

AGTA Code of Ethics

PREAMBLE

The colored gemstone industry must have the respect and confidence of the public and the jewelry industry. To keep this respect and confidence, American Gem Trade Association Members must maintain the highest possible ethical standards in their business transactions. All AGTA members must agree to adhere to the ethical standards and principles of this Association and acknowledge the necessity of compliance for the success of our industry and the Association. All Members are expected to maintain the highest possible standards, even in those cases not specifically addressed by this Code of Ethics and Principles of Fair Business Practices. AGTA Members recognize that our industry is dependent for our success on the element of trust.

Members of the American Gem Trade Association will at all times protect the welfare of their clients by pursuing goals in their client's best interest, representing their products in an honest manner, disclosing all necessary and germane information, promoting their products in a positive way, and striving to practice the highest possible degree of professionalism within the industry.

Members will respect and defend the role of the American Gem Trade Association within the jewelry industry. Our high degree of cooperation within the trade will be the foundation for building unity and success.

WHEREAS,

The American Gem Trade Association is an organization in the marketing of natural colored gemstones, pearls and cultured pearls;

AND WHEREAS,

Members of the American Gem Trade Association adhere to the highest standards of professionalism in our industry;

NOW, THEREFORE, BE IT RESOLVED THAT,

We, the Members of the American Gem Trade Association, signify our bond to these professional standards through adoption and adherence to this Code of Ethics and Principles of Fair Business Practices

For the purpose of promoting the natural colored gemstone, pearl and cultured pearl industry, maintaining and encouraging technical and professional expertise; and

Commensurate with individual freedom to conduct business in a fair and equitable manner;

This Code of Ethics and Principles of Fair Business Practices represents the guiding principles that govern the conduct of our individual Members:

CODE OF ETHICS AND PRINCIPLES OF FAIR BUSINESS PRACTICES

Section 1 - General Guidelines

- A. It is the duty of every AGTA Member to protect the industry and their clients against fraud, misrepresentation, and unethical practices in business transactions and avoid exaggeration or concealment of any pertinent facts. He or she should endeavor to eliminate any practice which could be damaging to the industry or bring discredit to the trade. No Member may willfully aid or abet gemstone fraud, including sales and/or services to the perpetrators. Members must be diligent in combating and exposing gemstone sales fraud; misrepresentation, and sales and/or services to individuals or firms engaged in gemstone investment scams and "boiler-room" operations.
- B. Members must adhere to all Federal Trade Commission Rules and Bureau of Standards definitions, insofar as they apply to the gemstone and jewelry industries.
- C. No AGTA Member should in any way defame, criticize, undermine, or take unfair advantage of another person or firm's reputation or merchandise, in order to promote and sell his or her own merchandise.
- D. Merchandise must not be misrepresented as to its nature, authenticity, treatment and/or origin. Disclosure of treatment is mandatory on all commercial documents for each individual stone and/or lot at the point of consignment or sale, and must be in accordance with the Gemstone Enhancement Manual, as long as the requirements therein are not contrary to those of the Federal Trade Commission.
- E. Members shall not indulge in what are commonly known as "sharp practices" which, while designed to come within the letter of the law, have the effect of deceiving prospective purchasers or suppliers.
- F. Use of terms such as "investment gem", "investment grade", "investment quality", "museum quality", "museum grade," and "museum gem" or substantially similar language are prohibited except where the terminology pertains to discussions or sales between knowledgeable professionals within the wholesale trade. Members shall not use these terms for sales to consumers unless the gemstones are of such rarity and quality that these terms are justified.
- G. Members should avoid the use of the term "semi-precious" in describing gemstones.
- H. Members selling gemstones for financial investment at the consumer level are required to make it abundantly clear to the potential purchaser that 1)

- any investment is subject to either profit OR LOSS and 2) there is no organized market for the liquidation of gemstones. They must be given the right to return the stones for a return of the purchase price within a reasonable period of time not less than 30 days. Members are required to have their customer's sign an affidavit that they understand they are not being guaranteed a profit.
- I. Members shall not deliver a gemstone in a sealed container under a warranty that becomes void if the seal is broken.
 - J. Members shall restrict the use of the terms "gem" and "gemstone" for materials of natural origin.
 - K. To describe synthesized materials which have essentially the same physical, chemical, and optical properties as natural gemstones, members shall use only the word "synthetic" or some other word or phrase of like meaning sanctioned by the Federal Trade Commission so as to clearly disclose the nature of such product and the fact that it is not a natural gemstone. The term's "laboratory grown", "man-made", and "Chatham-Created" are considered as words of like meaning as the term "synthetic". Members shall not use the word "faux" or other substantially similar language to describe man-made materials. Members shall use the word "simulated" or "imitation" for imitations.
 - L. Members shall not use laboratories to certify their stones and/or appraisers to place value on their stones in which laboratory or appraiser the supplier has a vested interest or where a conflict of interest exists.
 - M. This Code of Ethics and Principals of Fair Business Practices applies to any company owned by the Member and/or the Member of Record or any company in which the Member and/or Member of Record has a vested interest.

Section 2- Fiscal Guideline

- A. The Member, for the protection of all parties, should insure that financial obligations and commitments regarding any business transactions are in writing, expressing the exact agreement of the parties. Copies of all agreements shall be furnished to each party upon his or her signing such an agreement.
- B. All terms on invoices should be considered cash on receipt, unless otherwise stated in writing.
- C. All financial obligations must be met on time.
- D. All senders must arrange full insurance on any merchandise they do not own, sent via any carrier.
- E. When acting as an agent, the Member shall not accept any commission, rebate, or profit on any transaction made for the owner, without the owner's knowledge and consent.

Section 3 - Memoranda and Consignments

- A. Title to merchandise does not pass on a memorandum until a bill of sale is made by the consignor.
- B. If the consignor demands that the merchandise be returned upon expiration of the agreed time period on the memorandum, the consignee shall have the option of sending payment in full or returning the merchandise within one regular working day. Upon receipt of payment, the consignor shall issue a bill of sale.
- C. Members are responsible for merchandise received on memorandum.
- D. Any gemstones or jewelry taken on memorandum, if returned, must be in the same condition and form in which it was received, unless consignor agrees to modifications in writing.
- E. Unless otherwise stipulated, memorandums should have a length of 15 days from the date of receipt of merchandise. If the consignor has not been contacted after the expiration of the memorandum, he or she has the right to invoice the consignee.
- F. When in possession of a memorandum the Member shall honestly and truthfully disclose on demand the status of any sale or pending sale to the person or company from whom he or she took the memorandum.
- G. Members may file a UCC-1 Financing Statement on any gemstone and/or lot before consigning it to a second party. Member consignees who have been asked to file a UCC-1 Financing Statement before consigning merchandise to a third party must comply and provide the original consignor with evidence of filing.

Section 4 - Advertising Guidelines

- A. Members shall advertise in accordance with the rules set forth by the AGTA and the Federal Trade Commission. The rules of this Association will take priority so long as they are not contrary to those of the Federal Trade Commission.
- B. FIRM MEMBERS:
 - 1. Firm Members may advertise only in the following manner; using the official logo of the AGTA or the statements "Member American Gem Trade Association" or "Member AGTA". Statements such as "Charter Member", etc. are prohibited.
 - a. Use of the AGTA logo or other references to membership must be limited in size so as not to imply that said document is coming from the Association.
 - b. At no time may any reference to membership be either bolder or larger than the name or logo of the advertiser.
 - 2. Firm Members may use the Association slogan "Add More Color to Your Life" in their advertising or literature.
 - 3. Firm Members may not advertise committee memberships or membership as an official of the AGTA (i.e. "Chairman", "Advertising Committee" or "Member of the Board of Directors", etc.)

4. Advertising of membership in AGTA must be done in good taste and may not be used in any way that implies endorsement of either the firm or of its prices or that the Association will act as a reference for said firm (credit or otherwise).
5. Firm -Members are prohibited from using the AGTA logo, etc. in advertising synthetic or imitation stones.

C. AFFILIATE MEMBERS

1. Affiliate Members may advertise only in the following manner: using the official logo designed for Affiliate Members of the AGTA or the statements "Affiliate Member, American Gem Trade Association"; or "Affiliate Member, AGTA".
 - a. Use of the AGTA logo or other references to membership must be limited in size so as not to imply that said document is coming from the Association.
 - b. At no time may any reference to membership be either bolder or larger than the name or logo of the advertiser.
2. Affiliate Members may use the Association slogan "Add More Color to Your Life" in their advertising or literature.
3. Affiliate Members may not advertise committee membership.
4. Advertising of membership in AGTA must be done in good taste and may not be used in any way that implies endorsement of either the firm or its prices or that the Association will act as a reference for said firms (credit or otherwise).
5. Affiliate Members are prohibited from using the AGTA logo, etc., in advertising synthetic or simulated stones.

SECTION 5 - Usage of Certificates and/or Appraisals

- A. Members shall not engage in the practice of issuing their own certificates and/or appraisals regarding quality purity of color, clarity and/or value of a gemstone for the purpose of promoting sales of their own merchandise or the merchandise of a business related firm.

SECTION 6 - Gem Identification Laboratories and Appraisers

- A. Laboratory and Appraiser Members and their customers must be independent of each other when examining or appraising the same object and be objective and impartial in their evaluation or valuation.
- B. Laboratory and Appraiser Members may not provide certificates or appraisals for gemstones in which they have a vested interest or in which they may stand to gain revenue of any sort through the sale of the gemstone they are certifying or appraising.
- C. Laboratory and Appraiser Members may not disclose to anyone any information that is of a personal nature or of a nature that is proprietary to the stone supplier. Complete confidentiality must be maintained.

- D. All appraisals must be titled with the specific function and purpose for which they are issued and the market level of the value given must be stated.
- E. Laboratory and Appraiser Members are expected to render opinions with a degree of accuracy consistent with generally accepted gemological and appraisal methodology standards and to state on reports the name and address of their company plus the name and qualifications of the person(s) making the evaluations. Members issuing gemstone laboratory reports shall have the name of the preparer clearly printed or typed immediately adjacent to his or her signature.
- F. Laboratory or Appraiser Members may not falsely claim gemological or appraisal credentials, or fabricate non-existent titles.
- G. Persons performing gemological and/or appraisal services should be affiliated with one or more of the professional groups, associations or societies for appraisers or laboratories.
- H. Fees for gemological and/or appraisal services should be based on a per-carat, per-piece or per-hour basis. Contingent fees, split fees, kickbacks or percentage of-value fees are prohibited.
- I. Persons advertising appraisal services with the intention of making an offer to buy the jewelry or gemstones they appraise must state in their advertisements that they are offering "Appraisals to Buy". Persons advertising appraisal services must perform complete, written appraisals.