

Donald S. Clark, Esq., Secretary
Reenah L. Kim, Staff Attorney
Federal Trade Commission
Bureau of Consumer Protection | Division of Enforcement
600 Pennsylvania Avenue NW | Mail Drop M-8102B | Washington, DC 20580

September 28, 2012

Re: Jewelry Guides, 16 CFR Part 23, Project No. G711001"

Dear Mr. Clark and Ms. Kim:

As signatories of the official comments prepared by the Jewelers Vigilance Committee on behalf of the jewelry industry, we applaud their determination, diligence and efforts, and agree with the vast majority of the comments submitted.

However, on behalf of our firms, Sterling Jewelers Inc. and Richline Group Inc., we believe it is imperative to additionally comment in more detail on a few areas of continuing concern in order to bring further clarity with regard to plating practices, as seen in our additional comments in Section 23.5 below.

We believe that our collective goal, through the collaboration and direction with the FTC is to provide the clearest, simplest and most ethical description and marking of industry products.

Perceived value by consumers purchasing precious metals jewelry is based on the expectation of a clearly defined combination of intrinsic value and durability. This can be achieved by utilizing a minimal number of significant nomenclatures (i.e., karat), distinctly defined identities and differentiated product markings. The cumulative effect of the above is the creation of a definitive/authoritative score card for the consumer.

To that end, we must address three additional subjects, all concerning the electrolytic plating by and of precious metals.

1. Plating of products with varying levels of "karatage".

Pertinent to the current guidelines *and new JVC recommendations*, please see below:

We are requesting that all electrolytic plating with "Gold" be stated in term of "Fine Gold" (23.5K minimum) rather than "Alloy" (as defined, i.e., 10K). Also see section 23.5 "Vermeil" in current guidelines and 23.5 (3c) in JVC recommendations.

Our reasons are clear:

Any thickness of electrolytic plating of 10K Gold has only 41% the intrinsic value of the same thickness of plating of 23.5K. There needs to be a single measure indicative of this value perception.

The following (in Green) are from the new JVC recommendations, with our areas of concern further highlighted (in yellow):

§ 23.5 Misuse of terms

(b) As used in this section 23.5, “precious metal” means gold, silver, platinum, iridium, palladium, ruthenium, rhodium and osmium, **or alloys of those metals, as described in sections 23.4, 23.5 and 23.6.**

(c) The following are examples of quality stamps or descriptions that may be misleading:

(1) Use of the terms "Plate," "Plated," “Electroplate,” “Electroplated” or any abbreviation to describe all or part of an industry product covered with an application of a precious metal unless such product or part is one on which there has been affixed on all significant surfaces by an electrolytic process, or any other non-mechanical process, an identified precious metal of such thickness and extent of surface coverage that reasonable durability is assured.

Note 1 to (c)(1) § 23.5: For the purposes of this section, reasonable durability is assured when the minimum thickness of the precious metal plate on any part of the surface of the industry product is as follows:

- a. **Of Gold: 7 millionths of an inch (approximately .175 microns)**
- b. Of Platinum: 5 millionths of an inch (approximately .127 microns)
- c. Of Silver: 100 millionths of an inch (approximately 2.54 microns)
- d. Of Palladium: 5 millionths of an inch (approximately .127 microns)
- e. Of Rhodium: 3 millionths of an inch (approximately .076 microns)
- f. Of Ruthenium: 5 millionths of an inch (approximately .127 microns)

(2) Use of the terms “Heavy Electroplate” “Heavy Electroplated” or any abbreviation to describe all or part of an industry product unless such product or part is one on which the identified precious metal has been affixed on all significant surfaces by an electrolytic process to a minimum thickness of:

- a. **Gold: 100 millionths of an inch (approximately 2.54 microns)**
- b. Rhodium: 8 millionths of an inch (approximately 0.2 microns)

(3) Use of the terms “Bonded,” “Clad” or “Filled” or any abbreviation to describe all or part of an industry product unless such product or part is one on which the identified precious metal has been affixed on all surfaces by a mechanical process and the precious metal constitutes at least 1/20th of the weight of the metal in the entire article.

(4) Use of the term “Vermeil” or any abbreviation to describe all or part of an industry product unless it consists of a base of sterling silver coated or plated on all significant surfaces with gold, **or gold alloy of not less than 10 karat fineness**, that is of a minimum thickness throughout equivalent to 100 millionths of an inch (100 µin) of gold or **gold alloy**.

As an additional reference to the above, please see comments submitted by Sudhir Jadhav (FTC Tracking No: 560895-00011) in support of the 23.5K standard. (see attached “REASONS TO AVOID LOW K GOLD PLATING”)

2. Plating of Rhodium

We believe that there should be a different min thickness required when covering a white Metal (white gold, silver, palladium) vs. covering a yellow gold metal. Richline will provide additional testing to show reasonable durability is assured at 2 millionths of an inch (approximately .051 microns). Recommended change below in **Yellow**.

Note 1 to (c)(1) § 23.5: For the purposes of this section, reasonable durability is assured when the minimum thickness of the precious metal plate on any part of the surface of the industry product is as follows:

- a. Of Gold: 7 millionths of an inch (approximately .175 microns)
- b. Of Platinum: 5 millionths of an inch (approximately .127 microns)
- c. Of Silver: 100 millionths of an inch (approximately 2.54 microns)
- d. Of Palladium: 5 millionths of an inch (approximately .127 microns)
- e. Of Rhodium: 3 millionths of an inch (approximately .076 microns), over non white metal
- f. Of Rhodium: 2 millionths of an inch (approximately .051 microns), over white metal
- g. Of Ruthenium: 5 millionths of an inch (approximately .127 microns)

Therefore, the recommended disclosure rules are:

- i. Always disclose the identity and purity of the precious metal in the outer application
- ii. Disclose rhodium plating on white gold
- iii. Disclose the amount of precious metal in the outer application by using one of the 11 standardized terms (plate, bonded, etc.) **with applicable minimums**.
- iv. Disclose that durability is not assured if the amount of precious metal in the outer application does not meet the standards for use of any of the 11 standardized terms.

This section states that if used over gold (yellow or white), Rhodium must be disclosed without regard to the thickness of plating. If not a minimum of 3 millionths of an inch (.076) the nomenclatures “plating, etc.) are not allowed. The result is that all White Gold products must either

- 1) Contain a minimum of 3 millionths of an inch of Rhodium or
- 2) Must always be required to state the thickness, in terms of mils or microns, with a warning on durability. This is an unwarranted, economic penalty to the consumer.

This is a cure far worse than the illness.

We propose that, as a fair and justifiable compromise, the minimum in section be reduced to 2 millionths of an inch (.051).

Additionally, we request that current inventories of white metal merchandise that is rhodium plated, to be grandfathered based on a specific date? **We suggest, in consideration to on-**

order and work-in-progress products, that such a stipulation allow a minimum of six months from enactment of the new guides.

3. **The nomenclature “Over”** (i.e. Gold Over) must be included in section 23.5 c **(1) Use of the terms "Plate," "Plated," “Electroplate,” “Electroplated” or any abbreviation to describe.....**

This descriptive title has become commonplace in the market and, without clear delineation of its meaning, it will continue to be the single most misleading term to the consumer.

We sincerely appreciate your consideration.

Regards,

Dave Meleski
President
Richline Group, Inc.

President & CEO
Sterling Jewelers Inc.

About Sterling Jewelers Inc.

Akron, OH-based Sterling Jewelers Inc. is the largest specialty retail jeweler in the United States, operating more than 1,320 stores in all 50 States, trading as “Kay Jewelers” and “Jared the Galleria of Jewelry” and a variety of regional names, employing more than 17,000 nationwide.

About Richline Group, Inc.

Richline Group, Inc., a wholly-owned subsidiary of Berkshire Hathaway Inc., is the USA’s foremost Fine Jewelry Manufacturer and Marketer. Berkshire Hathaway, and its subsidiaries, engage in diverse business activities including property and casualty insurance, utilities and energy, finance, manufacturing, retailing and services