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USA 2016 **ROUGH DIAMOND** **LAUNDROMAT** **OF CHOICE**



US JEWELRY
SALES RISE
IN JULY, BUT
SPECIALTY
JEWELERS DOWN
AGAIN

THE JVC VIEW
ON SYNTHETIC
STONES
AND
CONSUMER
CONFIDENCE

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DIAMOND
PRICES
DURING
SEPTEMBER



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BY ALBERT ROBINSON

EDITOR'S NOTE

Hopeful Signs as Holiday Sales Season Approaches

It's not far away now – the 'it' being the holiday sales season. The period from Thanksgiving to Valentine's Day is when the American market sees most of its sales. And as we all know, the US market is the most important in the world for diamond and jewelry sales.

Even the most conservative estimates put it at as accounting for 40 percent of global sales, while at the other end of the scale, some observers put it closer to 50 percent.

Thanksgiving – which kicks off the season – falls on November 24 this year. The buying season in the United States will be crushed into exactly a month of shopping.

Can we expect great things this year? Well, the US economy is in better shape, with unemployment at a low not seen for some years, interest rates are still at historic lows, the housing market is strong in many areas, gas prices are reasonable and the stock markets are way beyond the low points they recorded after the 2008 financial crash.

Do people feel they have extra money in their pocketbooks, however? That's less clear. Wages have not risen much in recent years, meaning people are taking home more or less the same levels of pay. And the issue of wealth disparity remains very much a burning issue in the United States. People simply feel they are being treated unfairly by employers and that they are also paying too much tax and don't have enough left over to buy goodies.

And then there's the impact of the US Presidential election. Some observers believe the vituperative nature of the campaign and the divisions it is exposing in American society are also having a deleterious effect on the economy. In short, the uncertainty is causing shoppers to be cautious.

Unfortunately, the presidential election falls right in the middle of shopping season, in early November. With candidates offering such different paths forward for the United States, it's little surprise that consumers are nervous.

But it's not just the American market that is critical. There is Diwali and the important marriage season sales in November in India, and there's the Chinese New Year which are all important for diamond jewelry sales.

Interestingly, the September edition of the Hong Kong Jewellery and Gem Fair was widely praised for being better than it has been in recent years. There was stronger foot traffic than expected, and significant buyer interest, according to many exhibitors and buyers. Let us hope that is a harbinger for the season to come.

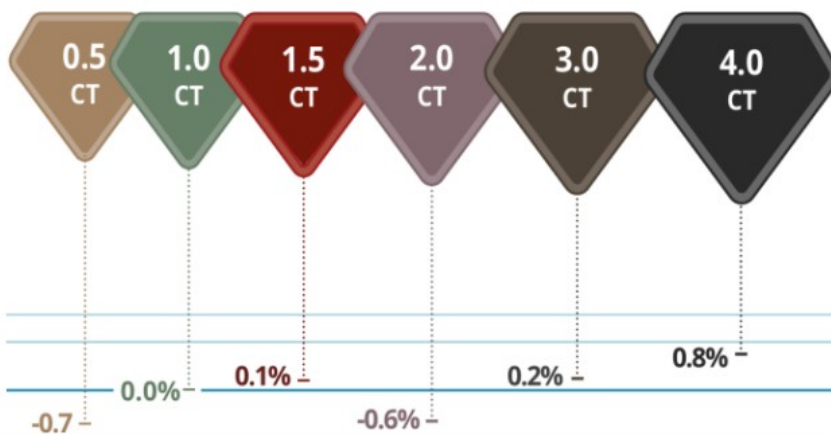
TALK TO US



MARKET SNAPSHOT

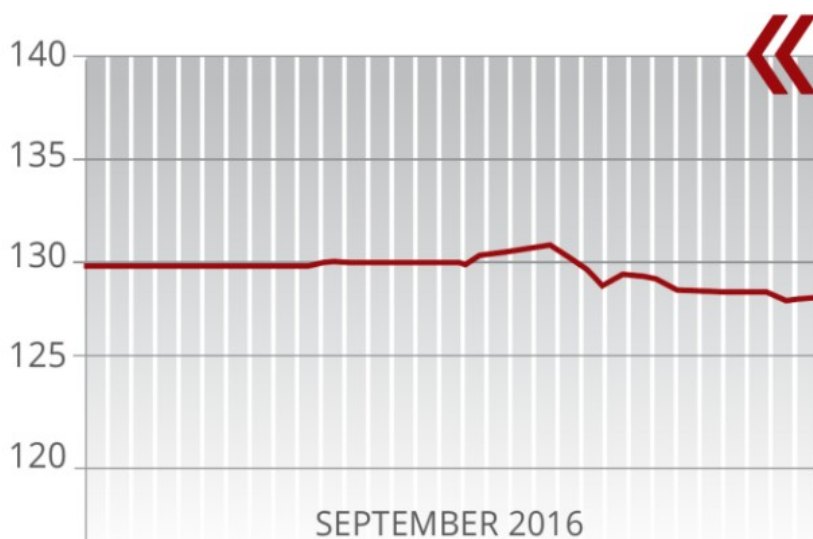
POLISHED DIAMONDS

IN SEPTEMBER, THERE WAS AGAIN **A SLIGHT DECLINE IN POLISHED PRICES**, HOWEVER THE TREND OF RELATIVE STABILITY THAT HAS BEEN SEEN SINCE THE START OF 2016 CONTINUED. ON A MONTH-TO-MONTH BASIS, SEPTEMBER'S GLOBAL POLISHED DIAMOND PRICES SAW A **0.2-PERCENT DECREASE** OVER AUGUST.



ON A MONTH-TO-MONTH BASIS, **MOST GEMSTONE CATEGORIES SHOWED INCREASES.**

POLISHED DIAMONDS DAILY INDEX
 THE INDEX BEGAN THE MONTH **AT 123.8**
AND ENDED AT 122.4.



METAL PRICES IN SEPTEMBER US\$ PER OUNCE

*Prices as of 30.9.16
 Source: Amark.com



Palladium 713.5 (5.8%)
 Platinum 1031.0 (-2.1%)
 Gold 1322.5 (9.8%)
 Silver 19.22 (2.8%)

ROUGH DIAMONDS

THE DE BEERS SUMMER SIGHT REVEALED **A RISE IN PRICES** WHICH SERVED TO DETER BUYERS IN THE SECONDARY MARKET, LEADING TO A DECLINE IN DEMAND AND GOODS WERE AVAILABLE ON THE MARKET. (COURTESY OF BLUEDAX.COM)

US JEWELRY SALES

FINE JEWELRY SALES ROSE BY AN **ESTIMATED 4.1 PERCENT** IN JULY, AS DID FINE WATCH SALES. TOTAL SALES OF FINE JEWELRY AND FINE WATCHES IN THE US MARKET IN JULY WERE AN ESTIMATED **\$5.7 BILLION**. SPECIALTY JEWELERS POSTED A SALES DECREASE OF **2.2 PERCENT** IN JULY.



MEMO

Synthetic Diamonds and Consumer Confidence: Same Story, Same Rules!

Press accounts of parcels of diamonds, particularly melee parcels, containing amounts of undisclosed synthetic diamonds have repeatedly surfaced. Recent press accounts of the increase in production of synthetic diamonds have also been prominent.

Increased consumer advertising of synthetic diamonds is clearly apparent, not only in print, but also on Facebook and other digital media. And the marketing message targeting millennials that is delivered by sellers of synthetic diamonds is: synthetic diamonds are eco-friendly, conflict free and

the same – or better – than “mined” diamonds, which do not benefit the communities where they are found and ruin the environment.

WHAT'S A DIAMOND DEALER TO DO?

Panic has set in. Solutions to protect and enhance the natural diamond industry are being investigated. Magic language has been formulated to try to protect sellers who unwittingly sell synthetic diamonds as natural. JVC is getting calls, and we are urged to “do something!”

Well, JVC has been “doing something” for as long as I have been CEO. And we will continue to do what we do for



the foreseeable future: explain the regulations and laws that apply to the sale of synthetic and natural diamonds, urge marketers to follow those laws in the interests of a level playing field for both natural and synthetic diamonds, and monitor advertising to make sure that sellers comply with their legal obligations.

So, at the risk of repeating ourselves, here is a summary review of the guidelines and laws that apply to the sale of diamonds, both natural and synthetic.

WHAT LANGUAGE CAN I USE TO DESCRIBE MAN-MADE DIAMONDS?

This subject is covered by the FTC Guides, and although it's been refined some, there has been no change since 1996. You can call them "laboratory created" or "laboratory grown," or you are permitted to add the manufacturer's name as in: Chatham-created (or grown) diamonds."

You are also permitted to add the word "cultured" as long as you immediately also use the words "laboratory grown" or "laboratory created." So, "laboratory grown cultured diamonds" will pass muster. Using "cultured diamonds" with nothing more, however, will not. This has been true since the FTC wrote a guidance letter to the JVC on the subject of the use of the word cultured to describe synthetic diamonds in 2007. A note about the use of the word "synthetic" to describe man-made diamonds: the FTC has said that the use of that word is ok, but has also stated that consumers could be confused, since they do not distinguish well between "synthetic" and "imitation." So, while it is not prohibited, they see where it might be confusing. You can use "synthetic" – but consumers might not fully get it.



WHAT ABOUT THOSE CLAIMS: “ECO-FRIENDLY” AND “CONFLICT FREE” FOR MAN-MADE DIAMONDS?

Making claims about a product when advertising is governed by the law applicable to all advertising: claims must be truthful and must be able to be substantiated. That rule applies to all claims about man-made diamonds. So, if you claim that your product is “green” or “eco-friendly” or any other claim that it is environmentally pure, you better be able to prove it.

I am no scientist, but producing synthetic diamonds in a factory setting using fossil fuels to produce high levels of electricity to synthesize carbon to diamond using high heat and pressure – well, I doubt that is too eco-friendly. JVC is often called upon to ask producers of synthetics to substantiate their claims of “eco-friendly”. So far, we have no information that leads us to believe that their techniques are eco-friendly, so we have repeatedly sought to modify these claims by synthetic producers.

As for “conflict free” – well, this claim is so vague as to have no real meaning. I suppose what marketers who make this claim are seeking to imply is that natural diamonds might be produced via conflict, while their synthetic

diamonds produced in factories have not. Conflict where? And what about the Kimberley Process that has reduced the number of “conflict diamonds” (as they define it) from its initial small number, down to next to nothing?

And what about the good that natural diamonds do for the communities that are lucky enough to have this natural resource to exploit for the benefit of their communities? The income that diamond producers provide for millions of people employed in the production of diamonds (let alone the millions of jobs provided in the rest of the supply chain) cannot be ignored.

IS THERE SOME LANGUAGE A SELLER CAN USE TO PROTECT THEMSELVES FROM LIABILITY IF THEY SELL A SYNTHETIC DIAMOND WITHOUT THE PROPER DISCLOSURE?

Sorry, but the quick answer to this question is no. If a seller fails to disclose that it has sold a laboratory-created diamond, and sells it as natural, there is no forgiveness. Ignorance is no excuse.



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ROUNDS | OCTOBER 2016

PRICEREPORT

Price movements showed upwards trends in certain categories of round goods in September. Stones of 0.70-0.79 carats were up, with a decline in only 1 specific classification. There was a similar situation in 0.90-0.99 carats, while diamonds in the 2.00-2.99 carats showed an upward trend, but with more decliners than in the previously mentioned categories.

ROUNDS 0.70-0.79 01-OCT-16

	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3
D	99.0	77.5	65.0	59.0	56.5	47.0	38.5	34.0	30.5	21.5	13.0
E	75.0	71.0	61.0	55.0	52.0	44.5	36.0	33.5	28.0	20.5	12.0
F	65.5	61.0	53.5	52.0	47.0	42.5	35.5	32.0	26.5	19.5	12.0
G	58.0	54.0	50.0	46.0	42.5	39.0	31.5	30.5	25.5	19.0	11.5
H	54.5	49.0	44.5	43.0	39.0	36.0	31.0	29.0	23.0	17.5	10.5
I	44.5	39.5	37.0	36.5	34.5	31.5	26.5	25.5	21.0	14.0	9.5
J	32.0	31.0	28.5	27.5	27.0	25.5	23.0	22.0	18.5	11.5	8.5
K	27.5	27.0	24.5	24.0	22.5	21.5	19.0	17.5	15.5	10.5	8.0
L	25.0	24.0	23.0	21.5	20.0	19.5	17.5	16.0	14.5	10.0	8.0
M	24.0	21.5	21.0	18.5	18.0	17.0	15.5	14.5	13.0	8.0	8.0
N	21.0	19.5	19.0	18.0	17.0	16.0	14.5	12.5	10.0	8.0	7.0

ROUNDS 0.70-0.79 CARATS
 **D-E / IF-VVS2 UP 3%**
 **F / SI1 DOWN 3.4%**

ROUNDS 0.90-0.99 01-OCT-16

	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3
D	141	112	92	80	74	64	55	48	38	25	16
E	109	102	82	72	67	60	51	45	36	24	16
F	100	92	78	70	66	56	49	42	34	22	15
G	83	77	69	65	59	54	44	38	30	20	15
H	71	69	61	56	55	48	41	36	29	19	14
I	62	58	54	50	48	45	38	32	26	16	12
J	55	47	44	40	39	35	32	29	21	15	11
K	37	34	33	31	30	29	28	26	16	14	10
L	31	30	29	28	27	24	23	21	16	12	10
M	29	28	26	24	23	22	18	17	16	12	10
N	28	24	21	20	19	18	17	16	14	11	9

ROUNDS 0.90-0.99 CARATS
 **I / I1 UP 8.3%**
 **K / VS1-VS2 DOWN 3.0%**

ROUNDS 2.00-2.99 01-OCT-16

	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3
D	487	386	310	273	201	159	124	90	73	43	21
E	321	292	259	237	182	150	113	86	62	36	18
F	278	270	222	202	178	138	108	82	58	35	16
G	224	211	185	168	150	129	98	79	58	29	16
H	175	161	152	146	131	114	96	76	56	27	16
I	130	125	116	111	107	97	84	70	53	26	15
J	109	101	93	89	88	81	74	63	50	24	15
K	88	82	80	74	71	67	58	53	46	16	15
L	80	72	68	62	59	53	50	44	33	16	14
M	68	66	63	58	50	48	42	37	28	16	14
N	61	60	59	55	47	42	37	30	26	16	13

ROUNDS 2.00-2.99 CARATS
 **H-J / VS2 UP 3%**
 **D-F / IF DOWN 1.0%-3.0%**





FANCIES | OCTOBER 2016

PRICEREPORT

Fancy goods, as with their round counterparts, saw clear trends in certain categories, including stones of 0.50-0.69 carats that showed mostly downward movement, 0.80-0.89 carats which were mostly upward, and 1.00-1.24 carats which were mixed.

FANCIES 0.50-0.69												01-OCT-16
	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3	
D	69.5	58.0	48.0	42.5	40.0	33.0	28.0	25.0	19.5	15.5	9.5	
E	53.5	49.5	42.0	39.0	35.5	30.0	26.0	21.5	18.0	12.0	7.5	
F	48.0	43.5	37.5	35.5	33.5	28.5	25.0	20.5	17.0	11.5	6.5	
G	40.5	39.0	35.5	33.0	30.0	27.0	23.5	19.5	16.5	11.0	6.5	
H	36.5	35.5	32.0	30.5	28.0	25.0	22.5	18.0	15.0	10.5	6.5	
I	33.0	30.5	27.0	26.5	26.0	24.0	20.0	16.5	13.5	8.0	6.0	
J	24.5	24.0	23.5	23.0	22.5	21.0	19.0	15.0	13.0	7.0	5.5	
K	20.5	20.0	19.0	18.0	17.0	16.0	13.5	13.0	10.5	6.0	4.5	
L	18.5	16.5	15.5	15.0	13.0	12.5	11.5	8.0	6.0	4.5	4.0	
M	18.0	16.0	13.5	12.5	11.0	10.0	8.0	7.5	5.5	4.5	3.5	
N	16.0	13.5	12.5	10.5	9.5	7.5	7.0	6.5	5.0	4.5	3.5	

FANCIES 0.50-0.69 CARATS



K / VVS2-VS2 UP 3.0%



H-K / SI1 DOWN 2.0%-3.0%

FANCIES 0.80-0.89												01-OCT-16
	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3	
D	86.5	66.0	59.0	53.0	51.0	49.0	40.5	38.0	34.0	24.0	13.0	
E	66.0	57.5	55.0	52.5	48.0	45.0	38.5	33.0	31.5	22.0	12.0	
F	61.5	56.5	51.5	48.0	47.5	41.5	34.0	30.5	29.0	20.5	11.0	
G	54.0	50.5	49.5	43.5	43.0	41.0	32.5	29.5	27.0	18.0	11.0	
H	50.0	48.0	44.0	40.5	39.0	34.5	29.5	26.0	25.0	16.0	9.5	
I	43.0	39.5	36.5	34.5	34.0	32.5	27.0	22.5	21.0	14.0	8.0	
J	35.5	31.0	30.0	27.5	26.0	25.5	22.5	16.5	15.0	8.0	6.0	
K	26.0	24.0	22.0	21.5	20.5	20.0	18.5	15.5	11.0	7.0	5.0	
L	22.5	18.5	17.0	16.5	15.5	15.0	14.5	13.5	10.5	6.5	4.5	
M	21.0	17.5	16.5	15.5	13.0	12.0	11.5	10.5	8.0	5.5	4.5	
N	19.0	14.5	13.5	11.5	10.5	9.5	8.5	7.5	6.5	5.0	4.0	

FANCIES 0.80-0.89 CARATS



D-I / I1-I2 UP 2.0%-4.0%



J / SI2 DOWN 2.2%

FANCIES 1.00-1.24												01-OCT-16
	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3	
D	169	143	113	94	81	72	62	47	37	25	15	
E	135	119	100	86	79	69	59	44	35	23	14	
F	117	100	85	81	75	68	58	43	34	22	12	
G	86	81	77	73	70	66	54	42	31	21	11	
H	77	66	63	62	61	56	51	37	29	19	10	
I	65	59	55	54	53	50	45	34	28	16	10	
J	53	51	47	45	43	41	37	31	25	13	10	
K	42	40	37	36	34	32	31	27	21	13	9	
L	33	32	30	29	27	26	25	22	16	13	9	
M	23	22	21	20	19	18	15	14	14	11	8	
N	21	20	19	18	17	15	14	11	10	9	8	

FANCIES 1.00-1.24 CARATS



F-G / SI1 UP 3%



G / IF-VVS2 DOWN 2-3%





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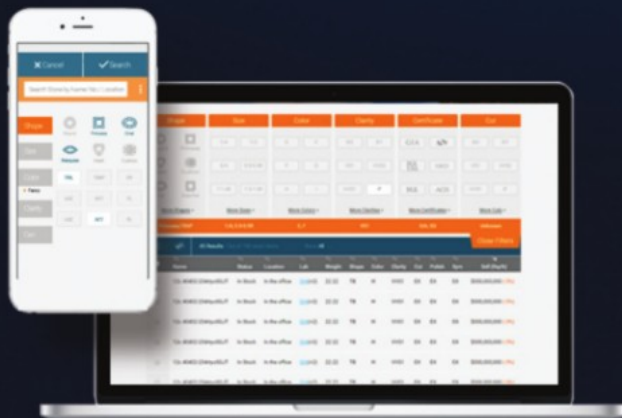
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USA 2016

ROUGH DIAMOND LAUNDROMAT OF CHOICE



TIME FOR KP TO LIFT ITS PROTECTIVE SHIELD

BY CHAIM EVEN-ZOHAR

ROUGH TRANSFER PRICING IN AMERICA | 27

CHAIM EVEN-ZOHAR



It's actually quite sad. The unintended consequences of the constant hammering by government-sponsored Kimberley Process (KP) NGOs about transfer-price abuses and money laundering have finally succeeded in forcing early signs of visible changes in launderers' global rough trading pattern. Apparently, the world's most convenient and "uncontrolled" rough transfer market, the United States, seems to be gaining in a big way.

When some transfer centers become "too hot", there is always the "safe" round tripping route – through the United States. This isn't a new phenomenon, but analysts discern the escalation of a trend vindicated by 13 years of KP-monitored rough trade data. According to the U.S. Census Bureau, the United States imported in the 2003-2015 period 39,336,818 carats of rough (at an average of \$218.33 p/c). Meanwhile, it exported an amazingly identical amount of 39,276,076 carats (at \$132.32 p/c). A pure transfer center – par excellence!





ROUGH TRANSFER PRICING IN AMERICA

A CLOSER LOOK AT THE NUMBERS

By itself, this is nothing new. The USA KP stresses in each and every annual report that “the U.S. is not a rough diamond producer. U.S. exports are re-exports of rough diamonds imported from other KP Participants.” At the same time, however, the USA KP mission finds it important to stress to other KP countries that carats imported exceed those re-exported – even when these claims are slightly problematic to truly defend. Statistically, taken over a 13-year period, for every carat imported, there has been a carat re-exported. There is a legitimate need for rough to supply a small, specialized New York cutting presence, something we shall not ignore in our analysis.

However, unquestionably, the main justification for the overwhelming bulk of the rough trade points to pure transfer

pricing. In value terms: In 13 years, rough imports totaled \$8.58 billion while exports came to only \$5.19 billion. There is a \$3.4 billion value differential. That’s the figure one gets after recent years of over-invoicing are subtracted from the earlier periods of under invoicing. The transfer pricing problem is, in fact, more serious than this. Depending on the laundering needs, the differential fluctuates. Actors may change. Just as in other centers, some may well be quite legitimate – but the anomalies need to be addressed.

It is self-evident that the United States remains off the radar screen of NGOs, for reasons best known to them. The diamond industry (including the World Diamond Council) will generally go out of their way not to “upset” the government of the world’s single-largest consumer market of diamonds. It’s like the elephant in the room nobody seems to see.



A FOCUS ON ANGOLA EXPORTS INTO THE U.S. ...

Is it just coincidence or did, indeed, some parties in Angola get the NGOs' transfer-pricing message? The Angola trade shifted direction. In 2014, Angola's rough exports to the U.S. amounted to a mere \$5.6 million; in 2015, this figure jumped to \$65.9 million. However, in the first half of 2016, these imports skyrocketed to \$130.9 million – in value, an increase of 4,224.10% over the corresponding first half of 2015. [As the average per carat value is exceedingly high (\$7,921 p/c) there may be a few multimillion dollar stones that are cut in New York that skew the figure, but the transfer nature is unmistakable.]

...AND ON U.S. RE-EXPORTS

We know that there is rough that needs to be channeled through Dubai or Switzerland for "further downstream distribution." No problem. The United States exported to Dubai a mere \$12.9 million worth of rough diamonds in 2014. This figure decreased to a meager \$2.25 million in 2015. Then came the surprise:

In the first half of 2016, U.S. rough diamond exports to Dubai rose to \$35.83 million! Looking at gem qualities, that's an increase of 3,387.10% over the first half of 2015.

Exports to another transfer market, Switzerland, rose by 569%. To Hong Kong, the exports were defined as "run of mine," and this category rose by 2,776.5%, albeit from a low base. Total rough exports to Hong Kong doubled "only" by 200.4%. Isn't it an anomaly that just when NGOs step up their fight against African rough changing values in Dubai, these now become goods from the U.S.A. rather than from Africa?

A TRANSFER-PRICING PARADISE?

The rough diamond "stopover" in the United States essentially adds costs to the diamond. It also muzzles the chain of custody and doesn't contribute one iota to the basic underlying issues. This stopover endangers the integrity of the legitimate U.S. diamond trade – which is mainly polished and diamond jewelry.

This isn't actually a new phenomenon, rather it accentuates a consistent trend – a practice that an effective KP administration

could have confronted many years ago – if it possessed the political will to do so. In the present century, the United States has come to be viewed as a transfer-pricing paradise. But now we see more problematic producer sources routing more quality goods through the U.S. onwards to other transfer markets.

It is ironic that US governments (not necessarily the consumer) are pushing for a chain of custody system through its large retailers which will add about 15-25% to the mid-stream costs, but it fails to see or turns a blind eye to activities which hinder that very concept in its own territory.

TRANSFER PRICING AND THE U.S. KIMBERLEY PROCESS

In an industry always fearing consumer confidence backlashes, there is an (unwritten) code of behavior of what is considered “politically correct.” There are certain subjects one doesn’t talk or write about. For example, one may “think” it but shouldn’t specifically write that the United States of America is by far the industry’s most favored “Laundromat of Choice.”

What should be troubling, however, is that

the U.S. governmental KP officials seem to quietly condone the transfer-pricing practice rather than forcefully taking the lead to eradicate an activity that truly should belong to a different day and age. Though always at the front willing to fight rough diamond valuation abuses elsewhere, a different attitude seems to prevail at home. As if there are two edicts: One for the U.S. KP system and another one for the rest of the world.

We submitted findings and conclusions raised in this article to the U.S. KP Authority for comments well in advance of publication. We noted that we believe that their own data confirms money-laundering and tax-evasion issues. We also wrote that we would welcome the opportunity to stand corrected and receive plausible explanations – if they have these.

Stacey Stachera, of the State Department’s Bureau of Economic and Business Affairs encouraged us to pursue this subject.

THE EXPLANATION: THE U.S. STRATEGIC STOCKPILE SALES

The most convenient explanation given

is the United States' Strategic Stockpile, which has sold tens of millions of carats of industrial diamonds since the early 1970's. It's like having a domestic diamond mine. Thus, on the one hand, some imported rough is diverted to a (real or imaginary) local diamond manufacturing industry while on the other hand, "new rough" (from the Stockpile) are exported. This miraculously explains why rough imports equal (or almost equal) the export volume – albeit at wholly different diamond prices.

In fact, as DIB discovered, in the 2003-2011 period the rough re-exports had an average of 49% lower per-carat value. Can that be attributed to stockpile sales? In the 2012-2015 period the trend reversed; since then, the re-exports are overvalued by some 24%. That surely cannot be stockpile, can it? Traders have provided us with the "rationale" for both trends – on which we will elaborate later.

THE PERCEIVED IMPACT OF STRATEGIC STOCKPILE SALES

While America has no domestic diamond production, it does have some

manufacturing. This begs the question of how is it that carat imports equal exports. A frequently recurring explanatory factor is the sales from the Strategic Stockpile. A 2006 GAO report cites this reasoning; the Supplemental Data Analysis following the 2012 KP Peer Review also provided (in 2014) the same explanation. DIB researched and quantified the impact of the stockpile sales on the U.S. rough trade and statistics.

Ever since the early 1970s, millions of carats of industrial diamonds (many of which were actually of gem quality) have been sold in the market – which, for the United States, is like having a domestic source of supply. What is relevant today is the sales history of this stockpile.

It shows that virtually the entire U.S. strategic industrial diamond stockpile was sold during the past century, well before the Kimberley Process was adopted.

According to the Defense National Stockpile Center's annual report to Congress (for Fiscal Year 2001), the industrial diamond stones' inventory as of September 30, 2001, still held 1,006,935 carats, valued (for bookkeeping purposes) at \$10 p/c. However, they were eventually sold



ROUGH TRANSFER PRICING IN AMERICA

at almost double that estimate. (They also had an additional 614,722 carats in 2001 inventory classified as “Inventory Sold but Not Shipped.” The timing from the actual release to the market depends on specific contract provisions, and, occasionally is also awaiting the outcome of disputes.)

That earlier sale was the first in the 2003-2015 KP period. In fact, 404,533 carats were sold for \$7,564,143.17 (i.e. \$18.70 p/c). In mid-2008, the second (and last) diamond strategic stockpile sale took place: 473,406 carats sold for \$8,222,959.64 (i.e. \$17.37 p/c), mostly bought by U.S. affiliates of foreign (mostly Indian, Belgian and Dubai) companies, and were exported. Since the KP has been operational, no more than 875,000 carats of very-low-value diamonds were sold by the Defense Logistics Agency’s stockpile – a stockpile which was already depleted over six years ago.

TRADE FIGURES WITHOUT STOCKPILE IMPACT

What we see is that the stockpile card is “greatly overplayed”. By value, all



stockpile sales during the first 13 KP years represent 0.3% of total rough exports. In terms of carats (volume), they represent 2.2% of total rough exports in the period.

The issue that bothers us isn't the stockpile, but rather how the stockpile argument has been used to draw attention away from the apparent transfer-pricing and alleged money-laundering practices involving some unscrupulous operators – mostly from outside the organized and well-established diamond trade. It has become a convenient excuse for financial manipulations for which the U.S. KP Authority has no plausible explanation.

In order to get a more accurate sense of the transfer-pricing and tax-evasion (or avoidance) issues, we deducted the local stockpile supplies from the export figures – as these were not really current re-exports that typically characterize circular trade (essentially round-tripping).

Rough exports in the 2003-2015 period including stockpile sales total, as stated above, 39,276,076 carats (at \$132.32 p/c). Deducting the stockpile figures, net exports totaled 38,398,137 carats (at \$134.94 p/c). In value terms, total exports decreased

\$5.19 billion to \$5.18 billion. That has no meaning. What has meaning, is that the per-carat value of the re-exports – at an average through the entire period – is 40% below the import values (\$218.33 p/c imports; \$132.32 p/c exports.) But there were steep dips and rises.

Of course, in these years there may have been some domestic polishing in the United States. Based on the arithmetic, the net rough carats “remaining” in the U.S. would theoretically not be more than 938,681 carats (cumulative for 13 years, thus around 72,000 carats per year) at an average rough value of \$3,630 per carat.

NEW YORK: POLISHING THE WORLD'S LARGEST AND RAREST DIAMONDS

Here, some caution is required. The only diamonds that are cut and polished in New York today are large, specials, and what



**ROUGH
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AMERICA**



we call “exceptionals.” There are some 100 highly skilled master cutters in New York who work on diamonds where labor cost isn’t relevant.

There certainly would be – and we think there still is – a domestic capacity to manufacture some 70,000-100,000 carats a year. Anyone familiar with rough prices (and De Beers boxes) knows that there are only a few rough boxes with very high average values (such as collection goods 2.5-4 carats, or 5-14.8 carats, etc.) and the trade in these stones is very specific, very direct, and limited to a handful – maybe a dozen – major players.

So would this explain the figures? To the contrary. Anyone with a little common sense knows that if only 2.4% (or less) of the imported carats remain in the United States, and these carats comprise extremely select (i.e., expensive) goods that are only available from a few distinct sources, there is really no reason why the other 38 million rough carats (or 97.6% of rough) needed to be imported. You don’t need some 30 million carats of industrial qualities (near-gems) to select the few specials and large goods that are the hallmark of the New York industry.

INDUSTRIAL GOODS “REBORN” AS GEMS...

The picture gets more complicated when one realizes that 72% of the total carat imports in the 2003-2015 period consists of industrial qualities or unsorted run-of-mine rough of an average value of \$17.29 per carat. Show me one manufacturer in the United States that would cut and polish such goods. But to top it all, in the 2003-2015 period, the U.S. imported 11 million carats of gem-quality rough – and then exported 19 million carats of gem qualities!

In this Transfer Pricing Paradise, industrial diamonds become gem qualities, thus reducing the average value of gem quality exports by 68% from \$730.14 p/c to \$230.20 per carat. Indeed, at the last KP Peer Review Mission of the U.S., it was pointed out that some 30-40% of industrial goods are re-exported as gem qualities.

Then, the U.S. State Department speculated that, maybe, “industrial diamonds were kept in stock until prices rebound...” Concluded the recent KP Peer Review Mission: “Based on such high variation, it needs to be examined whether the industrial diamonds are being exported as gem quality from U.S.”



**ROUGH
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PRICING IN
AMERICA**

**THE U.S. KP AUTHORITY:
OVERSTATING ROUGH
IMPORTS**

Government-supported NGOs have written countless studies about transfer-pricing abuses but have always steered away from tackling the United States. In the last (2012) KP Peer Review Mission of the United States, the NGOs declined to participate – and one can only guess why. The proposed mission’s industry representative of the World Diamond Council (WDC) was vetoed (!) by the U.S., apparently fearing the candidate’s reluctance to fake willful blindness. The (then) WDC Chair, Eli Izhakoff, decided not to appoint anyone rather than acquiescing to U.S. dictates. Thus, the WDC also remained unrepresented in that mission.



At the end – there was a hitch – as the U.S. felt it necessary to present additional information to explain the statistics. One gets a clue of this on the KP (public) website that publishes both the Review Mission’s report and a (later) “U.S. Review Visit Supplemental Information” document. Did they need the additional report because the original figures may not have added up? That is where this DIB exposé really starts.

If the volume of carats imported is more or less equal to the volume re-exported, huge value differentials are suspicious. There must be red flags to catch this. The essence of supplemental information which the KP-USA Authority provided to the KPCS sums it up as follows: “With the exception of 2009, imports of rough diamonds into the United States have exceeded exports of rough diamonds between 2006-2012.”

ONE GOVERNMENT; TWO SETS OF FIGURES?

The KP USA document shows that in this particular 2006-2012 period exports totaled 19.47 million carats (\$3.03 billion), and

imports were 26.65 million carats (\$4.96 billion). This implies around \$2 billion of domestic manufacturing (added value) in a six-year period. Suddenly the KP USA Authority shows a 7,180,409 carats surplus of imports over exports? That sounds too incredible to be believe. Would the U.S. KP Authority “ramp up” or “massage” the figures to mislead the other KP Participants?

We decided to compare the 2006-2012 import and export statistics as presented in the Supplemental Information with the official U.S. Statistics as published by the Census Bureau of the U.S. Department of Commerce. The Census Bureau, by the way, is also the Head of the Working Group of Statistics of the KP. Common sense would dictate that a country has only one set of official trade import and export data. In addition, if the same body that is responsible for the all of the U.S. trade is also specifically responsible for America’s KP data, then the chances that there would be any difference between data submitted to the WGM members and published by the U.S. government would be zero, or near zero.



To avoid unwittingly making any unsupportable disparaging observations about the KP's conduct, we checked with the Bureau of Census in Washington about whether it is correct to state that their figures are the only true data figures of the U.S. international trade. Michael C. Cook Sr., Chief, Public Information Office of the U.S. Census Bureau, informed us that it definitely was.

government figure notes 3.96 million carats imported; the KP hiked this figure up to 4.95 million carats. It simply added a million carats. In 2011, the U.S. government recorded 3.17 million carats while the KP recorded 3.57 million carats. In 2012, the official figures say 3.0 million, but KP documents note 3.56 million carats. [The comparative tables appear in the Appendix of this DIB.]

The bottom line is that the carat imports submitted to the KP are 4,434,248 carats higher than the official U.S. statistics. But that's only a part of the story. A comparison of the respective total dollar values show great similarities. Thus, the U.S. government states \$4.64 billion worth of rough imports while the KP says \$4.96 billion. This leads us to believe that the KP

import figures were "somehow" padded by \$322.4 million worth of carats (worth \$72.20 p/c at an average.)

TWO REASONS FOR SUCH DISCREPANCIES

Apparently, nobody at the KPCS noticed – or cared. Why not? My guess would be two reasons: The first one is obvious – this data comes from the United States government and one doesn't question its accuracy. Full stop. The second reason is more interesting: The KP Review Mission had been presented with data covering 2006-2011. The supplemental information refers to 2006-2012. So what is the difference, one might ask.

This is where the money-laundering and transfer-pricing issues come into play. For reasons to be discussed shortly, in each and every year in the 2003-2011 period, the per-carat-values of reported re-exports of rough were down – by almost 50%! However, in recent years, more precisely in the 2012-2015 period, the requirements (and thus the trend) reversed itself – and re-exports of rough were suddenly higher than the imports!

This reversal took place in 2012, and this dramatically changed the presentation made to the KP Review Mission. The KP had presented 2006-2011 data to the Review Mission. This showed that the surplus of imports over exports came to 1,616,692 carats (after deducting the 2008 stockpile sale). However, the average reduction in per-carat value of the re-exports was -30%. From 2012, however, the exports became “overvalued,” and the average per-carat value of exports rose by some 46%. This made a much prettier picture by showing a different period than the one presented to the KP Review Mission.

Incidentally, overstating of per carat rough export values create a dilemma for New York’s industry. As the better values are manufactured in New York, it would seem self-evident that residual rough re-exported would have a lower value. But higher values? How can that be?

CONCLUSION: SOMETHING IS ROTTEN

In the past, DIB has maintained that the U.S. KP Authority doesn’t truly meet the KPCS Minimum Requirements – that

the U.S. government has outsourced its legal obligations to private parties. That enforcement is minimal. DIB has also previously stated that KP officials are preoccupied with situations in other countries rather than taking the hard measures that are warranted in the United States.

Other KP countries are willing to make sacrifices to fight laundering and transfer-price abuses. Money laundering and terrorist financing are like twins – one won’t go without the other. There is a shared interest between industry and government to tackle this situation.

The 2016 trend doesn’t give the feeling that progress is being made. On the contrary. Let’s hope we don’t have to come back another day with “Houston, we have a problem....”

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<input type="checkbox"/> P142873	Round	1.59	H	I1	EX	VG	VG		61.8%	58%	7.41-7.48x4.84	GIA	\$7,194.00
<input type="checkbox"/> P142523	Round	1.59	E	I1	EX	EX	VG	MB	62.4%	58%	7.51-7.54x4.82	AGS	\$7,198.00
<input type="checkbox"/> P136392	Round	1.59	E	SI2	ID	ID	ID	N	61.0%	59%	7.29-7.36x4.82	AGS	\$7,198.00
<input type="checkbox"/> P131623	Round	1.59	I	SI2	VG	VG	N		63.1%	61%	7.33-7.36x4.82	AGS	\$4,176.00
<input type="checkbox"/> P137979	Round	1.59	BLK		VG	VG	FT		64.3%	59%	7.33-7.36x4.82	EGL USA	\$4,176.00
<input type="checkbox"/> P138763	Round	1.59	H	I1	EX	EX	EX	N	62.5%	57%	7.40-7.42x4.82	GIA	\$1,170.00
<input type="checkbox"/> P140307	Round	1.58	I	SI1	EX	EX	EX	FT	61.8%	58%	7.46-7.48x4.82	GIA	\$1,170.00
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TIMELESS DESIGN

Alexandra Mor's jewelry collections are intensely personal and born out of a need to be inspired by internal experience, discovery of rare gemstones and the individual collectors with whom she works. In this way, her collections are designed with elements unaffected by time or trend.

On this page are curved dangling diamond earrings, and a diamond and cabochon Opal curved cuff bracelet.



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OBJETS D'ART FOR THE BODY

Els Vansteelandt started out as an independent gold and silversmith in 1997. She designs jewelry and objets d'art, and her work is displayed in museums and galleries in major cities in Europe. Els works both in her own studio on the outskirts of Brussels and in an open workshop and showroom in a more urban setting in the center of Brussels.

Above is a ring called **Calocibe** made from 935 quality silver. Below is a ring called **Remembering**, also made from 935 quality silver.



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SPECIALTY JEWELERS, WHO GENERATE A MAJORITY OF THEIR BUSINESS FROM JEWELRY SALES, POSTED A **DECLINE IN SALES OF 2.2%**, THE SECOND CONSECUTIVE MONTHLY DECLINE.

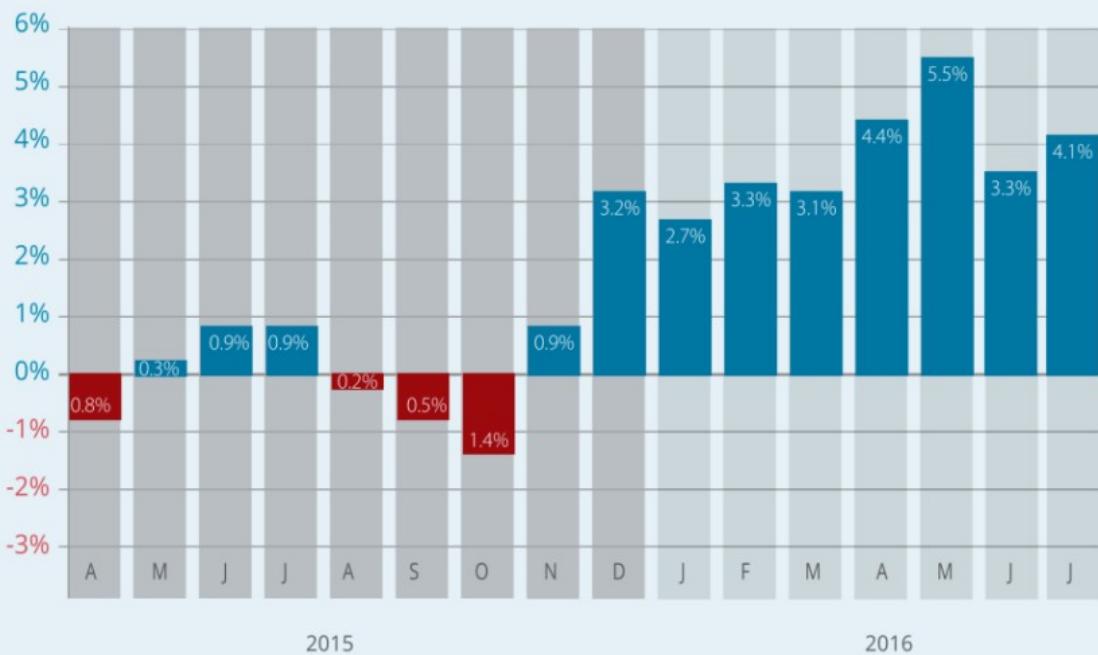
OTHER RETAILERS WHO SELL JEWELRY – MOSTLY MULTI-LINE MERCHANTS SUCH AS WAL-MART, J.C. PENNEY, AND OTHERS – POSTED A **VERY STRONG 8.4% GAIN** IN SALES DURING JULY.

TOTAL U.S. JEWELRY SALES **ROSE BY 4.1%** IN JULY AS DID TOTAL SALES OF FINE JEWELRY AND FINE WATCHES ON THE YEAR IN JULY TO JUST UNDER **\$5.7 BILLION**.



FINE JEWELRY SALES

FINE JEWELRY SALES (APPROXIMATELY 88 PERCENT OF THE MARKET) **ROSE BY AN ESTIMATED 4.0 PERCENT** IN JULY, WHILE FINE WATCH SALES (APPROXIMATELY 12 PERCENT OF THE MARKET) WERE ALSO **UP BY 4.1 PERCENT**. WE NOTE THAT LAST MONTH'S (JUNE 2016) PRELIMINARY SALES DECLINE OF 2.2 PERCENT WAS REVISED TO A SMALLER LOSS: **1.7 PERCENT DOWN**. THESE NUMBERS REPRESENT A SHARP DECELERATION OF JEWELRY DEMAND AT SPECIALTY JEWELERS.



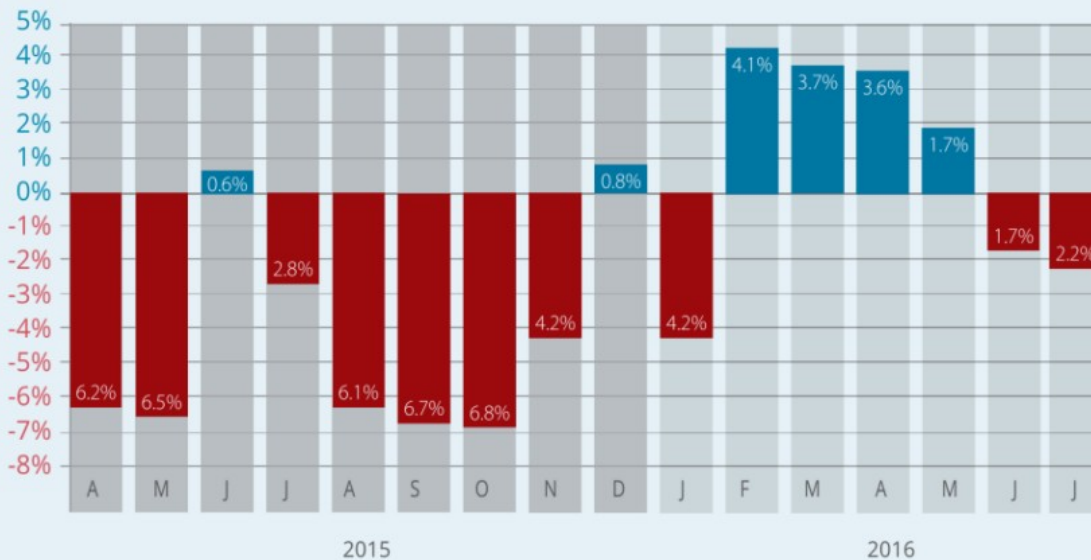
US TOTAL JEWELRY & WATCH SALES TRENDS 2015 - 2016
% Change Y/Y

Source: US Dept. of Commerce



SPECIALTY JEWELERS' SALES DECLINE IN JULY

SPECIALTY JEWELERS' SALES DURING JULY WERE AN ESTIMATED \$2.1 BILLION, A 2.2 PERCENT DECLINE FROM JULY 2015, AS THE GRAPH BELOW ILLUSTRATES. THIS MONTHLY SALES DECLINE WAS WELL BELOW THE OVERALL JEWELRY INDUSTRY AVERAGE (ALL U.S. RETAILERS WHO SELL JEWELRY) SALES GAIN OF +4.1 PERCENT FOR JULY. SPECIALTY JEWELERS' SALES TRENDS ARE DISAPPOINTING.



US SPECIALTY JEWELERS SALES TRENDS 2015-2016 % Change Y/Y

Source: US Dept. of Commerce

JEWELRY'S SHARE OF WALLET WAS UP SHARPLY IN JULY

TOTAL U.S. JEWELRY SALES ROSE BY 4.1 PERCENT IN JULY. THIS WAS WELL AHEAD OF THE AVERAGE RETAIL SALES GAIN (ALL RETAIL CATEGORIES) OF 0.9 PERCENT POSTED BY ALL U.S. RETAIL MERCHANTS. AS A RESULT, THE U.S. JEWELRY INDUSTRY TOOK SHARE OF WALLET FROM OTHER RETAIL MERCHANTS.

OUTLOOK - WE REMAIN OPTIMISTIC

THE U.S. RETAIL JEWELRY SECTOR HAS BEEN RELATIVELY ROBUST SINCE THE ALL-IMPORTANT 2015 NOVEMBER-DECEMBER PERIOD, BASED ON REVISED DATA.

rio
DIAMOND

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▶ RETAIL NEWS

CONSTELLATION DIAMOND BOUGHT BY JEWELER DE GRISOGONO

To mark the opening of the 28th Biennale des Antiquaires, de GRISOGONO has bought The Constellation, the world's most expensive rough diamond. The purchase represents a milestone for the company in its journey to become one of the world's leading high jewelry and watch brands, the firm said in a statement.

Measuring over six centimeters wide, The Constellation weighs 813 carats and was discovered by the Canadian company, Lucara Diamond, at its Karowe mine in Botswana in November 2015. The gem was purchased for \$63 million earlier this year.

[READ MORE >>](#)



THE CONSTELLATION

DPA APPOINTS DEBORAH MARQUARDT AS NEW CHIEF MARKETING OFFICER

The Diamond Producers Association (DPA), an international alliance of the world's leading diamond mining companies established last year to promote generic diamond marketing, has appointed Deborah Marquardt as its Chief Marketing Officer.

Marquardt will lead all U.S. activities for the DPA, with a focus on integrated marketing and media initiatives.

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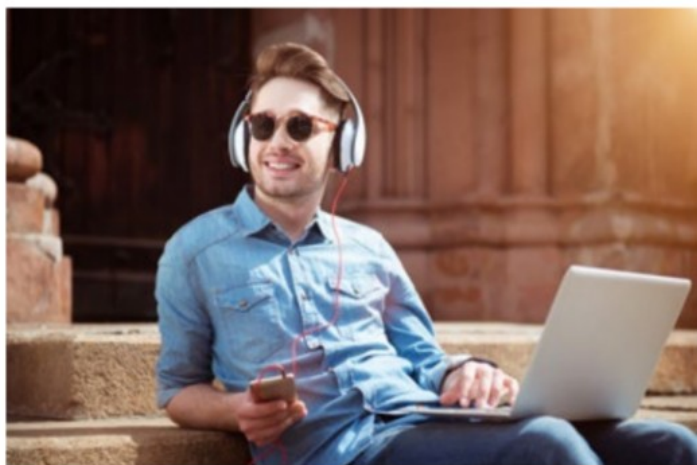
RETAIL > NEWS

DE BEERS: MILLENNIALS SPENT MORE THAN \$25 BILLION ON DIAMOND JEWELRY IN 2015

Millennials spent more than \$25 billion on diamond jewelry in 2015 in the four largest consumer markets, acquiring more than any other generational group, according to De Beers' Diamond Insight Report 2016, published today.

Despite Millennials (those aged 15-34 in 2015) facing more financial challenges than their parents' generation, they already account for almost half of the total retail value of new diamond jewelry acquired in the four largest markets – the US, China, Japan and India.

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JEWELERS OF AMERICA CONTINUING WEBINAR SERIES

Jewelers of America (JA), the national trade association for businesses serving the fine jewelry marketplace, has announced the continuation of its educational webinar series.

The series will cover a range of topics including better business solutions, legislative advocacy, strategies for jewelry marketing, social media and more.

[READ MORE >>](#)

BLUE NILE LAUNCHES FOURTH WEBROOM, FIFTH OPENING BY THANKSGIVING

Internet diamond and jeweler seller Blue Nile has opened its fourth Webroom, and will open a fifth by Thanksgiving at a yet-unnamed location.

Its Webrooms are essentially display locations with a retail setting so that consumers can see more than 400 goods available for sale which can then be ordered on a PC, by smartphone or via a tablet.



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POLISHED NEWS

IDE PRESIDENT YORAM DVASH OPTIMISTIC FOLLOWING HONG KONG SHOW

The sentiment among returning Israeli exhibitors at the close of the September Hong Kong Jewellery & Gem Fair was optimistic, said Israel Diamond Exchange (IDE) President Yoram Dvash.

"In contrast to the last several years, this year's show was marked by very good traffic. Buyers came in large numbers, and in addition to buyers from India, who come every year, there were many buyers from other East-Asian countries."

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RIO TINTO'S RARE PINK, RED AND VIOLET DIAMONDS SHOWCASED IN HONG KONG

Rio Tinto's 2016 Argyle Pink Diamonds Tender was on display at the Hong Kong Gems and Jewellery Fair. The 2016 Tender collection was "an unprecedented spectrum of color, size and clarity, a truly magnificent collection of 63 one of a kind diamonds".

[READ MORE >>](#)

ARGYLE VIOLET DIAMOND AND PINK STONES





THE ANTWERP DIAMOND TRADE FAIR

DIAMOND DEMAND LIFTOFF HELD BACK BY CHINA DECLINE, SAYS POLYAKOV

World Diamond Council President Andrey Polyakov believes that diamond sales growth isn't expected to speed up soon since demand from China continues to decline. Polished diamond sales used in jewelry globally will increase 4 percent annually until at least 2019, according to Polyakov.



ANDREY POLYAKOV

BRILLIANT®, THE EIGHTH EDITION OF THE ANTWERP DIAMOND TRADE FAIR (JANUARY 29-31, 2017), IS OPENING ITS DOORS TO INTERNATIONAL EXHIBITORS.

The trading hall of the Kring, Antwerp's rough diamond trading bourse, will host foreign exhibitors (not based in Antwerp) for the first time.

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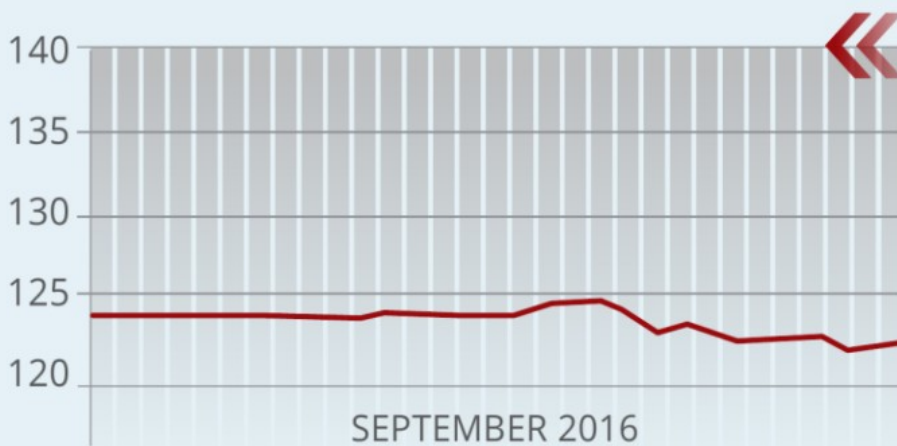
BY ALBERT ROBINSON

POLISHED PRICES



Polished Diamond Prices Remain Stable in September

IN SEPTEMBER, THERE WAS AGAIN A VERY SLIGHT DECLINE IN POLISHED PRICES. THE INDEX BEGAN THE MONTH AT 123.8 AND ENDED AT 122.4.



DAILY IDEX POLISHED DIAMOND PRICE INDEX

AVERAGE POLISHED PRICES IN SEPTEMBER WERE DOWN JUST 0.2%.

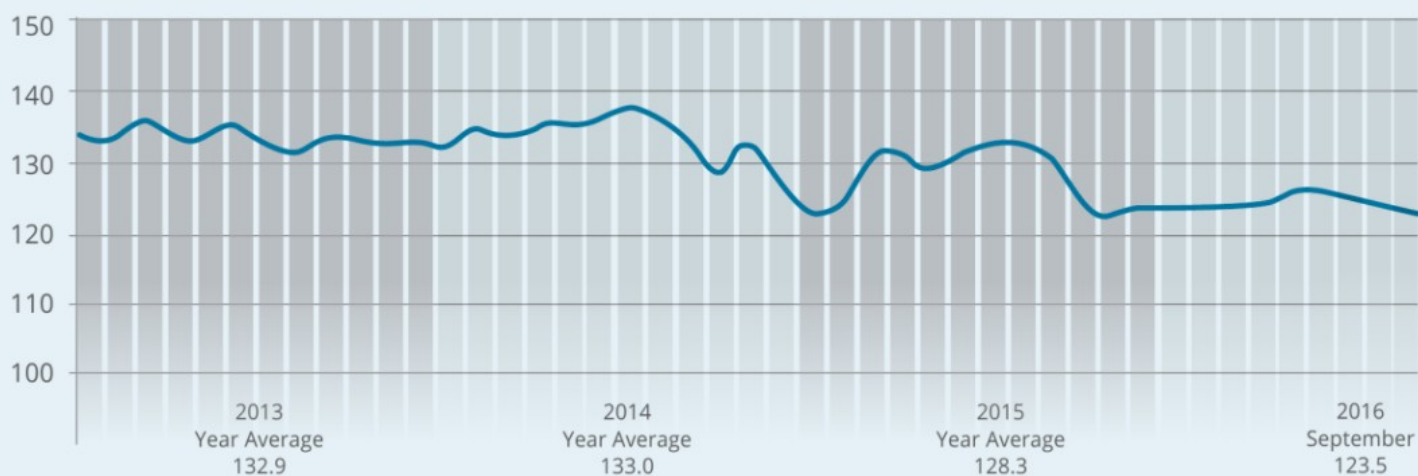
THE **SLIGHT DECREASE** LAST MONTH FOLLOWED A SIMILAR ONE IN AUGUST AFTER TWO CONSECUTIVE MONTHS OF LARGELY UNCHANGED DIAMOND PRICES, WITH FEW FLUCTUATIONS.

ON A YEAR-OVER-YEAR BASIS, SEPTEMBER'S AVERAGE PRICE SHOWED A **5.3% DECREASE**.

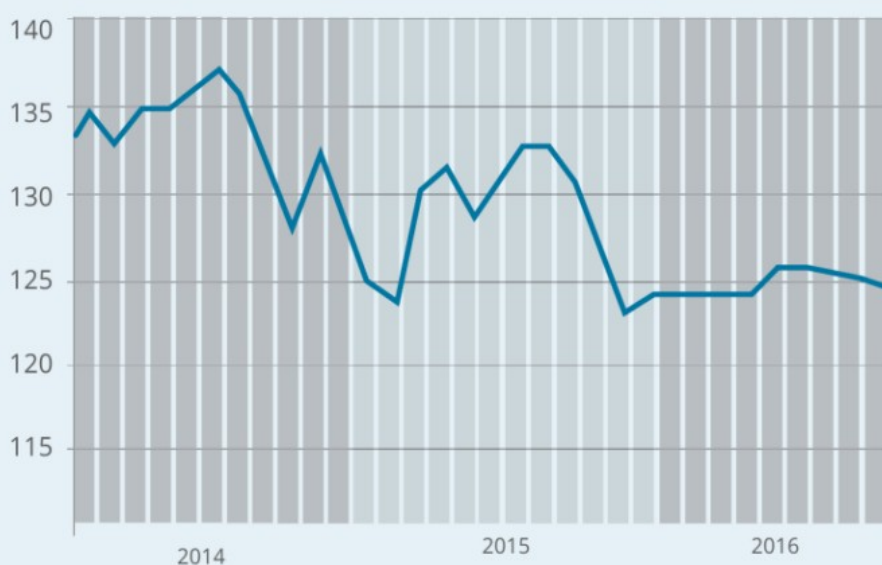
ON A MONTH-TO-MONTH BASIS, SEPTEMBER'S GLOBAL POLISHED DIAMOND PRICES SAW A SLIGHT **DECLINE OF 0.2%** OVER AUGUST.

IDEX ONLINE POLISHED DIAMOND PRICE INDEX:

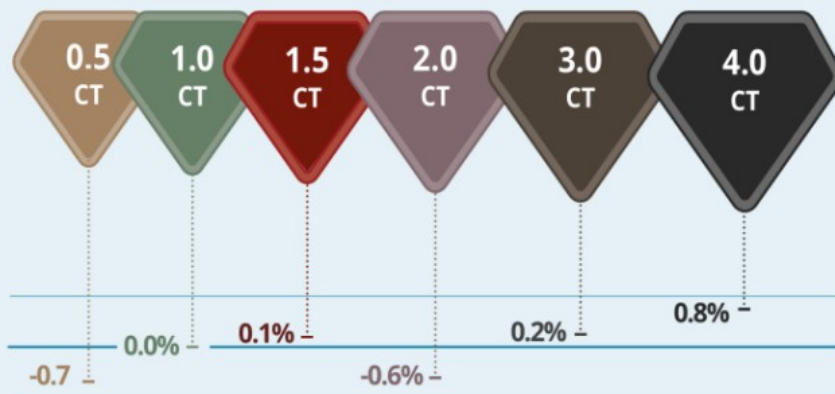
POLISHED DIAMOND PRICES HAVE SHOWN STABILITY AND ONLY MINIMAL FLUCTUATIONS SINCE NOVEMBER. THERE WAS A SLIGHT INCREASE BETWEEN MAY AND JUNE, BUT THE TREND SHOWS THAT SEPTEMBER RETURNED TOWARD THE JUNE LEVEL.



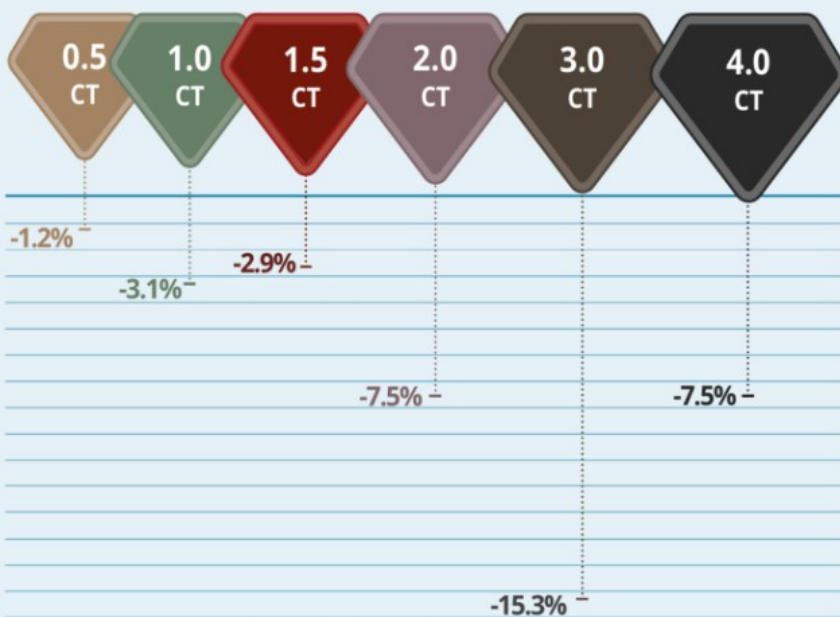
IDEX DIAMOND POLISHED PRICE INDEX



ON A MONTH-TO-MONTH BASIS, SEPTEMBER'S GLOBAL POLISHED DIAMOND PRICES SAW A SLIGHT DECLINE, WITH A **0.2-PERCENT DECREASE** OVER AUGUST.



PRICES FOR ALL SIZES OF DIAMONDS **DECREASED** ON A YEAR-OVER-YEAR BASIS, SOME SIGNIFICANTLY:



OUTLOOK

Despite the heavier than expected foot-traffic and buyer interest at the all-important September Jewellery and Gems Fair in Hong Kong, the market remains brittle. Many traders were expecting September to show renewed strength after the typical weak summer months due to the summer vacations.

The De Beers Summer Sight revealed a rise in prices which served to deter buyers in the secondary market, with Bluedax reporting that this led to a decline in demand and to more goods being available on the market.

The market continues to be prudent heading into the holiday sales season. We see prices remaining largely unchanged in the final quarter of 2016.

GEMEWIZARD



BY GUY BORENSTEIN, FGA

Chrome Diopside Provides a Welcome Green Surprise

The bulk of our work as gemologists involves examining what could be termed as “run of the mill” gemstones. By this, I refer to rubies, sapphires, emeralds and a host of the more popular varieties. Some of these are loose, while others are mounted in jewelry.

You may argue, of course, there is no such thing as a “run of the mill” gemstone, and we would agree. But that does not diminish the fact that we predominantly are presented with the same types of material.

But every now and then a less common stone is submitted for inspection. When this happens, the level of excitement rises dramatically, and the passion to do research is heightened considerably. The item invariably becomes the focus of the lab.

We had such a visitor at the European Gemological Center. We had been asked to help determine the color of a mounted green gem and, at first, had wondered why our assistance was even required.

When the stone arrived, we understood. It was not “run of the mill” emerald, tourmaline, or one of the more common green gemstones, but rather a beautiful 2.30-carat (approximated) oval-shaped chrome diopside mounted in a ring.



Green chrome diopside stones are chromium-rich, transparent to translucent calcium magnesium silicates. They are considered one of the rarer and more precious varieties of diopside, and are found mixed in the blue earth of the Kimberley diamond mines in South Africa. Russia also has beautiful, large crystals of emerald green color. Other sources are Myanmar, Italy, Austria, Brazil and a number of states in the United States.

We were asked to define the actual color of the identified chrome diopside, and then to evaluate the quality of this rarely encountered stone. We first obtained a high-quality digital photograph of the ring. Then we used the GemePro Sampler to analyze the area in the image where the gem is located. Next, we compared the Sampler results with the GemePrice quality rulers to evaluate the quality of the gem.

The results are shown in **Figure 1**. The chrome diopside gem's color was identified as 13-7-5 (Dark, Strong, slightly yellowish Green).

The GemePrice system's database includes grading and pricing information on chrome diopside. The ruler is similar to the chrome tourmaline one, but

possesses different pricing of course. Using the chrome diopside ruler, we determined that the color of this diopside gem was good (a grade of around AA), but not great. According to our database, for this quality, the price could reach up to \$60 per carat.

This test was not only a good practice for our gemologist team, but also demonstrated the full potential of the easy-to-use GemePrice system, as well as its potential to grow. Therefore, we recently decided to expand the gem-pricing list of the system to include many new stones including turquoise, lapis lazuli and chalcedony varieties. The update, which also will include additional features, will be made available at the beginning of 2017. In addition, GemePrice is now available as a smartphone app too.

About Gemewizard®: Gemewizard® is a pioneer in the development of digital color-based systems, which provide solutions for professionals involved in the fancy color diamond, colored gemstone and jewelry industries, enabling the analysis, description, communication, pricing and trading of color in gems. The suite of products developed by Gemewizard® is based on the company's groundbreaking color communication technology called GemeSquare™, which has been endorsed by GIA, and since 2006, has been incorporated into the GIA® curriculum.

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VENETIA MINE

VENETIA UNDERGROUND OUTPUT COULD BEGIN BEFORE 2022 TARGET

The building of a \$2.1 billion underground operation at the Venetia mine in South Africa by De Beers Consolidated Mines (DBCM) is within budget and on schedule. Consequently, underground operations may deliver the first ore before the targeted start of production in 2022.

[READ MORE >>](#)

GAHCHO KUÉ OFFICIALLY OPENED, WORLD'S LARGEST NEW DIAMOND MINE SINCE 2003

Gahcho Kué, the world's largest new diamond mine in the last 13 years, officially opened in September. The mine, a joint venture between De Beers (51 percent) and Mountain Province Diamonds (49 percent), is expected to produce approximately 54 million carats of rough diamonds over its lifetime.



GAHCHO KUÉ MINE

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TRUE NORTH GEMS OPERATING SUBSIDIARY GOES INTO VOLUNTARY BANKRUPTCY

True North Gems Inc. said that True North Gems Greenland A/S (TNGG), the company's operating unit in Greenland, has started voluntary bankruptcy proceedings under the Bankruptcy Act in Greenland. TNGG's main asset is the Aappaluttoq Ruby and Pink Sapphire deposit and mine in S.W Greenland. The company owns 76% of the outstanding shares of TNGG, LNS Denmark APS (together with its affiliates, the LNS Group) owns 17%, and Greenland Venture A/S (Greenland Venture) owns 7%.

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LUCAPA DISCOVERS 38.6-CARAT PINK DIAMOND AT LULO PROJECT IN ANGOLA

Australia-based Lucapa Diamond Company uncovered yet another multi-million dollar pink diamond at its Lulo project in Angola in September. The 38.6-carat stone is the largest colored diamond recovered to date from Lulo, and easily beats the 28.5-carat light pink diamond the company sold the previous week.

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THE SITE OF TRUE NORTH'S OPERATIONS



LUCAPA DIAMOND



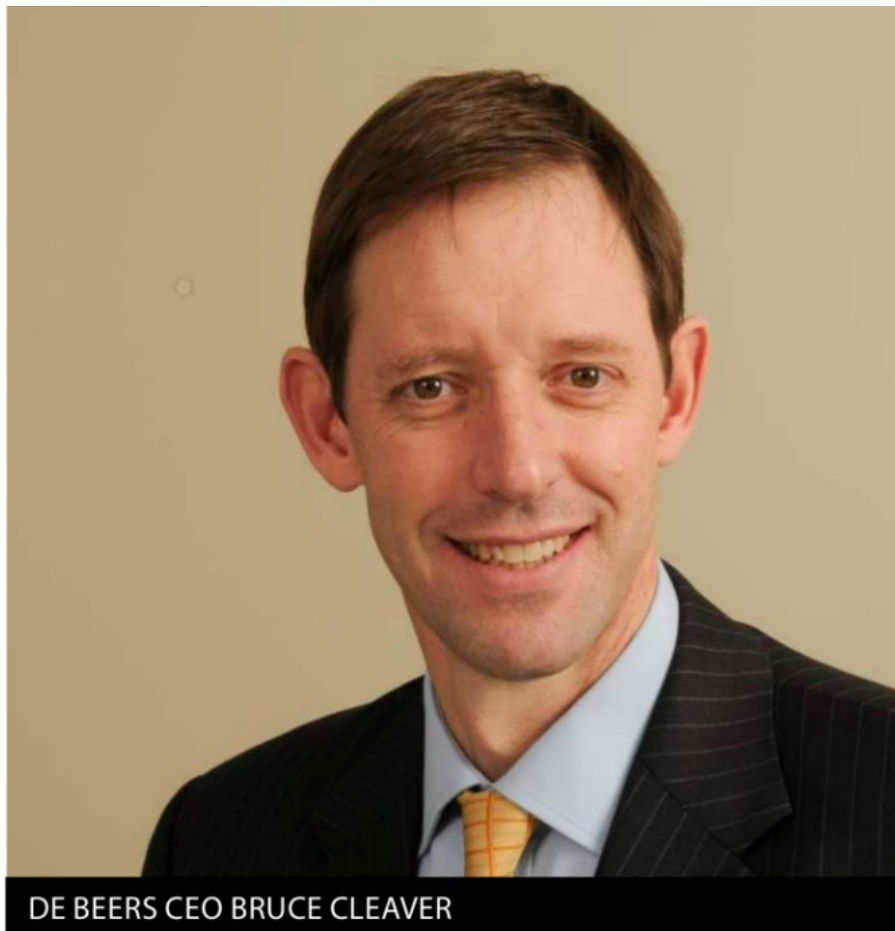
PETRA DIAMONDS POSTS JUMP IN REVENUE AND OUTPUT FOR FISCAL YEAR

Petra Diamonds Limited has announced its preliminary results for the year ended June 30. Revenue was up 1% to \$430.9 million, while net profit after tax increased 12% to \$66.8 million.

[READ MORE >>](#)



PETRA CEO JOHANN DIPPENHAAR



DE BEERS CEO BRUCE CLEAVER

BOTSWANA-DE BEERS PARTNERSHIP IN THE SPOTLIGHT AT PRESTIGIOUS NY CONFERENCE

De Beers participated in the second US - Africa Business Forum, hosted by the US Department of Commerce and Bloomberg Philanthropies at the Plaza Hotel in New York on Wednesday. De Beers Group CEO Bruce Cleaver joined world leaders, including US President Barack Obama, US Secretary of State John Kerry, Michael R. Bloomberg, various African heads of state, and other private sector CEOs from the US and Africa, to examine the partnerships that have led to deepened business relationships and the potential for growth in Africa.

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DEBBIE AZAR

PROFILE

Name:

Debbie Azar

Position:

Co- Founder

Company Name:

Gemological Science International (GSI)

Type of Business:

Gemological organization

Size of Business:

10 offices worldwide

Years in Business:

11 years

Business Philosophy:

A trusted partner for the new era

WHAT SETS YOUR COMPANY APART FROM OTHERS IN THE INDUSTRY?

We are innovators in our business model, in our business philosophy and in everything we do. We also have unified ownership and management in all locations, and do not have any partners and do not franchise ourselves like most other major labs. We put personal interest in every aspect of our business.

WHAT ARE YOUR PLANS FOR YOUR BUSINESS IN THE FUTURE?

Our plans are to expand our global presence without compromising our core values.

WHAT MAKES YOU MOST PROUD ABOUT YOUR COMPANY?

Everything we've achieved in a relatively short period of time.

WHAT IS THE MOST DIFFICULT BUSINESS DECISION YOU HAVE EVER HAD TO MAKE?

Where do I start.....?



WHAT IS THE BIGGEST RISK YOU HAVE EVER TAKEN?

Co- fFounding GSI.

WHAT IS THE BEST PIECE OF ADVICE YOU HAVE EVER RECEIVED?

Don't give up, and never take no for an answer.

WHAT IS YOUR BEST BUSINESS TIP?

Take risks - - you never know.

WHO OR WHAT OTHER BUSINESS OR BUSINESS PEOPLE INSPIRE YOU?

Coco Chanel - she built an empire from nothing. And on a personal note, I love the Chanel collections!

IF YOU HAD ONLY ONE WORD TO DESCRIBE YOURSELF, WHAT WOULD IT BE?

Ambitious.

WHAT DO YOU MOST ENJOY ABOUT YOUR WORK?

The people - many of whom I am proud to call my friends and customers.

WHAT DO YOU DO TO RELAX?

Run on my treadmill and listen to music.

WHAT WOULD BE YOUR DREAM JOB?

I'm in my dream job now.

➔ www.gemscience.net



ANNOUNCING JVC'S 2016 WEBINAR SERIES

FTC REVISIONS EXPLAINED: PART 1

Thursday, June 16th, 2016
2:00-2:45pm

FTC REVISIONS EXPLAINED: PART 2

Wednesday, September 21st, 2016
2:00-2:45pm

EMPLOYMENT LAW

Wednesday, October 19th, 2016
2:00-2:45pm

AML REFRESHER

Thursday, November 10th, 2016
2:00-2:45pm

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