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Treasure hunters or gold diggers? *Traveling buyer's promises of 'top dollar' for precious metals not kept*

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With full-page ads disguised as legitimate news articles in newspapers across the country, coupled with live promotions on local radio stations promising to pay "top dollar" for unwanted gold and silver, an Illinois-based company has returned to Beaumont but is paying only a small fraction of the actual value of precious metals and other items, a month-long investigation by The Examiner has found.

The newspaper began looking into Treasure Hunters Roadshow (THR), also known as Ohio Valley Gold and Silver Refinery, on Dec. 9, 2009, after it set up shop in a meeting room at the Comfort Suites on Walden Road. Using three of its employees and asking for help from Universal Coin & Bullion's Mike Fuljenz, one of the leading numismatists in the country, to determine if the claims were true, the newspaper took thousands of dollars worth of collectible gold and silver coins to four THR events in two states.

The findings revealed that promises of big money weren't really true, and in each encounter the money offered was nearly a third of the actual value of the items being presented for sale. And in one situation, where \$1,550 in coins was offered for sale on the same day at two separate THR events 40 miles apart, the second buyer from THR offered less than half of what the first buyer did, and the first offer was still 60 percent lower than the coins' actual market value, according to Fuljenz and the listed bid prices at three other top coin dealers in the United States, including Heritage Auction Galleries of Dallas - the world's largest collectibles auctioneer.

Dec. 9 and 11

Investigation - Beaumont

During THR's first trip to Beaumont on Dec. 9, the newspaper brought in 2.35 ounces of gold bullion in the form of Double Eagle gold coins. At the time, the spot price of gold was about \$1,138 per ounce. The floor manager indicated that the employee already had an idea of what the gold bullion was worth and offered 8 percent below spot gold prices or \$2,466.71. The newspaper also brought in a 14k gold 22-inch rope chain that weighed 22 grams and was valued at \$418 as well as a 1923 Gorham 12-inch round sterling silver platter that weighed 505 grams, making it worth \$283.

A THR buyer refused to provide a printout showing the items and the offer being made, but the buyer offered \$42.30 for the gold chain and \$71.71 for the sterling silver platter.

Later that same day, another employee from The Examiner visited the THR event and asked if the company was interested in buying six gold and silver collectable coins. The coins, which had been priced by Fuljenz using spot-price data for that day from Heritage Auction Galleries, The Dillon Gage Group and the Coin Dealer's Newsletter,

were valued at \$4,921. Included in the cache of coins were a 1937 Buffalo Nickel NGC-graded MS66 condition and valued at \$50, an NGC-graded MS69 Silver Eagle coin valued at \$27; a 1902-O PCGS-graded MS64 silver dollar coin valued at \$50; a 1899-O PCGS-graded MS64 Silver dollar coin valued at \$50; a 1928 Indian Head \$2.5 gold coin in PCGS-graded MS64 condition valued at \$1,300 and a 1903 MS64 \$20 gold Liberty coin in PCGS-graded MS64 condition valued at \$3,450.

After about 30 minutes of price checking and research by two employees of THR, The Examiner's employee was offered \$1,400 for all six coins - 72 percent less than their value on the open market.

Fuljenz, whose company does more than \$56 million a year in gold and silver transactions, said the offer was ridiculous.

"What we show those coins being valued at is what each one of us would buy that coin for today from anyone walking in or calling us on the phone," Fuljenz said. "They aren't even offering the scrap value for some of these coins. And you can see what they were offering for the gold chain. They were way below what the melt value was."

Later that week, Fuljenz brought in dozens of coins including proof sets from 1974 through 1990, a 1984 Olympics Prestige six-coin silver set and an 1887 Prestige 6-coin silver set - all of which THR refused to buy.

However, they did buy a 1925 silver dollar valued at \$16 for \$9; two sets of two-coin silver proof U.S. Constitution coins valued at \$560 for \$490; a 1983 \$10 gold Canadian Maple Leaf coin valued at \$280 for \$275 and a 1908-D \$5 Indian Head gold coin in PCGS-graded MS63 condition valued at \$1,800 for \$450.

"That is where they are getting people," Fuljenz said. "They have to be fairly close on the bullion prices because that is easy to check out, but when they look up these collector coins, which are worth a lot more than their actual gold value, they are offering people pennies on the dollar. That package of coins was valued at about \$2,656 and they wrote me a check for \$1,224 (54 percent less than their value). And they didn't ask for identification even after I asked them to make the check out to my dead grandmother's estate."

Fuljenz, who taught courses for 18 years on how to grade coins, said, "I have not seen competence in their appraisals of the coins that I brought in. If you are going to have your coins appraised, go to someone who knows what they are doing. These people are not specialists or experts in this field. The lady didn't even look at the backside of the coin to see if it had a mintmark or hold it up to the light to see if it had any luster.

"You know, ask for a list of the company's awards and memberships. Hey, they didn't even have the address of the company or why they are experts at what they do posted. Does it make you feel better when you walk into a doctor's office or a lawyer's office and you see that they are board certified? And get a second opinion even if you come to me first."

Jan. 7 Investigation -

Marshall, Texas

To help further The Examiner's investigation, Fuljenz provided the newspaper with even more coins that could be taken to other THR events being held in Northeast Texas and Northwest Louisiana. The coins included two proof sets from 1954 and 1955 valued at \$80 apiece at the time; a 1902-O PCGS-graded MS64 silver dollar valued at \$50; a certified 1937 Buffalo Nickel in MS66 condition valued at \$50 and a 1928 gold Indian Head \$2.5 coin in PCGS-graded MS64 condition valued at \$1,300. The total value of the package was \$1,550.

THR held its Marshall event at The Party Place, and a half-dozen people were waiting in line to find out how much their items might be worth. Because THR also advertises that it buys collectible items like old toys, antique weapons, pottery, watches and other items, there was a variety of things being offered for sale.

Using a hidden video camera, The Examiner's employee recorded the 30-minute interaction with Montez (last name unknown), who was one of the buyers at the event. After speaking with the floor manager, who is sitting behind the potential sellers to gain an overall view of the room, Montez offered \$640 for the coin package.

The Examiner employee said he wanted to ask his wife and would likely return later that afternoon or the following day.

Shreveport, La.

On the same day, about 45 miles away in Shreveport, THR had also set up shop in the Best Western Chateau Inn. It was an hour drive and then more than an hour wait to speak with a THR buyer at the second location.

But once inside the room, which had been set up with several tables staffed by THR buyers, The Examiner employee presented the exact same coin package that had been offered two hours before in Marshall.

During that interaction, a female buyer with THR at first offered less than \$200 for the coins but after the floor manager Tony got involved, he upped the offer to \$300.

"I want to see these; the more I pay you the more I make," Tony said as he picked up the \$2.5 gold Indian Head coin, the 1902-O MS64 Silver Dollar and 1937 MS66 Buffalo Nickel.

The new offer was less than half of what had been made by THR buyers in Marshall.

The Examiner's employee told Tony that he would have to think about it and wanted to speak with his wife, who was working close by and would come back later. After being gone for an hour, Tony called The Examiner employee's cell phone and asked for reassurance that he was going to return to sell the coins.

Jan. 12 Investigation - Beaumont

The newspaper had hoped to visit more events but when THR returned to Beaumont this week and began buying gold at the Courtyard by Marriott, it pushed forward with the publication of its article.

Three hours into its first day of operations on its second trip to Beaumont, the newspaper sent in a fourth employee posing as a college student needing money for books. To help document the encounter, she used a hidden camera to capture the encounter.

The newspaper employee met with Barbara Wright, who evaluated the same set of coins that had been taken to the THR events in Marshall and Shreveport, La., valued at \$1,500. The employee had also brought in a 20-inch 14k gold rope chain that had also been provided by Fuljenz and had purchase offers for \$325 from U.S. Coins in Houston, making the total package worth \$1,875.

After about 30 minutes, Wright offered to buy the coins and the gold chain for a total of \$309, but when the newspaper's employee balked at the amount, Wright upped her final offer to \$419.56. Written in Wright's own handwriting was a slip of paper breaking down the prices THR was willing to pay for each coin and the necklace. The offer for the necklace was \$150 and the offer for the gold coin was \$195. The remaining coins made up the balance of the offer, including the proof sets valued at \$80 apiece, which THR had broken apart and was offering less than \$25 for both.

When Wright went to talk with her floor manager, whose name was Keith, about what to pay for the coins, he said, "You know gold is going up but coins are going down. ... It's sad but it's true."

That may be the contention of buyers from THR, but it is directly contrary to the company's own advertisements that ran in the Beaumont Enterprise and the Beaumont Journal on Wednesday, Jan. 13, 2010 - the day after The Examiner went into see how much it would offer for its coins.

The headline in an advertisement that was disguised to look like a news story read, "Silver and Gold Coin Prices Up During Poor Economy."

Attempts to reach The Beaumont Enterprise publisher John Newhouse on his cell phone for comments regarding THR's advertisements were unsuccessful. However, in its most recent ads in the Enterprise and the Journal, the THR advertisements were labeled as such.

Local Gold Buyers

And when The Examiner brought the same items to EZ Pawn on College Street and to Heartfield Fine Jewelry on Calder, it was offered three times what THR was giving as its best deal.

An employee at EZ Pawn said the store pays between \$12 and \$15 gram for scrap gold, like the 14k gold chain

that was presented to THR.

At Heartfield's, the price per gram on the scrap gold chain worked out to be \$15.88 for a total of \$270. Heartfield also offered \$800 for the \$2.5 Indian Head gold coin, where THR offered only \$195. In fact, Heartfield's total offer was \$1,331 compared to THR's offer of \$419.56.

"I hold back about 20 percent because I have to make a profit," said Carl Heartfield, owner.

Heartfield said he used to travel around buying gold and silver at events like the one THR is holding in Beaumont, but he said there is a right way and a wrong way to do business.

"When you see someone come in here twice in three months, they are absolutely making a killing," Heartfield said. "I have been here for 30 years and I would tell people that they need to sell stuff locally. You have to shop it. You can't just go run to a hotel. If you see a big display like that, then you know something is up. It is kind of like the Cash for Gold. Those guys make billions of dollars. We are here to make money, but we are not here to take advantage of people. We have people come in here who say they didn't have any idea what they had was worth so much. I could buy it for half of that, but I don't. What's fair is fair. I think this is one of those cases where it should be 'seller beware.'"

THR & Associates' History

THR has a history of writing checks that it couldn't cover but Matthew Enright, THR's vice president of media relations, said the situation involved a bank transfer from Ohio Valley Gold and Silver Refinery to THR's account and was resolved. According to records from the Illinois Secretary of State's Web site, Treasure Hunters Roadshow and Ohio Valley Gold and Silver Refinery are listed as assumed business names under the same corporate charter for THR & Associates in Athens, Ill. And while there have not yet been any formal complaints filed against the company, THR has attracted the attention of the Illinois Attorney General's Office.

"We have received a couple of calls this week and media inquiries and I believe they are touring in your area," said Natalie Bauer, Illinois Attorney General, Deputy Press Secretary. "What I can tell you is that we don't have any consumer complaints against the company but we are monitoring their activity. And we strongly encourage consumers who have interactions with this company or concerns to contact our office. So, if there are any individuals out there who have had any situations then I would encourage them to get in touch with our consumer fraud bureau.

"It is really important for consumers to do their homework when they are selling an item that is important to them. They need to get several opinions about what the value of their items are if they wish to sell them so they are ensured that they have informed themselves and can walk away if they don't like what is being offered. We are continuing monitoring and we would especially welcome consumers who have had issues or previous employees to contact our office because as I have said, we unfortunately don't have any complaints at this point. So anybody who has valuable information about their business practices, we would definitely be interested in that information."

THR and the BBB

THR has also run afoul of the Better Business Bureau and was required to remove the BBB logo from its Web site because it is not an accredited business. And in July and August 2009, the BBB challenged THR's advertising practices of using legitimate-looking articles of interest without indicating they were actually advertisements. Enright said those issues with the BBB have been addressed.

But The Examiner found faux news articles printed in The Beaumont Enterprise when the group visited Beaumont back on Dec. 9. The faux news articles were written by a "Staff Writer" named Christina Butler, but The Beaumont Enterprise does not have any staff writer named Christina Butler.

When confronted with that information, Enright said Butler worked for THR.

"Yes, they do (look like news stories), but do you know how many companies are out there that do advertorials, which is what ours is" Enright said. "We send our ads over as paid advertisements from here on out. Every since we got that issue, we send them over; however, it is up to the newspaper. And this is what the lady from the BBB told us; she said, 'Technically you guys can do that because it doesn't matter. You guys can advertise however you want. But it is up to the newspaper to put the paid advertisement on there.' That is what our rep from the BBB told us."

A further search of local newspaper articles found the Port Arthur News ran the exact same faux-news article written by Christina Butler on June 28, 2009, when the company was buying gold, silver and other items six months earlier at the Comfort Inn in Port Arthur.

The headline read, "Local residents in amazement yesterday as Collectors provide a stimulus package to Beaumont!"

An Internet search using all of the same words with the exception of "Beaumont" revealed the exact same ad had also run in Bloomington Monroe County, Indiana; in Martinsville, Va. and in Cincinnati, Ohio.

Additionally, the same people were named in each faux news story as selling coins or other items the previous day as if the event was fresh news despite the ads were months apart.

Enright said it was also great that the newspaper was able to get three different prices from three different events using the same coins at each event.

"That's great. Everything varies upon markets so it depends on the day of the week," Enright said. "It depends on who you are talking to and who has more knowledge and who doesn't. So, things are going to be different. Each person is going to be different so that is great news. That just goes to show you that we don't buy the same way every single time we go to a town."

When asked why there was such a disparity between the events in Marshall and Shreveport, La., on the same day, Enright paused. He then followed up with, "Sure, do you know who you spoke to at the one show? Like I said, it varies from town to town and it varies on market conditions. Do you know what the market was like when you first went there? Did you study the markets when you first went there before you took your coins in? Obviously, each show is going to be different. If one offered you \$644 and the other offered you \$300, it is all about pricing. It is just a price - you can take it or leave it."

Even Enright said that people should shop around, but he believed his organization had the resources and the ability to "pay more than anybody else in the country."

"Number one, for the sheer fact that we own our own refinery, and number two, we have collector databases from around the world. Again, it is just an offer; it is not something that they have to take or they have to commit to."

Michael Clayton, president and CEO of the Better Business Bureau in Southeast Texas, warned against visiting the THR event, saying that he questioned whether its practices were ethical.

"What they are doing is not considered illegal, but may be somewhat unethical as they take advantage of consumers who are not educated in the value of their precious metals and antiques," Clayton said. "The sad thing is that so many of these organizations like this one are preying on a group of people that are financially looking for some income and they take the first offer rather than going in and talking with some local people like Mike Fuljenz or Heartfield's or Brian over at Alter's Jewelry to get a local, reputable estimate of what the product might be worth."

"They (THR) just figure you don't know what they are worth so they say 'here's 300 bucks' and you get cash money and you are out of there."

Coin World Magazine editor Beth Deisher said she encourages people to use every possible resource to find out how much their items are worth. She said that gold and silver values fluctuate, but people can get a general idea of what something is worth, as well as find out the exact price of gold at intervals throughout the day.

"There is plenty of information for consumers to find out what the daily spot price of gold and silver is that can be found on the Internet at 20-minute intervals," Deisher said. "You can check a Web site like ours, which also posts the updates every 20 minutes. But they also would do well to purchase a price guide and books that show them how much gold is in a particular coin. I think that is where most people have a problem. They have an old gold coin or a silver dollar and they have no idea what its current value is. Some of the coins that are highly collectable, which you have obviously found out, and are worth far more than the precious metals value. It is my understanding that some of what you have experienced is that they are not even paying what would be the value of the precious metals in the coin."

"Typically people like this will ask, 'Well, what do you want for it?' And if you don't have a clue, then you are probably going to get taken."

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