

**The cease and desist order and other directions issued by JFTC to  
KOSUGI SANGYO CO., LTD. and Niwako Co., Ltd.**

July 31, 2007

Japan Fair Trade Commission

The Japan Fair Trade Commission (“JFTC”) investigated representations concerning cashmere blend sweaters and other items sold by KOSUGI SANGYO CO., LTD. and Niwako Co., Ltd. (“two companies”), and found facts breaching Article 4, Section 1, Paragraph 1 (“Misleading statement about quality”) of the Act against Unjustifiable Premiums and Misleading Representations (“Premiums and Representations Act”).

Therefore, the JFTC, today, issued a cease and desist order to the two companies in accordance with Article 6, Section 1 of the Premiums and Representations Act.

Clothing items sold by Niwako Co., Ltd. (11 items subject to this cease and desist order) had hang tags indicating “cashmere 100%” (commonly called “cashmere labels”) issued by the Japan Wool Products Inspection Institute Foundation (“JWIF”). Accordingly, the JFTC also issued a request to the JWIF to investigate the cause of such tags being issued and attached to the said items, and to take necessary measures to prevent recurrence of the same incidents.

1 Outline of the parties concerned

Company	Address	Representative
KOSUGI SANGYO CO., LTD.	6-19-20, Tsukiji, Chuo-ku, Tokyo	Mitsuteru Kono Representative Director
Niwako Co., Ltd.	2-12-33, Nishiki, Naka-ku, Nagoya	Motoaki Kodama Representative Director

2 Outline of the clothing items sold by the parties concerned

The clothing items subject to this cease and desist order are as follows.

Company	Clothing items	Brand name
KOSUGI SANGYO CO., LTD.	Sweaters and vests (22 items)	♣Golden Bear (11 items) ♣GRACE BEAUTY BASIC (5 items) ♣CASHMERE LIFE (4 items) ♣Knights of Round Table (2 items)
Niwako Co., Ltd.	Sweaters (11 items)	♣Kiss & Be (5 items) ♣STREET GALLERY (4 items) ♣Cber Client (2 items)

### 3 Outline of the cease and desist order

#### (1) Outline of the violation

The two companies, respectively, made the following representations when selling their cashmere blend clothing items to general consumers through contracted distributors.

Company	KOSUGI SANGYO CO., LTD.	Niwako Co., Ltd.
Means used for representations	Hang tags with brand names and other descriptions attached to the items	(1) Hang tags with brand names and other descriptions attached to the items (2) Hang tags purchased from the JWIF
Period of representations	Approximately from October 2005 to January 2007	Approximately from October 2006 to February 2007
Representations	Hang tags attached to the said items had a quality indication of “Cashmere 50%,” implying that cashmere accounted for 50% of the raw materials used in the said clothing items.	(1) Hang tags attached to the said items had a quality indication of “Cashmere 100%.” (2) The company purchased hang tags indicating “Cashmere 100%” issued by the JWIF and attached them to the said items, implying that cashmere accounted for 100% of the raw materials used in the said clothing items.
Actual circumstances	The actual percentages of cashmere in the said clothing items were only between 1.6% and 25.5%.	The actual percentages of cashmere in the said clothing items were only between 16.1% or 26.4%.

#### (2) Outline of the cease and desist order

- a. The two companies shall publicly announce that the above representations mislead general consumers, leading such consumers to believe that the products are of significantly higher quality than they actually are.
- b. The two companies shall take measures to prevent recurrence of these incidents and fully communicate these measures to their officers and employees.
- c. The two companies shall not make similar misleading representations in the future.

### 4 Request to the JWIF

Concerning the fact that clothing items sold by Niwako Co., Ltd. (11 clothing items subject to this cease and desist order) had cashmere labels issued by the JWIF, despite the fact that the actual percentages of cashmere were only between 16.1% and 26.4%, as stated in section 3 above, the JFTC has requested the JWIF to investigate the cause of these incidents and to take necessary measures to prevent recurrence of the same.