

Remaining lawsuits filed over EGL reports are settled

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New York--The three remaining lawsuits filed against Tennessee retailer Genesis Diamonds over its use of EGL International grading reports have been settled.

Brian Cummings, the Nashville, Tenn.-based attorney representing the three individuals said Friday that the suits were resolved and dismissed. The terms of the settlement are confidential, though Cummings said his clients were “very satisfied” with the outcome.

Cummings’ clients, M. Nathaniel Averitt, Richard Vien and Allan (A.J.) Zyla Jr., sued retailer Genesis Diamonds LLC and its owner Boaz Ramon earlier in the year, alleging the retailer intentionally confused consumers about the difference between “inferior” EGL International-graded diamonds and those graded by the Gemological Institute of America.

“Genesis Diamonds’ business practice for many years has been to offer inferior-quality EGL International diamonds as equivalent to GIA certified diamonds. Genesis employees and sales staff falsely claim that the only difference between diamonds certified by the two laboratories is ‘the price,’” the lawsuit states. “By doing so, Genesis is able to claim it is offering a diamond ‘at wholesale pricing’ when, in reality, it is simply selling an over-graded stone that it acquired at a steep discount comparable to a GIA diamond.

“The practice allows Genesis Diamonds to simultaneously reap a profit margin that would not be possible selling legitimately-graded GIA diamonds, while falsely claiming they have saved the customer money.”

In his lawsuit, Averitt stated that he bought cufflinks with 3-carat diamonds that were both color graded as G but later re-evaluated as M and N color diamonds. He also bought a diamond eternity band with diamonds graded as F that later were re-evaluated as J color stones. Both pieces appraised at a significantly lower price than Averitt originally was led to believe, the lawsuit states.

Vien and Zyla had a similar experience with diamond engagement rings, court papers show.

Eli Richardson, the attorney representing Genesis Diamonds, also confirmed the settlement but did not provide a comment on behalf of the retailer.

The lawsuits brought by consumers in Tennessee was one of the major factors that touched off a recent chain of reactions to a problem that has long been simmering--over-graded diamonds.

In October, Martin Rapaport removed all EGL-graded diamonds from his diamond trading network, RapNet.

Just last week, news surfaced that the owners of the EGL brand (meaning EGL labs outside the United States; EGL USA is separate and not affiliated) had appointed a new global manager to clean up the lab’s practices and would no longer be using the EGL International brand name.