

NEWSLETTER OF THE AMERICAN GEM TRADE ASSOCIATION

Prism



FALL 2004

2005 AGTA GEMFAIR
TUCSON INFORMATION

AGTA SPECTRUM
& CUTTING EDGE
AWARD WINNERS!

AGTA



AMERICAN GEM
TRADE ASSOCIATION

From the Executive Director

Gemstone and Cultured Pearl Enhancement Disclosure

Enhancement in gemstones is certainly not a new subject with our members or our customers, but given new developments in our industry and the introduction of new materials in the marketplace it is important that we renew our commitment to the policy and practice of disclosure.

Gemstones have historically and traditionally been enhanced and

Treatments vary among gemstones, as do their effects. Heating sapphires, for instance, is a permanent enhancement. Other treatments may not be as permanent. Knowing whether a gemstone has been enhanced is important, since gemstones may change in appearance or be damaged during manufacture or repair, or possibly altered during normal wear. In addition, due to

latter, because of their increased rarity, should command higher prices when compared against an abundant, very low cost material that has been chemically altered to an acceptable appearance.

Currently, the Federal Trade Commission (FTC) requires the disclosure of nonpermanent enhancements, those that require special care, and those that have a **significant effect on the value of the gemstone.** (This applies to dealers, retailers and manufacturers alike.)

The American Gem Trade Association (AGTA) holds its members to an even higher disclosure standard than that required by the FTC. The AGTA requires its supplier members to disclose all treatments in print and on all invoices and other commercial documents. When a seller offers to the buying public a gemstone that has been enhanced by any means, the seller must inform the buyer in plain language of the specific enhancements used.

Our retail and manufacturing customers depend upon us to provide them with accurate information so that they, in turn, can inform their customers appropriately. Since many larger retailers are even requiring suppliers to provide this information as a condition of doing business, it makes sense to take advantage of the trend by actively offering disclosure as a feature that can benefit those you supply.

All of the above information may seem obvious to many of us. Proper



DOUGLAS K. HUCKER,
AGTA EXECUTIVE DIRECTOR

How Should These Treatments Be Communicated?

Each common enhancement process has been assigned a "code" consisting of one or more letters, indicating the possibility of enhancement and identifying the pertinent process. Each invoice or memo you receive from your supplier should contain an area that provides a "code" as to the enhancement used. If you do not see these codes listed on your documents, please ask your supplier to provide them on the gemstones you are purchasing.

For your convenience a shorthand version of the codes is provided here. For more detail as to the codes, special care requirements and frequency of use, please refer to the Gem Information Manual, which is supplied by the AGTA.

If you have any questions as to the requirements for disclosure, or to request a copy of the Gem Information Manual, please contact the AGTA at 800-972-1162 or info@agta.org.

Gemstone Enhancement Codes*

N = NOT ENHANCED	F = FILLING	O = OILING/RESIN
E = ROUTINELY ENHANCED**	H = HEATING	R = IRRADIATION
B = BLEACHING	HP = HEAT & PRESSURE	U = DIFFUSION
C = COATING	I = IMPREGNATING	W = WAXING/OILING
D = DYEING	L = LASERING	IN OPAQUE STONES

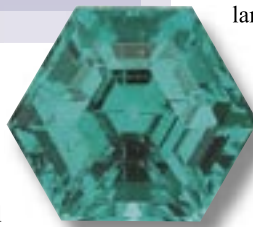
*Codes must appear in a column next to all gemstone descriptions, with a noticeable reference or label, at the bottom or back of invoices and memorandums. Codes and type of treatments must only be used as directed in the *Gemstone Information Manual (GIM)*, 8th Edition, available from the American Gem Trade Association (AGTA), 3030 LBJ Frwy., Ste. 840, Dallas, TX 75234. Phone: 800-972-1162 • 214-742-4367.

**The "E" code must only be used according to *Gemstone Information Manual (GIM)* Instructions.

that tradition continues today. Although there are gemstones that are not enhanced (for which the seller can provide a guarantee, such as a commercial document or laboratory report), most are still commonly enhanced.

(For a list of treatments, see the accompanying sidebar, "Gemstone Enhancement Codes.")

some of the latest treatment techniques being employed, a treated gemstone can look very much like a comparable gemstone that is naturally colored or one that is enhanced by traditionally accepted methods even though their prices are significantly different. The



continued on page 11

Time for Tucson

2005 AGTA GEMFAIR TUCSON • FEBRUARY 2-7, 2005

Yes, it's hard to believe but it is that time of year again, and with less than three months until GemFair Tucson, preparation for this year's show is in full swing. Whether you are an exhibitor or a buyer at this year's GemFair Tucson, you will want to pay special attention to this section of *Prism*. On these pages you will find a timeline filled with deadlines and reminders, marketing opportunities still available for exhibitors, hotel & travel information, and the "can't miss" special events all for the 2005 AGTA GemFair Tucson. If you have any questions about GemFair Tucson that aren't answered in this section, please call AGTA at 800-972-1162 or log onto our website at www.agta.org.

Tucson Timeline

SEPTEMBER 2004

- 9/7 First buyer postcard mailed
- 9/27 Exhibitor marketing kit mailed

OCTOBER 2004

- 10/5 Second buyer postcard mailed
- 10/11 Purchase promotional stickers, banners, literature kiosk for at-show promotions
- 10/18 Exhibitor manuals mailed
- 10/21 Remember to promote GemFair Tucson on your website, on your invoices, in advertisements and on your direct mail pieces
- 10/29 Information for At Show Directory listing due to AGTA
- 10/29 Purchase a sponsorship for the Coyote Classic Golf Tournament

NOVEMBER 2004

- 11/1 Personnel Badge list documents and statements due to AGTA
- 11/15 Buyer registration brochure mailed
- 11/18 Reserve your spot at the AGTA Dinner Dance & Awards Gala
- 11/18 Purchase an AGTA Dinner Dance & Awards Gala Sponsorship
- 11/22 Remember to promote GemFair Tucson on your website, on your invoices, in advertisements and on your direct mail pieces
- 11/29 Purchase promotional stickers, banners, literature kiosk for at-show promotions
- 11/30 Ad Materials due for At Show Directory

DECEMBER 2004

- 12/1 Form due to Kittles Safe & Lock for in-booth safes
- 12/7 Third buyer postcard mailed
- 12/10 Tucson Business License due to AGTA
- 12/10 Tabletop showcase orders due to AGTA
- 12/10 Special Olympics donation due to AGTA
- 12/10 Kosher food service form due to AGTA
- 12/13 ALL due to Commonwealth Electric: Credit card authorization form, GemHall lighting fixture selection form and utility outlet lighting form
- 12/16 Purchase promotional stickers, banners, literature kiosk for at-show promotions
- 12/20 Remember to promote GemFair Tucson on your website, on your invoices, in advertisements and on your direct mail pieces

AGTA GemFair™ TUCSON



JANUARY 2005

- 1/3 Order pre-show and at-show marketing materials: buyer rosters, promotional stickers, banners and literature kiosks—it's not too late
- 1/3 Final buyer postcard mails
- 1/9 Remember to promote GemFair Tucson on your website, on your invoices, in advertisements and on your direct mail pieces
- 1/5 Booth telephone order form due to TCC Telephone
- 1/5 Lead Retrieval order form due to ARI
- 1/15 Floral order form due to Amy's Plants and Flowers
- 1/18 ALL due to GES (for discounted prices): Payment and credit card authorization, additional booth equipment order form and showcase order form
- 1/21 Service request show forms due to BOTH Malca-Amit and Brinks Security
- 1/21 Vault release form and at-show insurance form due to Dunbar
- 1/21 Coyote Classic reservation and sponsorship forms due to AGTA
- 1/21 AGTA Dinner Dance and Awards Gala reservation forms due to AGTA

continued on page 4

continued from page 3

Marketing Materials

ATTENTION AGTA GEMFAIR TUCSON EXHIBITORS

Using pre-show promotions to attract customers and prospects to your booth gives your company a distinct advantage. The AGTA has developed a number of pre-show marketing tools designed to increase traffic to your booth and assist you with your marketing objectives.

MAILING LISTS

Raise awareness and generate excitement for your company and its products and/or services before AGTA GemFair Tucson.

Registered Company Mailing Labels/2004

GemFair Buyer Companies: Target more than 5,000 companies from the U.S. and Canada who attended the 2004 AGTA GemFair Tucson.

Entire list \$250

Custom Mailing Labels/2004 GemFair Buyer

Companies: Target U.S. and Canadian buyer companies by business category and/or by state.

Custom Mailing Labels/Business Categories

- Retail: Jeweler
- Wholesale: Colored Gemstone Dealer | Designer | Manufacturer

Each 1,000 names \$110

PRE-SHOW BUYER ROSTER

This printed Roster contains company name, main contact, address, telephone number and fax number. Contacts in the Pre-Show Buyer Roster are companies who attended the 2004 show and companies who are currently pre-registered for the 2005 show.

Printed Pre-Show Buyer Roster \$450

GEMFAIR PROMOTIONAL STICKERS

Stickers are an easy way to remind your customers to attend AGTA GemFair Tucson.

Each set of 1,000 (self adhesive) \$60

WEB LISTING UPGRADE

Expand your company information to the base listing provided on the AGTA website, as well as a hot-link to your company website.

Web Listing Upgrade \$150

SPONSORSHIPS

For the 2005 AGTA GemFair Tucson, exhibitors also have the opportunity to sponsor some of the AGTA Special Events.

For the **AGTA Dinner Dance and Awards Gala** three sponsorships are available. They include:

- *A Prime Sponsorship for \$15,000*
- *A Wine Sponsorship for \$5,000*
- *A Band Sponsorship for \$5,000*

If you would like to support the Special Olympics, AGTA's charity, at the **2005 Coyote Classic Golf Tournament** your company can purchase two sponsorships:

- *Golf Hole for \$400/each*
- *Other Sponsorships for \$1,000 each*

Any exhibitors interested in these sponsorships should contact Elizabeth Holt at 800-972-1162.



Hotel & Travel Information

Hotels during GemFair Tucson are selling out and flights are filling up. Do you have all your

travel plans booked for GemFair Tucson? Any exhibitor or buyer can contact WorldTravel BTI to help with their AGTA GemFair Tucson hotel and travel arrangements. The official travel agency for the 2005 AGTA GemFair Tucson show, WorldTravel BTI has made special arrangements with many of Tucson's hotels and car rental agencies to offer AGTA GemFair Tucson participants prices below regular rates. Just this November a new hotel was added to AGTA's preferred hotel list: La Quinta at the Tucson Airport.

In addition, WorldTravel BTI has teamed up with some of the major airlines to offer discounted airfare and now there are more flights to Tucson. Tucson's daily nonstop flights are growing, with two flights to the Big Apple and the Mile-High City. On September 30th, Continental added nonstop service to Tucson

International Airport from Newark Liberty International Airport just 16 miles from downtown Manhattan. Last summer, Frontier added another direct flight between its Denver hub and Tucson. Of course, when you land in Tucson, you won't have to travel far to your hotel.

WorldTravel BTI is available to take your call Monday-Friday from 8:00 a.m. to 5:00 p.m. (MST). For more information, or to make reservations, please contact WorldTravel BTI:

Call toll-free: 800-843-1110

Fax: 520-797-2799

From outside the USA call: 520-797-1800

e-mail: meetingplanners@worldtravel.com



Special Events

Sure, Tucson has its own special charm with good restaurants, interesting stores and day spas, but you can take advantage of those any time. This year, be sure to mark your calendar with the Special Events that just can't be missed during the 2005 AGTA GemFair Tucson.

TUESDAY, FEBRUARY 1

AGTA Coyote Classic Golf Tournament

9:00 a.m. tee time, shotgun start.

Dell Ulrich Golf Course, Randolph Park, Tucson, AZ

Join the AGTA at the AGTA Coyote Classic Charity Golf Tournament. The tournament format features a 9:00 a.m. shotgun tee-off and is open to anyone.

You can register as a foursome, or as an individual and we'll pair you up with other singles. The tournament entry fee is \$150 per person. Registration includes golf, plus cart, breakfast, lunch, beverages, goodie bags and assorted prizes. The tournament benefits the Special Olympics. RSVP by calling the AGTA at 800-972-1162 or emailing shows@agta.org.

SATURDAY, FEBRUARY 5

AGTA Dinner Dance and Awards Gala

7:00 p.m. – midnight, Marriott University Park Hotel

The social highlight of GemFair Tucson, the AGTA Dinner Dance and Awards Gala begins with cocktails, proceeds to a delicious meal and then ends with entertainment that is sure to please all. Additionally, the 2005 AGTA Spectrum Awards winners will be recognized during dinner for their outstanding achievements. The AGTA Dinner Dance and Awards Gala is black tie optional and tickets are \$75 per person. RSVP by calling the AGTA at 800-972-1162 or emailing shows@agta.org.

SUNDAY, FEBRUARY 6

2005 American Gem Trade Association (AGTA) Annual Membership Meeting

6:30 p.m. – 9:00 p.m. Tucson Convention Center

AGTA members welcome.▲

2005 AGTA Spectrum Awards: Back to New York

This October the American Gem Trade Association held its annual competition, the AGTA Spectrum Awards. The judges, representing all facets of the industry, included Mark Gronlund, Alice Keller, Mark Mann, William Richey and Eric Wright. After a weekend of tough choices, long discussions and hard work, the judges selected the winners. To view pictures of the 2005 AGTA Spectrum Award winners please go to the AGTA website, www.agta.org.

Still basking in the success of the competition's move to New York City for its 20th Anniversary in 2004, the AGTA once again took the Spectrum Awards to New York. This year, the AGTA hosted another unforgettable Editor Event. A spacious loft in the heart of Manhattan, decorated with the essence of fall, was the ideal location to display the 2005 AGTA Spectrum Award pieces. Every

continued on page 6



continued from page 5

piece of jewelry and gemstone entered into the competition was displayed for the fashion elite to oh and ah over. Fashion editors, stylists and trade press from around the city flocked to the event to view the more than 400 pieces entered into this year's competition. For the second year in a row the Spectrum Awards Editor Event was a success, thanks to all the designers and lapidaries who entered the competition. With such spectacular jewelry on display this year, it's no wonder why the editors are already calling for next year's date!

The 2005 AGTA Spectrum Awards would not have been possible without the help of our generous sponsors. The American Gem Trade Association would like to thank the following companies for their support of this year's competition:

Alfa Box Corporation

2008 Orange Street
Alhambra, CA 91803-1548
626-576-1500

**American Fixture
& Display Corp.**

Levin Showcase
15-04 130th Street
College Point, NY 11356
718-463-2176

Columbia Gem House

PO Box 820889
Vancouver, WA 98682
360-514-0569

Malca-Amit USA, LLC

580 Fifth Avenue, Lobby 1
New York, NY 10036
212-840-8330

Rio Grande

7500 Bluewater Road NW
Albuquerque, NM 87121
800-545-6566

We encourage you to support the companies that support the AGTA!



2005 AGTA Cutting Edge Winners

Best of Show

Dalan Hargrave, Stephanie Michael Young

A1 - Open Category Classic Gemstone

1st Place: Allen Kleiman, A. Kleiman & Co.
2nd Place: Michael Arnstein, Walter Arnstein Inc.
3rd Place: Ashok Kumar Sancheti, Pioneer Gems

A2 - Open Category All Other Faceted

1st Place: Ben Kho, Kho International Ltd.
2nd Place: Allen Kleiman, A. Kleiman & Co.
3rd Place: James Alger, James Alger Co.
Honorable Mention: James Alger, James Alger Co.

A3 - Phenomenal Gemstones

1st Place: Jeffrey Bilgore, Jeffrey Bilgore LLC

B - Pairs & Suites

1st Place: Hemant Phophaliya, A. G. Color Inc.
2nd Place: Hemant Phophaliya, A. G. Color Inc.
3rd Place: Allen Kleiman, A. Kleiman & Co.
Honorable Mention: Ralph Wobito, Custom Gem Cutting Ltd.

C - Faceting

1st Place: John Dyer, Precious Gemstones Co.
2nd Place: John Dyer, Precious Gemstones Co.
3rd Place: John Dyer, Precious Gemstones Co.
Honorable Mention: John Dyer, Precious Gemstones Co.

D - Carving

1st Place: Glenn Lehrer, Lehrer Designs
2nd Place: Dalan Hargrave, Dust Devil Mining Co.
3rd Place: William Cox, Dust Devil Mining Co.

E - Combination

1st Place: Dalan Hargrave, Stephanie Michael Young
2nd Place: Christopher Wolfsberg, Colored Creations
3rd Place: Richard Homer, Columbia Gem House, Inc.
Honorable Mention: Michael Dyber, Ledge Art Studio

F - Objects of Art

1st Place: Philip Louer, Jr., North American Gem Carvers
2nd Place: Susan Allen, E. F. Watermelon
3rd Place: William Holman, William S. Holman Design Group
Honorable Mention: Lawrence Stoller, Crystal Works



..... To view pictures of the 2005 AGTA Cutting Edge Awards winners please go to the AGTA website, www.agta.org

2005 AGTA Spectrum Winners

Best of Show

Glen Engelbrecht, GJ Designs

Best Use of Color

Andrew Paetzold, Philip Zahm & Associates, Inc.

Bridal Wear

1st Place: Michael Zacharakis, D'Errico Jewelers

2nd Place: Garo Demirjian, Demirjian Jewelry Design

3rd Place: Ricardo Basta, E. Eichberg Jewelers

Honorable Mention: Ricardo Basta, E. Eichberg Jewelers

Platinum Honors: Robert Pelliccia, J. R. Dunn Jewelers

Business/Day Wear

1st Place: Samuel Getz, Samuel Getz Private Jewelers & Designers

2nd Place: Robert Bruce Henderson, Plateau Jewelers Inc.

3rd Place: Maria Canale, Richard Kremenz Gemstones

Manufacturing Honors: Lee Charles Buckingham, Neiman Marcus

Honorable Mention: Julie Buckareff, American Jewelry Artworks

Platinum Honors: Mark Schneider, Mark Schneider Design

Casual Wear

1st Place: Alan Friedman, Alan Friedman Designs

2nd Place: William Travis Kukovich, William Travis Jewelry

3rd Place: Mark Lauer, Mark Michael Design

Manufacturing Honors: An Nguyen, Lisa Kaye & Company, Inc.

Honorable Mention: Paul Derrickson, Federico's Design Jewelers

Honorable Mention: Lee Charles Buckingham, Neiman Marcus

Platinum Honors: David Hrubec, Dal Pezzo Design Inc.

Evening Wear

1st Place: Glen Engelbrecht, GJ Designs

2nd Place: Llyn Strelau, Llyn L. Strelau Jewels by Design Ltd.

3rd Place: Samuel Getz, Samuel Getz Private Jewelers & Designers

Manufacturing Honors: Marisa Goebel, La Belle Atelier Marisa

Honorable Mention: Sally Lynn Mitschke, Montanari Fine Art Jewelers

Platinum Honors: Ron Lodholz, Stonehaven Jewelry Gallery Ltd.

Men's Wear

1st Place: Mark Schneider, Mark Schneider Design

2nd Place: Lee Charles Buckingham, Neiman Marcus

3rd Place: Lee Charles Buckingham, Neiman Marcus

Platinum Honors: Mark Schneider, Mark Schneider Design

..... To view pictures of the 2005 AGTA Spectrum Awards winners please go to the AGTA website, www.agta.org.

Show Note

What is new at EXPO NY?

The new AGTA pavilion location with only gemstone dealers and manufacturers. Don't miss out on the opportunity to exhibit at a show where the targeted buyer is the manufacturer. There are still booths available in the AGTA pavilion; call 800-972-1162 for more details.



AGTA Board of Directors Election

The American Gem Trade Association annual Election Newsletter will mail December 10, 2004 to all members.

The following information should only be used as a reference. A complete list of instructions will be included in the actual Election Newsletter, along with the list of candidates up for election and re-election.

- **Who can vote in AGTA elections?** All AGTA Firm and Charter members in good standing. Affiliate members, Honorary members and recently approved members whose 6-month probationary term has not yet expired are ineligible to vote.
- **What does "in good standing" mean?** This means any firm or charter member who has renewed their AGTA membership for 2005. Members who are suspended may not vote.
- **Who signs the ballot?** Ballots must be signed by the designated member of record for each company.
- **When is the voting deadline?** All ballots must arrive at the AGTA office by the close of business on January 10, 2005.▲

AGTA Members to Receive GIA Discount

The American Gem Trade Association is dedicated to promoting the long-term stability and integrity of the natural colored gemstone, pearl and cultured pearl industry. The AGTA combines publicity, industry events, government and industry relations, printed materials and use of educational programs to reach this goal. To help further this goal, all AGTA members

are now eligible to continue their industry education and training at a discounted price.

The Gemological Institute of America (GIA), the world's largest and most respected nonprofit institute of gemological research and learning, is offering AGTA members a special discount. All AGTA members will receive a 10 percent discount on new enrollments for Distance Education

courses and Extension classes. Members need only to state that they are an AGTA member on their GIA enrollment form to receive the discount.

Contact Judith Shechter-Lankford with any questions about enrollment or other courses offered by GIA. Phone: 310-317-9165 or email: judith.shechter@gia.edu. You can also visit the GIA website at www.gia.edu.▲

It's Time to UPDATE your Electronic Source Directory

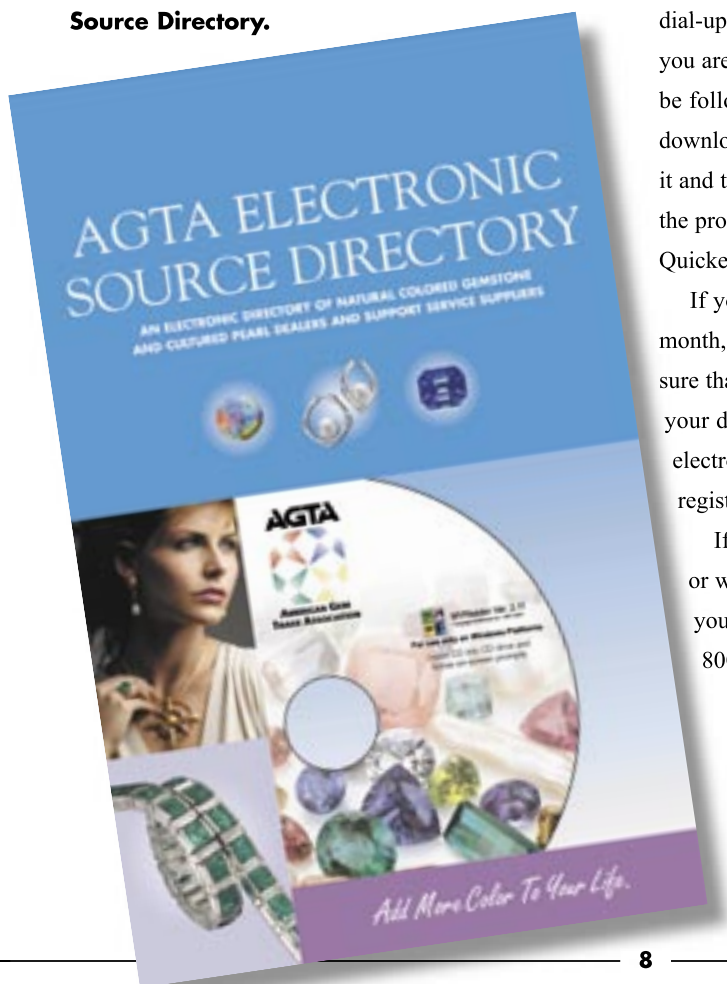
As the year draws to a close and GemFair Tucson approaches, your company needs to have the most current names, addresses, phone numbers and product information for all AGTA firm and affiliate members. What's the best way to get all this information? Simply update your AGTA Electronic Source Directory.

Updates in the AGTA electronic directory are simple and fast. To update, simply click the "UPDATE" button located in the bottom left-hand corner of your directory, or click the "yes" button when the update reminder appears on your screen.

When you click the "UPDATE" button, you will be prompted to either connect to the Internet through your dial-up connection or with your high-speed connection if you are already online. This process is simple and should be followed at least once each month. Once you've downloaded the update, close your directory and re-open it and the update will install. This process is much like the process you use for updating your Norton AntiVirus, Quicken or Turbo Tax.

If you have not clicked "UPDATE" in the last month, do so today. It is simple and easy, and will make sure that you have the latest information by bringing your desktop up-to-date. If you are installing your electronic directory for the first time, please fill out the registration information and then click "Update."

If you have questions on how to use the directory or would like a CD to install the application on your PC, feel free to contact the AGTA today at 800-972-1162 or info@agta.org.▲



This Season's Vibrant Shades Banish the Winter Doldrums

Must-haves this season include versatile, feminine and timeless jewelry pieces that are easy to mix and match, and sure to add sparkle to your wardrobe. Exotic hues such as smoky blues and purples, rusty reds, earthy greens, burnt oranges and lush golds will add an exciting dimension to your jewelry wardrobe. Whether for work or fun, big, bold color makes the statement. Among the notable trends in jewelry are:

Show-stopping bracelets.

Fall and winter 2004 is all about sparkle, glitz and glamour. The latest rage this year is a festive cuff, bangle, charm or chain bracelet that takes you from daytime to nighttime. You can never go wrong with amethyst, tourmaline, moonstone or apatite.



KIM CATTRALL © PHOTO BY VINCE BUCCI/GETTY IMAGES



BEYONCÉ KNOWLES © PHOTO BY VINCE BUCCI/GETTY IMAGES

Awe-inspiring earrings.

Hoops, drops, chandeliers and cascades are all the rage this season. The look for fall is soft, sophisticated and feminine. These eye-catchers come in a variety of gemstones including topaz, tsavorite, citrine or garnet. Earrings bring attention to the face, highlighting a woman's best features including the eyes and lips.

Breath-taking brooches.

Brooches add a festive, feminine touch to any wardrobe. Big, jewel-encrusted brooches can turn a boring jacket or dress into a new sensation. Experiment with placement—just under the shoulder, at the hip or as a closure for a cardigan. Add a trendy touch by placing a brooch on a handbag or in the hair. Nature motifs, animal themes and geometric shapes featuring aquamarine, emerald, coral or ruby satisfy urges from classic to contemporary.



Eye-popping rings.

One sure way to get noticed is to wear a gorgeous, oversized gemstone ring. Chunky rings can intensify your everyday look and get you noticed for your fashion flair. Favorite gemstone choices this fall include electrifying hues of spinel, opal, peridot, tourmaline or rubellite.

Attention-grabbing necklaces.

For fall/winter 2004, the dressed-up look for day and evening is the trend. From simple pendants and beaded strands to long links, versatile lariats and chokers, the right necklace is the crowning glory of any outfit. Create a stir with tanzanite, chalcedony, jade, cultured pearl or fancy sapphire.▲



ASHLEY JUDD © PHOTO BY CARLO ALLEGRI/GETTY IMAGES

Vibrant

AGTA Audited Financial Report

The financial reports that follow are the audited figures for the fiscal year June 1, 2003 through May 31, 2004.

The audited financial reports will continue to be an annual feature in our newsletter.

Our last fiscal year was one that was both financially solid and in which we achieved a significant number of “firsts” for our Association. We rebounded from a deficit year, in which we realized a net decrease in our assets of nearly \$209,000, to an up year, adding just short of \$55,000 to our net assets. And we did this during a year where we introduced substantial new consumer-directed marketing programs, drove solid growth in our trade shows, pursued industry-leading research programs with our Gemological Testing Center and grew our membership levels to an all-time high.

Last year, President Eric Braunwart and the Board of Directors approved a series of comprehensive new marketing plans designed to direct more of our promotional efforts to the consumer. As promised, the AGTA launched our “Add More Color To Your Life” campaign. This new theme, one that focuses on the emotional appeal of colored gemstones and cultured pearls, was introduced on a number of fronts. Consumer advertising (in *Facets* magazine), a sparkling new consumer website (addmorecolortoyourlife.com), quarterly inserts in *JCK Magazine* that focus on color in fashion and the benefits of doing

business with AGTA members, and a thorough redesign of our marketing materials were the linchpins of our new campaign. Our commitment to this campaign is a result of our more than doubling the amount of association funds directed to promotional activities.

It was also a banner year for our GemFair Tucson. Even coming off of a sluggish business year, our members reported strong sales at the show. Our buyer attendance increased by 10% over the previous year, an all-time record of 10,400

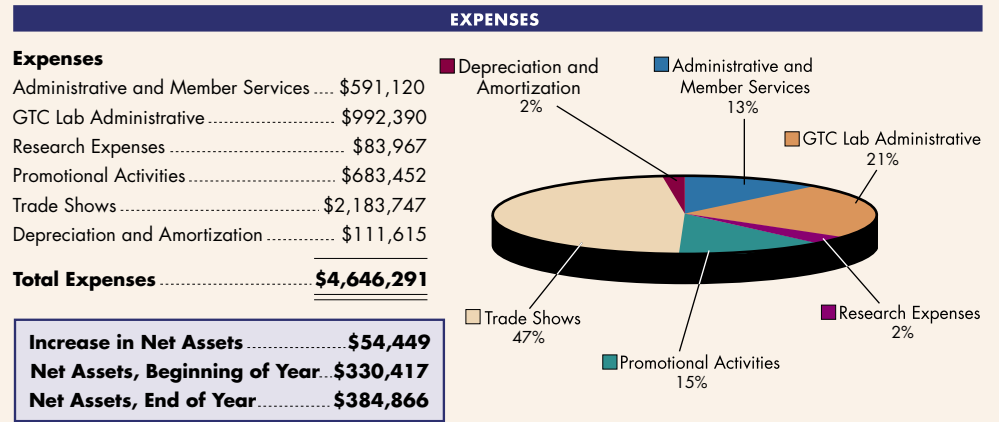
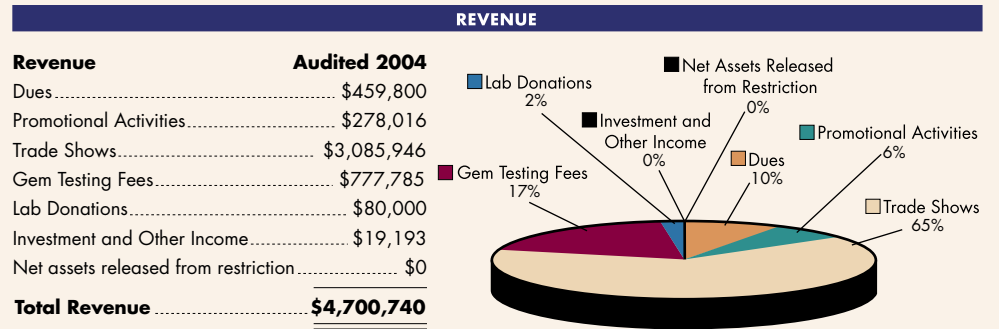
buyers. We already have strong registration numbers for the 2005 Show and hotel blocks have been filling earlier than ever before.

The Spectrum Awards Competition has long been considered the premier natural colored gemstone design contest and the support of 546 entrants, the largest response ever, supported that belief. For the first time the competition was judged in New York and we introduced our Editor Event, where over 150 consumer magazine fashion editors, stylists and public relations professionals gathered to view the entire field of entries.

Our Gemological Testing Center continues to be in the forefront of gemological research, with ongoing study of new corundum treatments. An independent review was completed and its recommendations have been implemented to ensure peak efficiency while maintaining rigid quality controls. Currently, the demand for our laboratory services continues to grow and we are working to ramp up our staff to meet this demand.

Your Board of Directors and the AGTA staff will continue to devise creative and efficient strategies to build the excitement for colored gemstones, both to the consumer and within the trade, and to ensure that the AGTA is the source of choice. And we will do so while remaining reliable stewards of your Association dollar. As always, if you have any questions regarding this report, please contact the Dallas office at 800-972-1162.▲

Statement of Revenue and Expenses: FISCAL YEAR END MAY 31, 2004



Increase in Net Assets	\$54,449
Net Assets, Beginning of Year	\$330,417
Net Assets, End of Year	\$384,866

From the Executive Director

continued from page 2

and straightforward disclosure is one of the fundamental and central components of the AGTA Code of Ethics and is a primary reason thousands of our customers attend our shows and seek our members out to source their colored gemstones. Our clients must be assured that by purchasing from an AGTA member, they can have full confidence that the product is honestly represented. This is the tacit assurance we all give to our customers when we sign our Code of Ethics form each year.

What is disturbing, however, is the growing trend that we are seeing of either incorrect disclosure or a total lack of any disclosure, even amongst our own members. This trend is emerging at a time when colored gemstones are growing by leaps and bounds in popularity. Two significant examples of this trend are artificially colored topaz, through diffusion or deposition coating processes, and the artificial coloration of corundum through the diffusion of beryllium and other light elements. Both of these processes begin with very inexpensive raw materials that are treated to produce colors that would command significantly higher prices if they occurred naturally or if they were enhanced by traditionally accepted methods.

Artificially colored topaz, whether it is treated by diffusion or by deposition coating, requires clear disclosure under both the "significant value" provision and the "special care" requirement. The colors produced by these treatments can and frequently do imitate colors that in untreated topaz would command enormously higher prices because of their rarity. Both of these

treatments require disclosure as to special care required. The "U" code must accompany diffused topaz and the "C" code must be used for deposition coated topaz. No other codes are acceptable, but a seller is free to use any language that is clear and precise and fulfills AGTA and FTC requirements.

Corundum that is artificially colored by the diffusion of beryllium or other light elements cannot be disclosed using the "H" or "E" codes. This is because the diffusion process significantly alters the price of the gemstone when compared to one in which a similar color occurs naturally or is a result of traditionally accepted enhancement processes. The only acceptable code for this diffusion process is "U." The use of the code "E" or "H" (to indicate heat) is not only incorrect but could be considered a deceptive practice.

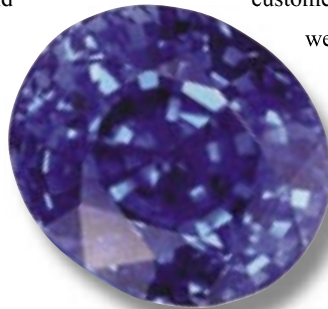
The AGTA Board of Directors, at their October meeting, passed the following motion: **that the "E" code is no longer acceptable in use with corundum and that more specific coding must be used in accordance with the Gem Information Manual.**

Admittedly, until we develop inexpensive methods to ascertain whether beryllium diffusion has taken place, it is sometimes difficult to be sure. This uncertainty is exacerbated by the pronounced lack of disclosure in offshore markets. This does not, however, relieve us of our responsibility to disclose. The Federal Trade Commission states that, "It is prudent and appropriate to disclose gemstone treatments rather than remain silent when there is a

possibility that the gemstones may have been treated."

For the purpose of debate, let us ignore for the moment what is or is not appropriate. What about the responsibility we have to our customers? Will they remain our customers for long if we weaken in our resolve and allow a treated material to proliferate in the market without proper disclosure and "we aren't sure" is our only defense? What about the unwavering stance we have maintained as individuals and as AGTA members to defend the legitimacy and desirability of gemstones while at the same time safeguarding the interests of the consumer? What has happened to our perception of our gemstones as rare, natural treasures? The unregulated proliferation of new gemstone treatments is rapidly developing a marketplace in which the consumer cannot distinguish between a material that costs pennies to produce and that which truly possesses the beauty and rarity to justify the name "gemstone."

In 2006, the AGTA will mark the 25th anniversary of its inception. Our Tucson GemFair has continued to evolve and is inarguably the most important marketplace for gemstones and cultured pearls in the world. In that relatively short period of time the AGTA has become recognized as the clear legitimate voice of the colored gemstone industry with a reputation for honesty. Good people that you can trust. The truest measure by which our clients can make informed choices is the level of integrity they perceive in us as their suppliers. Let's hope they don't find us lacking.▲



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▲ Firm Member Change to Affiliate and Company Name Change

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▲ Firm Company Name Change

From Intercolor
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From Mobu Gems
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From Eliko, Inc.
to Eliko Pearls Co., Inc.
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From Philip Zahm
Gemstones to Philip Zahm
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From Shogun Trading Company,
Inc. to Shogun Pearl
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▲ Affiliate Company Name Change

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▲ Change of Membership from Affiliate to Firm

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