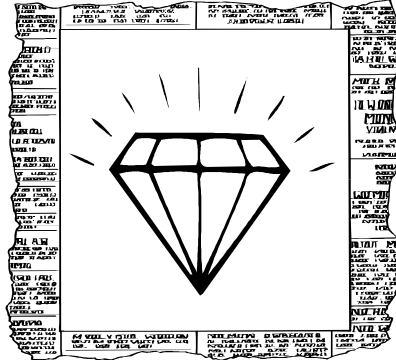


FTC FACTS for Business

In The Loupe: Advertising Diamonds, Gemstones and Pearls



If you advertise or sell jewelry, the claims you make about the products must be accurate. The Federal Trade Commission's (FTC's) Jewelry Guides offer specific information on how to describe jewelry products truthfully and non-deceptively and how to disclose material information to consumers. This brochure highlights the sections of the Jewelry Guides that concern diamonds, gemstones and pearls. You may need to scrutinize your product descriptions to make sure they are not misleading and that they disclose material information to consumers.

Diamond Weight

Decimal Representations

If the diamond's weight is described in decimal parts of a carat, the figure should be accurate to the last decimal place. For example, ".30 carat" could represent a diamond that weighs between .295 and .304 carat. If the weight is given to only one decimal place, it should be accurate to the second decimal place: If you say a diamond weighs .5 carat, the diamond should weigh between .495 and .504 carat.

Fractional Representations

If the diamond's weight is described in fractions, the fraction may represent a range of weights. For example, a diamond described as $\frac{1}{2}$ carat could weigh between .47 and .54 carat. If you use the fraction method, you also should disclose that the diamond weight is not exact and the reasonable range of weight for each fraction or the weight tolerance used.

Disclosures in Catalogs, Printed Materials and Online Ads

If you use fractions to represent the weight of a diamond in catalogs or other printed materials, you should disclose — clearly and conspicuously on every page that includes a representation — that the diamond weight is not exact. You can give the range of weights for each fraction or the tolerances used on a separate page of the catalog or materials. But in that case, you should state where the consumer can find the information on every page that includes a fractional representation. For example, your catalog may say “Diamond weights are not exact. See the chart on page x for weight ranges.”

Diamond Testers and Moissanite

Thermal testers used to distinguish diamonds from cubic zirconia may not accurately identify moissanite — a laboratory-created gemstone that resembles a diamond. As a result, this stone may falsely register as a diamond on your thermal detector. How can you ensure that you recognize moissanite for what it is? A newer tester can do it for you, or you may have to learn other ways to distinguish moissanite from diamonds.

Gemstone Treatments

Gemstone treatments or enhancements refer to the way some gems are altered or treated to improve their appearance or durability. Some common treatments include:

- **Heating**, which can lighten, darken or change the color of some gems, or improve a gemstone's clarity.
- **Irradiation**, which can add more color to colored diamonds, some other gemstones and pearls.
- **Impregnating** some gems with colorless oils, wax or resins, which makes a variety of imperfections less visible and can improve a gemstones' clarity and appearance.
- **Fracture filling**, which involves injecting colorless plastic or glass in the gems to hide cracks or fractures and improve the gemstones' appearance and durability.
- **Diffusion treatment**, which adds color to the surface of colorless gems while the center of the stone remains colorless.
- **Dyeing**, which adds color and improves color uniformity in some gemstones and pearls.
- **Bleaching**, which lightens and whitens some gems, including jade and pearls.
- **Laser-drilling**, which removes dark inclusions from diamonds, improving the clarity of the stone.

The Jewelry Guides state that sellers should tell consumers about gemstone treatments in certain circumstances. If the treatment is not permanent or if the treated stone requires special care, you should tell consumers that the stone has been treated and give them appropriate instructions to care for the gemstone. Even if a gemstone treatment is

permanent and doesn't create special care requirements, the Guides require you to tell consumers about the treatment if it significantly affects the value of the gemstone.

How do you know whether a treatment has a "significant effect" on a stone's value?

Consider whether the treatment makes the product less valuable than if it contained an untreated stone. Think about value from the consumer's perspective and ask yourself how your customer would react if he learns about the treatment after leaving the store, say, when taking the stone to an appraiser or selling the piece.

The Guides suggest the following disclosures:

- If the color of a treated gemstone will fade over time, tell the consumer that the gemstone has been treated, that the treatment is temporary, and that the stone's color will fade over time.
- If ultrasonic cleaners or solvents should not be used to care for a treated stone, tell the consumer that the gemstone has been treated and the cleaners or solvents to avoid.
- If a diamond has been laser-drilled to improve its clarity — but is then less valuable than a comparable diamond that has not been treated — tell the consumer the diamond was laser-drilled.

You should disclose information about treatments at the point of sale and in any print advertisement, mail order catalog, televised shopping program and online advertisement where a consumer can buy the treated gemstone without viewing the actual item in person.

Pearls

You are required to tell consumers if the pearls you're selling are cultured or imitation. Your ads should not use the word *pearl* — by itself — unless the advertised product consists only of natural pearls. If the product contains cultured pearls, the word "cultured" or "cultivated" — or a synonym — should immediately precede the word *pearl*.

A statement that discloses only the type of cultured pearl you're selling — for example, freshwater, South Sea or Akoya pearls — does not comply with the requirement. Instead, say that the pearls are cultured: cultured freshwater pearls, South Sea cultured pearls or Akoya cultured pearls. If the product contains imitation pearls, use the word "artificial," "imitation," "simulated," or a synonym immediately preceding the word *pearl*.

Some black, bronze, gold, purple, blue and orange pearls, whether natural or cultured, occur that way naturally; others are dyed through various processes. You are required to tell consumers whether colored pearls are naturally colored, dyed or irradiated.

For More Information

To learn more about making accurate representations of diamonds, gemstones, pearls, and other jewelry products, including gold, silver and platinum, ask for a free copy of the FTC's Guides for the Jewelry, Precious Metals and Pewter Industries. Call the FTC, toll-free, at 1-877-FTC-HELP (382-4357); TDD: 202-326-2502 or read it online at www.ftc.gov. Click on **Business Guidance**.

Facts for Business

If you have a dispute with a customer about a jewelry representation, contact the FTC for guidance. You also may contact the Jewelers Vigilance Committee's (JVC) Alternative Dispute Resolution Service. The JVC is an independent, non-profit organization formed to advance ethical practices in the jewelry industry. Contact the JVC by mail: 25 West 45th Street, Suite 400, New York, NY 10036-4902, or by phone: 212-997-2002.

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or to get free information on consumer issues, call toll-free,

1-877-FTC-HELP (382-4357), or use the complaint form at www.ftc.gov. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

Your Opportunity to Comment

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards collect comments from small business about federal enforcement actions. Each year, the Ombudsman evaluates enforcement activities and rates each agency's responsiveness to small business. To comment on FTC actions, call 1-888-734-3247.



Federal Trade Commission
Bureau of Consumer Protection
Office of Consumer and Business Education

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