

**APPENDIX A:
Excerpts from the FTC Guides for the Jewelry, Precious Metals, and Pewter Industries
Relating to Disclosure**

Code of Federal Regulations, title 16, section 23, 2001

Sec. 23.1 Deception (general)

It is unfair or deceptive to misrepresent the type, kind, grade, quality, quantity, metallic content, size, weight, cut, color, character, treatment, substance, durability, serviceability, origin, price, value, preparation, production, manufacture, distribution, or any other material aspect of an industry product.

Note 1 to Sec. 23.1: If, in the sale or offering for sale of an industry product, any representation is made as to the grade assigned the product, the identity of the grading system used should be disclosed.

Note 2 to Sec. 23.1: To prevent deception, any qualifications or disclosures, such as those described in the guides, should be sufficiently clear and prominent. Clarity of language, relative type size and proximity to the claim being qualified, and an absence of contrary claims that could undercut effectiveness, will maximize the likelihood that the qualifications and disclosures are appropriately clear and prominent.

Sec. 23.13 Disclosure of treatments to diamonds

A diamond is a gemstone product. Treatments to diamonds should be disclosed in the manner prescribed in Sec. 23.22 of these guides, Disclosure of treatments to gemstones.

Sec. 23.22 Disclosure of treatments to gemstones

It is unfair or deceptive to fail to disclose that a gemstone has been treated if:

(a) The treatment is not permanent. The seller should disclose that the gemstone has been treated and that the treatment is or may not be permanent;

(b) The treatment creates special care requirements for the gemstone. The seller should disclose that the gemstone has been treated and has special care requirements. It is also recommended that the seller disclose the special care requirements to the purchaser;

(c) The treatment has a significant effect on the stone's value. The seller should disclose that the gemstone has been treated.

Note to Sec. 23.22: The disclosures outlined in this section are applicable to sellers at every level of trade, as defined in Sec. 23.0(b) of these Guides, and they may be made at the point of sale prior to sale; except that where a jewelry product can be purchased without personally viewing the product, (e.g., direct mail catalogs, online services, televised shopping programs) disclosure should be made in the solicitation for or description of the product.

Code of Federal Regulations, title 16, section 23, 1996 [no longer in force]

Sec. 23.22 Deception as to gemstones

It 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. The following are examples of treatments that should be disclosed because they usually are not permanent or create special care requirements: coating, impregnation, irradiating, heating, use of nuclear bombardment, application of colored or colorless oil or epoxy-like resins, wax, plastic, or glass, surface diffusion, or dyeing. This disclosure may be made at the point of sale, except that disclosure should be made in any solicitation where the product can be purchased without viewing (e.g., direct mail catalogs, on-line services), and in the case of televised shopping programs, on the air. If special care requirements for a gemstone arise because the gemstone has been treated, it is recommended that the seller disclose the special care requirements to the purchaser.

Code of Federal Regulations, title 16, section 23, 1957 [no longer in force]

Sec. 36 Deception as to precious and semi-precious stones

It is an unfair trade practice, in connection with the offering for sale, sale, or distribution of precious or semi-precious stones, to use or cause or promote the use of any trade promotional literature, advertising matter, mark, brand, label, trade name, picture, design or device, or other type of oral or written representation, however disseminated or published, which has the capacity or tendency or effect of misleading or deceiving purchasers or prospective purchasers with respect to the type, kind, grade, quality, color, cut, price, value, quality, size, weight, nature, substance, durability, serviceability, origin, preparation, or distribution of any precious or semi-precious stone, or which has the capacity and tendency or effect of misleading or deceiving the purchasing or consuming public in any other material respect.

(Note: One of the practices to be considered as inhibited by this rule is as follows: The sale, or offering for sale, of any diamond or other natural precious or semi-precious stone which has been artificially colored or tinted by coating, irradiating, or heating, or by use of nuclear bombardment, or by any other means, without disclosure of the fact that such natural stone is colored, and disclosure that such artificial coloring or tinting is not permanent if such is the fact.)