

PRESS ARCHIVES: XRF and Jewelry Analysis
Don Kloos

National Jeweler Article: NBC Dateline and Underkarating

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Jeweler

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Tabloid TV Takes Stab at Gold Jewelry

By Nancy Pier Sindt
Fashion Director

"Dateline NBC," the investigative, magazine-type television program, leveled its sights on gold jewelry Sept. 12, focusing on underkarating and discounting.

The gold segment's reporter, Victoria Corderi, said she and her staff shopped in 21 stores in four cities—New York, San Francisco, Los Angeles and the Detroit metropolitan area—and bought samples of 10- and 14-karat gold jewelry, which

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1st Target: Karat Content

By Michael K. Golay
Associate Editor

New York—"Dateline NBC" took advantage of the lack of policing and testing of gold content in jewelry and an apparent lack of interest in the issue by the U.S. Justice Department and brought it home to viewers.

Victoria Corderi, reporter for the gold jewelry segment on the "Dateline" program, visited gold exchanges passed off as "reputable jewelers" in search of unfair practices and fraud. And—no surprise—she found them.

"Dateline NBC" interviewed as its key expert on underkarating Steven Kinney, a former jewelry wholesaler for Honolulu-based Gold Rush and later an

2nd Target: Discount Sales

By Donna Frischknecht
Senior Associate Editor

New York—It did not come as earth-shattering news to jewelers when "Dateline NBC" reporter Victoria Corderi exposed in her report the continuous sales being held at Mervyn's, Macy's, Bullock's, Lord & Taylor, Emporium and Kmart for what they really are.

Many jewelers contacted by NATIONAL JEWELER said that Corderi's report was beneficial, because it made it clear to the public that the many "golden opportunities" she found at 30%, 40% and even 60% off were not opportunities at all.

"There's a lot of sentiment out there [among jewelers] to clean up the industry. The more the public knows and the more they

owner of Fort Knox Jewelers, Honolulu. Kinney was the first documented case of a jeweler bringing a wholesaler to trial for gold underkarating. His case went from late 1985 to early 1986. Following it, Kinney worked in cooperation with federal prosecutors on a number of other underkarating cases.

Kinney told the story of how he, after discovering that Gold Rush was delivering underkarated merchandise to its vendors, turned evidence over to law enforcement officials about the company's underkarating practices, because he said he knew eventually the company, whose largest competitor had recently been investigated for underkarating, would be found out.

"I had been putting a good face on their criminal acts," Kinney

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Target: Karat Gold

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toled NATIONAL JEWELER. "My wife and I had worked together for Gold Rush, and when we found out that was going on and we knew it could hurt us, we contacted the police."

Kinney said he worked with

Vince Pru, San Francisco Deputy District Attorney, on the Gold Rush case and against IPI Gold in San Francisco.

Kinney, who now lives in Oregon and works as a business consultant, claimed that as a result of his initial legal action against underkaraters in Hawaii and California he has been blackballed from the industry by suppliers and retailers.

"I lost my livelihood and a marriage because I wanted to tell the public what was going on," Kinney said. "I had to do something. The jewelry business was my life. All you have in any business is your name, and it surprises me how many people don't realize that."

The Law

According to section 295 of the National Gold and Silver Stamping Act, the fineness of gold in a piece of jewelry cannot be more than three one-thousandths less than the fineness indicated by the karatage mark. Pieces of jewelry using solder or additions of gold alloys of a lesser fineness may not be below par by more than seven one-thousandths parts. The law also requires that a manufacturer place his trademark next to the quality mark on a piece of jewelry, although that law is often disregarded.

However, the trademark law hadn't been disregarded when "Dateline" paid

a visit to Van Nuys, Calif.-based S.A. Kitsinian, a gold jewelry manufacturer. The program had found that a number of Kitsinian's pieces, all marked with its trademark "SAK" and which were subjected to fire assay, were underkarated.

But Sarkis Kitsinian, the company's president, when examining the assayed material in question, said that the pieces deemed underkarated were among those that S.A. Kitsinian cast-contracted through H.K. Jewelry of Los Angeles. Kitsinian took Corderi and her camera crew to H.K. Jewelry to confront the caster with the underkarated pieces.

When Kitsinian and "Dateline" arrived with the merchandise, H.K.'s proprietor, Harout Kelayjian, said, among other reasons for the underkarating, that the 24-karat gold his company received from Kitsinian and melted himself might have been underkarated. In other words, the gold S.A. Kitsinian buys from its supplier might be lacking in proper gold content.

In June, S.A. Kitsinian filed a breach of contract lawsuit against H.K. Jewelry. The suit is now in process, according to Kitsinian's attorney, Raffi Ourfalian.

"We have a nationwide reputation," said Susan Kitsinian, wife of Sarkis, who is also involved in the business. "We are a company that stands behind our every word. We were giving H.K. pure gold in advance and he was cheating half a karat, which isn't even worth it. But after the whole ordeal it's been a positive experience for us. Twenty-five new accounts have been opened by jewelers who saw the program and saw that we were honest."

Joel A. Windman, executive director of the Jewelers Vigilance Committee, was featured in the "Dateline" program.

"If quality marked, a 14-karat piece of jewelry must have the manufacturer's registered trademark appear next to it," Windman told NATIONAL JEWELER. "The problem, as you could see

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you might encounter as a result of the "Dateline" program and media coverage like it. The following list was compiled by JIC, with input from the World Gold Council and Jewelers of America:

- Underkarating is not prevalent. Consumers should shop reputable, reliable jewelers with records of reliability and fair business practices.
- Many retailers spot-check for underkarating through independent laboratories.
- Gold jewelry should not be bought by weight alone. Many elements determine the price of a piece of jewelry, including karatage, weight, design, quality of construction and finish.
- In the United States, if a karat mark is applied to gold jewelry, a registered trademark is required by federal law under the National Gold & Silver Stamping Act.
- The Jewelers Vigilance Committee investigates, within the constraints of its resources, any questionable product brought to its attention.
- If a store is offering discounts of 50% or more, the sale is probably unbelievable. Consumers should shop around and compare value.
- We are not suggesting at this time that we take a more proactive stance with the media in regard to these issues," Ramsey said.
- However, if you are contacted by your local media and would like suggestions on how to respond, please call us for assistance." Contact the JIC at 800-459-0130 or 212-388-2319.

—Deborah A. Catalan



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'Dateline' Overview

Continued from page 1

they submitted to fire assay in an independent testing lab. Of 48 pieces, 16 were found to be underkarated. Underkarating ranged from minor amounts to a few "grossly underkarated" pieces.

When the reporter returned to the stores with the underkarated pieces, cameras rolling, she was met with denials that the merchandise was purchased from those stores or that any of it was underkarated.

Although the reporter claimed visits to jewelers in malls, jewelry districts and individually owned businesses, it appeared that all merchandise in question came from jewelry-exchange-type gold purveyors and not traditional fine jewelry stores.

Characterizing underkarating as "a nearly perfect crime" was industry professional Steven Kinney, a former gold wholesaler, who served as the "expert source" on the program.

Trademarks on most of the

goods, usually touted as a bellwether of authenticity, were either unreadable or non-registered, making it impossible to find the producers. However, the S.A. Kitsinian trademark was found on some pieces. When confronted, Kitsinian, a Los Angeles-based producer, denied producing underkarated merchandise and brought the reporter to a subcontractor who had made the pieces in question. The subcontractor gave a variety of excuses for the underkarating and, according to the reporter, is being sued by Kitsinian for selling him underkarated merchandise.

Also under scrutiny was discounting, and department stores received the hit. Merchandise purchased from these stores was characterized as meeting karat fineness standards, but store sale policies were called into question.

Cited for having almost constant sales were K-Mart, Macy's, Lord & Taylor, Mervyn's, Bullock's and Emporium. Macy's was shown to have staged 26 sales days in October, and Lord & Taylor 24 "sales events" during December. Kinney debunked the "sale price" on most of the discounted goods, maintaining that in practically all cases, inflated retail prices are stated and discounts are bogus.

A plus for the industry came from a visit to Ben Bridge Jeweler, the only recognizable traditional jeweler featured in this show. A spokesperson for the Seattle-based chain said the store "never offers sales" because its owners believe that "most retailers that offer them mark the merchandise up in order to take the

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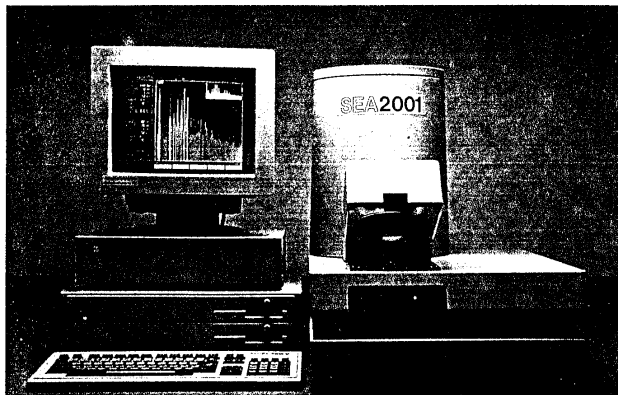
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GUARANTEED GOLD

SEIKO'S SEA-2001 ELEMENT ANALYZER SAVES MANUFACTURERS TIME, MONEY AND GOLD



BY LORNA FRANCIS

Seiko's SEA-2001 element analyzer.

If you're a jewelry manufacturer looking to protect yourself as a reputable jeweler, look no further—the SEA-2001 element analyzer from Seiko Instruments USA Inc., Torrance, CA, is your dream come true.

The system lets users easily, quickly and accurately assay gold and other precious metals without destroying samples. Previously, jewelers had no way of guaranteeing karat content of gold was greater or less than the tolerance standard required by state and federal law. With the SEA-2001, they are assured that every piece of gold that leaves the factory is authentic.

Introduced last March during the MJSA New York Expo, the SEA-2001 uses x-ray fluorescence to analyze the elemental composition of solids, powders or liquids, and automatically tests up to 12 samples without operator interference. The unit can also distinguish diamonds from cubic zirconia with absolute accuracy.

The system has a graphic interface that leads specialist and non-specialist alike through the process step-by-step. It then automatically analyzes the sample within five to 20 minutes. It detects more than 80 periodic elements, from sodium through uranium. The element analyzer includes a desktop computer with color monitor and keyboard for controlling the analysis, an x-ray measurement head, a vacuum pump for sensitive analysis of light elements, a power filter and regulator, and a color print-

er for generating reports. The software that accompanies the system has multiple modes that lead the user through the analysis.

The SEA-2001 combats fraud, counterfeit, and over or under karating of gold. "What interests jewelry manufacturers is the easy and rapid return on their investment that the SEA-2001 provides by answering karating and process problems," says Don Kloos, manager in charge of the SEA-2001 element analyzer. "Just a savings of five grams of gold a day or the elimination of three fire assays covers its cost. The cost of one ring or other piece lost to a fire assay each day is enough to pay for the system." Seiko estimates that the SEA-2001 costs a jewelry manufacturer \$70 a day to operate.

The system is priced at \$65,000; Seiko offers a three to five year payment plan of \$1,500 a month for manufacturers interested in installation. The company anticipates shipping two to three systems a month to the jewelry industry.

Seiko Instruments began developing the machine five years ago. It has been on the world market for three years and began selling here a year ago. It is used by 15 jewelers in Japanese department stores, six jewelry manufacturers in the U.S., and a refiner in Canada. Current users include: Michael Anthony Jewelers, Inc., Mt. Vernon, NY; Pace Enterprises, Los Angeles; Stuller Settings, Lafayette, LA; Victor's Three D. Inc.,

Maywood, NJ; Larter & Sons, Laurence Harbor, NJ; Krohn Industries, Carlstadt, NJ; and Amek Refining Ltd., British Columbia, Canada.

Lawyers are finding the SEA-2001 useful as well. The District Attorney in San Francisco borrowed a system from Seiko Instruments to assist him with pending jewelry cases. Retailers such as Zales, J.C. Penney and Sears Roebuck & Co. are considering using the system. The machine can also be used in the mining, metals, petroleum and chemical industries. Departments such as quality control, receiving inspection, research and development, and process control use sophisticated systems for composition analysis, material sorting and qualitative identification.

Michael Anthony Jewelers began using the SEA-2001 a year ago. The company had been testing gold through the traditional fire assay. "Where gold is such an important factor, you have to make sure that you're giving the right amount," says Anthony Paolercio, executive vice president and chief operating officer of Michael Anthony. Paolercio notes that with the fire assay, manufacturers couldn't rectify problems because the product was already fabricated at that point. But, he admits, "Up to now, you were never able to tell per each individual lot what the karat was at the time you were actually casting the product or pouring it into a bar; it was always after the fact."

Now, the three hour fire assay is a thing of the past for Michael Anthony. Mohamed A. Nazir, the company's assay technician who oversees the casting room and assay area, remembers, "We did at least 60-75 fire assays a day then. Instead of having three people to do the fire assay, we can have one with this machine." Still, Nazir compares the fire assay with the machine and double checks the gold. He also does a calibration, where he checks the intensity, aperture and energy level of the SEA-2001. "The machine is timesaving, non-destructive and we are cutting expenses—fire assay, chemicals, lead and silver," he says.

Michael Anthony works on \$255,000 worth of gold a day, which translates to 650 ounces of fine gold or approximately 1,100 ounces of 14k gold metal. The SEA-2001 is sav-

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ing the company an average of \$1,000-\$1,200 a day.

"What we are able to do with the



"What we are able to do is literally melt old scrap, fine gold and the alloy at one time."

Anthony Paolercio

machine is literally melt old scrap, fine gold and the alloy at one time," says Paolercio. "We wait until the mix is liquid then take tube samples and insert it into the metal and then pull the sample out so the metal is waiting in a liquid state while you're doing the assay."

Paolercio suggests that manufacturers examine what type of volume they're generating before purchasing the SEA-2001. "Anybody that does their own fire assay in house, right now on a daily basis—this machine is definitely for them," he says. "It's cheaper to operate (approximately \$40 per month material cost). You don't use any nitric or any sulfuric acid to dissolve the gold so that there are no fumes or acid to dispose of."

OroAmerica, Inc. Burbank, CA, used the system, but opted to return it. A company spokesperson admits, "the machine was not quite the right thing for us at the time." The spokesperson declined to comment further.

For more information on the SEA-2001, contact Don Kloos, 2990 West Lomita Blvd., Torrance, CA 90505; or call (213) 517-7308.

1989 U.S. COLORED STONE IMPORTS UP 17 PERCENT

U.S. imports of polished gemstones increased 17 percent to \$476 million in 1989, according to trade statistics compiled by the U.S. Department of Commerce, making it the second largest polished stone market after Japan. U.S. imports of gemstone rough increased 21 percent to \$59 million.

The largest import category by value was emeralds, with 3.4 million carats, or \$208 million, worth imported last year. These represent respective jumps of 55 percent and 19 percent. Colombia was the most important supplier of emeralds to the U.S., followed by Switzerland and India.

U.S. imports of sapphire increased 24 percent to \$100 million, a 17 percent increase by weight to 4.1 million carats. Thailand remained the most important sapphire supplier, followed by Switzerland and Hong Kong.

Thailand was the biggest source of rubies as well, importing 1.7 million carats. A total of 2.5 million carats of rubies were imported in 1989, up 16 percent in value to \$83 million.

U.S. imports of both sapphires and rubies from Israel more than doubled, indicating the growing diversification of the cutting industry there. Sapphire imports from Israel jumped 325 percent to \$4.7 million; rubies rose 142 percent to \$3.8 million.

Imports of other gemstones rose six percent to \$85 million. West Germany, providing \$18 million worth of stones, overtook Hong Kong as the most important supplier. Imports from Hong Kong increased five percent to \$17 million.

FULL SLATE OF TOPICS SET FOR SANTA FE SYMPOSIUM

The Fourth Annual Santa Fe Symposium, Sept. 11-14 in Vail, CO, will offer open dialogue on various research, technology and health issues currently affecting the jewelry manufacturing industry. A partial list of topics includes Manufacturing and Legal Aspects of Gold and Silver Filled Products, Sterling Silver Casting Problems, Surface Finish Effects on Color Measurements, Investment Influence on the Quality of Castings and Metal-Mold Reactions, Treatment of Metal Wastes Using Ozone, and Effects of Metal and Flask Temperatures on Casting Quality.

Registration fees are \$495 before

Aug. 20 and \$550 after Aug. 20; a \$100 deposit will ensure your involvement in the Symposium. The registration fee includes all presentations, lunches and evening receptions over the three days, and a hardbound book of the Symposium papers. For additional information or registration materials, contact the Santa Fe Symposium, 3820 Academy Parkway North, N.E., Albuquerque, NM 87109; (505) 344-3357.

BEVACQUA HAS DESIGNS FOR HIS OWN JEWELRY FIRM

Joseph Bevacqua always had a strong desire to put his own flavor into the making of a piece of jewelry. After designing a line of jewelry for 20 years with someone else's recipe, he cooked up his own creations under J.A. Bevacqua Designs Inc.

Bevacqua is influenced by Manhattan's skyscrapers and his passion for the wind and waves of sailing are evident in his line. But whether he's cruising down the Long Island sound or watching the tide, designing rings is a favorite pastime. "I can use my creativity. I love the design aspect of the industry and the interplay of diamonds and gold," he says.

His four ring series, "Skyscrapers," "Worldwind," "Heights" and "Canal" represent 75 percent of his business; earrings and pendants constitute the remainder. The line is finished in 18k gold with diamonds and gemstones, wholesaling from \$400-\$4,000.

Bevacqua, 45, founded the West



Joseph Bevacqua

New York, NJ firm with his wife Evelyne seven months ago. He's president and designer; she's vice president in charge of sales, marketing and public relations. Bevacqua's experience in the jewelry industry spans 20 years. He started with Jabel Inc. as artist and manager of product development for three diverse lines. Evelyne has 25 years ex-

More articles continued below,

NewsFront

De Beers Offers Co-op Funds

'Christmas Fire' Rekindled

New York—Spurred by the "uncertainty of fourth quarter sales," De Beers will spend an additional \$2 million this Christmas season to rerun last year's "Christmas Fire" television commercial. Ayer, De Beers' U.S. advertising agency, said De Beers will divide the funding—which was not included in the company's original \$44 million 1990 advertising budget—evenly between national network advertising and regional co-op advertising with retail jewelers.

The commercial features a Santa who shows how to build a "Christmas Fire" by presenting his wife with the gift of a sparkling diamond necklace.

Ayer said Rachel Treitelman, Ayer brand manager of women's \$1,000-plus diamond jewelry and di-

rector of the co-op program, said De Beers has earmarked about half of the \$2 million for co-op funding. De Beers will pay half of the retailer's advertising costs up to a maximum of \$1,000 per store, she said. Retailers with more than one store can receive \$1,000 per store, up to \$10,000.

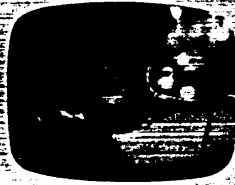
Mincom, a cable television production specialist based here, will administer the program, including producing the five-second tag that appears at the end of the commercial showing the retailer's address and phone number, and strategically placing the spots in the retailer's regional media, Treitelman said.

"Mincom is a turnkey operation. A retailer only has to pay the fee and tell them how much he wants to spend, and the whole program is taken care of for him," she said. Mincom will also balance the program so jewelers aren't competing within the same general time slots with other jewelers in their areas, Treitelman continued.

Retailers can call Mincom at 800-222-5311 for a free Christmas co-op kit, which will be distributed in September.

Retailers will qualify for co-op funding on a "first-come, first-served basis," for spots scheduled to air between Nov. 1 and Dec. 24, Treitelman told NATIONAL JEWELER.

Ayer will use the remainder of the \$2 million to run Christmas Fire on national cable networks and on network television, during NFL football broadcasts and—primetime, Treitelman said.



X-Ray Detects Swallowed Stones

New York—Two incidents of diamond stealing by swallowing the evidence—were recently reported by the Jewelers Security Alliance.

With an X-ray examination, a stolen 2.5-carat diamond ring was detected in the system of an unnamed suspect in Minneapolis, and three diamonds were discovered in another suspected system in Kansas City, Mo.

When the suspect in a "grab and run" theft of a Minneapolis-based jeweler was apprehended, the police noticed that blood was coming from the suspect's mouth and theorized that the ring was swallowed, JSA reported. After the police obtained a search warrant for an X-ray exam, the stone was revealed, said JSA.

In Kansas City, Mo., an unnamed suspect in another jewelry store theft agreed to the X-ray examination, JSA reported. After the stones were detected, the suspect pleaded guilty, JSA said.

The suspect allegedly entered a jewelry store and expressed an interest in loose diamonds of one carat or more, JSA said. After the thief looked at several stones and left the store without making a selection, the jeweler discovered that two diamonds—worth \$12,000—were switched for synthetic stones, JSA said.

The jeweler immediately activated an "alert system" to other nearby jewelers, notifying them of the suspect's description and of his operating methods. The suspect was later recognized by a salesperson in one of the alerted stores, JSA said.

After notifying the police, the salesperson showed the suspect several loose stones to keep him in the store, JSA said. Watching his movements, the salesperson noticed the suspect put a stone in his mouth and put a synthetic one in its place.

When the police arrived and confronted the suspect with the evidence, he agreed to be X-rayed, JSA reported.

Sci-Fi Is Closer Than You Think

Cos. Fight Karat War With High-Tech Tester

New York—Reacting to the ongoing industry war against underkarating, a number of manufacturers are using a new entrant in the gold testing technology field.

The SEA-2001 Element Monitor by Seiko Instruments, Torrance, Calif., measures karatage without destroying the product and calculates the percentage of its elements within 20 minutes, said Don Kloos, Seiko's production sales man-

ager. The tester also gives as high a level of accuracy as the fire assay method when the machine is calibrated with the standards that Seiko provides, said Kloos. "The sample is usually accurate within one part per thousand or better," he said.

One firm that recently purchased the tester, Stuller Settings Inc., Lafayette, La., based its decision on the

Continued on page 97

Aura President Dies in Accident Near Vicenza

Chicago—Stewart J. Gilbert, 38, founder and president of Aura, was killed June 6 in an automobile accident in Italy.

Aura, a manufacturer of fashionable gold chains, will be run by the Gilbert family.

Gilbert was one of five passengers in a car returning around 1 a.m. from dinner just outside Ancignano, a small town north of Vicenza. Two other passengers were also killed in the crash. One, Savvas Papadopoulos, 26, was an Aura salesperson. Both died instantly, Gilbert and Papad-

poulos were both single, and both lived in Chicago.

The third passenger killed, a supplier, was not identified and the status of the other two passengers was not known.

Gilbert was survived by his parents, Harry and Sylvia, and his sister, Renee Gilbert-Miller and a brother, Brian. Renee helped found the business with Stewart, and worked very closely with him. She will continue to run the business



Stewart J. Gilbert

Marcos Trial Spotlights Jewelry

New York—Imelda Marcos' past jewelry purchases are now being scrutinized in Manhattan federal court. According to an FBI handwriting expert, Richard Williams, Marcos used a fictitious name to sign nearly \$2.7 million in checks for "assorted baubles" from such stores as Van Cleef & Arpels, the New York Post reported.

Williams, a government witness in the trial, said the signature of "Regina Marquez" on 15 Bankers Trust checks in 1983 and 1984 was "in all probability" that of Marcos, according to the Post.

In an earlier testimony, a former Van Cleef & Arpels jewelry salesman, David Miller said, "I've been selling to people around the country and, aside from the counts in the name of the sales and one from an account with so many people that in another fictitious name, 'Mrs. Santos,' the checks were signed."

Marcos is accused of stealing more than \$1 billion from the jewelry industry with innovative and fashionable styles. We all will miss him very much. He has started a legacy, and we will continue his dream."

with her parents and her husband, Rick Miller, a former investment banker.

"Stewart was one in a million," Miller said. "I've been selling to people around the country and, aside from the counts in the name of the sales and one from an account with so many people that in another fictitious name, 'Mrs. Santos,' the checks were signed."

Marcos is accused of stealing more than \$1 billion from the jewelry industry with innovative and fashionable styles. We all will miss him very much. He has started a legacy, and we will continue his dream."

Article continued, next page below

High-Tech Solution To Underkarating

Continued from page 2B

amount of time saved using the Seiko equipment. "Instead of waiting up to six hours for content results from the fire assay method, the new process evaluates the sample in 10 minutes," said Steven MacDiarmid, advertising/marketing director.

Stuller plans to use the machine at different stages of production, from testing purchased gold and alloys for impurities to checking its own gold and alloy combinations to make sure the karatage is correct, said MacDiarmid. Stuller will also be testing its vendors' products for karat accuracy, he said. MacDiarmid said that Stuller will probably be doubling its sample tests to 80 a day with the new equipment.

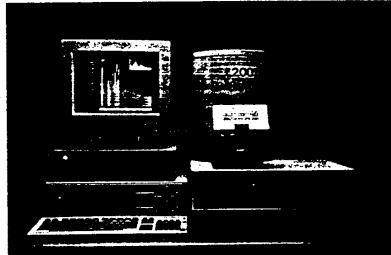
Another firm, Krohn Industries, Carlstadt, N.J., purchased the equipment to increase its level of production, according to Nick Krohn, vice president. "Previously, we sent our samples out to be fire assayed. Now, we can test the gold content in-house, increasing the production level," Krohn said.

Having had the tester for almost a year, Michael Anthony Jewelers, Mt. Vernon, has eliminated the cost of purchasing lead and nitric acid used in fire assays as well as the cost of disposing of the toxic wastes from the lab assay, said Joseph Kastalek, production manager. The only chemical the new machine needs is liquid nitrogen to keep the measuring chamber cool, he said.

Michael Anthony has also reduced its labor costs because its gold compositions can be adjusted in their molten state, preventing the firm from over- or underkarating its product and eliminating the time previously spent adjusting the karatage, said Kastalek. Michael Anthony tests 30 to 40 samples a day, he said. The firm uses the fire assay method only occasionally for double checking the samples, he said.

Although the machine is as accurate as the fire assay method, there are some limitations, Kloos said. "Probably the chief limitation is that a firm needs a uniform standard or sample from which to base its tests," he said. Seiko provides up to nine standards with the equipment, he said.

Jim Shigley, director of re-



Several jewelry suppliers are using the SEA-2001 Element Monitor from Seiko to test their gold.

sources at the Gemological Institute of America, Santa Monica, Calif., who tested the instrument, said that the equipment does require a skilled technician to operate it. "The skill of the technician can affect the reading," he said, "because a person needs to preprogram the machine with the appropriate karatage. If the technician isn't careful when programming the machine, the results can be interpreted differently."

For accurate results, most of the sample's contents need to be known, said Kastalek of Michael Anthony. "If someone were to walk in off the street with a sample and we didn't know what kind of alloys were used, we couldn't program the machine properly, and therefore the results would not be as accurate," he said.

Shigley added that, "because a nondestructive technique is used, if the sample is gold plated, you are primarily analyzing the surface, which would be read as gold. A skilled technician needs to be aware of the other alloys in the sample for accurate results."

Another limitation is that the quality of the analysis depends on the shape of the object being tested. "The machine works best on a piece of gold alloy with a flat surface," said Shigley.

With the Seiko Element Monitor, the gold testing process takes only a few steps to complete, Kloos said. A sample, in any form, is placed into the measuring chamber, he said. The machine is then programmed with what the alloy percentage should be. The X-ray analyzer tests the sample with a mild level of radiation (less than the amount of radiation given off by a color television set), said Kloos.

The instrument screens the material's composition, identifies the elements in the sample, and within minutes the results are visible on the attached personal computer screen (NEC

9801) in the form of color graphs. The graphs resemble mountain peaks, with each alloy represented by different colors. The results can also be printed out, he said.

The equipment, which was officially introduced to the United States six months ago, costs \$74,000, said Kloos. For more information, contact Kloos at Seiko Instruments at 213-517-7808.

—Felice I. Mikelberg

Retail Forecast

Continued from page 1

customer's demands.

"Who are you going to trust when it comes to buying a diamond, something most people can't evaluate themselves?" Sweeney asked. "You will trust the person your parents bought their diamonds from, or your brother or your friend."

The Playing Field Gets Smaller

• **Fewer players.** Not all retailers will make it to the finish line. "There is too much retail space for the market, too much copycat sameness among retailers and far too much leverage on the books," Sweeney cautioned. In the '90s, the retail playing field will be littered with the wreckage of the failed business strategies of the '80s. "These conditions leave no room for marginal performers. By the end of this decade, more than half of today's retailers will be out of business." The next chapter in retailing is likely to be Chapter 11, he added dryly.

• **Less space.** With more than half of today's retailers going out of business, we will see not only a slowdown in new retail construction but an actual contraction of total retail square footage, as unproductive stores are closed and space is recycled to other uses.

• **The de-malling of America.** "The great age of the retail-dominated mall in America faces a fitful demise by the end of the decade," according to Sweeney. New centers will be living/working/entertainment/shopping centers; poorly performing retail malls will be closed and either razed or adapted to different purposes. This will happen through attrition, not an immediate wrecking ball, he added.

• **The death of the mass market.** The consumer base is fragmented into thousands of different geographic, ethnic and age segments—and into thousands of specialized niches that exist across different segments. "This splintering of the customer base, along with continuing advances in information technology, will write the epitaph for the mass market," according to Management Horizons.

• **The return of customer loyalty.** Even though shopping frequency will decline among a large segment of the population, customer loyalty will grow among the 35-plus age segment.

These mature, time-poor consumers will become exclusively destination-store-oriented in their shopping behavior. That is, people will know exactly what store they want to patronize; it will be their only destination, instead of a browse through the mall, for example. Store preference will replace brand preference.

Specialty stores will be "reinvented" to encompass an expanded mix of merchandise. Rather than aiming at a larger customer base, these stores will seek to gain a larger chunk of the shopping budget of a smaller but more loyal customer base.

• **Demise of the discount department store.** "The discount store as we know it today will peak in the mid-1990s," Sweeney said. Marginal players will be the first to go. "Upper-tier discounters" will evolve once more into two or three national or multi-regional discounters who will become strictly commodity distributors. They will no longer represent off-price but the price. Some will be transformed into specialized mass merchandisers or "category killers."

• **Demise of middle management.** "Tomorrow's retail organization will be flat, lean and very decentralized," according to Retail 2000. Some of the factors driving this trend are the shortage of young

entry-level workers and the diversity of consumers, products and competition. Each store will need to manage its relationship merchandising programs to suit its unique market requirements. Advanced information technology—individualized merchandising data bases at store level—will make this possible.

High-Tech, Storeless Shopping

Technology will be the way to gain a competitive edge. High-tech applications will increasingly drive strategy as we approach the year 2000. This will substantially change the way retail business is operated. According to Management Horizons, with more and more automated functions, executives will have better and more timely information available. Artificial intelligence will find applications in inventory management, mark-downs, merchandising and time scheduling.

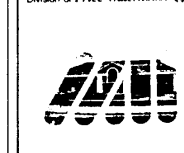
• **Storeless shopping (non-store shopping)** will command larger shares of almost all consumer markets by the end of the '90s because it offers more convenience and, in many cases, it will offer greater selection, the experts predict. "Interactive shopping technologies with broadcast-quality audio-video capabilities can give consumers more control over the buying process right in their own homes."

Other innovative merchandising techniques will create even more diverse shopping opportunities outside the home and outside conventional retail stores—for example, in the workplace and at airports and hotels.

Retailers and suppliers will forge stronger marketing alliances, accelerated by rapid advances in information systems and communication technology. Retailers will hook up with suppliers with whom they can share sales information while streamlining the channel of distribution. This will reduce operating and inventory level costs for both.

Management Horizons

Division of Price Waterhouse



Management Horizons is well respected as a retail expert.

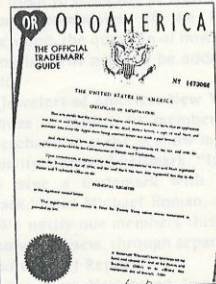
NEWSWATCH



Joel Karten was president of 18-store Karten's Jewelers.



Simon Critchell moves from cosmetics to Cartier Inc.



OroAmerica's brochure, created to educate.

office this January, noted that Andin International was the city's largest jewelry manufacturer. "I am gratified to share in the celebration," he said.

Andin's owners Ofer Azrielant and his wife, Aya, plan to fill the nine-story, 133,000-square-foot building with their growing company one day. Located at 609 Greenwich Street, in Manhattan's West Village, the company has grown from three employees to 550 in nine years.

—E.U.

Karten's Jewelers' Joel Karten Dies At Age 52

NEW BEDFORD, MASS.— Joel Karten died of a heart attack on January 16, while on a buying trip in Bangkok. The retailer, president of 18-store Karten's Jewelers, was 52 years old.

Karten was well known in the industry, and his roots in jewelry go way back. He came into his family's jewelry store in 1958, leaving his studies at Boston University when his father died.

In 1971, he opened a second store in a suburban mall, beginning the expansion program which has made Karten's Jewelers the largest independent jewelry chain in New England.

In 1984, the third generation of the Karten family joined the business when his daughter, Susan Karten, started as assistant jewelry buyer. Soon after, she was promoted to director of marketing.

Karten's elder son, Louis, will join Karten's Jewelers when he completes his MBA at George Washington University.

Karten is also survived by a younger son, Bruce, now a sophomore at Boston University, and his wife, Carol.

Karten was involved with many of this industry's most important organizations. He was on the board of directors of the Jewelry Industry Council, involved with the Gemological Institute of America and a member of the Diamond Council of America and Jewelers of America.

He was also committed to his community, serving as a past president of the Jewish Federation of New Bedford and past vice president of Synagogue Tifereth Israel. He was a member of the Great New Bedford Chamber of Commerce and the Downtown Business Association.

Larry Pollock has been appointed president of the firm. Pollock has been a consultant to the firm for the past three years, and was formerly president of J.B. Robinson Jewelers. □

Critchell Named President, CEO At Cartier Inc.

NEW YORK—Simon Critchell has been named president and CEO of Cartier Inc., announced Ralph Destino, chairman of the luxury goods firm.

He replaces Ken Watson, who left the post at the end of July '89.

Critchell, 43, is responsible for Cartier's full range of corporate activities in the U.S., including the company's chain of retail stores and the wholesale divisions, Les Must de Cartier and Parfums Cartier.

He comes from the cosmetics firm Lancome, a division of Cosmair Inc., where he served as senior vp and general manager.

"While I loved my years in the cosmetics business," Critchell said, "I look forward to the honor and the challenge of directing the continuing growth of the great House of Cartier." □

Trademark Info. From OroAmerica In New Brochure

BURBANK, CALIF.—Guy Benhamou wants his customers to know that the fine karat gold jewelry they buy from his company contains the amount of gold they are expecting.

So the president of OroAmerica is providing them with *OroAmerica: The Official Trademark Guide*.

The brochure explains the trademarking and karat stamping laws, the vocabulary involved and where the marks can be found on pieces of the company's jewelry, including chain, charms, bracelets, earrings and rings.

It was designed to be a reference guide for retailers, but the piece is so attractive, according to Michelle Silbar, OroAmerica's public relations coordinator, that "many retailers are using it on-counter and in displays."

"We feel we've anticipated our customers' need for information on the under-karatting issue," Benhamou told *The Goldsmith*. "We want it to be known throughout the industry that OroAmerica is a trusted supplier of karat gold jewelry."

OroAmerica trademarks all of its merchandise, and the company randomly conducts extensive fire assaying on all gold items, including gold bars and wire, on-site at its headquarters here.

The company double-checks its assays with a state-of-the-art Seiko Instruments SEA-2001 X ray on the \$190 million of jewelry it sells every year as well.

For more information, contact OroAmerica at 443 North Varney Street, Burbank, Calif. 91502; (818) 848-5555. □