

KAREN SIMMONS

Perfectly Clear



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# Perfectly Clear

**BUYING DIAMONDS  
FOR PLEASURE AND PROFIT**

FOREWORD BY ERNEST BLOM  
PRESIDENT OF THE WORLD FEDERATION OF DIAMOND BOURSES

ADVANCE PRAISE FOR  
*PERFECTLY CLEAR*

“A beautiful book that sparkles with stories and practical know-how on virtually every important aspect of diamonds, especially their value. Diamonds have been truly a great investment for centuries, especially in today’s uncertain world, where they hold and increase their value as well as being portable and wearable. Taking the reader behind the arcane industry of diamonds, Diamond expert Karen Simmons provides valuable knowledge and insights for the novice and even globetrotting collector and investor alike. Simmons has written a real gem of a book and a must read.”

—ERNEST D. CHU, AUTHOR OF *SOUL CURRENCY*, FORMER WALL ST. JOURNAL FINANCIAL COLUMNIST

“From the layman to the diamond expert, Karen Simmons has written a comprehensive book that will have something of interest for everyone. Investing in diamonds is a complex art, and it is critical to have all the criteria and talking points at your fingertips. That is exactly what Karen has produced with this thorough examination of all the issues from rough mining to investment portfolio.”

—ERNEST BLOM, PRESIDENT OF THE WORLD FEDERATION OF DIAMOND BOURSES

“Karen Simmons is a life-long gemologist and diamond enthusiast. I should know. I taught her colored gemstones almost four decades ago before becoming the President of the Gemological Institute of America. Karen was a star pupil, and again stars with a fun and informative read in *Perfectly Clear: Buying Diamonds for Pleasure and Profit*. Enjoy it, but be prepared! You’ll get hooked on diamonds. Then again, what a way to go!”

—BILL BOYAJIAN, PAST PRESIDENT, GEMOLOGICAL INSTITUTE OF AMERICA (GIA)

“Karen Simmons’ seven shining reasons why everyone needs to include some S-P-A-R-K-L-E™ to their portfolio is brilliant! Her crystal clear view of the diamond industry provides an in-depth look at this alternative asset class with all the necessary background information available within. All the unbelievable facts presented that prove how natural fancy color diamonds have appreciated so much over the years, makes this book a delight to any investment strategist looking for the right investment vehicle with ultimate gain.”

—LEIBISH POLNAUER, PRESIDENT AND FOUNDER OF LEIBISH & CO., TEL AVIV, ISRAEL

“Superb! What an amazing book! After completely reading *Perfectly Clear* over the weekend, I was engrossed by the content and how well Simmons has described our small, hush-hush like industry. It’s a book that’s fun to read, and speaks to you like a diamond does. Simmons has flawlessly illustrated an intricate and mesmerizing portrayal of the diamond business and its culture. I look forward to being a part of this amazing adventure sharing the world with diamonds!”

—HARSH MAHESHWARI, G.G. DIRECTOR, KUNMING TRADING COMPANY, KOWLOON HONG KONG

“In her book *Perfectly Clear: Buying Diamonds for Pleasure and Profit*, Karen Simmons creates a story of romance for the world of diamonds. This two-part manual serves diamond jewelry buyers for both enjoyment and investment. Simmons has eloquently described the important distinction between the two categories of diamond purchases. When one adds in the intrinsic value of enjoyment while wearing the diamond to the resale value it brings over time, diamonds become a good investment. Hugely inspired by Warren Buffet, Karen is poised to give the seekers of quality jewelry a ‘Borsheim Experience,’ a term coined by Mr. Buffet that means a nice product at a reasonable price, and act as a curator of fine diamonds for investment clients.”

—RAJIV AGRAWAL, GG, MBA, L.K. IMPORTS, PRINCIPAL & QJM CORP., LOS ANGELES, CA

# Perfectly Clear

**BUYING DIAMONDS  
FOR PLEASURE AND PROFIT**

**K A R E N   S I M M O N S**

Perfectly Clear: Buying Diamonds for Pleasure and Profit  
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# FOREWORD

**I**T IS A pleasure to be asked to write this Foreword for such a comprehensive book on the diamond industry – and at such an important time for the global business. In my role as President of the World Federation of Diamond Bourses (WFDB), it is my duty to hold widespread consultations and meetings with all members of the diamond pipeline. This enables me to keep my pulse on the state of the trade globally and to have an ongoing understanding of topics of interest to my members.

The WFDB represents all the official diamond bourses in the world, with 30 affiliated diamond exchange members in 24 countries covering the whole diamond world and on every continent. The WFDB plays a critical role in the global diamond industry, with our members trading 95% of the world's rough and polished via the affiliated bourses.

The aim of the WFDB is to protect the interests of our affiliated bourses and their individual members, and to enable the friendly settlement or arbitration of differences and disputes between the individual members of the affiliated bourses and between the affiliated bourses. We insist that diamond exchange

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members promise to uphold our traditions, principles of mutual trust, consideration and friendship. Abiding by these principles ensures that they serve as a basis in business relations between members of the affiliated bourses worldwide.

The WFDB also aims to promote global diamond trading and to encourage the establishment of bourses, with the view of eventual affiliation of all centres in which diamonds are actively traded. Needless to say, we have stringent requirements, and the WFDB insists these are met and diamond exchanges operate according to the highest international standards.

We also play a critical role in the issue of conflict diamonds and were founding members of the World Diamond Council which represents the WFDB on the Kimberley Process which was established in the year 2000 and which has almost completely eradicated trading in such stones. In addition, we work with international bodies such as the Financial Action Task Force to ensure that the diamond industry is completely transparent in its financial dealings.

Members of the diamond business are optimistic by nature – we cannot be otherwise due to the beauty of the products we deal with day by day and for what they represent: love, commitment and long-lasting relationships.

I am encouraged by the continuous stream of young people joining the diamond trade in all the major centres around the world which gives the business great confidence for the future. And a book such as this one will help give them the history of the industry and a long-term perspective.

In conclusion, I would like to recommend this book for its global look at the diamond trade. It is important because Karen is not only an experienced gemmologist and expert on diamonds, but she has also carried out a great deal of research to provide the very latest insights into the trade.



*Foreword*

From describing how fancy colour diamonds are created and the investment opportunities they, along with jewellery, represent and who is investing in them; from how and where diamonds are found and mined and appraised to how they end up on the Red Carpet at globally covered events; from the range of fancy shaped diamonds to global economic trends and how they affect diamond sales and much more all spiced up with fascinating anecdotes and nuggets of information. This is truly a book with something for everyone, whether you are new to diamonds or an industry veteran.

Karen is to be congratulated for writing a book that gets to the heart of the issues that are vital to an understanding of the diamond business. There are relatively few books that have managed to tackle such a wide range of topics, which makes this book all the more important.

ERNIE BLOM

PRESIDENT OF THE WORLD FEDERATION OF DIAMOND BOURSES

# DEDICATION

I dedicate this book to the hardworking individuals in the diamond business all the way from the miners sweating to bring them from the earth to the wholesalers who risk their lives to bring them to the jewelers around the globe, to the gemologists who evaluate them and value them, the cutters who create their masterpieces with much risk and to the jewelers that have built their livelihood bringing diamonds to their clients, embracing them with love, joy and enthusiasm. Also to the diamond world leaders who have stepped up to the table by establishing organizations that will someday soon eradicate the trading of conflict diamonds. Diamonds, the hardest substance on earth is truly Mother Nature's most magnificent gift!

Karen Simmons



## ACKNOWLEDGEMENTS

**F**IRST AND FOREMOST I thank my loving husband Jim Sicoli, of 31 years, and my six children, Kimberly, Matthew, Christina, Jonathan, Stephen and Alex for tolerating all my wild and crazy escapades, literally and metaphorically, while sacrificing our time together while I traveled the globe and took exceptional risks to bring this book into reality. Also, my extended family, Susan Simmons, Tiffany Sicoli, Amanda Shyiak, Miranda Englesby, Marcin Krol, Anna Ehli, Josephine Pino and their children, sisters, brothers and relatives.

Other very important folks to acknowledge are Chris Schumacher, Lawrence Draut, Karen Doucherty, Piero Karam who loves blue diamonds, Jeunesse Francis, Anna Rossi, Thuyen Doan, Fabiola Bince, Brianna Bince, Larry Clark, Jim's staff, support team and business partners and the testimonial providers who have willingly and lovingly extended their time, energy and resources to the diamond cause as well. I couldn't possibly list all the names of people that have helped me, so rather than leave anyone out, I am recognizing you all and thanking you for your efforts. You know who you are!

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The real reason I wrote this book is to help the jewelry industry, which I am deeply in love with. I want the jewelers of the world to have this book to share with their many clients so they realize that diamonds are not just about the money, they are about beauty, splendor, assets, durability and the most precious symbol of love! I especially want the younger generation to once again, *fall in love with diamonds* as the symbol of love and for the value they retain. Additionally, the process by which diamonds are retrieved has been dramatically overhauled. The industry has moved toward an ethical system of both mining diamonds and bringing them to market without conflict. The diamond industry leaders are working hard to make the world a better place. The wonderment of diamonds in general have “facet-nated” me since I was a young girl wanting to be covered from head to toe with them. As Mae West says, “*I never worry about diets. The only carrots that interest me are the number you get in a diamond.*”

My hope is that this book will open more eyes and help everyone enjoy them, especially the younger generation for what they truly are and move beyond the past press since the issues that were taking place have shifted to a more positive approach towards diamond retrieval and marketing. Diamonds will always be magical, brilliant, sparkles of color that can bring joy to any wearer that chooses to see them in the right light.



## CHAPTER 1

# FANATICAL FANCIES

**F**ROM FANCY REDS to deep blues to radiating greens to fancy intense orangey-pink to cognac, colored diamonds have taken the diamond industry by storm.

Colored diamonds have earned the right to stand on their own, anytime, anyplace. Formerly reserved as complements to colorless (white) diamonds, colored diamonds are a force to be reckoned with.

Walk the show room floor with us, if you will, and discover the treasure that all colored diamonds can offer you over the next several pages.

### An Eye On Color

Color is nature's variety, offering us the means of enjoying visual treats from our world.

“The quality of an object or substance with respect to light reflected by the object, usually determined visually by measurement of hue, saturation, and brightness of the reflected light; saturation or chroma; hue,” is Dictionary.com's definition of color.

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Our world is awash in an array of almost endless hues. Without light the human eye is unable to detect, much less appreciate color since light waves being absorbed and reflected from diamonds is what ultimately gives them color.

Diamonds need light to sparkle as well as to show off their distinctive “hue” and spectacular saturation of color. Properly proportioned (cut) diamonds are extremely proficient at reflecting light. Similar to other colored objects, diamonds not only reflect light waves but absorb others (light spectrum) resulting in the “color” we actually see, our visual perception.

Reflected light from an object determines what we perceive as color. On the contrary, all light waves absorbed by an object are never picked up by the eye.

A “colorless” (white) diamond that has a pure arrangement of carbon atoms reflects all light waves making it clear in appearance. None of the light is absorbed in this case. Black would come about if all light waves were absorbed.

It is a fluke of nature that colored diamonds exist. Certain imperfections related to a developing diamond’s crystal structure determine its color. Location, geography, and other elements interacting with the crystal all play a part in coloring a diamond.

When a diamond’s color reaches a certain level of saturation, they are called “fancy” colored diamonds. It used to be that flawless clear diamonds fetched the highest prices. That has changed with the popularity and beauty that fancy colored diamonds bring to the market.

Colored diamonds represent many shades of the rainbow. GIA (Gemological Institute of America) simplifies the spectrum of color down to 27 different hues for naturally colored diamonds. Colorless diamonds are graded on a D-to-Z scale. GIA estimates that 1 in 10,000 diamonds of color are outside of this scale.

## **What Color Do You Fancy?**

When only carbon atoms bond, a pure clear diamond is born. Here is how some popular diamond colors are believed to come to life:

### **Red**

Distortion and absorption of green light by the diamond's crystal lattice structure in concert with electron charges during diamond growth is key to the red hue. Reds are very rare and expensive.

### **Yellow**

Nitrogen is definitely tied to the creation of the common yellow diamond. Since a carbon–nitrogen bond is a covalent bond between carbon and nitrogen and is one of the most abundant bonds in organic chemistry and biochemistry, carbon atoms allows nitrogen to slide in place of carbon during the formation process. Overall, the nitrogen absorbs blue light waves allowing yellow to be reflected and perceived by the human eye. Enhancement of less than vivid yellow diamonds with blue coloring is sometimes used to pass off light yellow stones as colorless diamonds.

### **Green**

Many green diamonds have a light green surface color caused by natural radiation. Effective in trapping electrons, this radiation comes from nearby radioactive rocks. Natural green diamonds are very rare with reports indicating that only about ten come to market per year. Nickel, in trace amounts, mixed with carbon atoms also contributes to the green hue. During the polishing process some of the natural green color is lost since the rock radiation during formation of the diamond is topical in nature.

### **Blue**

Some blue hues are hypothetically influenced by the presence of nickel and higher concentrations of hydrogen. More common

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is boron, which is common to carbon in size. Boron bonds with carbon and absorbs red, yellow and green, which allows beautiful blue to be reflected by the diamond. With low nitrogen levels, the blue hue really stands out.

## Orange

Suspensions are that nitrogen is the modifier that leads to an orange hue.

## Purple

Most purples are pale and make up about 1% of production from Siberia's Mir kimberlitic field. Strong coloration is much rarer. In addition to lattice deformation, purple diamonds have shown evidence of hydrogen in their makeup.

## Pink

Similar to natural purple diamonds, pink stones are thought to endure "plastic deformation" during their travels to the Earth's surface. Unlike a green diamond's natural radiation experience, a pink diamond's movement to the surface ("mechanical" action) is what determines the electron structure.

## Gray

Boron bears its presence in blue diamonds and is a trace element in natural gray diamonds. It is also possible that gray diamonds are black diamonds that did not reach full saturation.

## Brown

Promotional efforts always influence our perception of diamonds. "Champagne" and "Cognac" are terms coined to describe light brown tints and darker brown diamonds. Nitrogen, along with structural "defects" in the diamond's lattice structure is attributed to the brown hue.



## **Black**

Unique in its opaqueness, the natural black color comes about from iron and graphite inclusions, not trace elements responsible for other diamond colors. The transparency of all other colored diamonds is absent with black diamonds which explains the lack of fire and brilliance. A consequence of being a heavily included diamond is a tendency to fracture more easily than other gem-quality stones. This unfortunate trait makes cutting and polishing difficult which relegates many black diamonds to industrial use.

Further, natural black diamonds may have sections of gray, white and clear, rendering them inconsistent in “black” hue. High pressure and temperature treatments usually solve this oddity.<sup>1,2</sup>

An inanimate dog worth \$372,000?

In honor of the 60<sup>th</sup> anniversary of Charles Schulz’s Snoopy cartoon-strip, a 9,917 stone Snoopy was created by Hong Kong jeweler Tse Sui Luen. The *Guinness Book of World Records* dubbed the 5 ½-inch scintillating Snoopy, “Most Valuable Snoopy.”

Of the almost 10,000 stones used, 415 red ruby gems make up Snoopy’s collar while 783 black diamonds make up his ears, nose, eyes, and eyebrows.

Imagine what a complimenting Charlie Brown design would look like. All those intense yellow diamonds needed to make up his famous shirt would be an amazing sight.<sup>3</sup>

*“The sky was  
a sparkling  
succession of  
black diamonds  
on black velvet  
made crystal clear  
by the blackout.”  
- Sara Sheridan,  
Brighton Belle*

Brighton Belle

## Famous Fancies

Some of the most famous diamonds in the world are colored. A 407 carat flawless diamond is the star of a world record necklace.

In 2013, the *Guinness Book of World Records* declared the “most valuable necklace” to be the Mouawad L’Incomparable Diamond Necklace.

Valued at \$55 million, this piece totals 637 carats. The star of the show is the deep yellow modified shield step-cut diamond that dangles below the 90 other diamonds of varying shapes that make up the strand of the necklace.

Origin roots of the Incomparable Diamond date back to 1980 in the Congo where it was almost lost. Similar to the Hope Diamond, the Incomparable was on display at the Smithsonian Institute in Washington D.C.<sup>4</sup>

A brilliant Brazilian red rough was masterfully turned into an internally flawless Fancy 5.11 carat stunner. Called the “Red Shield” due to a modified triangular shape, it was one of the largest Fancy reds GIA has graded.

An intense orange 5.54 carat diamond is known as “The Pumpkin.” During the cutting process the brownish-orange stone gave way to intense orange. Back in 1997 it was graded as “the largest Fancy Vivid Orange diamond in the world.” This South African-mined Fancy later sold at Sotheby’s for \$2,956,000, or \$705,587 per carat.

Another South African beauty became one of the rarest blue diamonds in history. The trapezoid-shaped, 30.06 carat vivid blue has fiery character. William Goldberg (jeweler) named it “Blue Lili” after his wife.

Now held by a private collector, the “Pink Muse” is a William Goldberg creation weighing in at 8.9 carats. Its vivid pink color and oval shape help make the Muse a world-class diamond.

In recognition of his keen eye for diamonds, a portion of East 48<sup>th</sup> street is named “William Goldberg Way” in the New York Diamond District.<sup>5</sup>

Many years ago colored diamonds began to stir up the auction block at Christie’s. At that time three of the top four sellers were pink diamonds.

One vivid pink set two records as far back as 2009. Christie’s Hong Kong brought in almost \$11 million for the five carat diamond. That record, for most expensive jewelry paired with the second record of per carat price, was \$2.1 million.<sup>6</sup>

William Goldberg grabbed a 10.19 carat fancy orangey-pink for a cool \$2.3 million. This was the highest per carat price paid at the time and doubles the estimated take according to Christie’s.

The third pink diamond was a hexagonal fancy. Although “only” 3.01 carats, it brought in about \$220,000/carats due to the intensity of the pink color.<sup>7</sup>

In 1958, with \$1 million dollars of transit insurance, jeweler Harry Winston donated the largest deep blue diamond in the world to the Smithsonian Institution. Viewable at the Natural History Museum in Washington D.C., the Hope Diamond is a sight to behold. At over 45 carats, the Hope has 16 clear cushion and pear-shaped diamonds as a surround.<sup>8</sup>

The “Pink Dream” was short-lived for a bidder who defaulted on the \$83 million required to secure the stone.

At almost 60 carats, “The Pink Star” retained its name. The pre-sale estimate was \$61 million with the stone valued at \$72 million. As a flawless diamond it appears the Pink Star caused emotions to run high at the 2013 auction run by Sotheby’s in Geneva. Isaac Wolf, a diamond cutter, must have had big dreams for the diamond he prematurely attempted to rename.

Sotheby’s Magnificent Jewels sale saw a 100.02 carat diamond go

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for just over \$22 million. The one-of-a-kind emerald stone was far away from setting any sale records. Being a colorless diamond, one has to imagine what this stunning stone would have fetched had it been a vivid colored stone. Nonetheless, this large “Perfect” diamond grabbed headlines and helped Sotheby’s New York set the local sales-room record for total jewelry auctioned at \$65 million.

“Perfect” is a Type IIa, internally flawless, “D” color emerald-shaped diamond. The \$22 million bid at the spring 2015 sale made this diamond the highest selling colorless stone auctioned in New York.

At the same Magnificent Jewels sale, a fancy purplish-pink diamond sold for \$2.4 million. Kashmir sapphire side stones accented this spectacular 6.24 carat pear-shaped diamond.<sup>9</sup>

“Silvermist,” a gray diamond, surprised industry insiders by pulling in \$1.9 million. This “dirty” diamond is still considered an off-color despite the popularity of colored diamonds. At 10.67 carats, only time will tell if “gray” becomes the new fancy diamond.

For historical perspective, the “Graff Pink” auction sale earned \$46 million in Geneva by Sotheby’s. That 2010 sale made this diamond the most expensive sold at auction. It had been kept off the market for 60 years in a private collection, which increased demand. Mr. Graff recut the 24.68 carat stone after the purchase.

The “Wittelsback Blue” became “Wittelsbach-Graff” in 2008 when Graff Diamonds nabbed it at auction for \$23.4 million. This high profile stone has done well since setting that sales record. Within three years it was reported that Graff sold the 31 carat deep blue to the emir of Qatar for \$80 million. Being internally flawless and blue in hue is hard to beat. Only red diamonds are rarer than natural blue diamonds.

A fiery frenzy over colored stones was well under way in 2010 when “The Perfect Pink” auctioned for \$23.2 million in a bidding

war between four prospective buyers. Selling for \$9 million over the low end expectation at the auction is quite an impressive spread. Weighing in at 14.23 carats and being a rare vivid pink made the “Jewels: The Hong Kong Sale” an auction to remember.<sup>10</sup>

Late 2013 saw a per-carat sale record at Christie’s International.

At just under 15 carats, a fancy vivid orange sold for \$36 million, well above the pre-sale estimate of between \$17-\$20 million. Amazingly enough, this stone was far from perfect with a VS1 clarity grade and pear shape. The longtime owner likely took advantage of the rising popularity of colored diamonds and proved that the old saying, “The best color is no color” about diamonds has clearly been debunked.

Now, take a fancy walk on the wild side...

Another world record involved 1,106 total carats that reportedly cost \$23.7 million. The 8,601 flawless diamonds encrust a human skull. The centerpiece? A 52.4 carat pink diamond, right in the middle of the skull’s forehead.

Guinness book dubs this skull, created by Damien Hirst, “Most Valuable Materials in a Work of Art” for the record. Damien named it “For the Love of God.”<sup>11</sup>

Natural fancy colored diamonds are rare creations.

Being among the most scarce substances on Earth, as well as possessing inherent beauty, colored diamonds not only retain value but deliver stellar returns year in and year out. Also, as one-of-a-kind pieces of nature, value is usually determined at auction, fixed price lists are obsolete upon printing.

To this day, the fine jewelry auction market is carried by rare fancy-colored diamonds.

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## Could Nitrogen Be Your “Type”?

Atomic integrity, or lack thereof, has much to say about diamond color.

Diamond formation requires extremely high temperatures and pressure. This time of heat and condensing is the crystallization phase of a diamond’s life. Up to 1 million pounds per square inch with up to 3,600 degrees Fahrenheit is acting on the diamond’s crystal structure. Turmoil of this sort is the perfect opportunity for other atoms to be integrated into the diamond, giving it some sort of color.

Infrared spectrophotometers measure nitrogen presence as low as a few parts per million. Although such minute levels are undetected by the human eye, a more pronounced level of nitrogen becomes important in the classification and color of diamonds.

The purest diamonds, those with virtually no impurities, are quite rare. Diamond colors such as pink and red are also valued due to short supply. Diamonds of such purity and rare color have few or no nitrogen atoms and are considered “Type IIa” diamonds, the “purest of the pure.” Upon rising towards the Earth’s crust during formation, some diamonds’ carbon lattice structure is disturbed, rendering a diamond that absorbs light to some degree, instead of reflecting light for maximum sparkle. About 1-2% of diamonds is Type IIa allowing pink, red, purple and even yellow and brown colorings.

“Type IIb” are gray, nearly colorless and blue in hue. These diamonds contain boron and no nitrogen. Only about 0.1% of diamonds are in this class.

“Super D’s” is a slang term used by diamond traders referring to very pure colorless diamonds. They are members of the Type II family and some retail jewelers are quite insistent on this fact being on any certification.

Deep yellow “Canary” diamonds also make up less than 0.1% of diamonds and are considered “Type Ib” given their darker color. The presence of nitrogen atoms, which absorb blue light, and their concentration and spread throughout the diamond are a factor in color. Orange, brown and greenish diamonds are members of Type Ib.

Pale yellow diamonds contain clustered nitrogen atoms in the carbon lattice and are classified as “Type Ia” diamonds. Type I diamonds are also colorless and together with yellow make up about 98% of all diamonds.

A “perfect” natural diamond is theoretically possible. With the forces involved during natural diamond formation, perfection is most improbable. Impurities can be limited but most diamonds have at least a scintilla of structural and chemical oddities.

Nature’s gift of nitrogen/carbon atom substitution and mixing give us the wonderful beginnings of colored diamonds.<sup>12</sup>

## **Fancy Grading**

It was traditionally thought that a colorless (white) diamond was most treasured due to its “purity.” Scientifically this is accurate. Like inclusions and blemishes, colored diamonds were technically deemed a “defect.” Flawless, colorless diamonds are pure crystal carbon creations, rare indeed. In fact, a GIA Color Grading Scale ranks “light yellow” diamonds at the low end of the scale (S-Z of the entire D-Z range). This letter grading scheme is meant for colorless diamonds only. As such, a yellow tint was deemed undesirable.

In layman’s terms, a diamond graded with “Fair” or “Poor” color was at the less desirable end of the grading scale (S-Z; light yellow). “Excellent” tops the chart with “Poor” bringing up the bottom of a range of five descriptors.

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A “Poor” grade is effectively restricted to the W-Z range with “V” on the boarder of “Fair.” Although an element of subjectivity is impossible to completely eliminate GIA color grading is performed under strictly controlled lighting conditions to aid in consistent grading conditions.

The visible spectrum of light can be finely divided into literally hundreds of colors. Color wheels show off an odd variety of hues to the uninitiated.

“Standalone” colors for diamonds on the wheel are orange, yellow, green, violet, purple, and blue. Pink is a common color mixed with others by official designation such as red pink, purplish pink and purple pink. A few other combinations are pinkish orange, orangey yellow, yellowish green and violet blue.

GIA uses the terms “hue,” “tone,” and “saturation” to distinctly describe color, lightness and darkness, and intensity of colored diamonds. Remember that the color grading system that jewelers offer for consumer viewing is the “4 C’s” which is used to grade the absence of color, not the presence of it. A “D to Z” range is used for colorless diamonds, even though some “colorless” diamonds can have an obvious tint of yellow and have even been nicknamed “Cape Diamonds” if graded to be on the far right (“Z” side) of the scale due to higher yellow tint.

The presence of color in diamonds lends itself to a unique “Fancy” grading scale with levels named as such: Fancy Light, Fancy, Fancy Intense, Fancy Deep, Fancy Vivid or Fancy Dark. These modifiers are added to the diamond’s hue. For example, Fancy Red or Fancy Deep Blue. Many times you’ll see the diamond’s shape added, Fancy Red Pear or Fancy Deep Princess, in online ads or other printed materials.<sup>13</sup>

A diamond’s characteristic color is precisely determined in a consistent manner via a standard set of color comparators under



controlled viewing and lighting conditions. Color graders give independent opinions. When sufficient opinions meet in agreement a color grade is assigned.

A GIA grading report for colored diamonds included “color origin,” which is critical to distinguish between natural and treated stones or irradiation (artificial) after unearthing the diamond. Reports also indicate if the diamond was loose or mounted which can make a difference in finding any imperfections and possible flaws.<sup>14</sup>

No matter all the technical details or the special names attached to diamonds that are industry-specific, keep focused on the basic premise that colored diamond value turns grading principles on their head.

First, it may surprise you that the very popular round-shaped stone is almost always used for colorless (white) diamonds, not colored diamonds. Cushion-shaped and Radiant-shaped stones have taken the top position of popularity when it comes to colored diamonds.

Although it is true that a stone with limited inclusions boasting a proportioned (ideal) cut will add value, it is the specific color, intensity of that color, and the dispersion of color throughout the stone that are prime value drivers.

Colors such as red, blue, and yellow continually set auction records. On top of that quality, red diamonds are extremely rare which further increases value. Type II blue diamonds have also gained great value due to their limited nature. “Clean” stones have limited inclusions, which is obviously a preferred stone trait.

However, a deep and intense colored stone can effectively “hide” or “mask” any defects that are present. To a certain degree, colored stones graders favor intense color over clarity and the market agrees.

Any deep, rich color that is also evenly dispersed within the

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stone is the “Holy Grail” of colored diamond value. A high clarity grading would just be frosting on the cake as they say.

Of course, a poorly cut stone will oppress value quite a bit regardless of the stone’s color. Just remember that all else being equal, a colored stone takes less of a value hit than its colorless cousin due to a less-than-ideal cut.

For more great details about diamond quality and investment options, refer to the chapter in this book that delves further into diamond investing.

## Full Color Investing

Wondering if colored diamond investing is feasible?

Like any long-term investment, due diligence is highly advised. Back in the 1989, the “Oracle of Omaha” jumped into jewelry in a big way by buying a jewelry store. Having made out quite well with that initial venture, Warren Buffet continued investing in the diamond business for years to come.

This book contains a chapter about investing in diamonds. With that in mind, the following is meant to reveal a bit more about colored diamond investing in particular.

Following the time-honored investing principle of getting in for the long haul, Yaniv Marcus of Leibish & Co. proves how colored diamonds can provide you with a means to beat “goliath” investors and large company returns. His company’s site offers data on diamond investing that may surprise you.

Not many could have predicted how and when fancy blue diamonds would be amongst the cream-of-the-crop of diamond investment returns. Prior to 1996, fancy intense blues weren’t even on the radar. By the time 2006 rolled around, blues literally took off like a rocket and ever since have been amazing auctioneers around the world with their staying power.

Fancy intense pinks are also riding the wave of popularity and fantastic investment returns. On the Leibish website, graphs show that between 1995 and 2013 one and two carat pinks outperformed the Dow Jones, Nasdaq, S&P, gold, Coke and Berkshire Hathaway.

For reasonable comparison purposes Yaniv used independent third-party information over varying timeframes. Data from Sotheby's and Christie's (both respected fine jewelry auction houses) were compared to financial benchmarks as well as Coke (a Berkshire favorite stock holding) and Berkshire Hathaway itself.<sup>15</sup>

Any way you slice it investment grade colored diamonds come out on top. More and more investors are beginning to realize the significant advantages of diamond investing. Some of the many benefits are no maintenance costs, long-term growth, worldwide convertibility, portability, no lengthy closing or contingencies, virtually recession resistant, performance and privacy.

The United States Gold Bureau presents yet another confirmation on the viability of colored diamond performance superiority.

Sources prove that investment grade fancy colored diamonds appreciated about 350% over the twelve year period from 2000, 2012. A basic investment rule of thumb, the "Rule of 72," tells us that at an annual return of 10% an asset should double in value in about 7.2 years.

The 350% example represented a five-carat fancy intense yellow diamond that produced a 29% yearly return and effectively doubled in value in 3.4 years.

In a head-to-head competition between a fancy pink and colorless diamond we witness complete domination. In a mere ten years the fancy pink returned about 350% while the colorless diamond plodded along at a meager fraction of the pink's return.<sup>16</sup>

It's up to you to investigate further to determine whether you're ready to join the big leagues of serious diamond investing.

## Colorful Geography

Colored diamonds come from all around the world. Some of these sources offer limited quantities of colored diamonds while others are a major supply.

It is not unusual for some Siberian diamonds to be both pink and brown before cutting. As a two-for-one natural bonus, cutters then divide the stone yielding separate pink and brown diamonds. Grayish-yellow, purple, colorless, pink and brown are common Siberian diamond hues.

Southeast Asia is the home of the Borneo river diamonds. Rare pink, blue, pink and green stones can be found with brown and yellow being more common, especially a “washed-out” yellow. Intense yellow diamonds have come from Borneo after cutting through a radiated crystalline skin.

Once again, brown and intense to fancy yellows pop up in various geographic locations. Plentiful large (up to several hundred carats) diamond production occurs in Angola. Yellows of varying saturation make up a portion of the total diamond mining the majority of which is colorless. Sometimes a pink stone is in the mix.<sup>17</sup>

The kings of pink diamonds are sourced from Australia’s Argyle mine. Back in 1985, pink diamonds weren’t really on the markets radar, even with intense hue. Prior to the mid-80s, their pale/pastel look did nothing to stimulate demand. Today, exceptional pink hues and red diamonds are very popular and most of the world’s supply originate from Argyle.

Only about 1 in 1,000 Argyle diamonds have a strong hue which cannot be completely explained by specialists. Nonetheless, there is no doubt that demand for pink Argyle diamonds will boost value as production winds down at this mine known for its productivity.

Brown, brownish-pink, champagne, colorless, purple and pink champagne are famous hues coming out of Australia.

Olive-like hues are common in the country with “countless mines,” Brazil.

When exposed to the sun this olive hue appears more green due to very high fluorescence. On the other end of the spectrum, Brazil is home to many rare red diamonds. Brown, yellow, green and blue round out what Brazilian artisans have to offer the diamond world.

Turquoise and aquamarine hues make British Guyana a modest diamond producer on an extremely brilliant quality level. Colorless stones are also part of the mix but not as well known. Similar to Brazil, you can thank artisans for bringing attention to these diamonds.

Natural black diamonds are plentiful in Central Africa. Quantity is lower from this area, yet stone purity is considered good and there is a plethora of colors to choose from. Typical hues are pink, yellow, blue, green, colorless, olive with black being abundant.

Setting aside Sierra Leone’s history as a “conflict diamond” hotspot, this region’s current claim to fame is “deep, warm and lively” yellow diamonds. Large colorless crystals are common, but many fabulous vivid yellows make the Zimi mine infamous. Less popular olive stones also originate from the Zimi mine and are of pure quality similar to sister yellow diamonds. Some of these local yellows show off a touch of orange, further contributing to their uniqueness.

Wrapping around the Northeastern boarder of Sierra Leone is Guinea. Yellow diamonds are commonly found there, as well as pinks. High-quality stones are both colored and colorless. Guinea colored stones are much smaller than much of the colorless production. Yellows range from light to intense.

## Perfectly Clear

Traveling South from the Sierra Leone-Guinea region along the Western coast of Africa we find one of the largest diamond producing countries, the Democratic Republic of Congo.

Up to 80% of DR Congo's production was industrial use, which has fallen under synthetic diamond dominance as of late, resulting in fewer colored diamonds given the reduced extraction schedule. As with other producers this is likely good news in the coming years for colored diamonds whose supply will continue to be restrained. The DR Congo mines output intense yellow, orange and cognac diamonds with character.

Another price impact is due to DR Congo's special "barrel" diamonds. Yellow-orange "cubic" rough stones are sometimes hollow, which leads to about an 85% loss of carats during cutting. Despite this large loss, these stones gain pricing favor due to their scarcity.

DR Congo mines put out olive, orange, cognac, yellow, colorless, brown, and gray stones.

The DR Congo also has very peculiar diamonds, called "barrels." These are beautiful yellow-orange diamonds which, in the rough, are cubic, but sometimes hollow. Cutting them therefore causes an 85% loss in the weight of the stone (the rough/cut ratio is usually 40%), which has an important impact on their price.

Yellow diamonds from the Ivory Coast lean toward a greenish hue. Yellows are prominent in this region which is regionally close to Sierra Leone and DR Congo. The Coast's production also includes colorless and brown diamonds.

Light blues and strong blue fluorescent colorless diamonds come from "value" famous South African mines. This area caters to all colors with the common appearance of being pale and "washed-out."

Diamonds of all colors can be found in South African production but their main common characteristic is that they tend to appear pale and washed-out.

South African mines are well-known for blue diamonds. All other colors lean toward lighter saturation, rarely intense.

Across the continent from DR Congo is the occasional pale pink diamond producer Tanzania. Colorless stones dominate output with pale pinks getting extraordinary attention due to popularity trends.

Interestingly enough Venezuela and some mining regions of Africa have similar diamond geological formations. High fluorescence, few impurities and a unique greenish-yellow hue are hallmarks of diamonds common to these two regions.

Intense yellows, brown, colorless, and greenish-yellow diamonds are common fare from Venezuela.

Colorless diamonds make up the great majority of Chinese production. Rarely, pink stones of average quality are unearthed.

In the Arctic reaches of the Northwest Territories, colorless diamonds monopolize mine output with the exception of a few lightly yellow colored stones.

Old terminology for color diamond grading included “Top Cape” and “Cape” to describe yellow diamonds. The International Diamond Council (IDC) has used the terms “Tinted White” and “Tinted Color” for a similar hue. Yellow and yellowish diamonds from South Africa, Guinea, Angola, and Borneo have been referred to as “Cape” depending upon the source.

## Colored Diamonds vs. Colored Gems

7.5, 8, 9, 10.

What do these numbers represent?

Judge scoring cards at a boxing match...Olympic competition scores...Ring finger sizes?

First, let’s consider that minerals of the Earth have their own physical and chemical properties. Diamonds are made of carbon and rank as one of the hardest minerals while other materials,

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such as gypsum and talc, are among the softest. Alumina and beryllium are the foundational structures of rubies, sapphires, and emeralds respectively.

German mineralogist Friedrich Mohs created a “hardness” scale several hundred years ago that is still used today. It ranks minerals on their ability to scratch (score) each other, or not. Based on a one-to-ten scale, a diamond ranks as “10” (hardest) which is 46 times harder than ruby giving them the ability to scratch any mineral ranked lower than “10” (softer) on the scale. According to the Mohs scale a “7.5” represents the hardness of emeralds, “9” covers rubies and sapphires, and of course a “10” is the coveted diamond top position.

In evaluating diamonds versus gems the role of scarcity also applies. Gems can be found measured in pounds while it is rare indeed to find a diamond pushing four grams. Depending on the mine, about 250 tons of ore typically yield a one carat (0.2 Grams) diamond. On top of that, colored diamonds aren't found in every diamond mine and when present only account for a small percentage of carats mined.<sup>18</sup>

Terms such as “stone,” “gem,” and “gemstone” are frequently thrown around without much thought. GIA grades colorless and colored diamonds, not colored stones. Like diamonds, colored stones require a complex analysis with countless variables. Colored stones have no standardized grading system embraced by the trade like diamonds have. Some gems are subjected to heating processes that alter their appearance (color) up to three grades. Diamond grading is very strict.<sup>19</sup>

Many gemstones can be considered precious yet, when measured by hardness and scarcity, colored diamonds are in a class all their own.



## **Color Your Own Rainbow, With Diamonds**

Diamonds come in a variety of shapes and sizes, offering you almost endless options to match color with your preference and personality.

Colored diamonds have caught the attention of movie stars and fashion designers alike. Even the budget-minded have options to satisfy their desire to get in on the colored diamond train.

Even collectors are getting in on colored diamonds by seeking out natural diamonds that mimic chameleons. These bicolor diamonds encompass two colors in one stone and are amazing to see.

The acceptance and value of colored diamonds even extends to rough stones. These “fresh-from-the-mine” uncut diamonds are making marvelous marriage bands. Rough colored diamonds are completely natural as they are left in their unearthed virgin form and are uncut.

Follow the rainbow of the symbol of love that diamonds symbolize, and see where it takes you.

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## PERFECTLY CLEAR MELTS AWAY THE FOG OF THE MYSTERIOUS WORLD OF DIAMONDS

**K**aren Simmons goes way beyond the “4 C’s” of marketing which include color, clarity, cut, and carat weight which are important factors in making an intelligent buying decision. GIA certified, Simmons provides a personal behind-the-scenes tour of the world of diamonds. In *Perfectly Clear* she lifts the veil on such hot topics as Hollywood gems, criminal diamond activity, valuation of diamonds (genuine, synthetic and imitation), diamond facts and myths, and naturally colored diamonds to reveal what they really are — sparkling investments!

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