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Federal Trade Commission
Office of the Secretary
Room H-113 (Annex O)
600 Pennsylvania Avenue, NW
Washington, DC 20580

RE: Jewelry Guides, 16CFR Part 23
Project No. G711001
Comments of Jewelry Television®

On behalf of America's Collectibles Network, Inc. d/b/a Jewelry Television® ("JTV"), we appreciate the opportunity to submit comments responsive to the request for comments regarding the FTC's Guides for Jewelry, Precious Metals and Pewter Industries (the "Guides").

JTV is the world's largest retailer of loose gemstones and, according to JCK, is the 13th largest retailer of jewelry in the United States. JTV's mission is to open the world of jewelry and gemstones to everyone. JTV retails product through its television network and internet site (jtv.com) to consumers nationwide in all walks of life. JTV's product ranges from very inexpensive to very expensive. JTV's goal is to offer affordable and beautiful jewelry product to consumers irrespective of their financial means.

One of JTV's missions is to educate customers and other consumers who interface with either JTV or jtv.com. This is done through programming, as well as content on jtv.com including several hundred pages of educational materials and particularly gemstone treatment information. We believe that the better informed customers are better customers and understand the value they are obtaining from JTV's product.

Some five years ago, JTV initiated a state of the art disclosure protocol, and it is respectfully submitted that JTV is the leader in the entire jewelry and gemstone industry in product information and treatment disclosure information.

Having said this, JTV's specific comments responsive to the FTC's published request for comments are as follows:

1. We strongly believe that there is a continuing need for the Guides. Even though the Guides do not have the force and effect of law, they provide valuable information to the responsible retailer which is making reasonable and good faith efforts to provide consumers with useful and meaningful information for an informed buying decision. These Guides are also used by state regulatory agencies in their enforcement of state consumer protection laws. The Guides also provide useful help to consumers in what to expect and provides complying retailers with safe harbor if the Guides are substantially followed.

2. Having been fully reviewed in 1996 and four different rounds of changes made since then, we do not believe that a substantial overhaul of the Guides is indicated. We believe

that responsible jewelry and gemstone retailers currently know the rules as expressed in the Guides, and for the most part the consumer is not misled so long as the Guides are followed in good faith. We do agree, however, that there are areas where the Guides can undergo minor modifications to promote consumer protection without substantial interference and cost to retailers.

3. The FTC's published request notes four specific issues about which comments are requested. They are listed below, followed by our comments:

a. Issue About the Marketing of Stones Comprised of a Mixture of Ruby/Corundum and Lead Glass - -

This same issue applies to other gemstones but this recommendation focuses primarily on rubies, as does the FTC's inquiry. JTV and jtv.com have had considerable experience in the sale of lead-glass filled rubies, which we have branded as Mahaleo Rubies™. When these products are offered on-air or on jtv.com, they are described as composite or hybrid rubies, with fissures in-filled with lead glass, and with special care requirements. We agree that this should be the industry norm, and that retailers should not market composite or hybrid rubies without full disclosure about their composition and required special care. Having said this, we likewise believe that this product is ideal for many consumers, and that they welcome the opportunity to purchase this type of product at very modest cost.

The issue here, in our opinion, is disclosure. Certainly jewelry retailers should not be retailing ruby materials that have been heavily treated through lead-glass filler materials, at pricing which more appropriately corresponds with traditionally treated ruby material, and without adequate disclosure to inform the consumer what is being purchased.

The FTC's request indicates that glass-filled ruby "may contain a considerable percentage of lead-glass." By the same token, lead-glass filled ruby may contain a very modest amount of lead-glass filler. In addition to the amount of filler, critical distinctions are whether the ruby material would hold together in the absence of filler and whether the composite material is all from the same ruby rough or from different ruby rough. Reference is made to a February 3, 2002 report prepared by the Gemological Institute of America on ruby glass composite ("GIA Report") (see www.gia.edu/research-resources/news-from-research/gia-global-dispatch/index.html). The GIA Report lists three categories of "fracture filled or clarity enhanced stones." The three categories listed by the GIA Report are as follows:

Category A – fissures present but obviously intact material; with treatment indicated of "a (minor, moderate, significant) amount of clarity enhancement using (a filler, glass, resin, oil) to reduce visibility of fissures." The report indicates that special care should be taken when cleaning or repairing jewelry with these stones.

Category B – highly fractured and/or twinned material with filled voids, channels and fissure. Material is one piece initially but may lose integrity if the filling material is removed. An exceptionally large amount of filling material is present. The GIA report identifies this as a "manufactured product," with special care requirements.

Category C – assemblage or bonding or unrelated gemstone pieces (chunks or powder). The GIA report likewise identifies this as a "manufactured product," with special care requirements.

These are in addition to stones which have been treated through industry standard heat treatment.

We agree with the FTC's query and respond that the mere disclosure of the fact of treatment and special care requirements are insufficient to provide consumers with accurate information to make reasonable buying decisions. Taking the GIA Report's three categories,

there are huge differences just among Category A, and other huge differences among Categories B and C. We would suggest the following nomenclature:

A. Current Guides satisfactorily address standard industry treatment such as heat treatment.

B. If there is any lead-glass filler added, the proper nomenclature should be lead-glass filled ruby (or other gemstone). This nomenclature would apply to all glass filled gemstones where the underlying mineral material retains its composition as a single stone. To use this term, retailers would have to accept the risk of proving that if filler or binder is removed, the underlying mineral material would hold together as a single stone. (Note: Destructive testing is essentially the only testing process currently available to make this determination, and it would be unreasonable and unduly expensive to require destructive testing of a substantial percentage of stones.)

C. If the in-filling of fissures is such that the underlying mineral material would not hold together as a single stone, the proper nomenclature should be “composite” or “hybrid” lead-glass filled ruby or other gemstones, with special care requirements. The nomenclature would be applied if the retailer is not willing to take the risk that the underlying material would hold together, without the filler or binder.

D. If the end product is an assemblage or bonding of untreated pieces (chunks or powder of ruby material), the proper nomenclature should be manufactured ruby, with special care requirements.

While we believe that the above nomenclature would be helpful to the consumer, we recognize that the Guides are for high level guidance. This level of specificity may be

unwarranted for the Guides, leaving the detail for industry organizations such as JVC, AGTA, etc. We participated on a committee of the JVC which assisted in developing its recommendations on this issue, and the approach recommended by the JVC would likewise be satisfactory for industry guidance and consumer protection.

We wish to make one additional very important point. If the underlying mineral material is ruby, use of the proper term “ruby” should not be prevented, only qualified for appropriate disclosures to the consumer. The fact there is filler or binder material added to ruby material, whether in any of the categories set forth under B-D above, the material continues to be ruby, and the consuming public is not misled so long as the disclosure as specified in B-D above are made. To prevent use of the term ruby or other gemstone would be an artificially imposed requirement, inconsistent with standard recognize gemological terms, and would deprive many lower income consumers of the ability to own a ruby.

Respectfully, this is a matter of proper disclosure, and the process should not demonize the ruby product that can be made available to less advantageous consumers for very modest pricing. Actually the area most fraught with issues is at the higher ranges, where the product ranges from heating to very modest lead-glass filling, to major lead-glass filling (but retaining its original composition). The value of these stones varies greatly, and for a consumer to understand what is being purchased, disclosure information is indicated.

b. and c. Issues Relating to Cultural Pearls - - no specific comments

d. How to describe non-deceptively the contents of alloy and alloy products that contain precious metal amounts that fall below the minimum thresholds reflected in the Guides.

With regard to the use of the word “gold” or any abbreviation, the current rules (§23.4(b)(5)) prevent the use of the word “gold” to describe all or part of an industry product that is composed throughout of an alloy of gold of less than 10 karat fineness. These rules are about disclosure. The price of gold has dramatically risen, and we believe there is significant demand for jewelry with gold of less than 10k. Presently, large and reputable retailers are marketing products with gold less than 10k under various trade names and are not even including a stamp reflecting karat fineness. As long as there is disclosure of karat fineness, there should be no prohibition against the use of the word “gold,” as the rules are about disclosure. If use of the word “gold” continues to be prohibited, it should not be misleading or otherwise prohibited to allow marketing of a product under a trade name that is composite throughout of an alloy of gold less than 10k fineness, so long as karat fineness stamp is included and properly disclosed, and stamping of fineness of less than 10k should be specifically authorized.

We have also participated with the JVC as members of its advisory team and have approved the JVC comments. The JVC has sanctioned groups and subgroups to develop its recommendations, and we commend the JVC for its efforts. We do reserve the right to further comment on other recommendations or comments that the FTC receives pursuant to its request.

Again, we appreciate very much the opportunity to comment.

Respectfully submitted,

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Vice Chairman