



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

Division of Enforcement
Bureau of Consumer Protection

May 26, 1999

Esther Fortunoff
Executive Vice President
Fortunoff Fine Jewelry & Silverware, Inc.
70 Charles Lindbergh Blvd.
Uniondale, NY 11553

Dear Ms. Fortunoff:

The staff of the Federal Trade Commission's Division of Enforcement has conducted an investigation of Fortunoff 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 Fortunoff 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."

Fortunoff informed staff that it requires that its gemstone product suppliers disclose gemstone treatments and follow Fortunoff's policy of not accepting stones treated in certain ways. Fortunoff's policies are provided to its suppliers clearly and affirmatively. According to Fortunoff, it discloses gemstone treatments to consumers in several ways. Fortunoff has created a consumer brochure that contains a description of the most common gemstone treatments, and that states whether the treatments are permanent and/or create special care requirements. The brochure is provided to consumers purchasing gemstone products. Fortunoff also informed staff that its sales staff are trained to disclose gemstone treatments to consumers orally.

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