

FILED

2014 AUG 18 AM 10:22

RICHARD R ROOKER, CLERK

M. NATHANIEL AVERITT

STATE OF TENNESSEE
DAVIDSON COUNTY
20TH JUDICIAL DISTRICT☒ First
☐ Alias
☐ PluriesCIVIL ACTION
DOCKET NO. _____

Plaintiff

Vs.

GENESIS DIAMONDS, LLC

Serve Registered Agent: Boaz Ramon

3742 Hillsboro Pike

Nashville, TN 37215

Defendant

Method of Service:

- ☐ Davidson County Sheriff
☐ Out of County Sheriff
☐ Secretary of State
☐ Certified Mail
☒ Personal Service
☐ Commissioner of Insurance

To the above named Defendant:

You are summoned to appear and defend a civil action filed against you in the Circuit Court, 1 Public Square, Room 302, P.O. Box 196303, Nashville, TN 37219-6303, and your defense must be made within thirty (30) days from the date this summons is served upon you. You are further directed to file your defense with the Clerk of the Court and send a copy to the Plaintiff's attorney at the address listed below.

In case of your failure to defend this action by the above date, judgment by default will be rendered against you for the relief demanded in the complaint.

ISSUED: _____

RICHARD R. ROOKERCircuit Court Clerk
Davidson County, Tennessee

By: _____

Deputy Clerk

ATTORNEY FOR PLAINTIFF

or

PLAINTIFF'S ADDRESS

Brian Cummings

P.O. Box 190683

Address

Nashville, TN 37219-0683

TO THE SHERIFF:

Please execute this summons and make your return hereon as provided by law.

RICHARD R. ROOKER

Circuit Court Clerk

Received this summons for service this _____ day of _____, 20____.

SHERIFF



To request an ADA accommodation, please contact Dart Gore at (615) 880-3309.

STATE OF TENNESSEE
DAVIDSON COUNTY
20TH JUDICIAL DISTRICT

FILED
First
AM 10:22
Pluries

RICHARD R. ROOKER, CLERK
CIVIL ACTION
DOCKET NO. _____
D.C.

M. NATHANIEL AVERITT

Plaintiff

Vs.

BOAZ RAMON

3445 Hampton Avenue

Nashville, TN 37215

Defendant

Method of Service:

- ☐ Davidson County Sheriff
☐ Out of County Sheriff
☐ Secretary of State
☐ Certified Mail
☒ Personal Service
☐ Commissioner of Insurance

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SHERIFF



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STATE OF TENNESSEE
DAVIDSON COUNTY
20TH JUDICIAL DISTRICT

M. NATHANIEL AVERITT

Plaintiff

Vs.

STASIA CHALBECK

1204 Fatherland Street

Nashville, TN 37206

Defendant

FILED
2014 AUG 18 AM 10:22
RICHARD R. ROOKER, CLERK
CIVIL ACTION
DOCKET NO. _____
D.C.

Method of Service:

- ☐ Davidson County Sheriff
☐ Out of County Sheriff
☐ Secretary of State
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RICHARD R. ROOKERCircuit Court Clerk
Davidson County, Tennessee

ISSUED: _____

By: _____

Deputy Clerk

ATTORNEY FOR PLAINTIFF

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PLAINTIFF'S ADDRESS

Brian Cummings

P.O. Box 190683

Address

Nashville, TN 37219-0683

TO THE SHERIFF:

Please execute this summons and make your return hereon as provided by law.

RICHARD R. ROOKER

Circuit Court Clerk

Received this summons for service this _____ day of _____, 20____.

SHERIFF



To request an ADA accommodation, please contact Dart Gore at (615) 880-3309.

IN THE CIRCUIT COURT FOR DAVIDSON COUNTY, TENNESSEE

M. NATHANIEL AVERITT

Plaintiff,

v.

GENESIS DIAMONDS, LLC,
BOAZ RAMON, individually,
STASIA CHALBECK, individually,

Defendants.

NO. _____
JURY DEMAND

2014 AUG 18 AM 10:22

RICHARD R. BOOKER, CLERK

D.C.

COMPLAINT

The Plaintiff for his cause of action respectfully states to the Court and Jury the following:

I. Venue, Jurisdiction and Parties

1. The Plaintiff is an adult citizen of the State of Tennessee. He resides in Davidson County, Tennessee.

2. The Defendant, Genesis Diamonds, LLC, (hereinafter referred to as "Genesis Diamonds" or "Genesis") is a Tennessee Limited Liability Company with its principal office at 3742 Hillsboro Pike, Nashville, Tennessee 37215. Boaz Ramon, as registered agent, may be served with process at that address.

3. Boaz Ramon is a Member and President of Genesis Diamonds, LLC. He may be individually served with process at 3445 Hampton Avenue, Nashville, Tennessee 37215.

4. Stasia Chalbeck is an employee of Genesis Diamonds, LLC. She may be individually served with process at 1204 Fatherland Street, Nashville, Tennessee 37206.

5. The Plaintiff's claims for relief arise from injuries that occurred in Nashville, Davidson County, Tennessee. Venue and a jury demand are proper pursuant to Tenn. Code Ann. § 20-4-101(a) as well as Tenn. Code Ann. § 47-18-109(a)(2). This court has jurisdiction pursuant to Tenn. Code Ann. § 16-10-101.

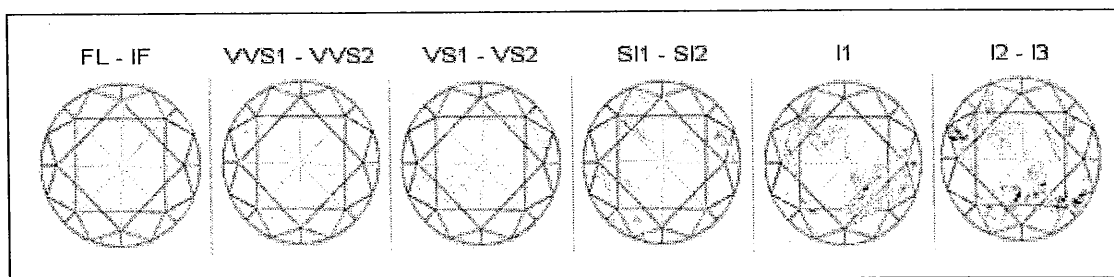
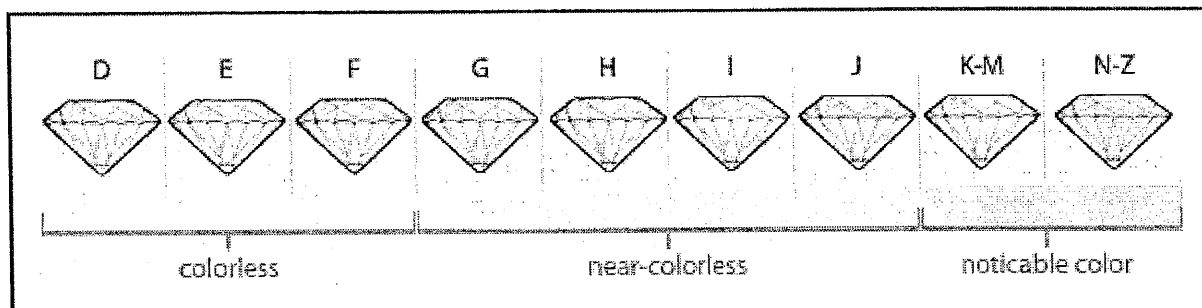
II. Statement of Facts

6. This case involves Genesis Diamonds' widespread practice of fraudulently misrepresenting the quality and characteristics of the diamonds it sells, while simultaneously attempting to pass off bogus Israeli diamond certifications for those same diamonds as having been issued by a legitimate United States based diamond laboratory.

Diamonds and Certifications

7. Diamonds are graded and evaluated on four scales routinely referred to as "The Four C's." The Four C's are color, clarity, carat weight, and cut. The Four C's are the global standard for describing diamonds and assessing their qualities.

8. Diamonds sold in the United States are routinely accompanied by certification or grading report from a diamond grading laboratory. The industry standard for diamond grading is certification by the Gemological Institute of America (the "GIA"). The GIA is a not-for-profit entity, founded in 1931, and headquartered in Carlsbad, California. The GIA created the Four C's method of evaluating diamonds. The GIA also invented the grading scales for color and clarity that are now well known to the public (displayed below).



9. EGL-USA is another diamond grading laboratory. EGL-USA was founded in 1977; has its main offices in New York City; and has a reputation for providing fair and objective diamond grading. Although much smaller than GIA and not the industry standard, EGL-USA diamonds are stocked and sold by many jewelers in the United States.

10. "EGL-International" -- the "lab" at the center of Genesis Diamonds' ongoing fraud -- purports to be a diamond grading laboratory with offices and a laboratory in Ramat Gan, Israel. "EGL-International" is a for-profit franchise that is universally regarded as the most inferior and pliable of the grading services.

11. "EGL-International" is widely known to overstate the qualities, and consequently the value, of the diamonds it grades by dramatic margins. It is not uncommon for "EGL-International" to inflate a diamond's grade by four colors and two clarity grades. Reputable jewelers commonly refuse to accept or deal in "EGL-

International" certifications as their "grades" are viewed within the industry as exaggerated and unreliable. As a result, diamonds certified by "EGL-International" trade at a steep discount to diamonds certified by the GIA or EGL-USA.

12. EGL-USA owns the trademark and designations for the term EGL in North America. "EGL-International" is not only prohibited from using the designation "EGL" in the United States, its certifications, like the ones Genesis Diamonds pass off to its customers, are under a border ban by the United States Customs and Border Patrol.

The Defendant, Genesis Diamonds

13. Genesis Diamonds is a retail jewelry store located in the Green Hills neighborhood of Nashville, Tennessee. Genesis Diamonds is owned and operated by Boaz Ramon, the sole member of Genesis Diamonds, LLC.

14. Genesis holds itself out as having "the largest selection" of diamonds in the state of Tennessee. Genesis maintains that it offers "premium, hand-selected diamonds" and that "only a small percentage of diamonds make it through [its] strict quality control system." Genesis claims to offer their diamonds to consumers at "true wholesale pricing" in a "risk-free shopping environment."

Genesis Diamonds' Fraudulent Business Model

15. In direct contrast to their claims, Genesis Diamonds deals primarily in diamonds certified not by the GIA or another reputable grading laboratory, but by "EGL-International." 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." By doing so, Genesis is able to claim it is offering a diamond "at wholesale pricing" when, in reality, it is simply selling an overgraded stone that it acquired at a steep discount to a comparable GIA diamond. This 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.

16. Genesis Diamonds' business model of equating, and intentionally confusing customers regarding, inferior "EGL-International" diamonds and legitimately graded GIA stones has been well-known to the Nashville jeweler community for years. It has recently become the subject of substantial media attention in the mid-State.

17. Beginning on May 5, 2014, and concluding the following night, Nashville news station WSMV Channel 4 aired a two part investigative series entitled " Questions About the Quality of Diamonds at Nashville's Best-Known Jeweler" examining reports of widespread fraud and consumer deception arising out of Genesis Diamonds' business practices. Among other things, the report caught on hidden camera Genesis sales staff falsely stating to customers that the only difference between GIA and "EGL-International" certified diamonds is "the price." The story additionally included the following information:

- The Channel 4 I-Team went undercover at Genesis Diamonds, perhaps the best-known jewelry store in Nashville. We also talked to multiple jewelers, several customers and even some former employees who all told us similar stories of diamonds with paperwork that they say exaggerates their quality.

- Genesis Diamonds boasts the “the guaranteed best prices in America,” and the store says it has sold as many as 130 diamonds in a single weekend. But a dozen competing jewelers tell the Channel 4 I-Team that Genesis is selling certified diamonds of exaggerated quality.
- “When someone is deliberately offering one thing and giving another, I just don’t think it’s fair. It’s not right,” said gemologist Van McMinn. “It’s not just the little diamonds. The medium diamonds, the large diamonds – it’s everything,” said jeweler Rodney Lunn. “Genesis is basically changing the diamond market and the landscape in Nashville and not for the good.”
- “Any time I see an EGL Israel or EGL International report, my heart sinks,” McMinn said. “The value written on the paper is not the value of what you’re really getting. That’s a huge discrepancy,” Lunn said. “I’ve seen astonishment. I’ve had people call me a liar because they think I’m trying to somehow bash what they bought.”
- And some customers are seeing this when they go to resell their rings for the prices they expect. Their paperwork tells the tale, including one Nashville customer who, after a divorce, wanted to sell her ring. The EGL International certificate gave the diamond a color grade of H and the clarity VS1 for “very slightly included.” But a GIA educated jeweler with 40 years experience rated the same 2 1/2 carat diamond an L color. That’s four grades worse with clarity two grades worse.
- Another woman needed money and decided to sell her 2 carat Genesis ring. She paid more than \$13,000 for it, but the store said it would cost nearly \$30,000 to replace it. EGL International had certified the color as an I, but when the most experienced gem expert in Nashville took a careful look, he gave it a color grade five marks lower.
- Back at Genesis, at least one dissatisfied consumer was told there was only one difference separating GIA stones from EGL International: the price.

- The Genesis employee goes on to tell Michael the difference in GIA and EGL certification wouldn't be the quality of a stone, but rather it's price.

18. The WSMV report confirmed what the Plaintiff in this case ultimately discovered -- that Genesis Diamonds' business model and longtime practice is to: acquire inferior quality and overstated "EGL-International" diamonds at a steep discount to accurately-graded GIA stones; offer and sell those inferior quality diamonds to the public as equivalent to GIA stones; accompany the same inferior diamonds with bogus certifications and appraisals; realize a staggering profit by selling inferior goods at premium prices; and finally capture market share by mischaracterizing the pricing of non-comparable inferior diamonds as "wholesale" when, in fact, it is simply the result of dealing in cheaper, less-desirable goods.

19. Notably, because "EGL-International" is prohibited by the actual EGL from using its trademark or designations, Genesis Diamonds is not only providing representations as to the diamond's grades, Genesis is trafficking in what amounts to counterfeit certifications. Genesis intentionally misleads its customers into believing that the certifications it provides are from the EGL when, in fact, the certifications are from a group that has been expressly prohibited from holding itself out as such.

20. At the time of the sale of a diamond, Genesis completes its trifecta of fraud by bogusly appraising the diamond at or near the price of an equivalently graded GIA stone. Genesis does so fully knowing that the inferior diamond is significantly overgraded; that it is not a GIA stone; and that it does not have the qualities necessary to

support such a valuation. Genesis issues these bogus appraisals to further dupe customers into accepting the fraudulent, inflated value for which Genesis has sold the diamond.

The Fraudulent and Actionable Conduct: First Purchase

21. On or about October 23, 2012, the Plaintiff visited the Genesis Diamonds store located at 3742 Hillsboro Pike, Nashville, Tennessee 37215 with the intention of purchasing a set of diamond cuff links.

22. At the urging of Stasia Chalbeck, a Genesis Diamonds employee, the Plaintiff selected and purchased a set of diamond cuff links that contained what Genesis represented were a 3.01 carat, G color, SI1 clarity and excellent cut diamond and a 3.04 carat, G color, SI1 clarity and very good cut diamond.

23. Ms. Chalbeck stated that the diamonds had the characteristics listed above and then proceeded to show the Plaintiff a diamond pricing guide purportedly valuing the diamonds at significantly more than the Genesis asking price. Notably, Ms. Chalbeck was using the Rapaport Price Report, which assigns values to GIA-graded diamonds.

24. Plaintiff accepted Ms. Chalbeck's repeated assertions regarding the qualities of the diamonds, as well as those made on the diamonds' price tag, in the sales invoice, and in a separate appraisal provided by Genesis Diamonds.

25. Consistent with the repeated representations made by Stasia Chalbeck, Genesis Diamonds tendered an appraisal purportedly valuing the diamond and custom setting at **one hundred thirty five thousand dollars (\$135,000.00)**. The appraisal noted that the diamonds "feature an E.G.L. certificate" and that the valuation was "based on the certified grading report."

26. In fact, "the certified grading report" was issued not by the E.G.L. or G.I.A. but by "EGL-International." The grading report was bogus not only as to its representations on the diamonds' qualities, but in holding itself out to be affiliated with the true EGL.

27. In 2014, the Plaintiff received a third-party, independent evaluation of the diamonds. The grading report confirmed that the diamonds were **six and seven grades inferior in color, respectively, than Genesis had claimed and significantly worse cut.**

	Diamond Cuff Link 1	Diamond Cuff Link 2
Genesis Claimed		
Carat	3.04	3.01
Color	G	G
Clarity	SI1	SI1
Cut	Very Good	Excellent
Value		\$135,000.00
Actual Characteristics		
Carat	3.04	3.01
Color	N	M
Clarity	SI1	SI1
Cut	Good	Very Good
Value		\$22,500.00

28. The color and clarity of a diamond significantly affect the diamond's value. The difference in a single color or clarity grade can affect a diamond's per carat value by thousands of dollars.

29. The total value of the diamonds sold to the Plaintiff with their actual characteristics -- as opposed to the fictitious characteristics represented by Genesis -- is

no more than twenty two thousand five hundred (\$22,500). The difference in value between what Genesis Diamonds claimed to have been providing and what was actually provided is greater than one hundred thousand dollars (\$100,000.00)

30. At all times material to the allegations in this Complaint, Plaintiff relied upon the representations of Genesis Diamonds, Boaz Ramon, and Stasia Chalbeck as to the qualities and characteristics of the diamond he ultimately purchased.

The Fraudulent and Actionable Conduct: Second Purchase

31. On or about January 17, 2013, the Plaintiff visited the Genesis Diamonds store located at 3742 Hillsboro Pike, Nashville, Tennessee 37215 with the intention of purchasing a diamond eternity band.

32. At the urging of Stasia Chalbeck, a Genesis Diamonds employee, the Plaintiff selected and purchased a diamond eternity band that contained what Genesis Diamonds claimed were eighteen diamonds with a total carat weight of 7.80, F in color, and VS1 in clarity.

33. Ms. Chalbeck stated that the diamonds had the characteristics listed above and then proceeded to show the Plaintiff a diamond pricing guide purportedly valuing the diamonds at significantly more than the Genesis asking price. Notably, Ms. Chalbeck was using the Rapaport Price Report, which assigns values to GIA-graded diamonds.

34. Plaintiff accepted Ms. Chalbeck's repeated assertions regarding the qualities of the diamonds, as well as those made on the diamonds' price tag, in the sales invoice, and in a separate appraisal provided by Genesis Diamonds.

35. Consistent with the repeated representations made by Stasia Chalbeck, Genesis Diamonds tendered an appraisal purportedly valuing the diamond eternity band **at forty five thousand dollars (\$45,000.00)**. The appraisal noted that the diamonds "feature an E.G.L. certificate" and that the valuation was "based on the certified grading report."

36. In fact, "the certified grading report" was issued not by the E.G.L. or G.I.A. but by "EGL-International." The grading report was bogus not only as to its representations on the diamonds' qualities, but in holding itself out to be affiliated with the true EGL.

37. In 2014, the Plaintiff received a third-party, independent evaluation of the diamonds. The grading report confirmed that the diamonds were **four grades inferior in color than Genesis had claimed.**

	Diamond Eternity Band
Genesis Claimed	
Carat	7.80
Color	F
Clarity	VS1
Cut	Excellent
Value	\$45,000.00
Actual Characteristics	
Carat	7.80
Color	J
Clarity	VS1
Cut	Good
Value	\$18,000.00

38. The color and clarity of a diamond significantly affect the diamond's value. The difference in a single color or clarity grade can affect a diamond's per carat value by thousands of dollars.

39. The total value of the diamonds sold to the Plaintiff with their actual characteristics -- as opposed to the fictitious characteristics represented by Genesis -- is **no more than eighteen thousand dollars (\$18,000.00)**. The difference in value between what Genesis Diamonds claimed to have been providing and what was actually provided is greater than twenty five thousand dollars (\$25,000.00)

40. At all times material to the allegations in this Complaint, Plaintiff relied upon the representations of Genesis Diamonds, Boaz Ramon, and Stasia Chalbeck as to the qualities and characteristics of the diamond he ultimately purchased.

III. Count One

Violations of the Tennessee Consumer Protection Act (All Defendants)

41. The material allegations set forth in Paragraphs 1-40 of the Complaint are incorporated by reference as if fully set forth herein.

42. The Tennessee Consumer Protection Act renders illegal unfair or deceptive acts or practices in the conduct of any trade or commerce that take place wholly or in part within Tennessee.

43. Tennessee Code Annotated § 47-18-104 makes it unlawful to "represent that goods or services are of a particular standard, quality or grade, or that goods are of a particular style or model, if they are of another."

44. The same provision of the Tennessee Code Annotated additionally makes it unlawful to "caus[e] likelihood of confusion or of misunderstanding as to the source, sponsorship, approval or certification of goods or services" or "caus[e] likelihood of confusion or misunderstanding as to affiliation, connection or association with, or certification by, another."

45. The allegations above constitute violations of the Tennessee Consumer Protection Act resulting in damages to Plaintiff, including, but not limited to monetary damages, attorney's fees, and costs.

46. The misrepresentations by Genesis Diamonds, Stasia Chalbeck, and Boaz Ramon were knowing and willful. The misrepresentation were of such a nature as to not be easily discovered by a layperson prior to consummation of the sale. Additionally, the misrepresentations were of such a type as to require specialized knowledge to detect.

47. Plaintiff accepted the representations as to the quality and characteristics of the diamond in good faith and upon the repeated assurances, orally and in writing, of both Ms. Chalbeck, Mr. Ramon, and the appraiser employed by Genesis Diamonds.

48. The central component of the actual damages suffered by Plaintiff is simply the difference in value of the diamond he was promised, and the value of the diamond he actually received.

49. Under the Tennessee Consumer Protection Act, Plaintiff is entitled to three times the actual damages he suffered as a result of the misrepresentations by Genesis Diamonds, Stasia Chalbeck, and Boaz Ramon.

50. Wherefore, Plaintiff demands judgment against Genesis Diamonds, Stasia Chalbeck, and Boaz Ramon in the amount of three times his actual damages plus attorney's fees, costs, and pre- and post-judgment interest.

IV. Count Two
Fraud (All Defendants)

51. The material allegations set forth in Paragraphs 1-50 of the Complaint are incorporated by reference as if fully set forth herein.

52. The Defendants in this case made representations concerning existing facts as to the diamond's cut, color, and clarity.

53. The Defendants' representations of the diamond's cut, color, and clarity were material to both Plaintiff's decision to purchase the diamond, and the objective value of the diamond.

54. The Defendants' representations of the diamond's cut, color, and clarity were false.

55. The Defendants knew their representations as to the diamond's cut, color, and clarity were false.

56. The Defendants intended for Plaintiff to act on their representations as to the diamond's cut, color, and clarity.

57. Plaintiff had no knowledge of the falsity of the Defendants' representations.

58. Plaintiff relied on the truth of Defendants' representations.

59. Defendants' had specialized knowledge, experience, and training on the subjects of their misrepresentations.

60. Plaintiff had no such specialized knowledge, experience, or training.

61. Plaintiff suffered damages as a result of his reliance upon Defendants' representations.

IX. Relief Requested

Wherefore, the Plaintiff demands the following:

1. That proper process issue and be served upon the Defendants and the Defendants be required to appear and answer this Complaint within the time required by law.

2. That the Plaintiff be awarded a judgment against the Defendants in an amount to compensate him for his actual damages.

3. That the Plaintiff be awarded treble his actual damages, as well as attorney's fees, under the statutory provisions of the Tennessee Consumer Protection Act.

4. That punitive damages be awarded against the Defendant and to the Plaintiff.

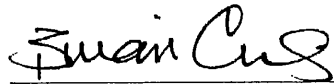
5. That the costs of this action be awarded to the Plaintiff.

6. That the Plaintiff be awarded pre-judgment and post-judgment interest.

7. That such further and other general relief to which the Plaintiff may be entitled.

8. That a jury be impaneled to try this cause.

Respectfully submitted,



Brian Cummings, #19354

Levine, Orr & Gracioti

210 Third Avenue North

P.O. Box 190683

Nashville, TN 37219-0683

(615) 244-4944

Attorney for the Plaintiff