

**Los Angeles Times**

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From the Los Angeles Times

## Gold fever sweeps suburbia

As prices soar and personal finances sour, Californians are selling off their old jewelry to generate extra cash.

By Tiffany Hsu

February 21, 2009

Juggling glasses of white wine and baggies filled with baubles, dozens of women descended on a well-appointed Orange County home this week to trade in their old golden treasures for hefty checks.

There were earrings from ex-boyfriends, ring settings with missing stones and chain bracelets from sorority sisters. One woman brought in her husband's wedding ring -- from a previous marriage.

Julia Geivet, 39, had hopes of selling an "embarrassing" Italian horn bauble she had owned since eighth grade and a few other small trinkets, which she thought might get her \$30.

"I figured I'd come get a little money and socialize and chat," said Geivet, who was recently laid off as a manager at Verizon Communications Inc. "It might not come out to a lot, but right now, every little bit helps."

She left with a check for \$302.92.

Gold is hot. The precious metal soared \$25.70 an ounce Friday to \$1,001.80, topping the \$1,000 mark for the first time in nearly a year. South African Krugerrands, American Eagles and other gold coins are in demand as people seek safe investment havens in uncertain times.

That has people digging through their drawers and jewelry boxes looking for watchbands, cuff links, chains and bracelets that can be sold to jewelers, pawnshops and other brokers to be melted down to feed the growing demand for gold coins.

The party Geivet attended at the Aliso Viejo home of Mary-Margaret Fincher is a twist on the old suburban Tupperware party. Here, however, it's the guests who do the selling.

Erin Stevenson, who organized the party through her group My Gold Party CA, appraised the jewelry with assistant Richard Bartoletti as guests debated whether to wear heels or flats during pregnancy.

To test the gold, Stevenson shaved off small flecks with a whirring Dremel tool, blanketing the dark wood of the dining table with a luminous sheen. Later, while Bartoletti peered through a magnifier attached to his eyeglasses, looking for karat stamps on the jewelry, Stevenson weeded out gold impostors with magnets and a special acidic gel.

Fincher, 34, said the parties were popular in her hometown of Atlanta. As the host she gets 10% of what is paid out -- which this night was \$4,000. One woman walked away with a \$1,836.88 check.

Stevenson pays about 65% of the market value, which works out to \$5.56 for a gram of 8-karat gold, rising to \$15.47 a gram for 22k. She then sells the gold to a refiner for a price just under the market trading price.

She founded her company in April after losing her job as a mortgage account executive at Credit Suisse. Business ebbs and flows with the price of gold; right now, she's booking three parties a week.

Although there's a strong market for gold itself, there is relatively little demand for jewelry. A recent survey by the National Jeweler Network found that 80% of merchants reported a sales decline for the last holiday season.

That has jewelers like Josef Shamir of Joe's Gold and Silver in Beverly Hills doing more buying than selling these days. He buys gold in almost any form -- tie tacks, pendants and even gold teeth.

Last fall, perhaps three customers a day would come into his store to sell gold, Shamir said. That's up to about eight a day now, including an elderly woman who Thursday brought in a gold watch, chains, earrings and bejeweled rings. She got a check for \$813.

"People are looking harder in their drawers for gold," he said.

Shamir, 52, says he's paying out about \$100,000 a month on the gold he takes in. Like Stevenson, he pays about 65% of market value.

About three times a week he takes the gold to an office building in downtown Los Angeles' jewelry district.

Here on the seventh floor, baubles are melted down in NTR Metals' induction furnace and then poured, lavalike, into molds. After being tested to determine the quality of the gold, the blocks are sent to the refinery at the company's Dallas headquarters to be purified.

The volume of gold the refinery company is buying is up about 20% from a year ago, said David H. Williams, NTR's president of West Coast operations. Hundreds of merchants, including pawnbrokers and jewelers, are crowding waiting rooms with gold to be melted.

"The gold price spurs more people into action," Williams said. "There is a lot of material being submitted now because the economy is souring and the need for liquidity is enormous right now."

So far this year, the price of gold has risen by 13%, while the Dow Jones industrial average has tumbled 16%.

John March of the Superior Gold Group brokerage in Santa Monica thinks the high prices are here to stay.

"After this year, we won't see gold under \$1,000 again," he said. "There was a time, after all, when diamonds were fairly inexpensive."

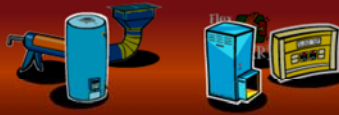
But others say the bonanza can't last forever.

Precious metals, including silver and platinum, are benefiting from the panicky belief that "everything else has been destroyed," said Leonard Kaplan of Prospector Asset Management in Evanston, Ill.

Kaplan says the gold market is on its way to becoming another bubble, like technology stocks in the late 1990s and housing for much of this decade.

"Is it going to end badly? Yes," he said. "The question is where -- is it \$1,200, or \$1,500, or \$1,800?"

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For now, however, demand appears to be growing. The U.S. Mint shipped 92,000 1-ounce American Eagle coins to its dealer network in January, up sharply from 22,500 in January 2008.

On Cloverfield Boulevard in Santa Monica, Goldline International Inc. caters to investors looking to buy thousands of dollars in gold bars or coins such as the American Eagle.

Chief Executive Mark Albarian said that until late last year his staff was making about 100 sales a day with an average order of about \$5,000. Now the firm is closing nearly 300 deals daily with an average order of about \$13,000, he said.

On Friday, total sales exceeded \$5 million, he said.

"A few years ago, the scene was pretty quiet, but business has pretty much tripled," Albarian said. "Most businesses worry these days about not having enough customers. Gold businesses worry about running out of product."

[tiffany.hsu@latimes.com](mailto:tiffany.hsu@latimes.com)

Times staff writer Tom Petrino contributed to this report.

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