



A Short History of Gems and Jewelry Appraising in the American Society of Appraisers

(In the 20th Anniversary Year of the Gems and Jewelry Discipline)

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As the most highly concentrated form of wealth, in which subtle differences in quality may make dramatic differences in value—and microscopic features the difference between natural and treated, synthetic, or imitation—gemstones have been used for centuries to defraud the unsuspecting public.

In our time, the practice caught fire in the 1970s, when two crises in oil supply (1973 and 1979) and raging inflation contributed to making commodities of all kinds into supposed investment havens for the protection and growth of wealth, and, finally, in the case of gemstones, tax shelters. (Anselmo v. Commissioner began in 1977 and was the earliest case to reach the U.S. Tax Court involving gemstones used as charitable donations. Later such tax cases named Chiu, Lampe, Price and Dubin as petitioners. These were all based on appraisal valuations that were disallowed.)

In the same decade, companies promoting investment in gemstones of mediocre quality with overblown prices sprang up and then escaped to Canada to avoid prosecution. They became known for playing on the fear, greed and ignorance of many otherwise sophisticated consumers.

Out of this cauldron of confusion over gemstone value, much of the current state of gems and jewelry appraising took shape with the birth of several appraisal groups, almost all of whose leaders owed their backgrounds to the American Society of Appraisers. This group took the activity from an adjunct service in retail jewelry stores to the profession it much more nearly is today.

As a specialty within ASA, gems and jewelry will be seen to have moved from a small part of personal property appraising to full discipline status, propelled largely by the requirement for great accuracy in identifying the materials with which it is concerned, as well as high expertise in their quality. This parallels the movement of responsibility for qualification standards for ASA appraisers from the chapter to regional, and finally the discipline level. Newer societies in our field, however, increasingly separate gems and jewelry appraising from the larger appraisal field of practice, which was codified for all the disciplines by Henry Babcock, FASA, in his book “Appraisal Principles and Procedures,” (first printing 1968).

ASA was founded in 1952 from the merger of two precursor groups that dealt primarily with real property. At first, qualification for ASA membership was submission of sample appraisal reports for peer review at the chapter level. The first ASA specialists in gems and jewelry evidently had backgrounds in the American Gem Society, begun in 1934 as an ethical and educational body by Robert M. Shipley, also the founder of the Gemological Institute of America (GIA), along with some leading jewelers of the day. Arthur Gleim, of Palo Alto, CA, was one such early-day ASA member.

The first article attributed to an “ASA member” dealing with jewelry appraising that the present writer discovered is by Max Strasburg, Hollywood, CA, entitled, “Diamond Appraisals,” in ASA’s 1958 digest Appraisal and Valuation Manual (p. 83), in which he describes appraisal practice in the context of his retail jewelry store.

Strasburg begins, “There has been a great deal of talk in many states regarding the licensing of jewelry and diamond appraisers.” He calls for the American Gem Society or the Diamond Importers Organization to create a standard for color grading. (GIA’s International Diamond Grading System was introduced in 1953, but did not reach the universal use it is in today until the 1970s.)

Describing appraisal techniques then in use, he says, "Since the jeweler accepts the wholesaler's grading as a standard, when making his appraisal of a diamond, he makes his comparison with diamonds recently purchased. He knows what he paid for these diamonds and he approximately matches the color, making his appraisal accordingly."

Strasburg ends, "Very few jewelers have charged for appraisals. We found, through many years of experience, that what we gave away for free in appraising was accepted as having just about that value. For the last twenty-odd years we have made a nominal charge for appraisal."

Writing in the same publication in 1960, another retail jeweler, Frank Everts (Senior Member), Dallas, TX, writes, "An electronic instrument, the Colorimeter, has provided a uniform scale of color for diamonds among these members. Thus, jewelry appraisal by a member of the American Gem Society has a value, a responsible background, and knowledge." (This instrument has fallen out of use.)

Turning his attention to intended use and methodology, Everts says that "jewelry is generally appraised for only two different valuations, rather than for many...For an insurance appraisal, an exact replacement cost for the jewelry, including tax, made and delivered at the insured's locality, must be arrived at. For estate purposes, the estimated cash value receivable through sale of the jewelry within a twenty-four hour period (the legal period may vary from one day to one week) must be determined."

We still utilize one of Everts' approaches today: "Just as in other lines of underwriting, it is true with jewelry that some items should be classified as uninsurable. In the case of many stones, the very nature of their inclusions and imperfections will cause them to chip or split. A good jewelry appraiser will notice this in his examination and note it for the information of a future underwriter."

ASA has consistently recognized gems and jewelry as a distinct activity. In *The History of the American Society of Appraisers* (2001), Edmund Leet, FASA, writes that ASA had testing capability in Gems and Jewelry "throughout the 1960s" (p. 53), naming Real Estate, Machinery and Equipment, Building and Construction Costs, and Fine Arts and Residential Contents as the others. Early in that decade, advancement in the Society, including testing, moved to the regional level, overseen by the Board of Examiners. Also, in 1962, the concept of "appraisal areas of expertise, officially referred to as disciplines" was enunciated (p. 17).

In 1968, the Board of Governors reorganized the major disciplines from many into eight. Eighty-one percent of accredited members were in Real Property, but the others were in areas as diverse as Racing Stables and Rare Coins and Paper Money (p. 55). This reorganization included Gems and Jewelry as one of five specialties within Personal Property. (Fine Arts, Antiques, Residential Contents and Classified Specialties were the others.)

Responsibility for testing for admission and advancement began to shift from the regions to the disciplines. "During the mid to late 1970's...there was a definite feeling that each discipline needed to assume more control of its educational needs and activities" (p.56). As of 1980, the Society was still testing Gems and Jewelry appraisers only on product knowledge and the Principles of Appraisal Practice and Code of Ethics (Elly Rosen, www.linkedin.com/in/ellyrosen). Education and testing in appraisal theory were still to come. In 1983-84, the first "special discipline committees" were formed for Business Valuation and Machinery & Equipment. In 1984-85, when Guy Blankenship was international president, ones were established for Gems and Jewelry "as a subset of Personal Property," Personal Property and Real Property (ibid.).

Originally unfunded, these committees were "made up of people interested in a truly professional approach to appraising and who were willing to give of their own time and money to achieve the anticipated goals" (ibid.). The chairmen of the forerunner subcommittee to the Gems & Jewelry Discipline were: Mervyn Cohn, 1984-85; Joseph Tenhagen, 1985-1991; and David Atlas, 1991-1992 (Leet, p. 58). Cohn says that the original subcommittee formed two years earlier and that he was its chairman from 1982-1985 (email).

Gems and Jewelry's formal separation from Personal Property occurred at the ASA midterm conference in Puerto Rico in 1993, when it was granted full discipline status (Leet, p 57). But the cause began with the call for specialized appraisal education in the previous decade, which, in turn, grew out of events (earlier mentioned) taking place on the world stage in the decade before that. Education in the theory and practice of personal property appraising had lagged behind that for real property since the inception of appraising as a profession. Finally, around 1980, two societies in which ASA members were to play major roles were started as for-profit groups by individual proprietors. Along with ASA, they are the preeminent gems and jewelry appraisal groups today.

The International Society of Appraisers (ISA) was founded in 1979 and dealt with all areas of personal property. "At times, ISA seems like a personal property splinter group of the [then] 49-year-old American Society of Appraisers," writes David Federman in July 1985 (*Modern Jeweler*, p.79). "Not surprisingly, most of ISA's officers, board member and committee chairpersons are senior members of ASA."

At a time when ASA was perceived as primarily an organization for real property appraisers, ISA's innovation was to take formal appraisal theory and testing from the real property and business valuation arenas and apply them to personal property in an accessible format provided by Indiana University's School of Continuing Studies. Several ASA personal property appraisers became ISA's primary educators. One of these was Elly Rosen, who held ASA Senior member status from 1980-1988 (Rosen, *ibid.*) with a specialty in Gems and Jewelry. His classroom teaching was heavily influenced by his ASA background, e.g., Henry Babcock's earlier mentioned book (pers. 1986). A seminal article entitled, "What Can We Do About the Appraisal Mess?" published in *Jewelers Circular-Keystone* (April 1982, p. 90, Helene Huffer, lead reporter) reported that ISA had "more than 250 gem/jewelry appraisers" out of 1,300 members. After its initial rapid growth, financial problems beset the group. In 1993, ISA negotiated purchase of the society's assets from its founder and reorganized as a non-profit entity with a board of directors. Today its members in the gems and jewelry field appear to be well under 100, possibly the result of a lack for several years of educational programming designed specifically for gems and jewelry appraisers.

The National Association of Jewelry Appraisers (NAJA) was the other major group founded at this time. Begun in 1981 by Richard E. Baron, Executive Director, with fee-based membership, it grew very quickly. "The new association claims 200 members," according to the *Jewelers Circular-Keystone* article a year later (*ibid.*), while also reporting "65 tested gem/jewelry appraisers" in ASA. Ten years later, NAJA had about 720 gems and jewelry appraisers, and its purpose was described as "emphasis on licensing, increasing group visibility and update appraisal forms" ("Are Your Appraisals Fair, Accurate and Legally Acceptable?", April 1992, pp. 72-73, Shor, Thompson, Weldon). In 1993, Tenhagen and Atlas, joined by another ASA member, James Joliff, bought NAJA, and immediately expanded its educational program from an annual conference to twice a year, and Joliff wrote a correspondence course in appraisal theory and practice for the group. These two-day conferences, which it still sponsors, were well planned with important speakers, and helped to sustain it, along with a lower dues structure and an active online discussion forum. NAJA has approximately 784 members today, with about 240 in all membership categories above Member and Candidate. (This number includes a few Charter members and others who have joined at full membership levels through their designations in other societies.)

In a roundabout manner, the birth of the GJ discipline began in the early 1980s with the Accredited Gemologists Association (AGA), which was begun in 1974 as a gemological interest group by Antonio Bonanno, a graduate of the Gemmological Association of Great Britain's educational program. Tenhagen later recalled, "I was president of AGA [in 1982]. Several of us had been at a New York meeting called by Helene Huffer [the JCK writer] to discuss the appraisal mess. After that meeting, we decided to take a stand," leading to the Master Gemologist Appraiser program under AGA's auspices ("Professional Appraisers: Labor-Intensive Specialists," *National Jeweler*, June 1, 1995, p. 128, Ralph Joseph). Other ASA members who were also AGA members and active in this effort were Neil Cohen (an ASA regional Governor at the time [Leet, p. 13]) and Don Palmieri (later also a regional Governor), who is credited with authoring the original MGA program for AGA (Stacy, 2013, pers. comm.),

Because of these many dual memberships, it is difficult to know exactly where the impetus for the merger came from. In 1986, Leet reports, leaders in the MGA program, which “had an extensive testing program and prerequisite qualifications along with an established gemological laboratory requirement,” approached ASA to discuss a merger (p. 12). However, Palmieri has written that “the MGA program was courted for merger by ASA, who needed a higher level of certification to qualify for the Appraisal Foundation...” (Email, 8/30/10). At this time, all the disciplines were working to develop formal education. Personal Property educational courses were first taught in 1987, Leet reports (p. 59), notably at Lindenwood College, St. Charles, MO, where about thirty ASA personal property members underwent an advanced valuation sciences program (Leet, p.52). This drive for personal property appraisal education was the context of the ASA-MGA merger.

Another figure at this time was Anna Miller, like the others both an ASA Senior member and AGA Master Gemologist Appraiser. She oversaw the transition of the MGA program into ASA (Cornerstone, July 1990) and taught in it after the merger, along with Tenhagen, Atlas, and Joliff (personal). In 1988, two of her articles treating gems and jewelry investment appeared in ASA publications. The June edition of Valuation that year contained “Investment Potential Is Not a Factor of Value in Colored Gemstones,” which mentions the “boiler rooms” of ten years earlier that promoted gems as investments. Another article, “Value Opinion of the Antique Jewelry Market,” was published in the inaugural (Vol. 1, No. 1) Spring issue of the ASA publication, Personal Property Journal; it discussed jewelry at auction, including the sale of the Duchess of Windsor’s jewelry the year before. In 1991, Miller founded another gems and jewelry appraisal group, the correspondence-based Master Valuers program, which continues today under the auspices of the California Institute of Jewelry Training. She also went on to write two books on gems and jewelry appraising.

In 1987, the merger of the MGA program into ASA was approved by AGA members in Tucson, and the Board of Governors approved it at Conference that same year (Leet, p. 13). This event did two things to influence the future of gems and jewelry appraising in ASA: it provided the specialty with a curriculum at a time when this began to define legitimacy as a discipline; and, perhaps even more importantly, with a sudden influx of new members, and the promise of gaining more. According to ASA records, thirty-four MGA title holders became ASA members on July 13, 1987. This number apparently rose to between 50 and 60 in the early 1990’s, according to GJ discipline committee minutes published in the ASA publication Personal Property Journal, but had fallen to 37 in 1998 (the first year such numbers were kept at ASA Headquarters), and has remained fairly constant ever since, with 42 holding MGA certification as of this writing.

The MGA program has long been regarded as the highest credential in gems and jewelry appraising. It is the only program that requires passing a practical gemological examination of its members on an ongoing basis. It is correctly described as a certification mark, similar to board certification in the medical profession (letter, Jerome Schaefer, 10/24/02). Recertification is required of its users every five years, at the same time as reaccreditation for an ASA designation.

The same turmoil that gave birth to the other appraisal groups also reshaped GJ’s future in ASA. In June 1992, as the current leaders were making plans to move on, they “boycotted” a GJ subcommittee meeting at the annual Conference in New Orleans (Stacy, pers. comm.). This led the international president at the time to suspend the GJ subcommittee and instead grant GJ members two seats on the Personal Property discipline committee (Stacy, *ibid*). A year later, GJ as we know it today was born, when Palmieri intervened on behalf of the discipline (Stacy, email).

The GJ committee’s attention turned to the MGA program as “the highest priority by Chair [Larry] Phillips,” according to minutes of the first GJ discipline meeting on June 27, 1993, at the Seattle Conference (Personal Property Journal, Winter 1994, p. 40). The new discipline decided to adopt the Personal Property’s Principle of Valuation courses for its basic appraisal education (aimed at new appraisers), but continued the MGA course, which was “a mixture of elementary valuation science, ethics and jewelry studies,” according to Larry Phillips (email, 11/21/04). This caused a degree of ambiguity towards the MGA study track. As early as 1994, it began to be discussed to split the MGA educational program into two courses (Personal Property Journal, Fall 1994, Committee minutes, p. 54). Eventually, this was

done: one for valuation theory (as applied to gems and jewelry), intended primarily for experienced appraisers; and the other focused on gemology, jewelry and report writing, culminating in the practical MGA examination. Taken together, these classes eventually became an alternate “fast track” path to ASA accreditation (Nancy Stacy, email, 4/12/11).

The following persons have served as GJ chairpersons (from Discipline committee records): Larry Phillips, 1993-95 (ASA International President, 2004-2005); Paul Thompson, 1995-1997; Nancy Stacy, 1997-1999 (presently discipline Governor); Kirk Root, 1999-2001; Harold Dupuy, 2001-2003; Eric Shelton, 2003-2005; David Wolf/Jennifer Thornton-Davis, 2005-2007; Jennifer Thornton-Davis, 2007-2009; Gary Smith, 2009-2011 (presently International Vice President); Mary Reich, 2011-2013; and Scott Gordon, present.

It is difficult to measure the growth of ASA gems and jewelry appraising by the numbers of practitioners, partly because records are uncertain. A current search of records at ASA Headquarters by Fran Tucker, Information Systems Manager, reveals that, in 1970, there were four personal property appraisers with gems and jewelry specialties in the various membership categories (Candidate, Accredited Member, Accredited Senior Appraiser and Fellow). In 1980, this number was 29, and in 1986, 77. In the following year of the MGA merger, 117 such members are shown. In 1993, the year GJ became a discipline, membership was at 156, including 36 Candidates, 23 Accredited Members and 97 Accredited Senior Members; and in 1997, there were 187 members, including 70 Candidates, 21 AMs and 96 ASAs.

Due to limitations on available research time, these data show membership based on a member's current status, so that a person holding the ASA designation now has been counted the same way in previous years, even though he or she might have actually been in another category. As such, it reflects a general direction in membership growth, rather than exact figures. A search by this writer for membership numbers reported in minutes of all the GJ committee meetings from 1993 through 1996 and 2002 through 2009 confirms this trend, reaching slightly more than 200 in 1995.

GJ membership apparently declined to near its present number around 2003. That year, there was a drop in the number of applicants from the previous year, from 61 to 41, according to the minutes – again, similar to today's applicant count. This year, there are 104 members, with 35 Candidates, 7 AMs, 60 ASAs and two Fellows (and seven applicants). A more hopeful trend revealed by a current check of records at Headquarters is that the number of applicants has increased in two of the past three years, as follows: 2009, 11; 2010, 5; 2011, 9; 2012, 14, and 2013, 7 to date.

It is easier to credit the GJ discipline with educational advances in our segment of the appraisal world. Since 1994, Gems and Jewelry has been the only ASA discipline that requires an educational credential in addition to a college degree or equivalent, namely, a gemological diploma from GIA, the Gemmological Association, or an equivalent program. (Real Property additionally requires a state real estate license.) Phillips has said that this reflects that gems and jewelry appraisers are held to the standard of authentication, not merely identification (pers. comm.). At this writing, our discipline is re-organizing the Principles of Valuation courses after PP/GJ 201 course into a curriculum expressly for Gems and Jewelry, to be known as GJ 202-204, promising a new chapter in our history and a potentially powerful attraction for new membership by further refining universal appraisal principles and practices as they apply to our highly specialized field.

Many other ASA members have made educational contributions in our specialized world. Among GJ's milestones must be counted four extended classes in gems and jewelry appraising, reaching about 120 students, hosted by the China National Gemstone Testing Center in Beijing and Shanghai, taught by Larry Phillips and Nancy Stacy from 1999-2004 (Stacy, pers. comm.). This series was based on the original MGA program. Another was reached this July, with the pilot offering of “Advanced Diamond Grading,” developed by the Gemological Institute of America for ASA and taught at their Carlsbad, CA, world headquarters; this was offered in the newly updated MGA program, “Master Gemologist Sessions,” and sold out quickly. A second GIA course will be held in Carlsbad in Spring 2014.

Some of the other most important advanced courses that have been developed by our members and offered to the profession have included: Mona Miller, on the role of fashion in the jewelry industry; Kirk Root, with a series of updates on the appraisal of watches; Gary Smith, on tool marks of the masters; and Nancy Stacy, on how to utilize comparable sales data by making appropriate adjustments.

In 2013, gemstones are still being sold as investments to suggestible consumers, from the battlefields of Afghanistan to Caribbean cruise ships and ports of call. This is extreme deception, but only one form of confusion over value that exists in our field. The Uniform Standards of Professional Appraisal Practice state that the call of the appraisal profession is to promote public trust. For reasons mentioned at the outset, in no other appraisal field is this task more difficult than gems and jewelry. Imparting knowledge and understanding of appraisal theory and practice, as they pertain to our field, is the key to growth in the GJ discipline and service to the profession and the public.

We owe this knowledge and understanding to ASA's long history of developing these principles with equal application to all types of property. Working in isolation from this understanding, other appraisal societies cannot draw on the wisdom developed over the decades that appraising has advanced as a profession. ASA's history also tells us that the Society has always recognized the special challenge of professional gems and jewelry appraising. Our discipline remains committed to serving the public interest as part of the ASA whole.

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