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April 18, 2017

Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street
Washington, DC 20549

Re: Comments on Reconsideration of Conflicts Minerals Rule (the "Rule") issued under Dodd-Frank Section 1502

Dear Mr. Fields:

Thank you for the opportunity to comment on the Reconsideration of the Conflict Minerals Rule Implementation, issued on January 31, 2017.

JTV® is a mid-sized, privately-held, U.S-based retailer of jewelry and loose gemstones. Our annual sales approach $500 million, and we are growing aggressively. We sell our products in all 50 states through various web-based platforms and a television network. We employ 1,500 people at our headquarters in Knoxville, Tennessee. Our subsidiaries have offices in Bangkok, Jaipur (India) and Hong Kong.

We strongly endorse the repeal of the Rule in its entirety. While we support its goals, we believe the Rule has always rested on a shaky foundation of erroneous assumptions. Because the Rule cannot achieve its stated aims, its primary legacy has been to saddle companies with unnecessary costs and to harm the region it was intended to help. We ask the Commission to recognize the inevitable collapse of the Rule and to repeal it now.

We will discuss several of the Rule's many flaws below. By way of overview, our comments have two aspects. The first is that the Rule acts as a barrier for companies like JTV to access the public capital markets. Second, assuming we were public, the Rule would affect us adversely and unfairly. The discussion of the Rule's shortcomings will support both of these points.

1. **The Rule Serves as a Deterrent for Small and Mid-Sized Businesses to Access Public Capital Markets.**

The Rule is a material disincentive for us to raise capital in the public markets. JTV is fast-growing, mid-sized company, with great potential to continue its growth and expansion. One potential source of funds to support our continued growth is an initial public offering. The issues we raise below are a significant deterrent to our taking that step.

2. **The Rule Fails to Address Fundamental Realities of the Jewelry Marketplace.**

One of the many shortcomings of the Rule is that it assumes all industries--and all companies within an industry--are alike. Our situation highlights just how incorrect these assumptions are.

The Rule appears to be designed with large, traditional jewelry companies in mind. Those companies typically focus on a product mix that emphasizes diamonds mounted in gold. The Rule assumes that all jewelry companies fit this mold. That is not the case.

JTV is not a traditional jewelry company. One aspect of our unique business model is that many of our most successful items feature colored gemstones. They range from the familiar (*e.g.*, sapphire and ruby) to the exotic and unusual (*e.g.,* chrome diopside and kunzite).

The supply chain for diamond/gold jewelry emphasized by large jewelry companies is well-established. In many cases, international norms already apply to their products. One example is the Kimberley Process, which is designed to address the use of conflict diamonds.

The supply chain for colored stone jewelry (including the gold used in that jewelry) is very different. Many of our vendors are small, family-run operations, spread out across the globe, and often located in the developing world. The Rule assumes that all such small jewelry vendors have (a) full visibility into every element of their supply chain, (b) have the resources to make such determinations or (c) can force their suppliers to track the sources of their gold.

The truth is often exactly the opposite. Many of our vendors are purchasing their gold from exchanges, banks or gold dealers, which are aggregators of gold from a variety of sources. Thus, as a result of the fungible nature of gold (more on this below), both our vendors and their sources of supply typically have little visibility about the country of origin of the gold they buy.

The upshot of this situation is that if we were public, JTV would be unable to determine the country of origin of the gold in its products. A recent study, profiled in a *Harvard Business Journal* blog post, indicates that JTV would not be alone: 80% of participating companies could not determine where their raw materials came from. [1]

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[1] "80% of Companies Don't Know if their Products Contain Conflict Minerals," *Harvard Business Review* Blog Post, January 5, 2017.

3. **The Fungible Nature of Gold Poses Special Challenges.**

Some of the leading approaches for conducting supply chain due diligence (*e.g.*, the OECD Guidance) depend on information from smelters and refiners. This approach recognizes that these companies collect materials from many sources and that it is not realistic to assume downstream companies (like JTV) can determine the upstream source of the materials beyond the refiner. In short, the smelter/refiner is of basic importance to this supply chain diligence, since that party will usually have more information than parties down the distribution chain.

In our experience, there are three interrelated limitations on this approach that are an inherent part of the gold supply chain. First, gold is highly fungible. Refiners collect shipments from a variety of sources that can be combined into the gold eventually provided to jewelry manufacturers. The above diligence approach assumes that (1) all refiners have the resources to undertake this highly detailed tracking process and (2) there will be a sufficient number of such refiners to meet global demand. The evidence to date does not support these assumptions.

The Electronic Industry Community Coalition and the Global e-sustainability Initiative (GeSI) have created the Conflict-Free Smelter Program (CFSP), which publishes a list of the gold refiners that are certified after an audit.

Two of our primary international subsidiaries are located in Jaipur, India and Bangkok, two of the largest centers for jewelry and gemstones in the world. There is only 1 refiner on the CFSP list in India, and its certification expired in March. There is also only 1 in Thailand. Throughout the world, there are only 14 refiners who have been certified by both the CFSP and the Responsible Jewelry Council (which sponsors another certification program for the jewelry industry). Given these limited numbers and the importance of refiners to the supply chain, it is no wonder that companies are unable to determine the sources of their gold.

Second, and perhaps more importantly, the Rule assumes that all jewelry manufacturers have a connection to the refiner. As discussed above, in our experience, that is often not the case. The manufacturer is frequently buying from an aggregator.

Third, the frequent presence of recycled gold further complicates this picture. According to the World Gold Council's 2015 report, "The Ups and Downs of Gold Recycling," between 2004 and 2014, recycled gold has comprised as much as 42% of the total gold supply and varies annually. The country of origin of recycled gold need not be determined under the Rule. Given how pervasive recycled gold can be, however, its continued presence in the global supply chain further complicates efforts to track the gold originating from mine production (*i.e*, through possible combination with recycled gold). JTV operates a gold purchasing program (The JTV Gold Exchange), and as a result, we have a special awareness of the significance of recycled gold in the marketplace.

4. **The Rule Places Small and Mid-sized Companies at a Competitive Disadvantage.**

The Rule places an unfair burden on jewelry companies like JTV, which depart from the gold/diamond product mix of the large, traditional jewelry company. This burden arises from the lack of a *de minimis* standard.

Our mission is to open the world of jewelry and gemstones to everyone. As a result, our products are designed for the mass market. The diversity of our gold products is high. For example, our average price point is under $100. We sell 10 karat earrings for as little as $29.99 and some gold plated chains at similarly low prices. Some of our gold products are comprised of karat gold. Others feature "gold over" another metal (*e.g.*, silver) or gold plating on items with a hollow center. Our gold products come in all shapes and sizes. Although these items are a tremendous value, the total ounces of the gold contained in many of them may not be large in a relative sense, particularly if compared to the high karat weight products sold by traditional jewelry companies.

Yet, despite these significant differences between JTV and a large, traditional jewelry company, the Rule would foist its full due diligence burdens on us for all gold jewelry, no matter how small the gold content. In other words, companies like JTV would be required to incur significant expense to conduct an in-depth analysis of their supply chains, while the chances that this analysis will provide any material, actionable information to investors is, at best, remote.

5. **The Rule Has Been a Resounding Failure.**

Many of the parties providing comments (*e.g.*, The Society for Corporate Governance, Kimball Electronics, and the Business Roundtable) profile the high cost of compliance and discuss the widespread, negative impact of the Rule. For example the Business Roundtable and the Society for Corporate Governance have cited articles from *The New York Times, The Washington Post* and *Foreign Policy* which demonstrate that the Rule has resulted in a *de facto* embargo against the Democratic Republic of Congo and its neighboring countries. In addition, the estimated cost of compliance across the economy is estimated to be in the hundreds of millions of dollars.

We agree with these comments, and we would like to add a final point. There is obviously a great focus in the political discourse in our country on job creation. Through its tremendous growth, JTV has added several hundred jobs over the last few years. If we were public, the Rule would cut against that effort. It imposes a highly expensive due diligence program, while simultaneously failing to accomplish what it was intended to do. Accordingly, the Rule is, by definition, an example of wasteful, unnecessary regulation.

Summary

For these reasons, we request respectfully that the Commission repeal the Rule. Thank you for giving us the opportunity to comment.

Sincerely,

Stephen E. Roth

Stephen E. Roth
Vice-President & General Counsel