



Plan for pink and blue diamonds shakes up industry **Sarasota Herald Tribune, 5-17-07**

A diminutive "stop-and-go light" pokes up into the murk above each of the bulky diamond-making machines in the Gemesis plant. Green means the machine is under pressure and a diamond is being made. Red means the machine is down and needs attention from its human caretakers.

Five years ago, when Gemesis had just moved into its Lakewood Ranch plant, the company had three dozen of its large pressure cookers at work. They filled just one corner of the plant floor. Now, as the company launches into a much broader and more public campaign on several fronts, there are hundreds.

At any given moment, scores of three-carat diamonds are being made. The cycle takes about four days. Gemesis is secretive about its process and size. When a visitor tries to count machines and the green lights, Gemesis Chief Executive Stephen Lux discourages the attempt. "We ask people not to count," said Lux, speaking above the loud droning.

But someone is counting.

Gemesis is being watched closely by some of the biggest players in the diamond world. They have a lot to lose if the company's machine-grown gems -- generally selling for about one-third of what their naturally produced brethren would command -- really take off. Manufactured diamonds have steadily been gaining gravitas. In January, the Gemological Institute of America, which institutionalized the "Four Cs" of diamond quality, finally started accepting laboratory-grown diamonds for commercial grading. The establishment, including the kingpin of diamond production, the De Beers Group of South Africa, has been trying to head off the Gemesis threat.

De Beers makes two machines specifically designed to tell mined diamonds from anything else: the "DiamondSure" and "DiamondView." Along with the New York-based Jewelers Vigilance Committee, De Beers is asking the Florida Trade Commission to amend its guidelines for jewelry and precious metals to prevent the use of the term "cultured" in conjunction with laboratory grown diamonds. That aims squarely at Gemesis, with its company logo: "Gemesis -- The Cultured Diamond." Now Gemesis is on the verge of something else likely to shake up the diamond world: pinks and blues.



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The company, which long specialized in yellow diamonds simply because that is what the machines make on their own -- influenced, in part, by the nitrogen in the air -- is pushing the envelope of its color palette. Why all the fuss about pink? Because pink and blue diamonds are something of the Holy Grail in gem circles. That rosy hue -- say jewelers and consumers alike -- is a tone to titillate: Think of the stir (and rising sales) when Ben Affleck passed along a \$1.2 million, six-carat pink diamond ring to then-sweetheart Jennifer Lopez four years ago.

Besides being able to provide a color in abundance that is extremely rare in nature, Gemesis also would bring economy to the diamond world -- and certainly prices way below JLo's million-dollar rock. Karl Shrode Jr., whose decades-old Shrode Jewelers is in downtown Sarasota, started featuring the Gemesis diamonds in 2003. A clean, faceted 1.13-carat man-made stone in a bright shade of yellow goes for \$5,995. Every six or eight months, a Gemesis delegation stops by to show off their latest creations, and their packet invariably includes their latest attempt at perfect pink.

So far, Shrode has shaken his head "no" at the stones, which tend closer to cranberry sauce than bubble gum. But he knows the tremendous upside once pink is perfected. "We could do a lot with a pretty pink." Lux, the Gemesis CEO, says his company will soon be able to accommodate Shrode. Lux shows visitors a "color set" of stones produced experimentally by the same pressure cookers churning out fancy yellows by the tens of thousands of carats. It includes red, orange, yellow, green, blue, purple, white and pink. The latter stone, a bit smaller than the others, could best be described as cotton-candy-colored. "That would be our target."

By the end of next year, Gemesis expects to be making enough pinks to bring them out commercially. By 2009, Gemesis will have commercial quantities of blues, Lux said. After that, if clean, white stones in the two-carat-and-up range become as scarce as the industry is predicting, Gemesis will aim its growing army of diamond cookers at that goal.

A typical one-carat natural yellow diamond might sell for \$18,000 or \$20,000 per carat, but a pink? "Much rarer," said Sam Merksamer, executive director of the Natural Color Diamond Association. Argyle Mine in West Australia is the source of most of the world's pink diamonds. Even in the Outback, pink diamonds represent only one-tenth of one percent of the mine's total diamond production, Merksamer said.



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In June 2006, the Gemological Institute announced it would issue its first-ever man-made diamond grading reports. It was one of the latest shots in what has become a simmering feud in the diamond world. "The natural diamond folks were most unhappy," spokeswoman Laura Simanton said. It took another six months for the GIA to actually do it. Others, including the European Gemological Laboratory, have been grading what it calls "laboratory created" stones from Gemesis since at least early 2004.

But GIA is the 800-pound gorilla of grading. "We see all the important diamonds, I will put it that way," said James Shigley, senior research fellow at GIA headquarters in Carlsbad, Calif. When GIA refers euphemistically to those "natural diamond folks," the phrase definitely is meant to include De Beers. Given a chance, De Beers does not pass up a chance to take a shot at man-made diamonds.

"If synthetics do enter the jewelry market we believe that over time, production costs will fall, and synthetics will probably occupy a similar position in the marketplace to Cubic Zirconia, Moissanite and other such materials," wrote DeBeers spokeswoman Lynette Gould in answer to questions about Gemesis stones. Gould confirmed her company's involvement in the petition from the Jewelers Vigilance Committee to the FTC, an agency that has long required pearls that have been grown with assistance from man to be labeled "cultured." At first it might have been a stigma for the pearl people, but it has gradually come to be associated with quality.

De Beers and its partners do not want to find out how that might play out with diamonds. "We understand the petition shows that consumers are fundamentally misled by the term 'cultured' to describe synthetics and that the term should be reserved exclusively for pearls," Gould said. In part to counter the notion that Gemesis' very real diamonds are anything like a cubic zirconium, Gemesis recently hired its own emissary of industry goodwill.

At the 2007 Basel World Show in Switzerland, Lux announced that Joan Parker, a former De Beers spokeswoman and marketing guru, had joined Gemesis as an adviser and an "ambassador." She had been a key De Beers marketing executive for 25 years.



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Lux does not mind calling his company's stones laboratory-grown. Each jewelry maker who cuts, polishes and mounts the stones inscribes the girdle of each gem as being "Gemesis Created" with a serial number. But the term "synthetic" just does not do it for the Gemesis crowd. Their stones are physically, optically and chemically diamonds. "There is no if, and or but about it being a diamond," Shrode says. "The only difference is that man made it instead of nature."