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# HALLMARK RESEARCH INSTITUTE

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HRI POSTER PRESENTATION**

## HALLMARKING

A POWERFUL BENEFIT TO THE CONSUMER, RETAILER, AND INTERNATIONAL TRADE

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### UNDERSTANDING THE ISSUES

#### PRECIOUS METAL JEWELRY

- How do you know an item is gold?
- How do you know an item marked 18k (750) is really 18k gold?
- Who is responsible for the metal content?
- Who is responsible for the claim of fineness?

### DO YOU REALLY KNOW THE FINENESS OF YOUR JEWELRY?

With the escalation of precious metal market prices in the world today, it is now more important than ever that the consumer, as well as the retailer of any article of precious metal, feel confident in the accuracy of product fineness and representation. Globally, there are three distinct approaches in handling the issues of precious metal marking.

There are countries that have limited requirements for marking, countries that have specific regulations that mainly rely on the maker to appropriately and accurately mark their items of manufacture, and countries that require by law that all precious metal articles be independently tested and hallmarked before being offered for sale.

While there are many ways to accurately represent or fraudulently misrepresent an item of precious metal such as piece of jewelry, this abstract supports the practice of assaying and hallmarking. Hallmarking not only provides the ultimate in consumer protection for precious metal items, but also provides incentive to makers and manufacturers, to adhere to the ethical production of precious metal items and to provide for their proper representation. The centuries old process of hallmarking precious metal articles remains the best solution; not only for the consumer's protection but also adds to their salability and their ease in international trade of precious metal items.

### MARKING TERMS - DO NOT CONFUSE

#### TRADEMARKS

- Mark of the Maker
- Manufacturer
- Sponsor or Responsible Party

#### HALLMARKS

- Proof of Independent Testing
- Metal Fineness Guarantee
- Country of Origin
- ...and possibly more



## PERSPECTIVES ON MARKING

### CONSUMER CONFIDENCE

Consumers want to be fully confident in their purchases and rely on the integrity of the retailer, to guarantee that the precious metal articles that they provide are exactly as they are represented. Retailers in turn, rely on the integrity of their suppliers to provide products that are accurate in fineness, and correctly marked. This chain of trust is what in the end instills confidence in the consumer. Without assaying and hallmarking it is very difficult to really know what is the content of a precious metal item.

From the moment a precious metal is mixed with alloys to produce an item of jewelry, it is the responsibility of the maker or manufacturer to correctly qualify the item's purity with a mark that accurately indicates fineness. Often in countries with limited marking regulations, there is very little policing of the adherence to the actual legal fineness standards, or to whether an item is properly marked or not. This has commonly led to such abuses as under-karatting and weighting of items with either base metals or various unstated fillers.

***A precious metal item will be either...***

- ***not marked at all***
- ***marked with just the metal fineness***
- ***marked with fineness & a responsibility mark***
- ***marked with a hallmark & a responsibility mark***

### MARKING IN THE UNITED STATES OF AMERICA

In the U.S. there are three main government regulations that act in combination to establish the legal standards that apply to the manufacture, sale and advertising of precious metal jewelry; the National Gold and Silver Stamping Act, the Federal Trade Commission rulings, and the Voluntary Product Standard PS 68-76.

U.S. Federal Trade Regulations, through the National Stamping Act, require that if any precious metal item is stamped with a fineness designation, it *must be* accompanied by a mark of responsibility. An item that is offered for sale with only a metal fineness mark, i.e. 10K, 14K, 18K, is in direct violation of these regulations. Without any responsibility mark, what guarantee does the consumer have that the fineness stamped accurately represents the metal's content? A mark of responsibility stands behind the claim of stamped fineness like a guarantee, and is a means to trace the item's origin, if there are any questions as to the assurance of quality. Responsibility marks are generally seen as the maker's initials, trademark, or the name of the company that sponsored the production of the stamped item.

Look for these marks on any precious metal item you purchase!

Currently, in the USA, there are no government entities that are specifically active in the policing of manufacturing and marking of precious metal articles. Reports of abuse and under-karatting are generally lodged with local police or with the jewelry industry's independent organization called the "Jeweler's Vigilance Committee (JVC)." While the JVC does not have legal authority to act on tips, they work with local and national law enforcement agencies to bring violators to justice.



This pendant exhibits a full range of responsibility marks. There is a mark for the fineness (925), a mark for the sponsor (Tiffany & Co), a mark with the designer's signature (Paloma Picasso), and finally a copyright mark to protect the design. Even with this detailed marking, this item would not qualify for import into many countries in Europe without first being tested and hallmarking to the standards accepted by the importing country. Countries like the one that created this item (USA) may be missing out on a large foreign market trade.



## WHEN PRECIOUS METAL PRICES CLIMB

As the price of precious metals rise, so does the possibility of under-karating. The example below shows just how lucrative under-karating can be...

Example: A medium size manufacturer who...

- Uses 100 Kilos (321.5 troy oz.) of GOLD per year
- Gold at \$1,500 per ounce = \$48,225 per kilo
- 100 kilos x \$48,225 = \$4,822,500

If 18k (750) yellow gold jewelry is manufactured, 100 kilos of pure gold can create 133,333 grams of 18k alloyed material. If the manufacturer illegally under-karats to just 16.5 k (687), it then creates 145,455 grams of alloyed material. This makes an extra 9%, or 12,121 grams of "18k" gold material. The extra 9% of \$4,822,500 equals \$434,025. A larger manufacturer who uses 1000 kilos (3215 troy oz) per year can illegally profit 10x higher... \$434,025 x 10 = \$4,340,250!

## THE BENEFITS OF HALLMARKING

### THE ULTIMATE IN CONSUMER PROTECTION

Centuries ago, in the interest of consumer protection, both England and France were the first to enforce the verification of fineness and the hallmarking of precious metal items to ensure the accurate representation at the time of sale. At the point of completion, each item was required to be independently tested and hallmarked before that item could be offered for sale to the public. This independent assaying and hallmarking of precious metal items proved to be a huge benefit by increasing consumer confidence. Hallmarking, prominently used today in many countries, continues to provide complete product confidence from the manufacture through to the ultimate consumer.

Globally, many developed countries recognize the benefit of hallmarking. India, a country with an ancient tradition of gifting gold jewelry, has, as of 2011, implemented hallmarking to combat rampant under-karating. The Government of India through the Bureau of Indian Standards, recognizing the ever persistent problem of manufactured substandard articles of precious metal, dedicated over 10 years to implement mandatory hallmarking in a country with over 300,000 goldsmith shops.

Compare this with Austria, known for its fine jewelry and hallmarking practices, found that during hundreds of years of compulsory hallmarking it had less than 1.5% of its precious metal items declared as under-karated. In 2001, Austria discontinued mandatory hallmarking and by 2006 under-karating had increased to 14.9%.

With the prices of gold, silver, platinum, and palladium continuing to trade at near record levels, the practice of under-karating precious metal items becomes more tempting in countries that do not have mandatory hallmarking laws. Hallmarking is the motivation, at the point manufacture, that upholds the standards set for fineness.

## HALLMARKING - CERTIFICATION OF THE MOUNTING

Consider this, if a gemstone can be certified by independent analysis, why then put that stone into a mounting whose actual metal content can be questioned? Hallmarking of the mounting provides the certification necessary to rival the care and consideration a certified featured stone carries, and provides the consumer with the utmost confidence in their purchase.

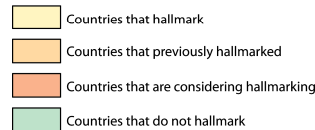
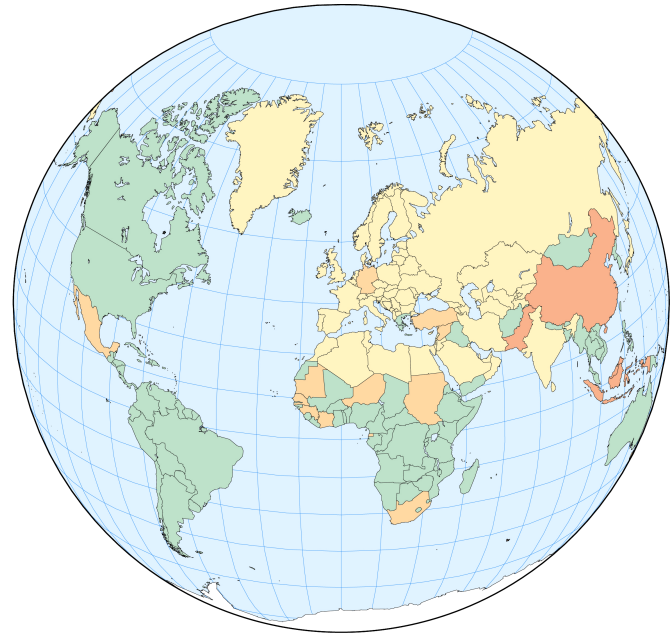


## INTERNATIONAL TRADE

### HALLMARKING IS GLOBAL AND GROWING

It has been over 700 years since England and France first instituted the compulsory assaying and hallmarking of all items manufactured of precious metal. By the early 20th century, the practice of hallmarking was systematically adopted by almost every country in Europe. In fairness, it should be noted that several European countries, by the late 20th century, elected to allow self marking or the option of voluntary assaying and hallmarking.

Currently, there are 68 countries with a total of 2.37 billion people (34.2% of the world's population) that directly or indirectly have access to independent hallmarking services. There are also 3 countries, the Peoples Republic of China, Indonesia, and Germany, that now have access to extra territorial hallmarking services provided by internationally recognized assay offices. For the first time in history, a record total of 71 countries representing 4.29 billion people, solidly over half of the Earth's population (58.27%), now has access to hallmarking.



Over the last 25 years there has been a huge increase in the demand for certified gemstones. Shouldn't the consumer be equally confident in the quality of the precious metal that stone is mounted in? With the increased prices of all precious metals, along with more consumer awareness, there is an elevated demand for accountability. In countries with limited marking requirements, this falls on the shoulders of the makers.

Why is it that in the Americas there is a blind avoidance to the important benefits of hallmarking? As with other issues involving world trade, the Americas are again at a disadvantage when it comes to the global trade of precious metal jewelry and objet d'art because their goods are not assay certified.

The Hallmark Research Institute continues to advocate the necessity of hallmarking where all precious metal articles are manufactured.

IMPORTANT SUPPORTERS OF HALLMARKING AND GLOBAL STANDARDS		
Hallmarking Convention	HMC	An international trade agreement which permits an item with a convention "Common Control Mark" and a national hallmark to trade freely in any of the 19 member states.
International Association of Assay Offices	IAAO	Provides technical coordination, verification, and inter-office support, specifically in the fields of assaying and hallmarking.
International Organization for Standardization	ISO	Sets international technical and metrological standards, performs verification, and accreditation of organizations and companies.
World Gold Council	WGC	Advisor on the use of gold to Central Banks, in technology, the jewelry industry and sustainable mining.
World Gold Jewellery Confederation	CIBJO	An international confederation of national jewelry trade organizations.
Hallmark Research Institute	HRI	Promotes the global use of hallmarking. Provides educational seminars and publishes books on world hallmarks on precious metals

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