

8 Ways Gold Dealers Rip You Off

Not all gold dealers are the same. If you found your way to this report it is either because you are looking to buy gold or silver and want to know what kind of gold to buy, or you are doing your due diligence on some gold dealers who you are in contact with after hearing their ad on television or radio. Either way, after reading this report you'll be able to know the tactics gold dealers use to push you towards certain high commissioned coins. Remember, they are very good at what they do in pushing you towards what they recommend, but at the end of this report you'll learn the one question they don't want you to ask.

While there is good reason to be worried about the state of the economy, there is even greater reason to be worried about whom you buy your gold or silver from and what kind of gold and silver you should buy.

Much of this information is found in my book, [*Buy Gold and Silver Safely*](#). In this book I go into further detail as to what lengths gold dealers will go to in trying to separate you from your hard earned money from by putting you into high commissioned gold and silver products.

Gold Dealers Know How to Talk the Talk

If gold dealers actually only sold low cost gold and silver bullion coins like we do at Buy Gold and Silver Safely, they wouldn't be able to afford the TV ad spots that you see. We charge a 1% fee and they charge 10% to 30% commissions so you can see how they can raise capital to spend on advertising. They're using your ignorance on what to buy. No offense to gold and silver investors, but most don't know what they are doing when it comes to buying gold and silver and that makes them easy prey to a smooth talking gold sales person.

There are many gold dealers who rip you off without you knowing they are doing so. The ironic thing about this is no one seems to be exposing the many gold dealers who do this as frauds. In fact, I tried to let congress know of what these gold dealers were up to by pointing them to Chapter 8 of my book, the chapter that exposes these gold dealer tactics. Congress actually wanted me to "definitely" testify against gold dealers back in September of 2010, and then the next day, after my book was sent to the Energy and Commerce committee for review, decided against my testimony. This was after they said to me "people need to read what you have written. It's exactly what we have been speculating." Unfortunately, Congress didn't like what I had to say about them in the book either, and declined my testimony.

But what they did do is forward my name to the Santa Monica city attorney Adam Radinsky, who used my information to obtain a \$4.5 million settlement from Goldline, who was using one of the tactics below that I know some gold dealers are still using to sell high commissioned gold and silver coins.

The Purpose of Writing This Report

This article addresses the 8 ways gold dealers rip you off. It is meant as a point of discussion around the dinner table and to protect those who fall for these tactics, in protecting individuals, mother's, father's and grandparents from making big mistakes in buying gold and silver.

The 8 Ways Gold Dealers Rip You Off

Gold Dealer Rip off #1 - Threats of Confiscation

Confiscation is a tactic that is popular with gold dealers because it once happened in the U.S. in 1933 under President Roosevelt. However, to do this today the government would have to hire 10's of thousands of census takers to go to everyone's homes and ask them; "Do you have any gold." What's worse, they would have to accept the answer given as being truthful. This just isn't going to happen. Besides, there aren't any laws on the books today that gives the government this right and many citizens would be in an uproar if Congress were to try and pass such a bill.

If the government wanted to confiscate wealth of the citizens, it's much easier for them to go after your IRA's and 401k's and simply tell the IRS to take 20% off the top before allowing any financial institution to send you proceeds. I wouldn't put it past them, in times of economic trouble.

Gold dealers will tell a story about how a certain type of gold could be confiscated (bullion), while another type of gold wouldn't (numismatic, rare, collectible high commissioned coins).

If a gold dealer uses this tactic, just hang up on them. Tell them, "I've heard enough" as the next words out of their mouth will be an attempt to sell you gold or silver that is highly marked up compared to the spot price of gold, to the tune of 30% or more in some cases. Even 10% of a mark-up is too much to pay.

Gold Dealer Rip off #2 - European Coins Will Give You More Gold For Your Money

One of the questions gold dealers would ask a potential buyer of gold is "Do you want a coin that is rare and pretty or one that gives you the most gold for your money?" Most people won't realize it, but it is a trick question as either answer the gold dealer makes their large commission.

If the potential customer answers rare or pretty coin, which almost never happens, they end up with a Mint State (MS) quality St. Gauden or some pre-1933 coin that has a high premium to spot associated with it. These coins may or may not appreciate more than the spot price of gold moving forward depending on how rare they are, but most of the time the gold dealer will sell you the least rare that really has no chance of appreciating much. More importantly, the premium one pays for them could disappear as the U.S. currency falters or defaults. This means that when it comes time to selling it, buyers will only be interested in the gold content, not the rarity.

But worse for the potential customer is the fact that if they answer, "most gold for your money," the gold dealer will push them toward European gold coins like the Swiss francs, British Sovereigns or French Roosters. These European coins do give more gold for your money compared to the rare coins, but not to gold bars, American Eagle or Canadian Maple Leaf gold bullion coins. This is the dirty little secret about how gold dealers profit from those who call in to buy what they think is bullion gold, but turns out they pay a 10% to 30% or more premiums to acquire it.

Gold Dealer Rip off #3 - First Strike or Early Release Coins

Another ploy gold dealers practice is to get people to buy their bullion coins that normally have a 2% to 10% markup at a 30% to 100% markup. What they do is get the new American Eagle gold or silver coins produced at the U.S. Mint that come out of production early each year and get them certified by National Guaranty Association (NGC) or Professional Coin Grading Service (PCGS) as a higher value collector's coin that may someday be worth much more, but they never are. They simply move higher with the spot price.

They may call these coins "First Strike" and have their salespeople tell prospective buyers that these coins were the first minted for a certain year (the first 100,000, let's say) and therefore are considered to be more valuable than the coins minted later in the year.

What the gold dealer will do is buy the American Eagle gold bullion coin from the U.S. Mint for the normal markup in price over spot. They will take this coin and send it to NGC and have it graded. The cost to grade the coins might be \$50 each.

The coins will come back graded an MS 69 on average, with some coming back as a MS 70. Now the gold dealer can sell these coins with a 100% or more mark up over the spot price of gold. This is pure genius from the perspective of the gold dealer, if you ask me. Take a product worth x and sell it for 2x through the telling of a fable.

However, since there was no way to prove the coins were “First Strike” coins, NGC and the gold dealers had to regroup and subsequently came up with the new description “Early Releases,” which they use today.

From the NGC site:

“To qualify for Early Releases designation, all coins must be received by NGC within 30 days of their release by the US Mint, or documented as being received by an NGC approved depository within this same 30-day period. Coins being sent directly to NGC do not need to be accompanied by original packaging or shipped in sealed mint boxes, but must arrive within the time period described above.

The Early Releases request must be noted on the submission invoice, and additional service fees apply for the special label and designation verification.”

The ability of gold dealers to profit on such a story is in my opinion one of the reasons the U.S. Mint keeps running out of coins. What gold dealer wouldn't want to double their money at the expense of the buyer?

Gold Dealer Rip off #4 - Just Get the Money In-House and Let a Senior Sales Representative Take Over the Sale

Another tactic gold dealers will use is if a caller is adamant about buying bullion coins like the American Eagle 1-ounce bullion coins, they will write up the order, but can't confirm the price until they receive a check or have the money wired in (the check of course would have to clear first). Once the gold dealer has the money in-house, they will call the buyer back and attempt to switch them to the rare collectors' coins. If that gold sales representative fails to do so, they will get one of the in-house seasoned pros on the line to hardball you, scare you, play upon all your fears about what's going on in the economy and how the government is going to someday take your gold from you, in trying one last effort to get the sale. Their sales pressure is immense.

The senior sales representative gets on the phone to try and talk the buyer out of purchasing gold bullion coins and make them feel guilty about their purchase, even to the extent of yelling at them or calling them an idiot. Then they will put the buyer on hold for five minutes for no reason if they don't get their way. They will treat the bullion buyer like dirt, so the buyer needs to expect this treatment and keep asking “when will I receive my coins?” Even then, make sure the coins received are the coins ordered and for the price quoted by checking the paperwork.

Gold Dealer Rip off #5 - Buy private gold versus government gold

A gold dealer will try anything he can to keep you from buying bullion gold coins and one of their favorite ways to switch you to numismatic/rare or semi-rare coins is to tell you that those are private transactions whereas the bullion coins like the American Eagle coins or even Canadian Maple Leaf are not private. The fact is, all orders are private. No one knows you bought if the metals you purchase are under a certain number of ounces.

They'll also try and tell you that the numismatic/rare or semi-rare coins will escape taxes. This is absolutely NOT true whatsoever. All metals are taxed on their growth when it comes time to selling them.

Just because a government creates the coin doesn't change the coin reporting or taxation.

Gold Dealer Rip off #6 - 1.5 ounce silver coins

This scam involves the 1.5 ounce silver coins from the Royal Canadian Mint called Silver Polar Bear but also the 2016 – 1.5 ounce silver Snow Falcon, 2015 and 2016 -1.5 ounce silver SuperLeaf, 2014 and 2015 – 1.5 ounce silver Polar Bear & Cub, and 2014 – 1.5 ounce silver Arctic Fox. You'll find yourself paying high commission on these coins and you'll have to earn around 32% on these coins just to break even.

Many companies are selling these coins but the one company that seems to push them the most is Lear Capital.

Gold Dealer Ripoff #7 – Gold IRA LLC's for Home Storage

Many companies will sell you an IRA program where they claim that you can take physical possession of your coins or store them in your safety deposit box through the use of an LLC. This is simply not the case as the IRS is clear you cannot take 'constructive receipt' of the metals. The IRS will eventually crack down on the companies selling these and those individuals who try to skirt the law by utilizing their LLC programs. Buyer beware here.

Gold Dealer Ripoff #8 – Proof coins for your IRA

Gold dealers will sell you these gold and silver proof coins that are shinier than regular American Eagle coins yet cost 10% to 30% depending on dealer more than bullion American Eagle coins and the appreciation in them is simply what it would be for bullion American Eagle coins.

While these proof coins are acceptable under the IRA guidelines mentioned above, the investor more than often pays 10%, 20% or more in commissions to acquire these coins.

This tactic is used quite often on IRA or Roth IRA rollovers or transfers where funds are received by the new custodian. The purchase of the gold and/or silver has to be conducted through a gold dealer and the sales person who makes the trade locks in the price. Unfortunately, many of these salesmen can charge up to 30% for even bullion coins that are acquired with your

IRA or they may sell them Proof coins at a very high markup. They know that once they have the funds in house, they have more control over the sale. Again, buyer beware.

The One Question to Ask All Gold Dealers to Find the Truth on Purchasing Precious Metals

Ask: “If I buy this coin from you today at today’s spot price (what you will charge me for it out the door), and I sell it back to you immediately at the same spot price, what will you give me for it?”

Of course even then you have to be careful what you hear as the salesman wiggles away from giving you a direct dollar figure, which is the only thing you should hear from them. Anything more they are hiding something from you.

What to Do Next

Call Buy Gold and Silver Safely to discuss your situation and look to acquire the best products at the best prices today at the number below or [visit our online store](#) and have your metal delivered to you fully insured. You can also sign up for our Newsletter that discusses the precious metals market, economy and our monetary system by going here. [Chris to fill in link](#)

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