



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

Division of Enforcement
Bureau of Consumer Protection

February 2, 1999

Robert J. DiNicola
Chairman & CEO
Zale Corporation
P.O. Box 152777
Irving, TX 75051-2777

Dear Mr. DiNicola:

The staff of the Federal Trade Commission's Division of Enforcement has conducted an investigation of Zale Corporation 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 Zale was representing 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 fail to disclose that a gemstone has been treated in any manner that is not permanent or that creates special care requirements, and to fail to disclose that the treatment is not permanent, if such is the case."

Zale informed staff that it clearly and affirmatively requires that its gemstone product suppliers disclose gemstone treatments and follow Zale's policy of not submitting stones treated in certain ways. According to Zale, it discloses gemstone treatments to consumers in writing, orally and through its website. Zale provides consumers purchasing gemstones with a brochure that discloses the most common gemstone treatments, whether the treatments are permanent and/or create special care requirements. Zale also has trained its sales staff to disclose gemstone treatments to consumers orally. Its mail order catalog and website contain clear and conspicuous information about gemstone treatments.

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.

Very truly yours,

Elaine D. Kolish
Associate Director

cc: Susan Lanigan, Esq.