



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

Division of Enforcement
Bureau of Consumer Protection

May 26, 1999

Jeanne E. O'Neill, Esq.
Senior Attorney
J.C. Penney Co., Inc.
6501 Legacy Drive
Plano, TX 75024

Dear Ms. O'Neill:

The staff of the Federal Trade Commission's Division of Enforcement has conducted an investigation of J.C. Penney Co., 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 J.C. Penney 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."

J.C. Penney informed staff that its newspaper and magazine advertisements, catalogues, counter-top books and other 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 synthetic gemstone product. J.C. Penney also informed staff that it has instituted and follows procedures to prevent synthetic gemstone products from being represented as natural gemstone products. J.C. Penney requires that its gemstone product suppliers accurately describe and disclose the identity and quality of their gemstone products. The product descriptions and labels must distinguish synthetic from natural gemstones. According to J.C. Penney, its jewelry quality assurance staff inspect gemstone products that have been purchased and identify the properties of each gemstone product for J.C. Penney's sales staff. Further, J.C. Penney'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.

Very truly yours,

Elaine D. Kolish
Associate Director