

THE J REPORT

Jewelers of America: Education, Professionalism, Responsible Business Practices

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John Green Elected Chairman

JA Board welcomes new chairman & director, elects new officers

JA held its summer board of directors meeting on Saturday, July 28, in New York City. At the meeting, John Green, president and CEO of Lux Bond & Green, Inc., West Hartford, CT, was elected chairman of the board of directors.

"I am honored to begin my position as chairman of Jewelers of America," says Green, who follows in a family tradition of JA leadership; his father, Robert, presided over the JA board of directors twenty years ago.

"Jewelers of America is an association that is committed to its membership, and to advancing the professionalism and responsible business practices of the entire industry. I look forward to working with our board of dedicated volunteers, who fully support JA's mission and goals," says Green.

Established in 1898 by Green's great grandfather, Lux Bond & Green has grown to nine locations in Connecticut and Massachusetts with over 150 employees. The company has a strong commit-

ment to customer service, professional staffing and ethical practices. Lux Bond & Green is a member of the Council for Responsible Jewellery Practices, and has pledged to commit to its responsible practices framework, which will begin to be implemented in 2008.

"JA is committed to its membership and ... to the professionalism and responsible business practices of the entire industry. I look forward to working with our board."

— John Green

"I have great respect for John's industry knowledge and his active commitment to our association," says Matthew A. Runci, JA president and CEO. "I look forward to continuing to work with him for the next two years, in his new capacity as chairman."

OTHER ELECTIONS

The board also elected a new director: Peter Engel, president of Fred Meyer Jewelers. Engel, who started his career as a sales associate with Fred Meyer, has seen the company grow to 406 stores in 35 states, making it the third largest fine jewelry company in the U.S.

As a committed industry participant, Engel also serves on the boards of Jewelers for Children, VNU Expositions and the Diamond Council of America.



Newly elected chairman John Green (left) and JA President & CEO Matthew A. Runci present outgoing chairman John Cohen (center) with a medal for his service to JA.

ROUTING BOX:

Be sure to initial and pass on
among store staff.

Continued on page 2



Peter Engel

“Peter, with his industry expertise and business knowledge, will make a fine addition to our diverse board,” says Runci.

The board also elected the following officers:

- **Terry Burman, Chairman-Elect** (Sterling Jewelers, Akron, OH)
- **Georgie Gleim, Vice-Chair** (Gleim the Jeweler, Palo Alto, CA)
- **Michael Kowalski, Vice-Chair** (Tiffany & Co., New York, NY)
- **Vicki Cunningham, Treasurer** (Cunningham Fine Jewelry, Tulsa, OK)
- **Michael White, Secretary** (White’s Jewelers, Springfield, TN)
- **Jeffrey Corey, Regional Director** (Day’s Jewelers, Waterville, ME)

Additionally, board acknowledged outgoing directors Alan Rodriguez, House of Stones, New Philadelphia, OH, and Susan Jacques, Borsheims, Omaha, NE, who also served as board secretary, for their positive contributions and service to JA. ▮



During the meeting, John Cohen and Matthew A. Runci thank immediate past-chairman Alan Zimmer (center) for his years of service to the board.



Cohen presents Alan Rodriguez with a gift of thanks from JA, as his term as director ends.

2007 Cost of Doing Business Survey Released

Survey says JA members are experiencing sales growth and profit

The 2007 JA *Cost of Doing Business Survey* is now available. The *Survey* is crucial to understanding how best to manage your business, as it represents the most complete comparative financial information available to retail jewelers in the U.S.

This year’s results, which are analyzed from the 2006 financial data of JA member stores, report good news for JA members: all retail categories saw sales growth, although it was varied.

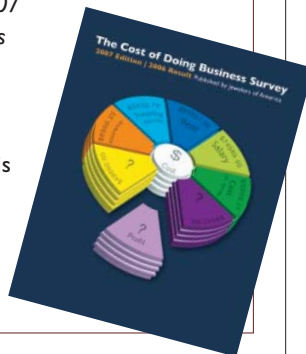
Independent high-end retailers fared best with a 7.4% sales increase over 2005, which is in keeping with 7.1% growth of jewelry sales nationwide, according to IDEX. Designer and custom retailers saw great growth at 6.5%. Chain stores experienced 4.3% sales growth, while mid-range retailers had the least growth with only 2.4% increase over 2005 sales.

Even more good news, store profitability saw a significant 32% increase over 2005 results (a 5.3% net profit as a percent of net

sales as compared to last year’s 4%).

Since not all jewelers are experiencing growth equally, it is clear that effectively managing and marketing is increasingly vital to the success of retail stores. Reviewing the 2007 JA *Cost of Doing Business Survey* can help you generate greater profits, as comparing your data can help you judge where opportunities for improvement lie and prioritize them. The *Survey* contains 75 pages of data tables that measure key performance areas like expenses, sales growth and inventory.

To order the 2007 *Cost of Doing Business Survey*, visit www.jewelers.org or call Jewelers of America at 800-223-0673. It is available to JA members for \$19.95, and to non-members for \$125.



JA Board of Directors

Chairman John Green
Lux Bond & Green, Inc., West Hartford, CT

Chairman-Elect Terry Burman
Sterling, Inc., Akron, OH

Vice-Chair Georgie Gleim
Gleim the Jeweler, Palo Alto, CA

Vice-Chair Michael J. Kowalski
Tiffany, New York, NY

Treasurer Vicki Cunningham
Cunningham Fine Jewelry, Tulsa, OK

Secretary Michael L. White
White’s Jewelers, Springfield, TN

Regional Director Jeffrey Corey
Days Jewelers, Waterville, ME

Marvin Beasley
Helzberg Diamonds, North Kansas City, MO

Artie Bennos
Simms II Jewelers, Winchester, MA

Jon Bridge
Ben Bridge Jeweler, Seattle, WA

Scot Congress
Congress Jewelers, Sanibel Island, FL

Frédéric de Narp
Cartier, New York, NY

Peter Engel
Fred Meyer Jewelers, Portland, OR

William Farmer, Jr.
Farmer’s Jewelry, Lexington, KY

Esther Fortunoff
Fortunoff, Uniondale, NY

John Hayes
Goodman’s Jewelers, Madison, WI

Barbara Hight-Randall
Hight & Randall, Ltd., Rochester, MN

Woody Justice
Justice Jewelers, Springfield, MO

Bill Koen
Joe Koen & Son Jewelers, Austin, TX

William Nichols, Jr.
Reis-Nichols, Inc., Indianapolis, IN

Steve Robbins
Robbins Bros., Glendale, CA

Hank Siegel
Hamilton Jewelers, Lawrenceville, NJ



Matthew A. Runci, President & CEO
David Lafleur, Vice President
Peggy Jo Donahue, Director of Public Affairs
Lauren Thompson, Editor, *The J Report*
Orasa Weldon, Art Director, *The J Report*

Taking Bite Out of Crime

Jewelers' Security Alliance, JA and Jewelers Mutual to partner on local Crime Prevention Networks

Jewelers' Security Alliance (JSA) announced recently a major crime prevention initiative, in partnership with JA and Jewelers Mutual Insurance Co. (JMI), to develop local crime prevention networks of jewelers and police.

These local crime-fighting groups will be organized in towns, cities, counties and states throughout the U.S. Members of the local networks will share information on crimes, suspects and crime prevention measures, and will work together with their local police and FBI to reduce crime against jewelers. The goal is to have 200 local crime prevention networks operating within three years.

"Security is of utmost concern to all retail jewelers," says JA Chairman John Green. "JSA's grassroots effort to feed and nurture local crime prevention networks is a project that Jewelers of America feels could have a significant impact on each and every one of our 11,000 member stores. We're delighted to support JSA in this worthy endeavor."

In support of the project, JA and JMI

have each pledged \$300,000, and JCK/Reed Expositions provided seed money through a \$100,000 JCK Industry Fund grant to JSA in 2006. JSA is conducting a fund-raising campaign for the crime prevention networks in conjunction with the celebration of its 125th Anniversary, which occurs next year.

According to JSA President John Kennedy, "Local jewelry crime prevention networks lead to more arrests of jewelry criminals, more awareness of security issues by jewelers, better cooperation by police and a significant reduction in crime. This project will be a giant step in the fight against jewelry crime by helping to involve jewelers and police throughout the U.S. in the most effective crime prevention activities."

"I have been involved with a local jewelers' crime prevention group for the past several years and I have seen first-hand the effectiveness of such a group," says JMI Chair Patti Geolat. "I think this project will be a

major step in reducing crimes against the policyholders of Jewelers Mutual and the entire jewelry industry."

To find out how you can be a part of the crime prevention networks, call JSA at 800-537-0067, or contact John Kennedy at jsa2@jewelerssecurityorg.



Meeting to confirm their support for the Jewelers' Security Alliance's local crime prevention networks project are (L-R): JA Chairman John Green, JA President and CEO Matthew A. Runci, JM Chair Patti Geolat, JM President and CEO Darin Kath, JSA Chairman David Cornstein and JSA President John Kennedy.

De Beers Settlement: Claims Process To Begin

Claim forms expected to be made public later this year



JA has learned that the De Beers settlement fund claims process is expected to begin later this year.

Public notice regarding the claims process should start to appear in trade and consumer magazines and newspapers. JA suggests that you inquire about the appearance of these public notices in any consumer media you use for holiday advertising, so you can request that your ad not appear adjacent to any public notice on the De Beers settlement.

As soon as JA receives word that the claim form is available, we will notify you with the information on how to obtain it.

The claims process is open to all U.S. jewelry retailers, jewelry manufacturers and diamond traders/manufacturers, who purchased rough and polished diamonds from January 1, 1994 to March 30, 2006. These industry groups, along with consumers, make

up an "Indirect Purchasers/Resellers" settlement class that is scheduled to receive \$272.5 million in total. The industry will be entitled to approximately half of that total, with consumers entitled to the other half.

CLAIM FORM PROCESS

As mentioned in JA's previous De Beers settlement fund update (February 2007), completing the claim form should be a relatively straightforward procedure.

JA communicated with plaintiffs' attorneys about the proposed claims process, to ensure it was made more user friendly for our members.

In order to complete the claim form, retailers will need to gather their own records from any two-year period from the last 12 years. A retailer with good record keeping should not find the claims process overly burdensome.

USING OUTSIDE HELP

JA is aware that various entities are contacting jewelry retailers with offers to aid in the claims process for a percentage of your settlement. While JA takes no position on the value of these firms, retailers can choose to review the claim form first, before deciding on a course of action. Waiting to assess the claim form yourself will not harm your chances of receiving a fair settlement.

For De Beers Settlement Fund



updates, visit www.jewelers.org and log into the Members Only area of the website.

Online Courses Now Available Live

JA releases three new online courses, with topics covering colored gemstones, treatments and more, in time for the holiday sales season

After extensive beta-testing of its J-Biz online course program, JA is making three courses available to members at its J-Biz Education Center at www.jewelers.org. Test participant response has been very enthusiastic. "I would definitely recommend the course to others," says Erika Matson, AJP of Ben Bridge Jeweler. "In fact, I can't wait to take more myself."

The J-Biz online courses have been tailored to the schedule of a busy retail sales associate. They cover timely topics in a format that gives sales associates quick competence to immediately enhance performance on the sales floor. All courses are self-study and structured in short sections, so that they can be conveniently started and stopped to fit any busy schedule.

"We know it's crucial for the J-Biz online courses to be not only convenient and affordable, but also engaging and worthwhile," says JA Director of Education David Peters, who designed the courses specifically for the web. "That's why they are focused on usable sales skills and knowledge that associates can take directly to the customer."

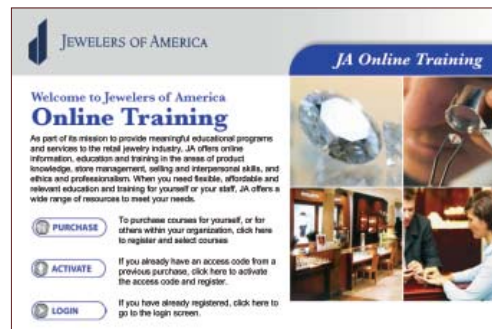
Managers and sales associates looking for another way to connect with customers during the holiday sales season, should look no further. Start learning online today, the first available J-Biz online courses:

Counter Intelligence

JA's popular Counter Intelligence education product – a comprehensive, multimedia self-study course – has been transformed for easy web-learning. The course educates sales associates about professionalism, ethics and legal compliance. Students learn how to communicate information regarding precious metal quality marks, appraisals and laboratory reports, synthetic and imitation gems, and treatments.

Communicating Color: Selling the Beauty & Value of Colored Gemstones

After taking this in-depth course, a sales-person would have practical knowledge about popular faceted gems and gemstone sources, colored stone value factors, gemstone enhancements and disclosure, and proven techniques to close more colored stone sales.



JA's online courses feature interactive games, quizzes and audio narration to motivate users while they learn.

Treatment Talk: Discussing Gemstone Enhancement With Your Customers

This informative, easy-to-follow course covers different types of gem treatments, popular treated gemstones found in most stores, stability and care and cleaning issues, and proven techniques to help a sales professional communicate this information simply and positively to customers.

Courses are available exclusively to JA members at the J-Biz Education Center at www.jewelers.org. Creating log in ID logging in. JA has made it easy for individuals or owners/managers to purchase courses.



JA & AGS Lead Bench Jeweler Forum

Forum to examine JA Certified Bench Jeweler program, and educational and marketing resources

JA, along with the American Gem Society (AGS) and a group of bench jewelry industry leaders, have formed a Bench Jeweler Education Resource Forum to examine the current state of bench jeweler education and certification. Recognizing the importance of bench jewelers to the prosperity of the independent jeweler, JA and AGS convened the first meeting, held during the JA New York Show.

"JA led the industry 10 years ago in its creation of the JA Certified Bench Jeweler program," says JA President and CEO Matthew A. Runci. "Now, it's time to take a fresh look at certification and the resources available to bench jewelers."

The Bench Jeweler Education Resource Forum has formed four committees that, over the next year, will assess key areas of interest. The committees will review: the JA Certification program content and structure; certification grading system; educational

resources for bench jewelers; and how to best market bench jeweler expertise as a benefit of shopping with the professional jewelry retailer.

JA Director of Education David Peters is leading the forum, with assistance from JA Assistant to the President Sharie Fogarty. David Gardner of David Gardner's Jewelers, Bill Herbert of GIA, Ulla Raus of the Texas Institute for Jewelry Technology, Alan Revere of the Revere Academy, Teresa Shannon of MJSA, and Brad Simon of Bench Media, have volunteered as chairs of various committees, while organizations such as Stuller, B.A. Ballou and others also support the work of the forum.

The Bench Jeweler Education Resource Forum will work through 2008 on finalizing recommendations. For more information on the Bench Jeweler Education Resource Forum, please contact David Peters at davidpeters@jewelers.org.

"JA led the industry 10 years ago... It's time to take a fresh look at certification and the resources available to bench jewelers."

—Matthew A. Runci

FTC to Retailers: Truncate Credit Card Receipts

Fair and Accurate Credit Transaction Act requires retailers to truncate account numbers and dates from receipts

The Federal Trade Commission (FTC) wants retailers to make sure they are complying with a law that's been in effect for all businesses since December 1, 2006.

According to the Fair and Accurate Credit Transaction Act (FACTA), Section 113, any person accepting credit or debit cards must truncate the account number of such cards, meaning no more than the last five digits of the account number can appear on any electronically printed receipt. You must also delete the card's expiration date.

The law went into effect to protect consumers from credit card crime. However, compliance with this law is also important

to protect your store from serious liability. Noncompliance exposes a company to FTC law enforcement action, including civil penalties and injunctive relief.

In addition, compliance with this provision is particularly important because it is an amendment to the Fair Credit Reporting Act (FCRA), which allows consumers to sue businesses that don't comply. The FCRA allows private plaintiffs to recover between \$100 and \$1,000 in statutory damages for each violation deemed to be "willful." The FCRA has no limit on statutory damages in a class action. For instance, in a case alleging that a business has willfully failed to truncate

its receipts, plaintiffs potentially could recover \$100 to \$1,000 per each receipt generated. Consequently, these violations could carry staggering liability.

The seriousness of this issue should not be underestimated. A compliance failure at even one store may result in substantial exposure, given the volume of receipts generated in a typical retail business. Therefore, JA encourages you to examine your company's compliance with FACTA Section 113 closely. ↓

For more information visit ftc.gov/infosecurity, for tips on safeguarding sensitive data.

Congressman Rangel at JA NY

Chairman of House Ways and Means Committee addressed JA members and JA NY attendees about current legislative issues of interest to industry

At the opening of the JA New York Summer Show, Sunday, July 29, Congressman Charles B. Rangel (D-NY) addressed a crowd of attendees as a guest of JA.

"Jewelers of America is grateful to the JA New York Show for providing this opportunity for Chairman Rangel to address our industry," says JA President and CEO Matthew A. Runci. "He will preside over legislation on a variety of issues that Jewelers of America is tracking in Washington, D.C."

Rangel is the Chairman of the House Committee on Ways and Means, considered the most powerful committee in Congress, due to its jurisdiction over tax and trade legislation, including Social Security and Medicare. Ways and Means has considered legislation of crucial interest to the jewelry industry over the years, including luxury tax measures and changes to the Generalized System of Preferences.

In this current session of Congress, Ways and Means is also likely to have jurisdiction over legislation that would permit the individual states to require collection of sales taxes by Internet and other remote retailers. The passage of such legislation is critical to the industry, as it would act to level the playing field between bricks-and-mortar retailers and Internet-only retailers.

Showing his support for the Sales

Tax Fairness & Simplification Act, Rangel said, "We have to concentrate on small retailers, making it possible for them to be able to be on a level playing field...that the Internet not be able to beat them merely because of a different way that we have to tax."

Before officially opening the show, Rangel ended his speech by emphasizing the importance of industry members supporting Congress and participating in local government – to better the industry's representation in U.S. legislative issues. "The only thing that your country asks of you, are three things: participate, participate, and please participate," he concluded. ↓



Congressman Rangel gives the opening speech at JA New York, supported by JAPAC Leadership Group Chairman Bill Farmer Jr. (left) and JA President & CEO Matthew A. Runci (right).

JAPAC Needs You!

When Congressman Rangel addressed the jewelry industry at JA New York, he made clear the importance of retailers' active participation in government to support important causes. As a member of JA, you have a political action committee, JAPAC, working to do just that.

JA has recently formed a JAPAC Leadership Group. Led by Chair Bill Farmer Jr. of Farmer's Jewelry, committee members are Alan Zimmer of Reeds Jewelers, John Green of Lux Bond & Green, Jon Bridge of Ben Bridge Jeweler, and Lee Berg of Lee Michaels Fine Jewelry. These five industry leaders are helping raise awareness of JAPAC and high-priority legislative issues important to jewelers.

Response has been enthusiastic. After a rousing speech by Farmer at the JA Affiliate Conference, board directors and affiliate leaders, like Brittany Adair (pictured), took out their checkbooks in support of JAPAC's mission.



It's important to make sure your voice is heard in Washington by supporting JAPAC. To find out more about the issues or to donate, visit www.jewelers.org and click on Public Affairs.

JA Affiliate Conference

During the 2007 JA Affiliate Conference, held July 27-28, JA state and regional officers enjoyed not one, but two cocktail parties at New York City landmarks. They mixed and mingled with JA staff members and board directors at a welcome reception on Friday, July 27, held at the American Airlines Theatre in Times Square. On Saturday, July 28, a second cocktail reception followed the Affiliate General Meeting at the historic New York Public Library.



Edwin Menk, Brian Peterson, President of Arizona Jewelers Association Scott Bohall, Tom Keleher and Tyler Klima.



Outgoing chairman John Cohen, of Carlyle & Co., with Kathy Beall, executive director of the Alabama Jewelers Association.



(Clockwise from left) Davena Liepman and Janisue Rigel of the Arkansas Jewelers Association chat with fellow affiliate leaders on Friday night at the American Airlines Theater.



JA Director Jeff Corey and his wife Kathy Corey, of Days Jewelers, with JA Vice President Dave Lafleur.



Matt Runci stands with (l-r) Pamela Caillens of Cartier, JA Director Esther Fortunoff, and Catherine Sproule of the Council for Responsible Jewellery Practices.

Right: JA Director of Public Affairs Peggy Jo Donahue with Bill Blair, executive director with his wife Sharon, of Kansas, Missouri, Nebraska/South Dakota and Oklahoma Jewelers Associations.

Far right: Taylor Cowardin and Mary Loose DeViney of the Virginia Jewelers Association.





Sherri Busse and Suzanne Baase of the Illinois Jewelers Association with Daron Woelk of the Kansas Jewelers Association.



Ruth Ann Lynn (president-elect) and Terri Stokes (president) of the South Carolina Jewelers Association with Sarah Jeffcoat.



Sharon Blair, Jewelers for Children Executive Director David Rocha, and JA Director Vicki Cunningham of Cunningham Fine Jewelry.

2007 JA Affiliate Awards

This year, JA honored the Missouri Jewelers and Watchmakers Association and the Ohio Jewelers Association for their outstanding commitment to JA's Political Action Committee, through charitable donations and fund-raising efforts.

Top: JA Director Alan Rodriguez accepts the award from Matthew Runci and Bill Farmer on behalf of OJA. Bottom: Leo Anglo receives the award on behalf of MJWA.



Conference Speakers

At the general meeting, affiliate leaders heard presentations by JA Directors Vicki Cunningham and John Hayes (right), Matthew Runci, Peggy Jo Donahue, JA Legislative Counsel Tim Haake, and JAPAC Chair Bill Farmer Jr.



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Committed to Professionalism and Integrity

American Gemological Laboratories is the Official Gemstone Laboratory of the 2007 JANY Special Delivery Show
Gem Certification and Assurance Lab (GCAL) is the Official Diamond Grading Laboratory of the 2007 JANY Special Delivery Show

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JEWELERS OF AMERICA
52 Vanderbilt Avenue, 19th Floor
New York, NY 10017
800-223-0673 • 646-686-0246
Fax 646-658-0256
info@jewelers.org, www.jewelers.org



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