



SASHA PRIMAK

585 | PLATINUM

August 26, 2005

Federal Trade Commission/Office of the Secretary
Room 135-H (Annex Y)
600 Pennsylvania Ave., N.W.
Washington, D.C. 20580

Re: Jewelry Guides, Matter No.G711001.

To Whom It May Concern:

I am the General Manager of Alexander Primak Jewelry, Inc., a 25-year-old jewelry manufacturing firm with more than 50 employees. Our product line is finished mostly in 950 Platinum and 18K Gold, and manufactured exclusively in the United States. Our expertise in the field of precious metals, metallurgy and fabrication is as extensive as any in the jewelry industry. We have successfully developed and introduced to the US marketplace a number of new platinum alloys, and we were the first to develop and promote a platinum equivalent of 14K gold - the 585 Platinum* manufactured with no less than 95% PGM**. Our company has been marketing 100% PGM 585 Platinum jewelry and castings since 1997, and I provided comments leading to the most recent formulation of the Platinum section of the Jewelry Guides.

We are absolutely against using the word PLATINUM or its derivatives to describe jewelry recently manufactured from platinum alloys containing largely base-metal additives, and are pleased to present our reasons to the Commission.

The FTC questions are addressed below in their stated order:

- 1. Should the platinum section of the Jewelry Guides be amended to address with particularity products that contain 500-850 ppt pure platinum and no other PGM?**

Yes, to avoid consumer deception, this section should be amended to clearly declare that the use of the term "platinum" should be deemed to be unfair and deceptive if used to describe jewelry products containing 500-850 ppt pure platinum and no other PGM. To be called platinum, these products must contain 950 ppt PGM.

All jewelry must pass the test of consumer use. It should be hypoallergenic, consistent in color and structurally stable to hold precious stones securely. It should not oxidize or become

magnetically attracted to base metals. These qualities are commonly found in precious metals (i.e. gold, silver and the PGM group), but not in base metals. Base metals oxidize easily, some of them, like nickel, cause allergies, and others, like iron and cobalt, are magnetic. While base metals are routinely used to improve physical characteristics of the precious metals and reduce cost, their content must be strictly controlled. All precious metals' jewelry alloys are developed using the same general methodology. A primary metal like platinum is mixed with (a) compatible filler metals to reduce cost, and (b) compatible hardeners to control physical characteristics. Color is achieved by fine-tuning the mix. The resulting product is tested using a number of different production processes, which usually takes three to six months. We have extensively tested platinum's behavior when mixed with different elements. Invariably, using base metals as fillers produced inferior results, but PGM elements revealed best casting, best metal reuse, and excellent rolling and extrusion characteristics. Based on our extensive experience in Platinum casting and manufacturing, we can safely say today that PGM-mixed platinum alloys work well, while others have a lot to prove, both as an industry metal, and as consumer jewelry. **Platinum simply does not mix well with large quantities of base metals.**

2. **Is there empirical evidence on what consumers generally expect in terms of performance or other objective qualities when purchasing a product marked or described as "platinum"? What does that data show?**

We have no concrete data supporting a consumer position on platinum jewelry, but our experience suggests that consumers are looking for purity, rarity, color consistency and safety in platinum jewelry. PGM-based platinum alloys, including those containing 500-850 ppt pure platinum and 950 ppt PGM, satisfy all of these requirements, but products containing 500-850 ppt pure platinum and no other PGM show no evidence that they do.

The Jewelry industry has an obligation to the American consumer. This obligation is to ensure that our products are safe, reliable and unambiguous. Unfortunately, for lack of regulation this policy has not always been adhered to, leading to seemingly insurmountable existing problems. One lesson can be learned from the history of 18K White Gold jewelry. Developed as replacement for platinum, the initial 18K White Gold was a mix of naturally yellow gold and naturally white palladium, to which small quantities of silver and copper were added for strength and hardness. But over time, and for different reasons, jewelers created a great variety of palladium-free alloy mixes, nearly all of them using large concentrations of base metals, heavy in nickel. Because the resultant alloys were not standardized for color, and because base metal oxidation changed the initial color over time, our industry turned to rhodium plating, a policy which, when undisclosed created a practice of unintended deception - when rhodium plating eventually comes off, consumers are invariably surprised by their multi-colored jewelry. Over the years we have also learned that high nickel concentrations cause skin allergies in a statistically significant percentage of White Gold consumers. Driven by the heavy weight of these discoveries, American jewelry manufacturers are re-grouping to change existing practices, but what a difficult task it is! We owe it to ourselves and to our customers to learn from recent history, and take advantage of the best opportunity to standardize Platinum jewelry alloys.

3. **Are products containing 500-850 ppt pure platinum and no other PGM currently being marketed, and if so, how? Is there empirical evidence, e.g., copy testing or other research, as to how consumers interpret the disclosures or marketing materials, or proposed disclosures and marketing materials, accompanying such products?**

These products appeared on the world jewelry scene in 2005. We are not aware of any advertisements before May of 2005. Promotion of such products since then has been restricted to U.S. trade magazines, with no consumer advertisements that we have been able to find. These trade ads use the following names for this product: Platinum P5, Platinum 585 and Platinum V, all of which we consider deceptive since they describe jewelry products manufactured from platinum alloys containing largely base metal additives. We are not aware of any consumer sales of this product.

- 4. For products containing 500-850 ppt pure platinum and no other PGM what, if any, additional information, in addition to disclosure of the product composition, may be necessary to prevent deception under Section 5 of the FTC Act? How do these disclosures compare to disclosures already required for other jewelry products, for example, gold?**

What is necessary is to prohibit these inferior products from being called PLATINUM. The comparison to gold products is not valid, because platinum does not mix as well as gold does with base metals, and because some gold alloys have been proven problematic at best.

- 5. Are there significant differences between the 500-850 ppt pure platinum alloys with no PGMs and other platinum products in terms of durability, scratch resistance, tarnish, hypoallergenicity, ability to hold settings, or similar qualities? What evidence is there on these issues?**

It is likely that some versions of these products will fall short in more than one of these categories. The industry has not had experience to determine whether platinum, which does not mix well with large quantities of base metals will lack the requisite durability, scratch resistance, tarnish, hypoallergenicity, ability to hold settings and other attributes that the industry and consumers have come to expect from platinum jewelry products. It is important that we stop the deceptive practice of calling them platinum jewelry.

- 6. How would a product containing 500 ppt pure platinum and no other PGM be marked if it were being sold outside the United States? Is there an international standard that addresses a product with this composition?**

Rules, and their enforcement, vary from country to country. There is no standard that addresses a product along with its composition. The U.S. has taken a leadership position in defining what may and may not be called platinum jewelry. It is important that we strengthen this position, not weaken it.

- 7. Should the platinum section of the Jewelry Guides be amended to address other products that contain platinum, such as platinum-clad, platinum-filled, platinum-plated, platinum-coated or platinum overlay products that are not currently addressed in the section? If so, why? What guidance is needed to ensure that consumers are not misled about the composition of such products and their performance, durability, value and special care requirements, if any? Are such products currently being marketed, and if so, how? How are such products marked if they are sold outside the United States? Are there any international standards that address such products?**

We have no expertise in this area, but it seems obvious that because the U.S. Jewelry industry lacks mandated testing for platinum jewelry, we must have detailed manufacturing guidelines and sufficient disclosure rules for all plated, filled and clad products.

Conclusion:

We have reason to believe that the base-metal 585 Platinum product at the center of the current controversy was developed in Europe****, with no history of sales anywhere in the world, and no prospect of such sales outside of the United States. The 1997 Jewelry Guides were written with the objective to protect the US marketplace from such products. The FTC staff's statement that the current Guides "neither allow nor prohibit" sales of this product may be literally correct, but the Guide needs to be amended to prohibit this deceptive practice from harming the American consumer and the reputable members of the platinum jewelry industry.

We urge the Commission to act to stop the deception and not allow the use of the word PLATINUM or its derivatives to describe jewelry manufactured from platinum alloys containing largely base-metal additives. The Guide should be amended to declare that the use of the term "platinum" should be deemed unfair or deceptive if used to describe jewelry products containing 500-850 ppt pure platinum and no other PGM.

Sincerely yours,

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(*) US patent number 6,048,492 granted April 11, 2000.

(**) PGM = Platinum Group Metals (Platinum, Palladium, Iridium, Ruthenium, Rhodium and Osmium)

(***) Source: www.johnsonmattheyny.com/PtReview/05%20Platinum.pdf

(****) Metal producer: Allgemeine Gold& Silber Scheideanstalt A.G./Germany