

## **Selling Gold - Consumer Protection Tips from Attorney General**

### **Local News**

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CONSUMER: For some extra cash, I have been considering using one of those mail-in "cash for gold" services that are advertised on T.V. Are these companies the best option for selling old jewelry and scrap gold?

ATTORNEY GENERAL ROB MCKENNA: For most Americans, money is tighter than it's ever been and many are scrambling for immediate avenues to ease the strain on their monthly budgets. With the price of gold reaching record highs of well over \$1,000, ads have prompted millions to sift through their valuables for rings, chains, and coins they are willing to part with. However, the allure of the promised "fast cash" has many hastily submitting items they may know little about to companies they haven't researched. This has created an industry tailor-made for a recession and a hotbed of opportunity for consumer scams.

By far the most frequent consumer complaint regarding these services involves a low payout. In fact, there are widespread reports of people sending in hundreds of dollars worth of items only to receive a check for a paltry amount — sometimes even less than \$1. While these companies guarantee satisfaction, some are reported to have practices in place to make the process as difficult as possible for the seller in hope they simply give up trying to recoup the submitted items.

When seeking to trade valuables in for cash, it is imperative to equip yourself with as much information as possible to safeguard yourself in the transaction.

### **Some tips for selling gold:**

#### **UNDERSTAND WHAT YOU HAVE**

Have the item(s) appraised. While not required by law, reputable U.S. jewelry makers stamp pieces to designate karat level and include the name or trademark of the company endorsing the mark. However, misleading or fraudulent jewelry markings are not unheard of. Going to a jeweler for an appraisal will yield the most accurate results. Scrap values don't reflect the craftsmanship or antique value. You can find credentialed appraisers at the Web sites of the National Association of

Jewelry Appraisers and the American Society of Appraisers.

## SHOP AROUND

Payouts will vary, but it is important to remember that with more middle men involved, you'll receive less. A study by Consumer Reports found that mail-in companies offered 11-29 percent of market value for 18-karat jewelry, while jewelers and pawn shops paid upwards of 70 percent for the same pieces. Because the price of gold fluctuates, call businesses on the same day to ask what they pay for gold. As nice as it would be, you will not be compensated \$1,000 for every ounce of gold you have. That figure applies to quantities of pure gold only.

&ldquo;A BIRD IN THE HAND&hellip;&rdquo;

Once you send in your gold to a company, you have surrendered a fair amount of power in the transaction. If you decide to mail your jewelry, choose a reputable company that offers free insured shipping that you can track online. Provide a detailed description of what you're sending. Keep a copy of the paperwork, along with photographs of the items. Some consumers have complained that they sent 14-karat gold items that were falsely appraised as 10-karat and quoted accordingly. Unfortunately, once the items are in the company's hands, there is little for a consumer to do to overcome this information asymmetry other than request the items back.

## BEWARE OF SUPERLATIVES

Claims such as, &ldquo;We pay the highest prices!&rdquo; or &ldquo;America's #1 Gold Refiner!&rdquo; are red flags because they are nearly impossible to substantiate. The most reputable companies will generally steer clear from these misrepresentations and quote a price upfront with values updated daily. Transparency is always worth more than images of fanned currency.

At the end of the day, doing your homework is the best way to protect yourself and your valuables. But in these tenuous economic times, it is important to remember that selling old jewelry or scrap gold is not a long-term financial solution. While you may be compensated enough to cover a month's worth of bills, you will not get rich.

Approaching the transaction with this understanding and conducting an adequate amount of due diligence will help ensure a fair deal.

Want more consumer advice? Previous Ask the AG columns are online at [www.atg.wa.gov/askcolumn.aspx](http://www.atg.wa.gov/askcolumn.aspx) and be sure to check out the Attorney General's All Consuming blog at [www.atg.wa.gov/allconsuming.aspx](http://www.atg.wa.gov/allconsuming.aspx).

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Attorney General Rob McKenna offers this public service to help consumers avoid fraud and to promote a fair and informed marketplace. If you have a consumer complaint or inquiry, contact the Consumer Protection Division at [www.atg.wa.gov](http://www.atg.wa.gov) or 1-800-551-4636 between 10 a.m. and 3 p.m. weekdays. To suggest a future topic for this column, send an e-mail to [asktheag@atg.wa.gov](mailto:asktheag@atg.wa.gov) or write to "Ask the AG", Attorney General's Office, 800 5th Ave. Suite 2000, Seattle, WA 98104-3188.