

The JFTC rendered a recommendation to Raymayfujii Corporation

April 4, 2006  
Japan Fair Trade Commission

The Japan Fair Trade Commission (hereinafter “JFTC”) had investigated a suspected violation against the Act against Delay in Payment of Subcontract Proceeds, etc. (hereinafter “Subcontract Act”) conducted by Raymayfujii Corporation (hereinafter “Raymayfujii”). As a result of the investigation, the JFTC found violation of Section 4-1(3) (prohibition on reduction of the amount of subcontract proceeds) of the Subcontract Act and, on April 4, rendered a recommendation to Raymayfujii Corporation according to Section 7-2 of the Subcontract Act.

1. Summary of the company

Name of company	Place of head office	Representative director
Raymayfujii Corporation	Kumamoto	Kunihiro Fujii

2. Summary of the Recommendation etc.

(1) The finding of facts

Raymayfujii has outsourced to subcontractors manufacturing private-brand stationary and paper. In order to ensure profits, Raymayfujii, without any reason for which the subcontractors were responsible, reduced the subcontract proceeds that should be paid to the subcontractors as follows.

- (i) On around August 2, 2004, Raymayfujii requested the subcontractors to provide support money, where the amount of the support money was calculated by multiplying a certain rate and the payment to the subcontractors for the private-brand products that the subcontractors supplied to Raymayfujii in August and September 2004. Raymayfujii, targeting to the subcontractors which agreed to the above request, deducted the said amount as support money from the subcontract proceeds which should be paid to the subcontractors.
- (ii) On around January 6, 2005, Raymayfujii requested the subcontractors to provide support money, where the amount of the support money was calculated by multiplying a certain rate and the payment to the subcontractors for the private-brand products that the subcontractors supplied to Raymayfujii in January and February 2005. Raymayfujii, targeting to the subcontractors which agreed to the above request, deducted the said amount as support money from the subcontract proceeds which should be paid to the

subcontractors.

- (iii) Raymayfujii, every month from July 2004 to June 2005, deducted from the subcontractor proceeds a certain amount of money as “order support money” whose amount was calculated by multiplying a certain rate and the subcontract proceeds for the private-brand products supplied by the subcontractors.
- (iv) Raymayfujii, every month from July 2004 to June 2005, deducted from the subcontractor proceeds a certain amount of money as “sales promotion cost” or “cooperation money for distribution centre”, which was calculated by multiplying a certain rate and the subcontract proceeds for the private-brand products supplied by the subcontractors.

(2) Summary of measures recommended

- (i) Raymayfujii shall immediately pay the money (total around 20 million yen), which was deducted from the subcontract proceeds as “support money” etc. from July 2004 to June 2005, to the subcontractors (total 64 entrepreneurs).
- (ii) Raymayfujii shall notify to the subcontractors that the above deduction from the subcontract proceeds is against the Subcontract Act. Moreover, it shall be made sure by the board of directors that Raymayfujii will never reduce subcontract proceeds without any reason for which subcontractors are responsible, and it shall notify the above to the subcontractors.
- (iii) Raymayfujii shall take necessary measures to establish its better compliance system and shall notify its executives etc. the measures taken.