

Cease and Desist Order against Shimachu Co., Ltd.
(Tentative Translation)

June 19, 2009
Japan Fair Trade Commission

The Japan Fair Trade Commission (JFTC) investigated Shimachu Co., Ltd. (hereinafter referred to as “Shimachu”) in accordance with the provisions under the Antimonopoly Act and found that it was in violation of Article 19 of the Act (falling under Paragraphs 1, 2, and 7 of the Designation of Specific Unfair Trade Practices by Large-Scale Retailers^(Note) Relating to Trade with Suppliers) as follows. Accordingly, the JFTC today issued a cease and desist order in accordance with the provisions of Paragraph 1, Article 20 of the Act.

(Note) “Large-scale retailer” is a retailer of goods used daily by general consumers whose sales amount in the previous fiscal year was at least 10 billion yen or whose shop area (floor space used as shops for retailing) is at least 3,000 m² in the case of special wards of Tokyo and ordinance-designated cities or at least 1,500 m² in the case of other areas.

1. Violating Party

Name	Shimachu Co., Ltd.
Address	1555, Mihashi 5-chome, Nishi-ku, Saitama-shi
Business Outline	Retailing of furniture, domestic articles, DIY goods such as tools and house building materials

2. Outline of the Violation

- (1) When closing or remodeling one of its stores, Shimachu returns the goods decided not to be sold at the applicable store or other stores among the goods stocked there to the supplier of the applicable goods among those that are engaged in the supply of furniture, domestic articles, DIY goods such as tools and house building materials and having continuous business relations with Shimachu at bargaining positions inferior to Shimachu (hereinafter referred to as the “Supplier” in 2 below) despite that there is no reason attributable to such a supplier.
- (2) When Shimachu decides to discount prices of some goods handled by its furniture department on the grounds that they get out of the lineup of standard goods (those decided by Shimachu to be continuously sold for a certain period) or they are anticipated to be left unsold at the store to be closed, Shimachu has the supplier of the applicable goods lower the prices for the amount required to cover its reduced profit caused by such discount price sales despite that there is no reason attributable to the supplier.
- (3) When opening, remodeling, or closing its stores, Shimachu has the suppliers that supply goods to the applicable stores dispatch employees although it has not reached an agreement with such suppliers on the conditions for their dispatching in advance nor does it bear the cost usually required for such dispatching. The dispatched employees are expected to help in the carrying in the goods, including those other than the goods delivered by the applicable suppliers, and displaying of the goods and other works at the applicable stores that do not require the technique or skill of the employees dispatched from the applicable suppliers.

3. Outline of the Cease and Desist Order

- (1) Shimachu shall stop taking the actions described in 2. above.
- (2) Shimachu shall resolve at a meeting of its Board of Directors that it will stop the actions described in 2. above and that it will not take any similar actions in the future.
- (3) Shimachu shall notify the suppliers having continuous business relations with it of the measures taken according to (1) and (2) above and shall disseminate them among its employees.
- (4) Shimachu shall not take any actions similar to those described in 2. above in the future.
- (5) Shimachu shall take measures required to perform the following matters in the future.
 - A. Preparation of behavior policy on compliance with the Antimonopoly Act in relation to the dealings with suppliers
 - B. Periodic training for officers and employees and periodic audit by legal staff on the compliance with the Antimonopoly Act in relation to the dealings with suppliers