt items seldom are not marked and will have a dense feel. You should have a high quality electronic tester on hand for items that you cannot file or test with acid. At Stebgo, we recommend using nitric acid when you can because it will not be fooled by heavy plating. This will require you to file into the piece before you can apply the nitric acid

but make sure you have permission from the customer to do so. Most buyers use an acid bottle with a glass dropper. This allows them to easily apply the nitric acid to the piece. When applying nitric acid always wear safety goggles. The list below gives the characteristic nitric

acid reactions to look for in determining what the item you are buying could be. Be sure to file deep enough into the jewelry to get past plating that might be present and use nitric acid straight without any dilution.

<u>Item</u>	<u>Reaction with nitric acid</u>
10KY	Brown color
14KY	Very slight brown color
18KY +	No color change
10KW	Dark brown, after 20 seconds the acid starts to fizz
14KW	Slight brown
18KW	Faint brown
Sterling	Milky whitish color with some faint brown
Pot metal	Grey color, no fizzing
Base Metal (Copper, Brass)	Fizzes green, smokes

Other Buying Tips

Most counterfeits we have seen are chains. Chains are difficult to file and easy to heavy plate. Always test chains in the middle. We have seen some chains that have 14K end caps and 14K clasps but the chains themselves are made of gold plated sterling or gold plated base metal.

We have also found some of the high karat 24K chain to be under-karated, often cut with a little fine silver, so you may want to protect yourself a little on those purchases.



When buying silverware, be aware that some items may be weighted with wax, plaster, and steel rods. Most candelabras will lose a big percentage of their weight once the non-precious is taken out. Knife handles average around 10dwt (1/2 oz.) of silver per handle with the blade being stainless and the handle filled with plaster.

Dental gold has a wide range of alloys used. The highest karat dental has a deep rich yellow color and averages 18K, while most hovers around 16K. Be careful of dental items that are very shiny white and hard to file

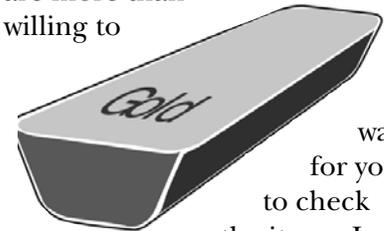
for that item could be made of stainless steel.

Platinum will not oxidize when heat is applied. Take a soft flame (preferably butane) to a portion of the piece until you see a dull red glow and then watch to see if it oxidizes when allowed to cool. Platinum Cobalt will oxidize a little but will have a slight magnetic pull. You will also get no reaction on Platinum when using nitric acid.

We recommend most buyers set their margin close to or at 50% (keystone). For example, if the refiner is paying \$26/dwt on 14K, the jeweler should be paying \$13/dwt to the public. If the customer is trading their items in for a purchase, we have seen most margins to be around 25%.

These are a few things to watch out for and be aware of when buying Gold, Silver, and Platinum. Most things you will

see are good quality and worth every penny but with the markets this high it is always good to be on the safe side. Most customers are just excited that you will buy their old jewelry and are more than willing to



wait for you to check the items. I talked to one of my customers the other day that had a nice sale from someone who had come in to sell gold and then recommended them to a family member looking to buy an engagement ring. Jewelers have found that good things happen when you can draw someone into the store. If you are unsure about an item you may purchase from the public, please feel free to call us at 1-800-289-0138 and we will help you with any questions that you may have. Have fun scrap buying!