

SOTHEBY'S
FOUNDED 1744

A COLLECTION
OF MAGNIFICENT AND RARE
GEMSTONES

THE PROPERTY OF A GENTLEMAN

1988

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A GENTLEMAN

Lots 1, 2 and 3 will be sold in St. Moritz
Saturday, 20th February 1988

The remaining lots will be sold in subsequent sales in
New York in April and in Geneva in May 1988

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The Crown of Empress Eugénie.

This crown of extraordinary elegance was made in Paris by Gabriel Lemonnier in 1855 for Empress Eugénie. It was exhibited at the Universal Exhibition in Paris in the same year.

The crown is formed of tapering diamond feathers alternating with sculpted gold eagles standing on a band set with diamonds and emeralds. The surmount is an orb and cross of precious stones. Some of the stones were chosen from the Royal treasury.

After the fall of the Second Empire, the crown was returned to the Empress, then in Exile. It is the only crown of a French sovereign which has survived in its original state. The fitted leather case is stamped with the Imperial arms.

Preface

At the Great Exhibition in London in 1851, Queen Victoria allowed the Koh-i-Noor to be shown to the public for the first time. Four years later the French crown jewels drew vast crowds when they were exhibited at the Universal Exhibition of Paris. Today hundreds of thousands of visitors are attracted by the jewels in the Tower of London and in the Galerie d'Apollon in the Louvre.

Precious stones have always been fascinating for their beauty, their rarity and their exotic and often mysterious past. They have also been associated with finance, politics and military power. The Regent exemplifies a historical diamond. Like the Ashoka diamond, illustrated on these pages, the Regent came from the Golconda Mines. In 1702 it was brought to England to be cut in the European style and then sold to Louis XV. It was stolen during the Revolution and discovered again in 1793. The Directoire pawned it and the Consulat redeemed it, to mount it in Napoleon's Sword. It later highlighted the crown of Charles X before finally finding its way to the Louvre.

Provided that they have the means, lovers of precious stones often become collectors. At the turn of the XIV century, the Duc de Berry, brother of Charles V, formed one of the most beautiful collections of all times. He enjoyed owning famous stones such as the "Great Sapphire of Burgundy" or the "Heart of France" Ruby. Prince Nicholas Esterhazy, owner of one third of Hungary, was another renown collector of gems. His most extravagant piece was an aigrette 16cm high set with 5000 diamonds. Cardinal Mazarin proudly stated in his will in 1661 that he had succeeded in gathering eighteen of the most important diamonds in Europe, which he bequeathed to the French Crown.

It is in the same tradition that the owner of the collection which is now to be sold, searched the world for the finest and rarest gems in each category and succeeded in finding them.

It is also in the same tradition that the owner, already an important donator to the Louvre has recently presented the Museum with the historical crown of Empress Eugénie, illustrated on the opposite page.

Daniel Alcouffe
Conservateur en Chef
du Département des Objets d'Art
du Musée du Louvre



THE ASHOKA DIAMOND

- 1 **A Magnificent Diamond Ring, by Harry Winston**, the oblong cushion-shaped stone weighing 41.37 carats, claw-set at the centre between modified triangular-cut diamond shoulders, mounted in platinum, *maker's mark, the hoop is engraved with the weight 41.37, accompanied by a GIA report, stating that the stone is D color and internally flawless*

The Ashoka diamond

This superb diamond is discussed and illustrated in the book by Laurence Krashes *Harry Winston - The Ultimate Jeweller*.

"This 41.37-carat D-flawless diamond of unknown antiquity was named in honor of the Ashoka Maurya (268-233 B.C.), the Buddhist warrior-emperor who ruled the greatest empire in the history of the Indian subcontinent.

This diamond, like so many other famous stones, had its origin in the Golconda region (now Hyderabad) in southern India. From approximately 1000 A.D. until the discovery of diamonds in Brazil in 1725, the alluvial fields of Golconda yielded most of the world's finest and most famous diamonds.

The shape of the stone is rather unusual, a modified antique cut. This is an older form of the brilliant cut, and has a rectangular girdle outline with rounded corners. Mr. Winston first purchased the Ashoka from an Indian dealer in 1947; he subsequently sold and repurchased it several times. In 1977, the stone was recut from its original weight of 42.47 carats before it was sold again as a ring."

Stones from the Golconda mines are particularly appreciated by connoisseurs who are able to instantly recognise them due to a soft prismatic light which they appear to radiate when compared to diamonds from other sources. The Ashoka is among the largest diamonds ever found in Golconda and as the mines are now exhausted, it must be regarded as one of the rare diamonds of the world.

The Ashoka diamond once formed part of the collection of Maria Felix.



- 2 **A Magnificent Sapphire and Diamond Ring**, the step-cut sapphire weighing approximately 62.02 carats claw-set at the centre between modified triangular-cut diamond shoulders, on an expanding hoop, mounted in platinum. *Accompanied by a report from Gubelin*

This stone at one time formed part of the Rockefeller jewel collection. It was subsequently sold by Sotheby's in Zurich in May 1980.

The Sapphire is also accompanied by an additional comment from Gubelin which states the following :

"The prominent features of this sapphire are:

- its large size for a burmese sapphire
- its unusual shape and good proportions
- its exceptional velvety, royal blue colour of a high degree of limpidity.

These assets make it a gemstone of exceptional beauty and fascination.

It takes its place among the high grade gemstones tested in this laboratory."

John D. Rockefeller Jr. bought the stone in India from a maharajah in 1934.. At the time, he had it mounted as a pendant brooch by Raymond C. Yard. It was later mounted as a ring.

The sapphire is illustrated as entry No. 88 in *American Jewellery*, 1987, by Penny Proddow and Deborah Healy, published by Rizzoli.



- 3 **A Fine and Rare Fancy Colour Diamond Ring**, the fancy intense yellow marquise-shaped stone weighing 14.00 carats, mounted between pear-shaped diamond shoulders, *the marquise-shaped diamond is accompanied by a duplicate of GIA report no. 5064679 stating that this stone is of fancy intense yellow natural colour and internally flawless*

Fancy intense yellow

The 14 carat marquise-shaped diamond sold in this lot is an extraordinary example of an intense yellow diamond.

Benjamin Zucker in his book *Gems and Jewels* states,

“A natural yellow diamond having a light-yellow shade will be certified by the GIA as a ‘fancy light-yellow natural colour diamond’. If the yellow is a bit deeper, the certificate will read ‘fancy yellow natural colour diamond’. If the colour is a gem yellow, that is a rich, deep, saturated yellow, the diamond will be termed ‘fancy intense yellow’, but such stones are very rare.”



- 4 **A Superb Fancy Pink Diamond Ring**, the almost square step-cut pink diamond weighing 20.00 carats, mounted between two pear-shaped fancy blue diamonds in platinum, *accompanied by a photocopy of a report from the Gemological Institute of America no 5083645 stating that the diamond has been graded as Fancy pink natural colour and VVS2 based also on whitish graining*

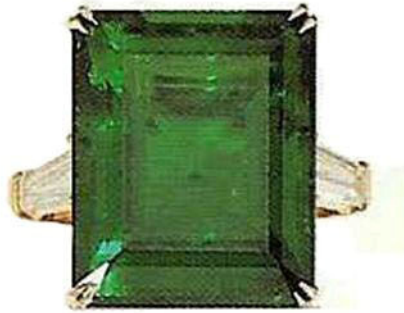
Coloured diamonds

Perhaps one in a hundred thousand diamonds has a deep enough colour to qualify as a "fancy colour diamond".

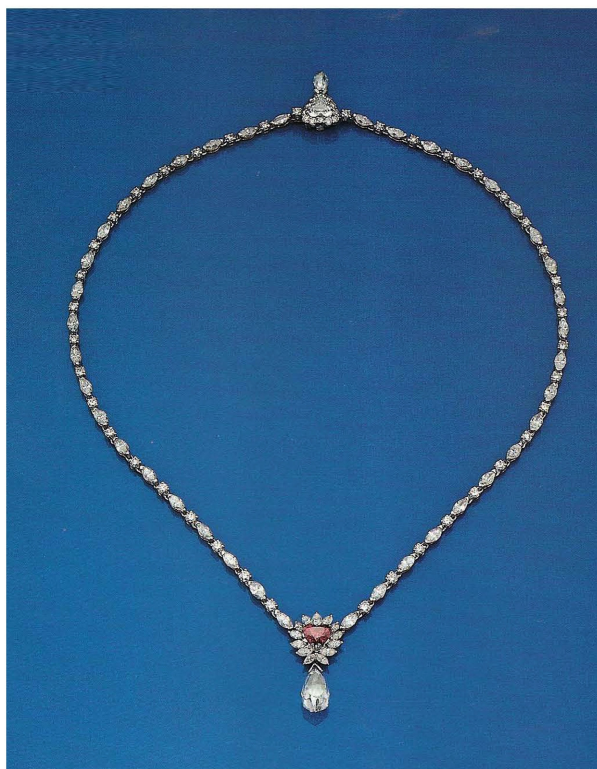
Most coloured diamonds have come from the fabled mines of India. However, by the end of the eighteenth century the Indian mines were virtually exhausted and the discovery of the Brazilian deposits did not add greatly to the supply of fancy colour diamonds.

The output of coloured diamonds from South African mines has always been small and in spite of the appearance of some coloured diamonds from Australia in recent years, worldwide output has remained sporadic.

The extreme scarcity of natural fancy colour diamonds has meant that for centuries they have been the most precious part of any gem collection. Hence, the priceless rarity and beauty of these unique gems. They are a true symbol of the magnificence of Nature.



- 5 A Magnificent Emerald and Diamond Ring, by Harry Winston, the step-cut emerald and approximately 22.52 carats claw-set at centre between single baguette diamond shoulders, mounted in 18 carat gold, signed



- 6 **An Extremely Rare Fancy Colour Diamond and Diamond Necklace**, centring on a heart-shaped fancy purple-pink diamond of 0.72 carat in a border of navette-cut diamonds, supporting a briolette diamond drop of circa 3.24 carats, the necklace alternately-set with navette and round diamonds, the clasp designed to match the centre, *the total weight of the round navette and heart-shaped colourless diamond on the clasp is stated to be 9.07 carats, the fancy diamond with a duplicate of GIA report no. 5094523 stating natural fancy purple-pink colour and I1 clarity*

Fancy purple pink

This necklace was illustrated on the cover of *Gems and Gemology*, (Fall 1985, Volume XXI) the quarterly journal of the Gemological Institute of America.

In this issue the article on pink diamonds from Australia by Stephen C. Hofer mentions that the rarity of pink diamonds is due to their infrequent occurrence in mines throughout the world and not one of these mines has proved to be a steady commercial source for gem quality pink diamonds.

The 0.72 carat purple-pink heart-shaped diamond set in this necklace is of Australian origin. Its intensity is unusual and exhibits such a strong colour saturation that it is outside the range of colours normally associated with natural pink diamonds.



- 7 **A Highly Important Fancy Colour Diamond and Diamond Necklace**, the pear-shaped fancy green diamond weighing 3.02 carats forming the swing centre of a double graduated row of brilliant-cut pink diamonds, the necklace designed as a line of trefoil motifs set with marquise-shaped diamonds alternating with brilliant-cut pink diamonds, the clasp set with a larger marquise-shaped stone, *the pear-shaped diamond is accompanied by a duplicate of GIA report no. 1926208 stating that this stone is fancy yellowish-green colour with characteristics that suggest natural origin*

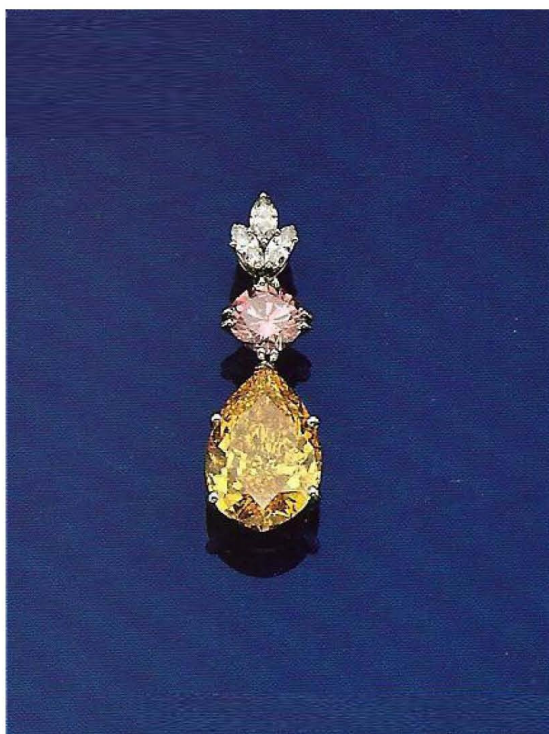
Green

Green diamonds of any size are rare.

Ian Balfour in his book *Famous Diamonds* states,

“In the rough, greenish diamonds tend to occur as one of three types: a stone, often a crystal, possessing a light tinge rather like the colour of water in a swimming pool; a stone with a dark green skin not dissimilar to the colour of a well-known brand of gin bottle; a yellowish-green stone characterized by a degree of lubricity. After they have been cut and polished, diamonds of the first and second types usually lose their greenish tinge to become fine blue-white gems or, alternatively, become yellower, as silvery capes. The few green polished diamonds, therefore, originate from the third type.

The green colour is usually caused by the crystal's coming in contact with a radioactive source at some moment during its lifetime and in geological terms, this is measured in millions of years. The most common form of irradiation encountered by diamonds is by the alpha particles which are present in the magma or kimberlite in minute quantities.”



- 8 **A Magnificent Fancy Colour Diamond Pendant**, set with a pear-shaped intense yellow-orange diamond weighing 8.93 carats and with a modified circular-cut fancy pink diamond, on a trefoil motif surmount set with marquise-shaped diamonds, *the pear-shaped diamond is accompanied by a duplicate of GIA report no. 5108457 stating that this stone is fancy intense yellow-orange natural colour and internally flawless*

Fancy intense yellow-orange

In viewing this diamond, experts agree that its size, superb colour and clarity make it an exceptionally rare gem.

It is accompanied by a special letter dated March 24, 1986 (Ref. 5108457) from the GIA stating the following:

"To whom it may concern:

According to available records the 8.93 carat pear shape fancy color diamond covered by this report is the largest internally flawless fancy intense yellow-orange diamond graded by the Laboratory to date."

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Monsieur Roberto Polo
Via San Giorgio, 110
55100 Lucca

Italie

Genève, le 20 juillet 1988

Cher Roberto,

Merci pour votre lettre du 30 juin 1988 qui ne m'est parvenue qu'après mon départ pour Moscou d'où je ne suis revenu que récemment ce qui explique le retard de cette lettre.

Les résultats des objets confiés par PAMG pour les trois ventes de Sotheby's à St. Moritz, Genève et New York pendant les derniers six mois sont les suivants:

<u>St. Moritz</u>	<u>20 février 1988</u>	<u>Prix d'adjudication</u>	<u>Records - Vente aux enchères</u>
Lot 835	Le diamant Ashoka	SF 4'900'000	Deuxième prix réalisé par carat pour un diamant "blanc" en vente publique
836	Le saphir "Rockefeller"	SF 3'600'000	Prix record pour un saphir vendu en vente publique
837	Diamant taille marquise de 14 carats, couleur jaune intense ("jonquille")	SF 1'500'000	Prix record par carat pour un diamant jaune en vente publique
<u>New York</u>	<u>19 avril 1988</u>		
Lot 409	Bague sertie d'une émeraude de 22.52 carats	US\$ 1'400'000	Prix record pour une émeraude en vente publique

../..

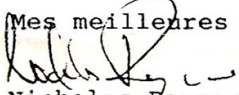
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(suite)		<u>Prix</u>	<u>Records - Vente</u>
<u>New York</u>	<u>19 avril 1988</u>	<u>d'adjudication</u>	<u>aux enchères</u>
Lot 412	Collier en diamants roses avec un diamant poire vert	US\$ 1'550'000	Prix record pour un diamant vert en vente publique
420	Bague sertie d'un diamant rose de 20 carats	US\$ 4'300'000	Prix record pour un diamant rose de couleur "phantaisie"
<u>Genève</u>			
	<u>11 mai 1988</u>		
Lot 540	Bague sertie d'une émeraude de 30.46 carats	FS 1'600'000	Très bon résultat
541	Collier en diamant avec, entre autres, un diamant de 0.72 carat de couleur pourpre rose phantaisie	Non-vendu	
542	Diamant poire de 8.93 carats, de couleur jaune-orange intense	FS 2'400'000	Prix record pour un diamant orange
543	Bague sertie avec une émeraude de 32.65 carats	FS 1'700'000	Très bon résultat
544	Collier serti de diamants roses avec entre autres, un diamant poire	FS 2'100'000	Nouveau prix record par carat pour un diamant rose

Etant donné les résultats de ces ventes, il est évident que vous avez investi dans des pierres précieuses de la plus haute qualité. Bien sûr, je n'ai pas connaissance du prix que vous avez payé pour aucun des objets mentionnés.

Sotheby's s'estime très heureux d'avoir agi en tant que intermédiaire de vente, pour le compte de PAMG et espère d'avoir l'opportunité de vendre tout autre propriété que PAMG souhaite vendre à l'avenir.

Mes meilleures salutations,



Nicholas Rayner
Chairman Sotheby's Geneva

DIAMOND



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Volume 7 Number 9

June 1995

GREAT JEWEL COLLECTORS OF MODERN TIMES

By Nicholas Courtauld Rayner

Countess Mona Bismarck	Florence Gould
Count Guy du Boisrouvray	The Hon Clare Boothe Luce
Richard Burton	
Elizabeth Taylor	Stavros Niarchos
Lady Lydia Deterding	Imelda Marcos
Marlene Dietrich	Simon Patiño
Maria Felix	Roberto Polo
The Hon Daisy Fellowes	Commandant Paul-Louis Weiller
Ava Gardner	The Duke of Windsor

There is one denominator common to this unusual list of distinguished people: A passion for jewellery. "*Gemstones for me are the beauty of the earth and jewellery is my expression of love*". This lover of jewellery is Simon Patiño, the renowned South American tin magnate. Born into a simple Bolivian family, his vast fortune was founded on a lucky discovery of ore in a remote area of the Andes. As a miner he was drawn to the rarest and most beautiful minerals the earth could produce. His preferred stone was the emerald for which South America is so famous. His was the eye which chose the emeralds for the magnificent parure eventually worn by his daughter Luz Mila.

Luz Mila herself married another miner, Count Guy du Boisrouvray. He had graduated from the prestigious mining school, the Ecole Centrale in Paris, before practising his profession in French Equatorial Africa. The Boisrouvrays later moved to New York where, to add to his father-in-law's emeralds, Guy collected jewels set with the rarest sapphires and rubies. His knowledge allowed him to choose only the best and in this he was ably assisted by a great expert of the day, Louis Arpels. Guy du Boisrouvray not only adorned his wife but, as much as custom allowed, himself as well. One of his more remarkable accoutrements was his scarf toggle set with a rare six carat fancy intense pink diamond.

During the same period, several ladies of independent means were collecting from a different point of view. For them effect and design were paramount. Daisy Fellowes, scion of the Singer sewing machine fortune, purchased the

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GREAT JEWEL COLLECTORS OF MODERN TIMES
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famous 17 carat 'Ram's Head' pink diamond for which Elsa Schiaparelli created her new 'shocking pink' colour. About the same time she acquired from Cartier a spectacular carved sapphire, ruby and emerald necklace. Three years ago it sold for a record \$2,650,000. Few would have the courage and character to purchase and wear such a piece, but for both effect and investment, Daisy Fellowes's choice paid off handsomely.

Barbara Hutton, the Woolworth heiress, Florence Gould, daughter-in-law of the American railway baron, Lady Lydia Deterding, wife of the co-founder of Shell Oil, all owned extraordinary jewels. But it was Countess Mona Bismarck who built up the most outstanding collection. She was an unusual woman. Balenciaga, Givenchy and Coco Chanel together christened her "*La Femme la plus elegante du Monde*". And so it was with her jewels. None were ordinary. All were fine and she wore them with characteristic flare. Only she would have had mounted as earrings a pair of 3.5 cm long emerald drops to stand up from the lobe. She possessed everything from a delicious 19th century ruby necklace to a step-cut 31.77 Golconda diamond ring. But it was her two-strand necklace of superbly matched natural pearls graduating to 15 mm which she wore most. She donated the huge sum realised from her jewels to promote the Arts and foster Franco-American relations. A job she did with more style than any ambassador.

Clare Boothe Luce was the American Ambassador to Italy in the 50's. 'La Luce Americana' once wrote succinctly: "*In America money is a thing less valued in the spending than in the earning. It is less a symbol of luxury than of 'success', less a corruption than a virtue*". And with an easy conscience she too built up a remarkable collection of jewels.

American success was personified by the stars of Hollywood. Their success was often reflected by their jewels. Ava Gardner owned superb emeralds. Maria Felix commissioned an alligator necklace shimmering with one thousand yellow diamonds. Marlene Dietrich wore her own spectacular ruby bracelet in Hitchcock's *Stage Fright*.

A famous sale in recent years was billed as the Jewels of the Duchess of Windsor. But it was the Duke who must be acknowledged for them. He was intensely interested in dress. 'The Windsor Knot' and 'The Prince of Wales Check' are still with us today. His interest in jewellery followed naturally. He was known to spend long hours with the preeminent designers Jeanne Toussaint of Cartier and Renée Puissant of Van Cleef and Arpels. The Duchess's inclination for fashion and the Duke's appreciation of quality, design and colour gave their collection a theme which is recognisable throughout its span.

The opposite can be said for collectors of the great gemstones. Size, shape, colour, cut and purity are their qualities which endure forever. Only the owners change. Commandant Paul-Louis Wieller, resistance hero and industrialist was pleased to purchase the Jubilee diamond in 1947. Weighing 245 carats, it is the third most important known, privately-owned fine white diamond in the world. It is too big to wear. The Commandant kept it in a safe for some thirty years, but just its temporary ownership gave him a good deal of satisfaction. Rumour has it that it also gave him a good deal of profit.

Cardinal Mazarin, Count Orloff, The Nizam of Hyderabad all gave their names to great diamonds. The custom continues today. The Taylor-Burton is a 69 carat D Flawless pear-shape which Richard Burton gave to his wife in 1969. Stavros Niarchos christened a pure white 128 carat stone. A 63 carat gem Burma sapphire was named after John D Rockefeller.

This same stone was eventually bought and sold by Roberto Polo, a young Cuban investment banker. Polo cleverly invested part of the fund he managed in fine gemstones. Through his willingness to engage the most experienced experts, his own unusual knowledge, his impeccable taste and his courage in paying high prices, he put together fourteen extraordinary stones which together constituted the finest collection of stones that the world market has ever seen. In 1988 when the collection was auctioned, to considerable excitement, his 14 carat bright lemon-yellow marquise diamond made a record \$76,000 per carat; his intense orange diamond - \$186,000 per carat; his 20 carat pink - \$215,000 per carat; his 3 carat very rare green - \$500,000 per carat. His emeralds, rubies and the Rockefeller Sapphire also made record prices. Through his good judgement in selecting only the rarest stones, Roberto Polo, in just a few years, could have made an added value, which would probably have turned into a healthy profit for the investment fund had circumstances been different.

If there is a message in this short article it is addressed to the privileged few who are in a position to collect. It is not difficult to acquire the fashionable design or the stone with a perfect certificate. But collectors worth mentioning have all gone further. Aided by the best expert advice they have carefully avoided the ordinary; invariably selecting stones or jewels of unique character. Owning such jewels allowed them and their ladies a very special satisfaction.

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Until recently Nicholas C Rayner was responsible for Sotheby's Jewelry Sales in Switzerland and Chairman of Sotheby's Geneva. He was also the expert in charge and auctioneer for the sale of the jewels of The Duchess of Windsor.

DIAMOND UPDATES

THE 19.66 FANCY PINK:

Roberto Polo's fascination with record-breaking gems will never end.

Diamond Insight reported in January that a cut-cornered rectangular-cut fancy pink diamond of VVS2 clarity weighing 19.66 carats was sold to Sheik Fitaihi at a Christie's auction in Geneva in November 1994, for a record price of \$7,421,318 or \$377,500 per carat. Immediately after the sale the Saudi retailer thought to name the stone 'Desert Dawn', nonetheless it was never officially named.

This pink diamond was formerly part of the exceptional jewelry collection assembled in the mid 1980s by the Cuban financier Roberto Polo on behalf of a group of Mexican investors operating through Private Asset Management Group Ltd (PAMG). Because of a very complex - and bitter - lawsuit, the collection had to be liquidated at auctions held by Sotheby's in St Moritz, New York and Geneva in 1988.

The pink diamond was sold in New York in April 1988 to Mr Al Khuli, an international gem investor, for \$4,730,000 or \$236,500 per carat including premium. Interestingly enough, its weight at the time was exactly 20 carats. The stone only reappeared on the scene at the beginning of 1994, when it was recut to its present weight of 19.66 carats by Ishaia Gol in New York, further improving its color and scintillation while the clarity grade remained the same VVS2 because of graining. It was said to be one of the most beautiful gems ever seen.

Roberto Polo, in a recent letter to *Diamond Insight*, writes: "I think that the purchaser of the twenty carat, VVS2,

emerald-cut pink diamond committed a regrettable mistake in recutting the stone. One does not recut Golconda stones, especially one of such extreme rarity! On behalf of the Fund I managed for my clients, I paid Mr Theodore Horovitz (a noted Geneva dealer) \$2,750,000 (or \$137,500 per carat) on July 6, 1986. PAMG Ltd as Agent sold it for \$4,300,000 (hammer price)."

Mr Polo, after serving time in preventive detention in Italy and the USA, is currently detained in Champ Dollon, near Geneva. In his letter to *Diamond Insight* he adds: "I will finally be tried in 'Cour d'assises' (before a popular jury of twelve) from June 12th through the 19th, 1995, for Breach of Trust. The alleged Breach of Trust consists mainly in having invested the civil plaintiffs' funds in other than exclusively bank time deposits without their authorization, i.e. mainly in works of art and, my specialty, jewelry. I will prove my innocence. The Prosecutor waived his right to pursue me for Fraud and Dishonest Management. The U.S. refused to extradite me for Falsification of Documents and Suppression of Documents. The Prosecutor has stated that he will request a five to seven-year sentence. By the trial date, I will have already served what is equivalent here to over a five and a half year sentence (over forty-four months in 'preventive detention')."

"Roberto Polo was the star of the art market. His talent allowed him to invest his clients' money in works whose value went up. One complaint and a rigged warrant by a Geneva magistrate were enough to cause his downfall", *Hebdo*, a weekly Swiss magazine wrote in May 1993.

GENERAL NEWS

First 1995 bi-annual CSO/IsDMA meeting

The first of the bi-annual meetings of 1995 between the Central Selling Organisation (CSO) and the Israel Diamond Manufacturers Association (IsDMA), was held in London on Wednesday 3rd May. The CSO delegation was led by its managing director, Mr Gary Ralfe, and the IsDMA by its newly-elected president, Mr Yigal Hausman - who was accompanied by Mr Gershon Stchik, senior vice president and new head of IsDMA's CSO Committee and Mr Zvi Schur, general manager.

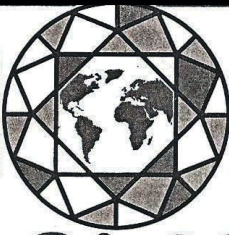
In welcoming the new president and his colleagues, Mr Ralfe stressed that the CSO attached great importance to these meetings which were an important forum for an exchange of views on many issues affecting both the local Israeli industry as well as the international arena. Mr Ralfe

paid tribute to Mr Uri Schwartz, the immediate past president, for his leadership over the past seven years and said he looked forward to continuing strong links and mutual support between both parties.

The IsDMA reported that the Israeli industry achieved record polished exports of US\$3.46b in 1994 which was an increase of 15% over the previous year. The upward trend in polished exports continued into the first quarter in 1995 with exports of just over US\$1b being achieved for the very first time (the first four months of 1995 showed a 16% increase). The average price of these exports reflects a marked shift towards the manufacturing locally of larger and more expensive rough diamonds. However, despite this substantial improvement in export figures the industry continues to suffer from an erosion of profit levels and squeezed margins. The projected forecast for polished

(continued)

DIAMOND



Insight

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Volume 2 Number 2

February/March 1989

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EDITORIAL

"Everybody's happy"

Everybody's happy: Mr Reagan is happy because he is no longer President. He's also happy because his good friend George Bush has taken his place.

And Mr Bush himself, is happy for the same reasons.

The Japanese are happy because, despite the death of Emperor Hirohito, Nikkei is at the highest level ever.

The British are happy because the FT-SE 100 has also fully recovered.

DeBeers and CSO are happy for two very good reasons. In 1988 they established a new record in rough sales and DeBeers shares are quoted in the London and Johannesburg stock exchanges at levels never reached before.

Israeli and New York diamond traders are celebrating sparkling diamond sales.

Christie's is happy. They had the best result ever in jewellery sales in 1988.

Sotheby's, New York is even happier. They sold over \$100m in jewellery in 1988.

So everybody's happy, right? Wrong.

Not the people who invested in gold. The price of gold is dropping fast. In the opinion of Mr Robert Weinberg, a London financial analyst, gold prices could drop even further to \$300 per ounce. Once gold levels drifted to \$400 an ounce it reached an important psychological threshold and could now continue to decline.

In the '70's gold performance seemed to parallel diamond market dynamics. When gold was up to \$800 per ounce, one-carat DFL diamonds sold for \$60,000. In the early '80's the same phenomenon occurred. We witnessed a collapse in both diamond and gold prices.

This parallel, it seems, no longer exists. As gold commodity trading becomes less and less of an attractive investment, we wonder if the time has finally come for diamonds to become the "hot commodity" of the '90's.

THE MAN BEHIND THE 1988 AUCTION RECORDS

An exclusive interview with Roberto Polo.

When we began researching material for this issue, we discovered something that comes up every time we look at the world's most exquisite, important stones. Over and over again the name Roberto Polo appears. At that point we realized that many of the major stones sold at auction in 1988 had once been owned by the same entity. How had this one company put together a collection that so dominated the auction scene in New York and Europe? We had to find out.

Through our correspondents in Europe we learned that Mr Polo had been released from prison in Italy at the end of January. In one day through a series of phone calls each supplying enough information to bring us closer and closer to the source, we finally reached Mr Polo in Florence and he agreed to grant us an exclusive interview. This is what we learned.

Roberto Polo was born in Cuba in 1951. He is now an American citizen and resident of Monaco. He came to New York in January of 1972, and in March of that year, while getting his Master's degree in Fine Arts from Columbia University, he became the director of the art gallery at Rizzoli on Fifth Avenue. There he supervised the noted exhibition of the works of Alphonse Mucha and Erté.

In 1976 Polo left Rizzoli and entered Citibank as a trainee and soon became a financial analyst. Finally he went to the department of personal investments where he "was in touch with the richest people in the world".

In 1982 he left Citibank to open his own company, PAMG (Private Asset Management Group), registered in Geneva and the Cayman Islands. The object of the company was "to manage investments in art and jewelry for private clients".

For the next six years, we now know that he was responsible for investing in the world's most important stones and works of art on behalf of his clients.

But in July of 1988, he was accused of fraud and arrested and imprisoned in Lucca, Italy. In late January 1989, he was released pending further investigation of the charges.

When we spoke with Roberto we asked him how he was able to amass such an impressive collection from 1981 to 1988. He told us that it had been his company's and his personal goal to learn everything about important stones; how to recognize them, how to improve them and how to locate them. He "apprenticed", in a way, with the most influential gem dealers in the world, and learned everything he could from them. Also through his financial background and contacts he was able to amass the capital needed to purchase these stones when they became available.

In speaking of Teddy Horovitz, Roberto Polo says, "He was a great teacher to me, always". And in some ways the pupil became the teacher, "I have a very good eye for Golcondas... they have that kind of milkiness".

Let's take a closer look at part of Roberto Polo's collection bought through PAMG on behalf of his investors. Mr Polo released to us an important document listing the Sotheby's sales of the items consigned by PAMG in St Moritz, February 20, 1988, New York, April 19, 1988 and Geneva on May 11, 1988. The impressive results and records appear in the chart below below.

The ten lots sold for Mr Polo through Sotheby's in 1988 totalled almost \$20m so it is clear he only invested in the highest quality gem stones.

We want to report the case of one specific stone, the famous 20.00 carat, pink, almost square-cut diamond, that PAMG bought through Teddy Horovitz in 1985 for \$1.7m. The very same stone sold at Sotheby's New York in April, 1988 for \$4.7m.

What does the future hold for Roberto Polo, a man who seems to have "the Midas touch"? We have been informed by his lawyers that a settlement regarding his case has been presented and there is a good possibility that an agreement will be reached soon, in which all charges will be dropped. In early December, 1988 the court of appeals in Florence passed a judgement removing all charges of fraud against Roberto Polo. Additionally, on February 21, 1989 the S.E.C. dismissed all charges against him.

		Hammer Price	Auction Record
St Moritz, February 20 1988			
Lot 835	The Ashoka Diamond	SF 4.9m	2nd record per carat for any diamond at auction.
Lot 836	The Rockefeller Sapphire	SF 3.6m	Record for any sapphire.
Lot 837	The intense yellow 14 ct marquise dia.	SF 1.5m	Record per carat for yellow diamond (US\$79,000 p.ct).
New York, April 19 1988			
Lot 409	The Emerald Ring, 22.52	US\$1.4m	Record for any emerald, excl. the Duchess of Windsor emerald.
Lot 412	Pink diamond necklace w/ fancy green dia.	US\$1.5m	US\$480,000 p.ct. 90% up on previous record.
Lot 420	The 20 carat pink diamond	US\$4.4m	US\$215,000 p.ct. 250% up on previous record.
Geneva, May 11 1988			
Lot 540	Emerald 30.46 cts	SF 1.6m	Very high.
Lot 542	Intense yellow orange 8.93 pear shaped dia.	SF 2.4m	No comparison stone sold in last 10 years.
Lot 543	Emerald 32.65 cts.	SF 1.7m	Very high.
Lot 544	Pink diamond necklace w/ pear shaped dia.	SF 2.1m	New record per carat for pink diamonds (see New York, April 1988, lot 420).