

Attorney General Gorsuch Warns.

Buy Silver Carefully

Attorney General Norman C. Gorsuch warns consumers who are contemplating purchasing silver bullion to exercise precaution in dealing with out-of-state companies who supply silver bullion.

Gorsuch said that while most agents or dealers in silver bullion bars and coins from legitimate and substantial companies, still others have run into difficulties.

There is also a problem, Gorsuch said, if silver bullion is purchased directly by mail order.

The Consumer Protection Section has noted in a few cases that the companies who were to supply silver bullion have gone bankrupt causing numerous losses to Alaskan consumers.

According to Gorsuch, the usual consumer purchase of silver bullion is through a local agent, who then orders the silver bullion from an out-of-state distributor corporation who in turn gets the silver bullion from a fabricator.

Because of the highly competitive nature of the business, in many instances the agents or the out-of-state distributor will not want to reveal his sources of silver bullion which, according to Gorsuch, adds to the confusion.

Gorsuch also noted that in many cases the resident Alaskan agent or dealer in silver bullion may not be aware of problems with the out-of-state supplier until shipments begin to fall off and orders are severely backlogged.

This is the case with one company that has now declared bankruptcy claiming a loss of approximately \$400,000 nationwide.

The problem with silver bullion, Gorsuch said, is that it is usually a cash transaction, i.e. the local agent obtains cash from the consumer which is then transmitted to the out-of-state corporation in return for the silver.

Since silver is on an open market, the sum can vary from day to day. It is interesting to note, Gorsuch said, that the rapidly changing price of silver can result in a supplier corporation either losing or gaining money, depending upon the date of delivery and the price of silver at that time.

In other words, Gorsuch said, if the price of silver goes up and the delivery date is delayed, this will cost the out-of-state supplier additional money, and the reverse is also true.

Gorsuch warned consumers to take precautions such as:

1. Have a formal contract written up with the local selling agent.

2. Don't only accept a cash receipt which does not define the relationship between you and that agent.

3. Get evidence as to the company that is going to supply the silver bullion and find out whether or not it is bonded or insured.

Gorsuch further stated that should local agents promise delivery within a certain time period and that time period is not met, the Consumer Protection Office should be contacted.
