



A black background with several US dollar bills falling from the top. The bills are in various orientations and stages of descent, creating a sense of motion. The bills include \$100, \$20, and \$50 denominations.

Many Happy Returns

What you can do to ensure
the best refining experience

BY TINA WOJTKIELO SNYDER

Today's record metals prices have probably encouraged you to be more diligent than ever about capturing every last bit of precious metal dust in your shop. With gold creeping up toward the \$2,000 mark at presstime, never before have your old polishing buffs, dust collection filters, and carpets been worth so much. When the stakes are this high, you need to work even harder to ensure that you are maximizing your return.

Getting what you deserve out of your refining lot requires more than blind faith. The following are some steps you can take, whether you are a large manufacturer or a small shop, to have the most lucrative and satisfying refining experience.

WORK WITH A REPUTABLE REFINER.

It may seem like common sense to send your scrap only to a company that you know and trust, but today you're bombarded with promises of low fees and quick cash that might seem too good to pass up—especially if you need the money.

“With triple the amount of companies that call themselves refiners today versus four years ago, jewelers have to be wary of operations that promise unrealistic low fees,” says Torry Hoover, president of Hoover & Strong in Richmond, Virginia. “My advice is to stick with companies that have been in the business for a long time—there are several of us who have been doing this for more than 100 years.”

You should also confirm the financial stability of the refiner before entrusting them with your metal, advises Rafael Amador, sales representative for United Precious Metal Refining in Alden, New York. “Check with your peers and contact the Jewelers Board of Trade before you send in your scrap if you have any question about the refiner's financial situation,” he suggests. “There are hundreds of fly-by-night companies calling themselves refiners, and it's only a matter of time before they go out of business. The only way to make sure that your gold is safe is to do your research and ensure you're working with a reputable and financially capable refiner.”

If you have any question about a refiner's validity, or simply don't know where to turn, consider asking your trusted industry suppliers for advice. “Jewelers who have small amounts of scrap that don't meet the minimum requirements of a large refiner should still ask that refiner, or their metal supplier, for recommendations of trustworthy and rep-



If you educate yourself about the refining process, you'll have a better handle on what happens to all those tiny bits of metal you've been so diligent about collecting.

utable refiners,” says Andy Holwell, sales and marketing manager for Johnson Matthey's New York sales office. “If we think a lot is too small for our own process, we'll always be able to recommend someone else who we trust in the value chain.”



UNDERSTAND THE CHARGES.

A promise of a 99.9 percent return may sound appealing, but consider how a company that doesn't charge for its services can stay in business. Before you ship your metal, ask the refiner about its fees. “One of the biggest complaints in the industry has to do with ‘hidden charges’ that some refiners divulge after the lot is completed,” says Amador. “You can avoid this by asking for your terms in writing, and making specific requests based on your lot. For example, if you're refining silver, ask about charges for deleterious metals, such as cadmium and lead, which are present in most silver lots.”

If you are entering into a relationship with a refiner, get the company's terms in writing prior to shipping your first lot.

WITNESS YOUR LOT.

For many manufacturers and jewelers who have never set foot in a refinery, the process may seem mysterious. The best way to gain a better understanding of how your scrap and sweeps are evaluated is to witness it with your own eyes.

“Representing your material while it's being processed gives you tremendous insight into your refiner's capabilities,” says John Antonacci, director of sales and marketing for Advanced Chemical Co. in Warwick, Rhode Island. “It gives you a chance to see if you are working with a quality establishment that is using up-to-date equipment. You watch the entire process and walk out with a sample in hand to verify with an independent assay lab.”

While Advanced Chemical doesn't require a customer to have a minimum lot size for witnessing (instead, it charges a processing fee to isolate the material), other refiners do require minimums for this service. For example, at Ross Metals in New York City, the company has minimums of 25 lbs. for polishing sweeps, 250 dwt. for bench sweeps, and 500 dwt.

for scrap gold when customers are representing a lot. And while the company also charges a fee, owner Jack Ross says paying a little extra is worth it for the resulting peace of mind.

“The only way to protect the value of your product is to know that you are getting paid what it is worth, minus whatever the refiner needs to charge for his labor and profit,” says Ross. “If one company will allow you to represent your material for a 2 percent profit, and another won’t allow you to do so but promises a 1 percent profit, I would still go with the 2 percent because you are apt to lose so much more with the other com-

refiner to provide you with a sample from your lot so you can run independent tests on it.

“[We] draw four samples from a lot: one for the refiner, one for a customer, one is held in reserve, and one is for an umpire [i.e., an independent assayer] if a dispute arises,” explains Steve Bones, sales manager for Mastermelt in Sweetwater, Tennessee. “This is standard procedure for us and there is no extra charge. If you want to truly evaluate your bottom line return, have the refiner ship you a sample and send it out for assay by an independent lab.”

Most of the refiners inter-

an inexpensive Handy Melt electric furnace and a steel bar mold, the average bench jeweler can melt down his filings, dead inventory, pieces leftover from ring sizings, and other scrap into a gold bar,” he explains. “He can then use a \$20 hand drill to bore out a sample to be assayed by a reputable lab and send the gold bar into his refiner for processing.”

Obtaining an independent assay will require an investment on your part that will vary depending on what you are testing for and which lab you use; a fire assay for just gold generally ranges anywhere



Daniel Ballard of PM West/Fine Gold encourages bench jewelers to make their own samples by melting their scrap into a gold bar and drilling out a sample for independent assay.

between about \$50 and \$175, while an Inductively Coupled Plasma (ICP) analysis for gold, silver, platinum, and

pany. If you watch how your material is processed, take the sample, and run an independent analysis, when the report comes in you can compare it to your refiner’s numbers. You’ll know if you are getting the best results—and you can feel confident about your refiner.”

CHECK THEIR WORK. If you can’t represent your lot in person, there are other steps you can take to check your refiner’s work. For one, you can ask your

viewed for this article offer a similar sampling service upon request. Many don’t charge an extra fee, but if you’re interested in obtaining a sample, it’s best to check with your refiner about its procedures prior to sending in your lot.

Or you can take matters into your own hands and make a sample yourself, says Daniel Ballard of Precious Metals West/Fine Gold in Los Angeles. “Using

palladium can run between about \$200 and \$400. But having that number documented in the event the refiner’s return varies by a percentage that you deem less than acceptable is, literally, worth its weight in gold.

Also, ask your refiner how they would handle a dispute. Most keep a list of approved independent labs for umpiring and will send a reserved sample out to the

one that both you and the refiner agree upon. Generally, whomever the umpire sides against pays the fees for this service.

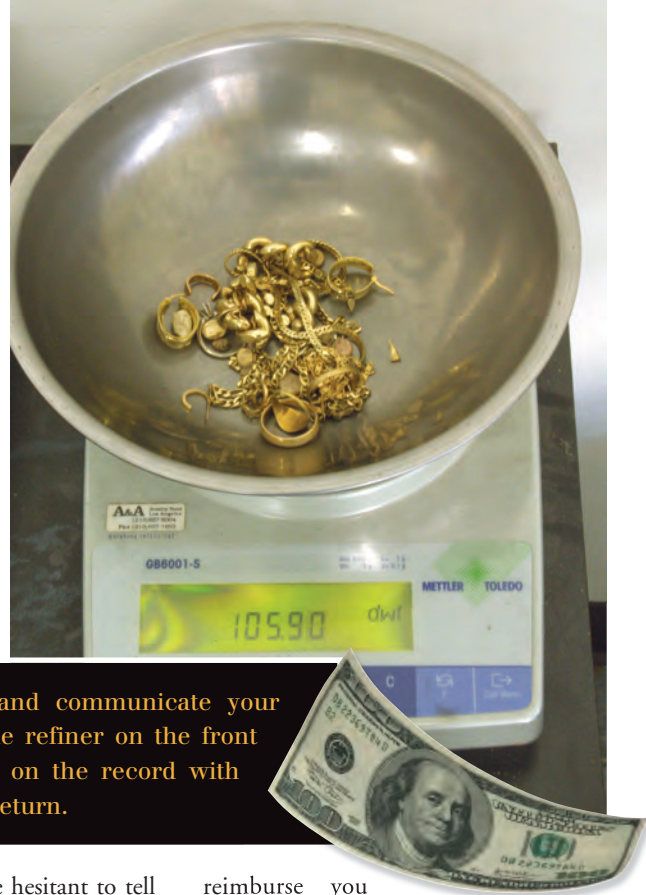
KEEP TABS ON YOUR SCRAP.

In addition to the ever-so-important housekeeping practice of segregating your metals, keep a log of what metals you've been working with and weigh your scrap prior to sending it in for refining. This is especially helpful to the small shop owner who is dealing with smaller lot sizes and has more control over the scrap generated by a one- or few-person operation.

"For karat scrap and filings, we advise our customers to track what they have and segregate by karats," says Larry Fell, owner of David H. Fell & Co. in City of Commerce, California. "This gives you a better idea of your expected return and helps us to refine based on exactly what is in the lot." For example, if you've collected 1 oz. of 14k gold scrap and filings,

which is 0.5833 purity, you should get back roughly 0.5 oz. of gold. If you do not segregate by karat and that 1 oz. contains a mixture of 18k, 14k, and 10k, it is much more difficult to estimate your return.

And, by all means, tell the refiner how much you think your



Weigh your scrap and communicate your value estimate to the refiner on the front end, so you can go on the record with what you expect in return.

lot is worth. "Jewelers are hesitant to tell the refiner, 'I feel the value is \$1,000,' because if it's really worth \$1,200 they fear the refiner will pay them only \$1,000," says Hoover. "A legitimate refiner will

reimburse you exactly what your lot is worth. So treat your gold like cash, and be thorough with your communication."

By communicating your value estimate or weight calculations to the refiner on the front end, you go on the record with what you expect in return. If the final number isn't close to your estimate, your refiner should be willing to work with you to figure out why.

Sure there are still jewelers out there who will fill up a bag with their scrap and sweeps, slap on a shipping label to the nearest refiner, and cross their fingers in hopes that the money gods will smile on them. But does that sound like a prudent way to handle your metal—or, essentially, your money? By taking control and educating yourself about the refining process, you can have a better handle on what happens to all those tiny bits of metal you've been so diligent about collecting. Establishing an open relationship with your refiner, understanding the process and terms, and doing your part to keep track of your metals and check their work are the first big steps on the road to many happy returns. ♦

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