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Via e-mail

1. Although I am a FinCEN employee, this represents my own personal views and not necessarily those of FinCEN.
2. My background that is relevant for my making these suggestion is: my undergraduate degree is in chemistry, and I have some knowledge of metals and gemstones used in jewelry from instruction in analytical chemistry and geology; while working both in intelligence prior to my employment in FinCEN, and while working as an analyst in FinCEN, I acquired knowledge of the use of gemstones in the financing of revolutions and/or terrorism.
3. Reference the proposed 31CFR103.140 (a) (3), which defines "Precious metal": the requirement that a substance contain 500 or more parts per thousand of either a single listed metal or an aggregate of such metals ignores a common gold alloy used in jewelry. Pure gold is rarely used in jewelry because it so soft; it commonplace to alloy gold with increasingly higher amounts of copper, the more wear the jewelry is exposed to. Gold used in rings is commonly "10 carat", meaning that it is 10/24 (= 41.6777 %) gold by weight. Because this alloy is relatively commonly available in the industry, "precious metal" should be re-defined in 31CFR103.140 (a) (3) (ii) to a lower threshold of purity.
4. Reference the proposed 31CFR103.140 (a) (2) and (4), which defines "Jewel" and "Precious stone", respectively: Diamonds are almost pure carbon, and are derived from fossilized plants after having been acted on by extremes of heat and pressure. They should be classed as "organic" rather than "inorganic".
5. The concept of "industrial" quality or grade as applied to jewels, precious stones and gems needs to be clarified and made more specific. The reason is this: Parts of Africa that have diamond mines, and parts of South America (particularly Colombia) that have emeralds, are engaged in conflict and/or subject to substantial terrorist activity; parties to the conflicts in these areas smuggle "raw" or uncut stones to international markets to pay for their activities. The definitions of "jewels" and "precious stones" should include statements that make it clear that raw, uncut or unprocessed stones are included in these categories when such stones are capable of being brought up to market-recognized gem quality standards of beauty, desireability or value.

Eugene May, Jr.