

The JFTC Issued Cease and Desist Order and Surcharge Payment Order to DIREX Corporation

June 5, 2014
Japan Fair Trade Commission

The Japan Fair Trade Commission (JFTC) today issued the cease and desist order and the surcharge payment order against DIREX Corporation (DIREX), which operates discount stores in Kyushu district and others. DIREX, unjustly in light of the normal business practices, forced its suppliers that are in trade positions relatively inferior to it (specific suppliers):

(1) to dispatch their employees with neither pre-agreement on the dispatch terms with the specific suppliers nor bearing expenses necessary to the dispatches, so as to engage them in such works at DIREX's stores as displaying and removing merchandise not limited to those supplied by the specific suppliers according to DIREX's planogram;

(2) without showing its calculation basis nor uses, to provide monetary contribution equivalent to all or part of discounts set by DIREX for the merchandise supplied by the specific suppliers, even though such contribution could not bring promotion effect to the specific suppliers;

(3) to provide monetary contribution equivalent to all or part of purchase values for the merchandise that was lost or damaged by fire disaster at a DIREX's store.

The surcharge amount to be paid is 1,274.16 million yen.

Before issuing the cease and desist order and the surcharge payment order, the JFTC had notified DIREX of the contents of the proposed orders and provided it with an opportunity to present its opinion and to submit evidence. The JFTC issued the orders taking the opinion and the evidence submitted into consideration. A recipient dissatisfied with a JFTC order may, within sixty days of the date on which the transcript of the order is served, request the JFTC to initiate hearing procedures regarding the order.