

I tried to buy a Rolex and fell into a grey market for luxe watches

A Porsche-driving student. Wads of cash in lunch bags. And buckets of brand-new timepieces

Jeff Maysh YESTERDAY

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In April, I decided to buy my wife a Rolex. Her 33rd birthday was approaching, and I needed a gift befitting a woman who in the past two years had not only changed career, but given birth in a pandemic-ravaged hospital and raised a child during violent protests near our home in Los Angeles. For months, it felt like the Rolex Oyster Perpetual had been following us. Its handsome blue face stared out from our favourite glossy magazines. Television commercials for the same model interrupted the Australian Open. And on Instagram, #perpetual was unavoidable. On the day we left the city for a new life in the suburbs, the Oyster Perpetual, a stainless steel miracle of horology, watched us drive past from a freeway billboard.

It seemed like Rolex had spent millions marketing this \$5,800 watch directly to us. So I popped down to my nearest authorised dealer to pick one up.

At Ben Bridge Jeweler in a mall in Thousand Oaks, California, I found only empty cabinets and an apologetic salesperson. They didn't have any Oyster Perpetuals, he said with a shrug. They didn't have any Rolex watches at all. The store looked like a gang of ram raiders had just left and, when I found the same thing at other boutiques, something didn't feel right. I scrolled through Rolex's Instagram account and found the comments section festering in conspiracy. "Rolex produces a million watches a year," wrote one follower. "Then grey market dealers buy them all up and sell them at a premium." What was this [grey market](#), I wondered. And could I buy my wife a watch there before her birthday in May?

The inner workings of the Rolex company are cloaked in mystery, much like the complicated movements of its watches, which are invisible to the wearer. Rolex timepieces generate more than \$8.6bn in sales annually, but the brand belongs to the [Wilsdorf Foundation](#), which funnels its profits to worthy causes and the arts. The foundation is named after Hans Wilsdorf, an orphan who founded Rolex in 1905 and established the foundation 40 years later. For decades the Rolex watch has remained the ultimate status symbol — one in plentiful supply. In the 1960s Fidel Castro wore two at once. Those days are over.



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“The scarcity of our products is not a strategy on our part,” Rolex says. “The reality is that our current production can simply not meet existing demand, at least not without reducing the quality of our watches — something we refuse to do . . . Rolex watches are sold exclusively by official retailers, and they independently manage the allocation of their watches to their customers.” Yet, if production numbers estimated by Morgan Stanley are correct, Rolex made an estimated 1.05 million watches in 2021. Where were they?

“I don’t think it’s a supply chain issue,” says Eric Wind, a vintage watch dealer and widely respected Rolex authority. He says the current demand for the Swiss company’s watches is unprecedented. “There are watches that are selling for 10 times retail on the secondary market . . . That’s part of why it’s so hard for you to get that watch for your wife,” he tells me. “Because if the dealer can get a few thousand dollars in cash on the side, versus you walking in willing to pay retail . . . some will be motivated to take the cash.” This temptation has increased as the market value of Rolex watches ballooned.

Back in 2015, I purchased my own Rolex, a diver’s model called a Submariner, to commemorate a work-related windfall. I visited a vintage watch store in West Hollywood called Wanna Buy a Watch, where I nervously counted \$5,500 in cash on to the counter. It was, amusingly, the exact amount of money I had to my name when I arrived in America from England, five years earlier. The watch weighed heavily on my wrist and, as a security guard held open the door, he said: “Welcome to the club.” I felt about 8ft tall.

By the time I got around to insuring the watch in 2017, estimators valued it at \$6,295. By 2021, Submariners were changing hands for \$15,000. And by the time I began shopping for a watch for my wife Natalie, I knew I would be giving her something that would quietly appreciate in value with every tick. On internet watch forums, I read a lot about dealers using Rolex watches to offer customers quid pro quo deals. Spend a few hundred thousand dollars on jewellery and, only then, would you be offered a coveted Rolex. “It’s not technically illegal,” says Ariel Adams, a lawyer who publishes the watch review site ablogtowatch.com. But it’s infuriating watch-buyers around the world.

Brian DeSantos, a 41-year-old creative director in Los Angeles, recounted on Reddit a similar experience at his local Rolex store. The dealer “just straight up told me: ‘Steel sport watches are reward watches . . . there’s no way you’ll ever be able to buy one just by shopping for one.’” DeSantos was left fuming. “I’m supposed to be able to access this. I’m rich,” he tells me on the telephone. “I’m willing to give you an insane amount of money for this silly thing you offer. Why won’t you let me?”

I wondered if my local Rolex dealer was secretly sitting on a cache of watches, somewhere out back, behind the empty cabinets. Was he waiting for a wealthy individual to arrive jangling the keys to his Ferrari? Then, I found a lawsuit bubbling in the Midwest that seemed to offer an explanation. In Cook County, Illinois, nicknamed “Crook County” because it’s so mired in federal corruption, three former salespeople at a Rolex authorised dealer had blown the whistle on what they alleged was a racketeering scheme involving timepieces. Legal documents offered a glimpse into how Rolex watches and other luxury watch brands might be trafficked from authorised dealers on to the grey market.

Olga Nelson had a feeling there was something fishy going on at the Old Orchard branch of CD Peacock, a chain jewellery store inside a Westfield mall in Skokie, 13 miles north-west of Chicago. Nelson had worked for two years as a custom designer, manager and Rolex salesperson for CD Peacock, believed to be the oldest registered business still operating in Illinois. (When CD Peacock attended the World’s Fair in Chicago in 1893, it had been selling jewellery for 56 years.) Just before the holiday sales rush in 2018, the store hired a new sales assistant, a Chinese student named Yingxue “Ying” Duan.

“She was hired with virtually no experience,” Nelson tells me over Zoom. “I was told that I was to manage her.” Small and slender, Duan arrived each day behind the wheel of a Porsche and wafted around the “Rolex area” of the store, a glass sanctuary decorated in the brand’s signature green. Like all new employees, Duan was taught that the store’s agreement with Rolex states that it must only sell its watches in-person to customers, never to third-parties, and that the salesperson must carefully record the buyer’s ID on its warranty cards.



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Nelson saw Duan selling Rolex watches to strange people who breezed into the store, including her boyfriend, according to a civil complaint filed in March 2022. “We witnessed him come in with a lunch bag,” Nelson tells me. They took various high-ticket Rolex watches into a back office, Nelson says in the complaint, and when she peered through the window she saw them counting piles of cash. Almost overnight, Rolex watches started flying out of the store, and Duan became its number one Rolex salesperson. “It’s unheard of for somebody [so new to sales] to pull the kind of numbers that she started pulling,” Nelson says. Suzana Krajisnik, a sales assistant who had been hired at the same time as Duan, also reported her colleague’s behaviour to her bosses. Duan, who included “leadership” and “management” on her list of skills, didn’t mix well with staff.

Soon, Duan started holding closed-door meetings with the store's senior management, who according to the lawsuit announced a jaw-dropping, one-time [sales target of \\$10mn](#) to the sales team. After that, the suit alleges Duan started buying watches using her own credit card, breaking the rules. By now, almost all Rolex stock was sold through Duan, who spent her breaks glued to her phone. Nelson says she surreptitiously observed Duan selling watches directly to Asia's grey market, on Facebook. "I found myself in a very tough predicament," Nelson says. "I could make a lot of money [because] I get bonuses off the team and Ying if the store does well . . . I am a single parent. I need every dime I make to take care of my kids."

Two civil complaints filed in 2021 and 2022 opened up the case of this alleged grey-market scheme and allowed everyone to peek at the machinations. According to allegations in Krajisnik's 2021 complaint, Duan made special orders to Rolex and received watches with a retail value of about \$40,000 each. She then purchased the watches using her own credit card and supplied Rolex with a fake buyer's name, "Phoebe W". Finally, she hawked the watches online to foreign buyers at a massive mark-up. (Duan did not respond to interview requests.)

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Olga Nelson, former Rolex salesperson

"I work at an authorised Rolex dealer," Duan told one customer, in social media messages saved by Nelson and included in the latest legal complaint, filed in March 2022. "Whatever you are doing in Taiwan, keep it low, and don't make it difficult."

When Nelson scrolled through Duan's Facebook account, she saved photographs of Duan's contacts posing with bricks of cash while wearing solid gold Rolex watches. When I saw the images that

Nelson submitted as exhibits in support of the complaint, I began to understand one possible reason it was so hard to find a watch for my wife. But who were these mystery buyers, and what was the source of their money?

“This crypto thing has definitely got something to do with it,” says Rob Corder, who has reported on Rolex for a decade for the magazine WatchPro. When the newly rich want a brand-new Rolex, they want it now. That puts authorised dealers and their staff in a tricky situation, Corder explains, because the moment a watch leaves the store in the hands of a third-party “flipper”, its value triples or quadruples. “Flippers are constantly grooming salespeople with promises of splitting the profit of over-retail deals,” Corder explains on his blog, adding that Rolex takes a tough line on any dealer who breaks the rules.

But that requires getting caught. “There’s a lot of grey market activity . . . in New York,” says Wind, the Rolex expert. “I’ve seen dealers with, literally, buckets full of brand-new [Rolexes] . . . all in plastic Ziploc bags.” In my quest for my wife’s birthday present, I found several online dealers offering the Oyster Perpetual for \$9,250, 60 per cent more than its retail value and way out of my budget. (There’s an unwritten rule that one’s watch should not exceed the value of one’s car, and my wife and I drive a modest second-hand BMW.)

It was February 2019, back in “Crook County”, and CD Peacock’s Rolex manager, Giuseppe “Joe” Di Lorenzo, had also noticed the store’s Rolex sales figures skyrocketing. Di Lorenzo, a heavy-set Italian-American with a “Dese, dem, dose” Chicago accent and a streak of grey in his hair, says in the March complaint that he confronted the store’s director, Dyol Hill. He said he had found forged signatures on credit card receipts. Di Lorenzo alleges that in February or March 2019, Hill offered him a cut of Duan’s commissions to keep quiet. When he refused, Di Lorenzo alleges that Hill threatened him, saying: “[I will] not let no one derail my retirement plans.”



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By now, things were out of control. Duan would, according to the first legal complaint, “intentionally fail to remove the Rolex product’s protective sticker so it could be resold as ‘brand-new’”. Di Lorenzo claims that instead of assigning Rolex warranty cards to genuine customers, Duan made them out to fake names, like basketball star LeBron James. Di Lorenzo felt conflicted. He was his family’s breadwinner and his wife was pregnant. He needed his job and decided to stick it out.

Meanwhile, Duan was listing Rolex watches for sale on various social media pages, including Facebook, Instagram and WeChat, according to the complaints. Sales data quoted in the first lawsuit filed by Krajisnik shows that, between March and April 2019, Duan purchased eight Rolex watches, worth between \$14,050 and \$49,670, using her own credit card and, at times, with “quantities of cash brought to [CD Peacock] in literal sacks of money by her friends and buyers.” Nelson says she saw Duan shipping empty Rolex boxes out of state to avoid paying sales taxes, and that some of the watches ended up abroad. It was no wonder there were few left for rubes like me who walked in off the street.

Soon, other CD Peacock sales people were denied access to Rolex products and had their work hours cut, according to the March complaint. This caused a mutiny. Screaming matches broke out and Duan was often seen sobbing out back. Nelson was startled. If the store lost its licence to sell Rolex products, she would probably lose her job and along with it her family’s health insurance. “It was extremely stressful,” Nelson says, tears forming in her eyes. She considered telling the store’s highly respected owner, Seymour Holtzman, or the CEO, Robert Baumgardner.

Then, Nelson says she discovered a four-page handwritten document detailing a meeting involving Baumgardner, Duan, Hill and a fourth investor plotting to purchase CD Peacock. According to the document submitted as an exhibit in the latest legal complaint, Duan would become a partner with 51 per cent of a shareholder equity worth nearly \$18mn — a staggering amount for a student. Rumours swirled among the store’s staff that she was connected to the Chinese president, though there is no evidence of it. Then, in June 2019, according to the court filing, Nelson took a deep breath and decided to tell CD Peacock’s head accountant about Duan’s scheme. Nelson was fired.

In December 2019, Krajisnik was fired, too. Around that time, in a closed-door meeting, Di Lorenzo told a superior he was “worried that something illegal was going on” relating to Duan. But her activity continued, unabated, into January 2020. That was when they fired Di Lorenzo, not long after his wife had given birth.

In the March complaint, it is alleged that CD Peacock claimed that Di Lorenzo had engaged in possible fraudulent behaviour by selling a Rolex to a “Serbian truck driver” with a soon-to-expire driver’s licence. In a letter sent to Nelson about her insubordination, made public in the court filing, Dyol Hill complained that Nelson had suggested he was “in bed” with Duan. According to the lawsuit, CD Peacock complained this had sexual connotations. (Nelson says she was using the colloquial term for collusion.) Meanwhile, Krajisnik claimed that CD Peacock fired her for having “lagging sales numbers”.

In February 2021, Krajisnik filed the first lawsuit against CD Peacock's owner, Holtzman, and four employees, alleging they terminated her employment in retaliation for blowing the whistle on Duan. Jane McFetridge, counsel for CD Peacock, called the complaint "a corporate shakedown" in an interview with WatchPro, adding that Krajisnik's demands were "divorced from reality". Then, in April, Krajisnik voluntarily dismissed the case from federal court. On March 23 2022, she teamed up with Nelson and Di Lorenzo to file the second, joint complaint in a state court, alleging that CD Peacock had violated the Illinois Whistleblower Act by firing them.

CD Peacock has called this "a classic example of forum shopping", in which litigants seek a court that favours their case. In a motion to dismiss the case, the jeweller argued that the former staff members have not proved that they were "asked to engage in an unlawful activity but then refused". It added that the lawsuit was designed to "harass" the jeweller and to "damage their business relationships". The lawsuit alleges that CD Peacock has conducted "racketeering activity", an accusation that echoed around the watch-collecting universe.



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In an email to the Financial Times, a spokesperson for CD Peacock describes Nelson, Di Lorenzo and Krajisnik as “three former disgruntled employees who were terminated for cause”. The jeweller “categorically denies the allegations” and adds: “CD Peacock would never engage in behaviour of this nature as it would risk relationships and a business model it has worked years to establish and foster.” Yet the Old Orchard mall branch is no longer described on CD Peacock’s website as an “authorised Rolex dealer”. Rolex would not comment on this matter, but pointed to its official online store locator, where the Old Orchard mall branch is not listed either, unlike CD Peacock’s two other Chicago-area stores.

Despite a failed attempt by CD Peacock to silence the plaintiffs by seeking sanctions from a judge, the lawsuit is slowly winding its way through the courts. CD Peacock has claimed that the information in the complaint breaches its confidentiality agreements, and that by litigating, the former employees have “thumbed their noses at the court”. Meanwhile, lawyers who attempted to serve papers to Duan believe she has fled the country.

“Rolex does not comment on any legal proceedings,” the watchmaker says. “However, please know that we obviously disapprove of and oppose any illegal and dishonest business practices.” There is no suggestion that Rolex was involved in the alleged scheme, but it has indirectly benefited from the grey market that has tripled the value of its product and raised demand to a fever pitch. By the end of April, Los Angeles was in the grip of a luxury watch crime wave. A man at a shopping centre near my old house was pistol-whipped by a robber who demanded his \$30,000 Rolex. I began to worry if it was even safe to wear one.

As Natalie’s birthday approached, we spent our weekends driving around Southern California visiting watch dealers. Some stores had photocopied “wanted” posters in their windows, featuring the faces of Rolex watches instead of missing folks. In Santa Barbara we found an unauthorised dealer with a meagre selection of vintage Rolex models. Natalie tried on a Rolex Air-King, a watch released in 1945 and briefly discontinued in 2014. It is a model that GQ has described as “not exactly beloved by watch enthusiasts”, but it was a men’s size, and it looked surprisingly great on her wrist. Natalie said she could eventually hand it down to our son. The tag read \$8,000. It was too much, I said. The salesperson pointed at my wrist and asked if I would consider selling my Submariner.

“Rolex stopped being a retail brand last year and shows no sign of returning any time soon,” Corder proclaimed on WatchPro in February. “The reality today is that members of the public cannot simply walk into a shop and walk out with a Rolex . . . damage is most certainly being done.”



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The damage could be long term. Brehnen Knight, who founded a marketing agency called Engage Youth, says that Gen Z will not simply inherit the notion of Rolex as a status symbol. Rolex doesn't market to teens, but when Gen Z age-out of buying Casio G-Shock watches, Knight says there's a risk they won't be interested in buying a Rolex at all. "They certainly wouldn't want to develop any sort of long-term relationship with a dealer or distributor in order to access a Rolex," he says.

A sudden [crypto crash](#) this year poured cold water over the hot secondary watch market, and the flippers and speculators no longer clamoured for Rolex. This came as a relief for CD Peacock's Steven Holtzman, who took over the running of the company from his father, Seymour, last year. He told The New York Times: "We're finding we have less clients coming in looking for opportunistic situations. It's a much better situation for us." Undeterred by the market, CD Peacock is forging ahead with the construction of a \$20mn-plus flagship store in suburban Chicago, which will reportedly house a two-level Rolex boutique.

By failing to control the grey market, Rolex risks driving customers, like me, into a dark secondary market where they risk buying a lemon or, worse, a fake. It's now easier to buy a counterfeit Rolex online than it is to try to romance an authorised dealer. According to a study conducted by the EU Intellectual Property Office, more young people are [OK with buying counterfeit products](#), with 37 per cent of young customers admitting to buying a fake on purpose. "I think a lot of Rolexes on the secondary market are in fact totally fake," Wind tells me.

Worried about getting cheated, I returned to Wanna Buy a Watch, where I bought my vintage Rolex. The store has enjoyed a strong reputation since the early 1980s, and inside I found a vintage Air-King, like the one my wife had tried on in Santa Barbara. It was in excellent condition, with no warranty, no box and no papers. (In Rolex parlance it was "naked.") I had discovered that the Air-King is an homage to aviators including Charles Douglas Barnard, an Englishman who used his Rolex as an onboard chronometer, and I felt a sort of connection to it. It was \$4,800.

I took the risk and handed over the cash in a brown paper lunch bag (a move I learnt from the CD Peacock scandal). When Natalie opened her gift in front of friends and family, I was horrified to see that the watch had stopped. Briefly, so did my heart. I fired off a furious email to the store. "Very sorry for the disappointment and embarrassment," the owner, Ken Jacobs, wrote back. A watchmaker swiftly replaced a displaced jewel, and soon it was happily ticking away on her wrist.

By then, Rolex was quietly at work on a plan to offer certified pre-owned watches to customers. This month, the watchmaker announced that anyone can now purchase a second-hand Rolex through Bucherer, the brand's official retailer, in six European countries, with a certification and a guarantee. It's a move that will quash the grey market and make birthdays easier.

Natalie said she preferred the vintage model.

It wasn't like the one on all the billboards and Instagram. It even reminded her of me, she joked: English and old. I must admit, it did look incredible and, when she put it on her wrist, I told her: "Welcome to the club."

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