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**United States House of Representatives  
Subcommittee on Commerce, Trade and Consumer Protection**

**TESTIMONY OF CECILIA L. GARDNER**

Chairman Bobby Rush, Ranking Member Ed Whitfield, members of the subcommittee. My name is Cecilia Gardner and I am the President, CEO and General Counsel of the Jewelers Vigilance Committee, known as JVC.

I am here today representing JVC, a non-profit trade association for the jewelry industry. The organization was formed in 1912 to provide self-regulation within the industry. Our mission today is to facilitate compliance with the laws that affect the jewelry trade by supplying information through our website, seminars, publications, newsletters and articles in trade publications. We also serve the industry by reviewing complaints regarding jewelry transactions, and mediating disputes that arise between consumers and jewelers, or that arise between businesses. JVC members include retailers, suppliers, manufacturers, wholesalers and gold-buying companies. We currently have approximately 1,000 member companies, operating at almost 9,000 locations.

JVC is the liaison with many of the government agencies that regulate the jewelry business. In that capacity, I have met with officials of various federal agencies, such as the Treasury Department and the Federal Trade Commission, to describe how the industry operates, and to discuss enforcement efforts. JVC provides opportunities for government officials to present regulatory information to the industry, by hosting panel discussions at trade shows and other events.

Jewelers at all levels of the industry have been hurt by the economic crisis of the last few years. That same crisis has driven up the cost of precious metals, creating a consumer interest in selling gold, primarily in the form of unwanted jewelry. Many companies have weathered the drop in jewelry demand, and thus managed to stay in business, by buying gold from their customers and then selling it to refiners. New companies and business models have arisen, including gold-buying parties in homes, and websites that invite consumers to mail-in their gold in exchange for money. For the most part, the purchase and sale of gold has been a benefit to the industry and to consumers alike.

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Since 2008, JVC has had a special category of membership for gold buyers. We also advise the industry on the laws and regulations that govern the practice of buying gold from consumers. These include the anti-money laundering requirements of the U.S. Patriot Act, as well as state and local laws regarding permits for second-hand dealers. The regulations also include "anti-fencing" laws which vary from jurisdiction to jurisdiction, but generally require that gold buyers obtain identification from sellers, keep purchased goods on their premises for a specified length of time, and maintain accurate transaction records.

The JVC has not received many complaints regarding the sale of gold by consumers, but those we have received tend to fall into two categories. The most frequent is that the amount paid for the gold is too low. Since gold prices are not regulated there is no minimum price that a seller must pay, and for that reason there is no assistance we can offer these consumers. Another frequent complaint is that a consumer mailed in gold pursuant to instructions in an online advertisement, that no money was ever received, and that the company is no longer reachable at the advertised location. These complaints are in the nature of outright fraud, suitable for criminal investigation and not for JVC mediation.

JVC supports the goal of appropriate consumer protection in all aspects of the jewelry industry. Our interests are aligned completely with every effort to maintain a fair marketplace and prevent consumer exploitation. To that end, we have reviewed the "Guarantee of a Legitimate Deal Act of 2009," H.R. 4501. This legislation addresses the following circumstances where protection is needed for consumers who transact with on-line purchasers of gold:

- The consumer rejects the gold buyer's offer for his or her gold jewelry – only to find out that the gold has already been melted.
- The gold purchaser fails to promptly return the gold jewelry sent by the consumer after the consumer declines an offer.
- The gold buyer fails to adequately insure the gold jewelry when returning it to the consumer following a rejected offer.

While JVC has not received complaints of the nature addressed by the legislation, we nonetheless support its passage. Consumers should be presented with a good-faith offer, and not a *fait accompli* in the nature of a check for jewelry that has already been destroyed. The remaining provisions of the legislation are equally fair and sensible. They should ensure that consumers are not delayed in their efforts to further shop their jewelry, or harmed by inadequate insurance on a lost return. The legislation requires that care be taken in the online purchase of gold – without creating an undue burden on the buyer.

JVC appreciates the opportunity to testify today in favor of the "Guarantee of a Legitimate Deal Act." Thank you for your consideration of our comments.