



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Division of Enforcement
Bureau of Consumer Protection

Stephen C. Elkin
Chairman & CEO
Bergdorf Goodman, Inc.
754 Fifth Avenue
New York, NY 10019

January 22, 1999

Dear Mr. Elkin:

The staff of the Federal Trade Commission's Division of Enforcement has conducted an investigation of Bergdorf Goodman, Inc. to determine whether it engaged in unfair or deceptive acts or practices in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45. In particular, the investigation concerned whether Bergdorf was representing synthetic gemstone products in accordance with the Federal Trade Commission's Guides for the Jewelry, Precious Metals and Pewter Industries ("Jewelry Guides"), 16 C.F.R. Part 23. The Jewelry Guides provide that "[i]t is unfair or deceptive to use the unqualified words 'ruby,' 'sapphire,' 'emerald,' 'topaz,' or the name of any other precious or semi-precious stone to describe any product that is not in fact a natural stone of the type described."

Bergdorf informed staff that its newspaper and magazine advertisements, catalogues, and point of sale product descriptions consistently identify synthetic gemstone products, and carefully distinguish synthetic from natural gemstones. The disclosures are clear and conspicuous and consumers are confronted with the disclosures prior to purchasing a gemstone product. Bergdorf also informed staff that it has instituted and follows procedures to prevent the sale of synthetic gemstone products represented as natural gemstone products. Bergdorf requires that its gemstone product suppliers accurately describe and disclose the identity and quality of their gemstone products. The product descriptions must distinguish synthetic from natural gemstones. According to Bergdorf, its buyers inspect the gemstone products that have been purchased and instruct Bergdorf's sales associates about the properties of each gemstone product. Further, Bergdorf's sales staff are trained to distinguish synthetic from natural gemstones when orally describing gemstone products to consumers.

The staff has concluded that no further action is warranted by the Commission at this time. Accordingly, the investigation has been closed. This action is not to be construed as a determination that a violation may not have occurred, just as the pendency of an investigation should not be construed as a determination that a violation has occurred. The Commission reserves the right to take such further action as the public interest may require.

Sincerely,

Elaine D. Kolish
Associate Director

cc: Mary Lou Steptoe, Esq.