

RICHLINE GROUP

A Berkshire Hathaway Company

The Federal Trade Commission
Office of the Secretary
600 Pennsylvania Avenue N.W.
Suite CC-5610- (Annex O)
Washington, D.C. 20580

June 3, 2016

Re: Jewelry Guides, 16 CFR Part 23, Project NO G71101

FTC Commission:

Please note that the Richline Group and Signet Jewelers responses and recommendations per FTC process are identical but submitted separately.

In summary, we are in majority agreement with the JVC coalition and hereby recognize their diligent work. However, due to areas of divergence of opinion in the definitions and guidance for Metals, we have chosen to submit separately. We are in full agreement with the JVC recommendations for Diamonds, Gem and Pearls.

As Richline is the US industry's major producer of precious metal products, including the US Mint coin blanks, and Signet Jewelers, the world's leading retailer of fine jewelry, we have a long and respected experience in the jewelry and precious metals industry. We believe in the "Karat Gold" standard to clearly distinguish between "Fine" and "Costume" jewelry.

We are steadfast in our belief that drastic variations that lower the content of "GOLD" and/or "KARAT GOLD" industry products to potentially the lowest common denominator will create opportunities for significant consumer confusion.

Sincerely,


Mark Hanna
Chief Marketing Officer
Richline Group, Inc.


Lynn Dennison
Chief Legal, Risk and Corporate Affairs Officer
Signet Jewelers

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About:

Signet Jewelers is the world's largest retailer of diamond jewelry. Signet operates approximately 3,600 stores primarily under the name brands of Kay Jewelers, Zales, Jared The Galleria Of Jewelry, H. Samuel, Ernest Jones, Peoples and Piercing Pagoda. Further information on Signet is available at www.signetjewelers.com.

Richline Group, Inc., a wholly-owned subsidiary of Berkshire Hathaway Inc., is the USA's foremost Fine Jewelry Manufacturer and Marketer. Richline Group was formed in 2007. Currently the major brands comprising Richline's portfolio are LeachGarner, Inverness, Rio Grande and Richline Brands. Berkshire Hathaway and its subsidiaries engage in diverse business activities including property and casualty insurance, utilities and energy, finance, manufacturing, retailing and services. The Common Stock of Berkshire Hathaway is listed on the New York Stock Exchange under the symbols BRK.A and BRK.B.

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The following constitutes the comments of the undersigned, Richline Group (RLG), a Berkshire Hathaway company. These comments are submitted in response to the Federal Register Notice issued by the Federal Trade Commission (“Commission” or “FTC”) on December 28, 2015 regarding its proposed revisions to the Guides for the Jewelry, Precious Metals, and Pewter Industries (“Guides” or “Jewelry Guides”).

Richline Group is comprised of multiple divisions spanning the jewelry industry from melt to market (Exhibit A). Richline Group, Inc., a wholly-owned subsidiary of Berkshire Hathaway Inc., is the USA’s foremost Fine Jewelry Manufacturer and Marketer. Richline’s portfolio of industry leading companies includes LeachGarner, Inverness, Rio Grande, Nordt and Richline Jewelry. Richline’s customers include the largest volume national jewelry retailers, department stores, mass merchants, home shopping networks, warehouse clubs and online sellers.

We are grateful for the opportunity to comment on the Commission’s proposed revisions to the Jewelry Guides, and sincerely appreciate the consideration of our comments and positions. Richline is responding separately only in one area, Precious, where we are considered industry experts. We support the JVC submission for Diamonds, Pearls and Gems.

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INTRODUCTION AND SUMMARY OF PRINCIPAL RECOMMENDATIONS

As the Jewelers Vigilance Committee stated, “the FTC Guides are of enormous importance to the Jewelry Industry. To the great benefit of consumers, the Guides function as accepted standards within the trade, helping to create a level playing field and to sustain consumer confidence. In the absence of other specific laws that govern the manufacture and sale of our products, they are carefully studied and closely adhered to by the large majority of the industry”.

Richline has thoroughly reviewed the Commission’s Proposed Guides and we present our detailed comments and recommendations below. Our deliberation, in addition to our divisional teams, included the advice of two past-Presidents of the World Gold Council and four of the industry’s top metallurgists.

Our principle recommendations are summarized here:

1. Alloys with precious metals in amounts below minimum thresholds for gold and silver.

“Our clear and expert substantiated opinion is that the Commission’s Proposed Guide will lead to Consumer Confusion and cannot be Tested or Enforced”. **Agree with JVC.**

The Commission proposes to allow marketers to label an item as “gold” or “silver,” even if the alloy in the item is below 10 karats gold if two conditions are met. First, the quality fineness must be identified, and second, the marketer must have: “competent and reliable scientific evidence that such product does not differ materially from a product composed throughout of an alloy of gold of at least 10 karat fineness with respect to...corrosion resistance, tarnish resistance and any other attribute or property material to consumers.” We again agree with JVC but have additionally and independently surveyed top industry metallurgists (Statements available on request) from throughout the world and received unanimous concurrence that there is not now,

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nor can there be, a single standard that would allow any marketer to make the claims as suggested by the FTC recommendation.

- a. Sellers may use the terms “gold” or “silver” to describe these products, but only if the following disclosures are made:
- b. The quality fineness of the gold or silver in the alloy must be identified, e.g., “14 Karat Gold” or “925 PPT Silver or Sterling Silver.” **AS CURRENT GUIDES**
- c. The article containing the gold or silver alloy meets or exceeds a minimum threshold of 10 Karat Gold (417 PPT of Fine Gold) or 925 PPT of Fine Silver. .” **AS CURRENT GUIDES**
- d. Keep “Karat Gold” as the primary identifier of industry gold products exceeding 10K.
- e. Keep the 10K threshold. The consumer has been taught to look for the karat mark and in the US, the lowest karatage should stay 10K.
- f. Allow disclosure, not marking [Absolutely mandatory that no stamping be allowed below 10K], by percentage (PPT) ONLY of fine gold content, only if all other elements are reasonably disclosed.
- g. Keep Silver threshold. Keep Sterling Silver standard. Allow disclosure, not marking, by percentage (PPT) ONLY of fine silver content, only if all other elements are reasonably disclosed.
- h. Using PPT: Allow PPT and Karat Gold with similar criteria as above.
- i. Below threshold (500) platinum: Keep current guidelines.

Richline, in agreement with the JVC Coalition, thus recommends against the Commission’s proposal regarding alloys that are below thresholds, as it will create consumer confusion, confusion among manufacturers and a system that cannot be reliably monitored or policed.

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2. Suggested New Guidance for under Minimum Threshold Alloys

The JVC Coalition proposal would create a new system designed to permit marketers “to identify the gold or silver in below minimum threshold alloys, and a means to distinguish those products”.

The JVC Coalition now proposes that the FTC allow marketers “to identify the quality fineness of the precious metal in below minimum threshold alloy by using karat or parts per thousand disclosures”. We firmly disagree with this proposal but believe that a less consumer confusing compromise would be the allowance of under threshold identification by PPT only—with no stamp/mark permitted on the product. This process would allow lower gold content product without diminishing the prestige and value assumption of Karat Gold products.

3. Surface applications of precious metals

a. Gold Plate: **"Plated" cannot be generically used to describe both processes.**

Mechanical (Clad (see Addendum B), Filled, Bonded, Rolled)² and Electro-plating must be named and described separately. Keep §23.4(c)(2) which set minimum of .5 μ (20 μ in) for “plate.” Minimum for mechanical: minimum 10K, disclose karat quality; disclose weight ratio if less than 1/20th. No minimum thickness requirement. Minimum for electrolytic: at least 10K; disclose karat quality; at least .175 μ (7 μ in).

b. Thickness of coating for use of terms “Gold Plate(d)” (in the context of electrolytic applications) and “Gold Electroplate(d): The existing safe harbor of 7 millionths of an inch (.175 microns) is adequate to meet consumer expectations. We recommend against increasing the safe harbor to 15 millionths of an inch (.381 microns), as proposed by the Commission. **Agree with JVC.**

c. Minimum thickness standard for mechanical surface applications of gold:

- i. A minimum thickness standard, as proposed by the Commission, is not necessary to meet consumer expectations and should not be added to the

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Guides. **Agree with JVC**

ii. The standard for a gold coating on an article described as “gold filled” should continue to be set at 1/20th the weight of the metal in the entire article, but without a thickness requirement. **Agree with JVC**

iii. The gold coating on an article described as “mechanically applied gold plate,” “rolled gold plate” or “gold overlay” should not fall below 1/20th the weight of the metal in the entire article, but no minimum thickness standard should be required. While the current Guides require sellers to disclose the weight ratio if it falls below 1/20th, it does not impose a minimum.

d. Electrolytic surface applications of gold: A twenty-two karat minimum is not necessary to meet consumer expectations; however, whenever sellers represent that a product has a surface application of gold, they should be required to disclose the karat quality of the application. **Agree with JVC**

e. “Reasonable durability” should be required of any product represented to have a surface application of precious metal. **Agree with JVC**

f. “Gold Tone”, “Gold Over”, “Gold Layered”. “Gold Flash(ed)”: Minimums of 10K, 3 millionths of an inch electroplating, Reasonable durability assured”.

II. “Gold Plate(d)” and “Gold Electroplate(d):” Minimum Thickness of Seven Millionths of an Inch (.175 Microns) Will Meet Consumer Expectations

In the Proposed Guides, the safe harbor for use of the terms “plate(d)” and “electroplate(d)” has more than doubled, from 7 millionths of an inch (.175 microns) to 15 millionths of an inch (.381 microns). This increase is not necessary to protect consumers and JVC thus advises against it. **Agree with JVC**

Seven millionths of an inch has been the Commission’s standard for use of the terms

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“plate(d)” and “electroplate(d)” since at least 1996, when the Jewelry Guides were last reviewed. We therefore again recommend seven millionths of an inch (.175 microns) as the minimum standard for products described as “gold plate(d)” and “gold electroplate(d).” **Agree with JVC**

In reviewing this issue with industry professionals and metallurgical experts we have thus concluded that a minimum karat fineness of 22 karats is not advised. **Agree with JVC**

A. Karat Quality Disclosure should be Required for any Product Represented to Have a Surface Application of Gold

Whenever sellers represent that a product has a surface application of gold, they should be required to disclose the karat quality of the application. **Agree with JVC**

This requirement is already in place with regards to products with mechanical applications of gold described as “gold plate(d),” “gold filled,” “rolled gold plate(d),” or “gold overlay.” However, no such requirement exists with regard to electrolytic applications of gold, or to mechanical applications that are not described by one of the four terms listed above. Products can be described, for example, simply as “gold electroplate,” or “gold over,” without any indication of karat quality. Since karat quality is one of the factors that impacts tarnish resistance, plating consistency, and, of course, value, consumers should have this information. **Agree with JVC**

A majority of consumers understand that karats are a measure of the fineness of gold, and that the proportion of gold in the product has an impact on tarnish resistance.

Agree with JVC

A disclosure of the karat quality of a gold application will enable a knowledgeable decision, allowing consumers to choose the product that meets their criteria – not only for price, design and color - but for tarnish resistance. **Agree with JVC**

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III. A “Reasonable Durability” Requirement Should be Applied to any Product Represented to have a Coating of Precious Metal

The manufacture of products with applications of precious metals is complex, with many factors affecting the durability, tarnish resistance and consistency of the applications. These factors include the type and quality fineness of the precious metal in the application, the substrate used under the application, the thickness of the application, the method used to affix the application to the substrate, and whether or not a clear coat has been applied to the surface. As technology changes, these factors may change as well. It is difficult, and perhaps counter-productive, to anticipate every permutation of coated product, and every term that might be used as a descriptor, and then attempt to devise standards for each. We thus recommend a simpler approach: the requirement that “reasonable durability,” as defined by the Commission in its Proposed Guides, be assured for any product represented as having a surface application of precious metal. **Agree with JVC**

The Proposed Guides include reasonable durability requirements for some coated products, but not others. For example, “gold electroplate,” “gold filled” and “silver plate” must be reasonably durable. Yet, not so “platinum plated,” “rhodium plated,” “gold washed,” or “gold flashed,” to name just a few. JVC recommendation, to require reasonable durability – across precious metal types, methods of application, and descriptive terms – would address this gap between the proposed standards and consumer expectations. Importantly, it would apply to applications of any precious metal, providing a baseline standard for coated products, whether the coating was comprised of gold, silver, platinum, or a platinum group metal. **Agree with JVC**

This recommendation is made with the expectation that the Guides will continue to set detailed standards in Sections 23.3 and 23.4, beyond “reasonable durability,” for many of the traditional terms that indicate applications of gold. **Agree with JVC**

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Additionally, the FTC has posed numerous questions to further ascertain consumer perception of many of the issues addressed. Richline stands ready to support such research, potentially in collaboration with the JVC coalition.

We are steadfast in our belief that drastic variations that lower the content of “GOLD” industry products to potentially the lowest common denominator will not only create far more consumer confusion but will additionally create a “rush to the bottom” for gold content and product pricing. The economic impact of such tactics would be clearly destructive to an already fragile industry.

Respectfully submitted,



Mark Hanna

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Richline Group, Inc. www.RichlineGroup.com



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LEACH  GARNER*

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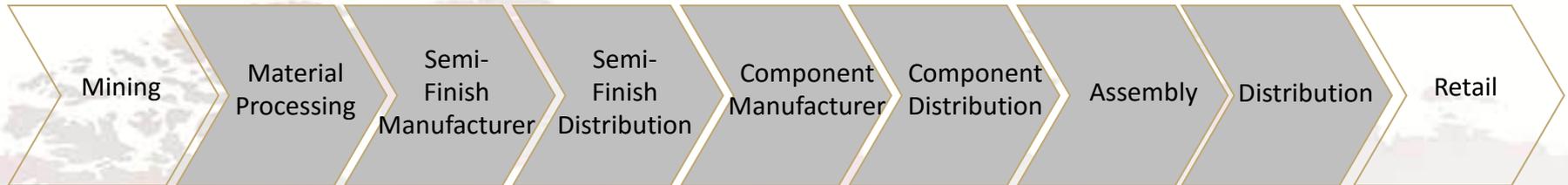
D.R.L.

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		*Casting		*Cutting		*Polish	*Packing	*Merchandising
		*Rolling		*Machining		*Diamond Cut	*Distribution	*Packing
		*Drawing		*CNC		*Assembly, cleaning and preparation		*Distribution

Products at Each Step in the Supply Chain

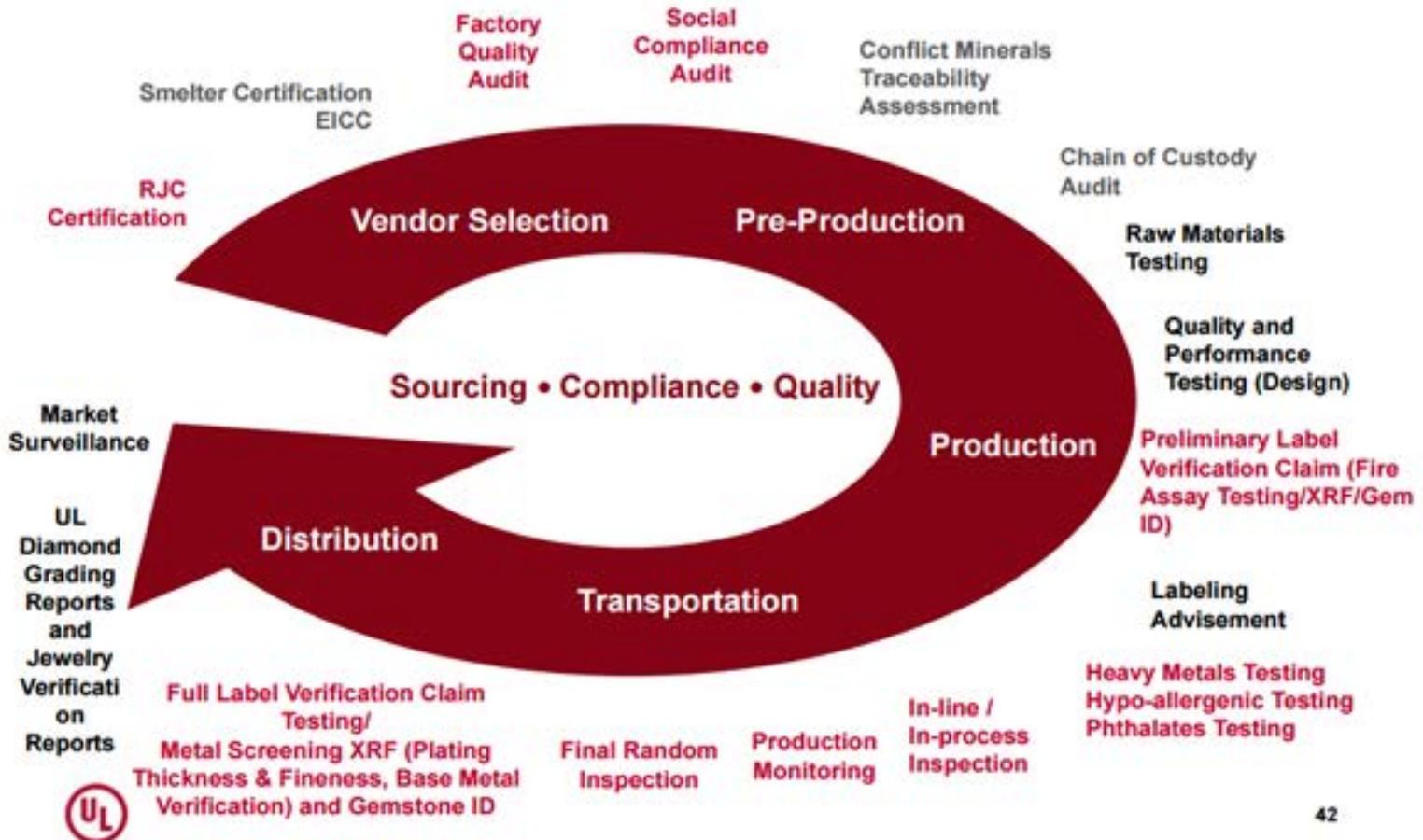
*Dore	*Fine Gold, platinum or silver investment bars	*Wire	*Findings and Findings Components	*Chains
		*Strips	*Chain	*Earrings
		*Tubes	*Pen Caps	*Rings
		*Sheets	*Coin Blanks	*Bracelets
		*Grains		*Necklaces

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Signet Responsible Sourcing Protocol (“SRSP”)



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Donald S. Clark, Esq., Secretary
Reenah L. Kim, Staff Attorney
Federal Trade Commission

September 28, 2012

Bureau of Consumer Protection | Division of Enforcement
600 Pennsylvania Avenue NW | Mail Drop M-8102B | Washington, DC 20580

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

Cladding

Adding a layer of substance
to a layer of science

Metal

In [metallurgy](#), cladding is the bonding together of dissimilar [metals](#). It is distinct from [welding](#) or [gluing](#) as a method to fasten the metals together. Cladding is often achieved by [extruding](#) two metals through a [die](#) as well as [pressing](#) or [rolling](#) sheets together under high [pressure](#).

The [United States Mint](#) uses cladding to manufacture [coins](#) from different metals. This allows a cheaper metal to be used as a filler.

clad²*vb* **clads, cladding, clad**(Engineering / Metallurgy) (*tr*) to bond a metal to (another metal), esp to form a protective coating[C14 (in the obsolete sense: to clothe): special use of CLAD¹]

[Collins English Dictionary – Complete and Unabridged](#) © HarperCollins Publishers 2003

Author's Note:

It is quite difficult, and somewhat amusing, to believe that a knowledgeable consumer would feel protected in an “armour-clad” vehicle or by an “iron-clad” excuse if they thought “Clad” was a thin coating of a decorative liquid.

Sci-Tech Encyclopedia: Cladding

An old jewelry art, now employed on an industrial scale to add the desirable surface properties of an expensive metal to a low-cost or strong base metal. In the process a [clad metal](#) sheet is made by bonding or [welding](#) a thick facing to a [slab](#) of base metal; the composite plate is then rolled to the desired thickness. The relative thickness of the layers does not change during rolling. Cladding thickness is usually specified as a percentage of the total thickness, commonly 10%.

Gold-filled jewelry has long been made by this process: the surface is gold, the base metal bronze or brass with the cladding thickness usually 5%. The process is used to add [corrosion](#) resistance to steel and to add electrical or thermal conductivity, or good bearing properties, to strong metals. Corrosion-resistant pure aluminum is [clad](#) to a strong duralumin base, and many other combinations of metals are widely used in cladding; a development includes a technique for cladding [titanium](#) to steel for jet-engine parts.

Cladding supplies a combination of desired properties not found in any one metal. A base metal can be selected for cost or structural properties, and another metal added for surface protection or some special property such as electrical conductivity. Thickness of the cladding can be made much heavier and more [durable](#) than obtainable by [electroplating](#). Cladding can be added to both sides of a sheet or strip of base metal. Tubing can be supplied with a clad surface on inside or outside; round and rectangular wire can be clad similarly (see illustration).

Sci-Tech Encyclopedia: Cladding

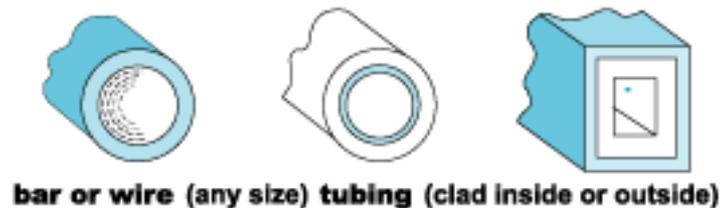
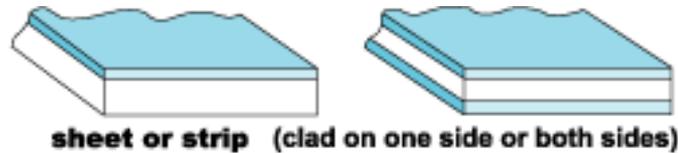
Types of cladding.

For some forms of electrical contacts, the composite materials are bonded side by side, or silver is inset as a stripe on one side or along the edges. This construction can place solid silver just where it is needed to form an electrical contact with no waste of costly metal.

A related form of cladding is found in thermostatic bimetals in which equal thicknesses of low- and high-expansion metals are bonded together. With a change in temperature, differing expansion rates of the two metals cause the composite material to bend and thus operate valves in automobile cooling systems, or electrical contacts in room thermostats.

Clad wires with properly chosen proportions of materials of different thermal-expansion rates can match the thermal expansion of types of glass used for vacuum-tight seals for conductors in lamp bulbs and [hermetically](#) sealed enclosures.

In making parts from clad metal, the composite material can be bent, drawn, spun, or otherwise formed just the same as the base metal without breaking the bond. The maximum service temperature is limited by the melting point of the material at the [juncture](#) of the two metals. See also [Electroplating of metals](#); [Metal coatings](#).



From various important dictionaries:

clad¹ (kl d)

tr.v. **clad, clad-ding, clads**

1. To sheathe or cover (a metal) with a metal.
2. To cover with a protective or insulating layer of other material.

clad - having an outer covering especially of thin metal; "steel-clad"; "armor-clad" sheathed - enclosed in a protective covering; sometimes used in combination; "his sheathed sword"; "the cat's sheathed claws"; "a ship's bottom sheathed in copper"; "copper-sheathed"

clad (klad) transitive verb clad, cladding clad'·ding clothe
to face the surface of: to *clad* a tower in marble
to bond a layer of another metal to



Bonded

The Bonding (Joining) of Precious Metals.

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Information and Resources on Bonded Precious Metals

BONDED describes jewelry that is composed of a sheet of Karat Gold, which is mechanically affixed on top of a Sterling Silver core. In this case silver may or may not be visible. The silver is covered with a permanent layer of 14K or 10K gold that is not removable. Bonded product can be very durable and long lasting. The gold thickness, in bonded product, is greater than gold plated product and the gold layer will not wear off as is possible with plated (only) gold product. All bonded product will have a stamping disclosing the fraction of karat gold and sterling silver. For example: 925 1/20 10K could be stamped on a bonded bangle. 925 means Sterling Silver, 1/20 (or 5%) is the minimum amount of karat gold.

Bonded

Metals

The name “Bonded” is reserved specifically for the joining (affixing) of Karat Gold and Sterling Silver. The widely used methods of Bonding are 1) Cladding, a Karat gold layer affixed to a substratum of Sterling Silver; this includes Mechanical Bonding, where the two mutual surfaces are arranged in face to face relationship and compressed together, and 2) Brazing, when a third, filler metal is used, (Solder).

Gold electro-plating refers to a layer of Karat Gold, no matter the thickness of the plating, on another metal, sometimes sterling silver, and the resultant combination is not considered Bonded material.

<http://www.bondedinfo.com/>