

Act on Special Measures Concerning Claim Management and Collection Businesses

(Act No. 126 of October 16, 1998)

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Chapter I General Provisions

(Purpose)

Article 1 In light of the situation wherein the handling of specified monetary claims has become an urgent issue, this Act was created to enable claim management and collection companies to manage and collect specified monetary claims in the course of trade as an exception to the Attorney Act (Act No. 205 of 1949) by implementing a licensing system, and to secure the appropriate operation of claim management and collection companies by enforcing necessary regulations thereon, with the aim of contributing to the sound development of our national economy.

(Definitions)

Article 2 (1) The term "specified monetary claim" as used in this Act means any of the following:

- (i) a loan claim that is held by any of the following persons:
 - (a) a financial institution prescribed in Article 2, paragraph (1) of the Deposit Insurance Act (Act No. 34 of 1971);
 - (b) the Norinchukin Bank;
 - (c) a government-affiliated financial institution;
 - (d) the Independent Administrative Agency Organization for Small and Medium-Sized Enterprises and Regional Innovation, JAPAN, and the Independent Administrative Agency Japan Housing Finance Agency;
 - (e) an agricultural cooperative or federation of agricultural cooperatives engaged in the business set forth in Article 10, paragraph (1), item (iii) of the Agricultural Cooperatives Act (Act No. 132 of 1947);
 - (f) a fishery cooperative engaged in the business set forth in Article 11,

- paragraph (1), item (iv) of the Fishery Cooperatives Act (Act No. 242 of 1948) or a federation of fishery cooperatives engaged in the business set forth in Article 87, paragraph (1), item (iv) of said Act;
- (g) a fishery processing cooperative engaged in the business set forth in Article 93, paragraph (1), item (ii) of the Fishery Cooperatives Act or a federation of fishery processing cooperatives engaged in the business set forth in Article 97, paragraph (1), item (ii) of said Act;
 - (h) an insurance company;
 - (i) a money lending business prescribed in Article 2, paragraph (2) of the Money Lending Business Act (Act No. 32 of 1983); and
 - (j) a person specified by a Cabinet Order as a person similar to any of those listed in (a) through (i); and
- (ii) a loan claim that was held by any of the persons listed in the preceding items;
 - (iii) a monetary claim that is the subject matter of a security interest pertaining to any of the loan claims listed in the preceding two items;
 - (iv) a monetary claim for the payment of rental charges for machinery or any other article under a fixed-term lease for such article (hereinafter referred to in this item as "fixed-term lease") exceeding one year, without a provision to the effect that one or both of the parties may give notice of termination of the fixed-term lease anytime after the effective date of the lease (hereinafter referred to in this item as "effective date") or after the expiration of a certain period from the effective date;
 - (v) a monetary claim arising against a person (hereinafter referred to in this item as a "user") based on a contract under which a specified seller or person engaged in providing services (hereinafter referred to in this item and the following item as "seller, etc.") is to be paid for the cost of goods or the total equivalent monetary value of services, or to receive from the user, at predetermined intervals of time, a monetary amount arrived at by a predetermined method of calculation based on the total cost of goods or the total monetary value of services, in cases where a user purchases goods or receives services from the seller, etc. in exchange for or upon the display of vouchers or any other objects (hereinafter referred to in this item and the following item as "vouchers, etc.") that a user can exchange or display to purchase goods or receive services from the seller, etc., when such vouchers, etc. have been issued to a person who wishes to purchase goods or receive services through the use thereof;
 - (vi) a monetary claim arising against a person who purchases goods or services (hereinafter referred to in this item as a "purchaser, etc.") from the seller, etc. without using a voucher, etc., under a sales contract wherein the seller, etc. is to receive payment from the purchaser, etc. of a monetary amount

- equivalent to all or part of the cost of the goods or the value of the services provided to the purchaser, etc.;
- (vii) a monetary claim arising against a person (hereinafter referred to in this item as a "user") based on a contract for receipt of payment for the cost of goods or the value of services or to receive, at predetermined intervals of time, a monetary amount arrived at by a predetermined method of calculation based on the total cost of goods or the total value of services, in cases where goods are sold or services are provided to the user in exchange for or upon the display of vouchers or any other objects that a user can exchange or display to purchase goods or receive services, when such a voucher or other object has been issued to a person who wishes to purchase goods or receive services through the use thereof;
 - (vii)-2 a monetary claim arising against a purchaser under a contract for the sale of machinery under which the consideration for the machinery is received from the purchaser in three or more installments over a period of six months or more without using a voucher, etc., or under a contract to sell goods designated in Article 2, paragraph (5) of the Installment Sales Act (Act No. 159 of 1961) (excluding contracts for the sale of machinery) on the condition that the consideration for the goods is received from the purchaser in three or more installments over a period of two months or more without using a voucher, etc.;
 - (viii) a monetary claim which is a specified asset prescribed in Article 2, paragraph (1) of the Act on Securitization of Assets (Act No. 105 of 1998) (hereinafter referred to as a "specified asset prescribed in the Asset Securitization Act");
 - (ix) Omitted;
 - (x) a monetary claim entrusted to a trust, where the beneficial interest of said trust is a specified asset prescribed in the Asset Securitization Act;
 - (xi) a monetary claim arising from the management and disposition of a specified asset prescribed in the Asset Securitization Act (limited to claims held by a specific purpose company prescribed in Article 2, paragraph (3) of the Act on Securitization of Assets or a trustee company, etc. prescribed in paragraph (16) of said Article);
 - (xii) a monetary claim which is an asset held by a stock company or foreign company (hereinafter referred to as a "securitized asset") whose purpose is to acquire assets using funds obtained through any of the fund procurement methods listed in (a) to (e) below and to engage exclusively in the acts specified in (a) to (e) respectively using the funds obtained through the management and disposition of said assets:
 - (a) issuance of securities set forth in Article 2, paragraph (1), item (v) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) or securities

- set forth in item (xvii) of said paragraph which have the nature of securities set forth in item (v) of said paragraph (including rights that shall be deemed, pursuant to the provisions of paragraph (2) of said Article, to be securities set forth in paragraph (1), item (v) of said Article or securities set forth in item (xvii) of said paragraph that have the nature of securities set forth in item (v) of said paragraph): performance of the obligations concerned;
- (b) issuance of securities listed in Article 2, paragraph (1), item (xv) of the Financial Instruments and Exchange Act or securities set forth in item (xvii) of said paragraph which have the nature of securities set forth in item (xv) of said paragraph (including rights that shall be deemed, pursuant to the provisions of paragraph (2) of said Article, to be securities set forth in paragraph (1), item (xv) of said Article or securities set forth in item (xvii) of said paragraph that have the nature of securities set forth in item (xv) of said paragraph): performance of the obligations concerned;
 - (c) borrowing of funds: performance of the obligations concerned;
 - (d) issuance of securities listed in Article 2, paragraph (1), item (ix) of the Financial Instruments and Exchange Act or securities set forth in item (xvii) of said paragraph which have the nature of securities set forth in item (ix) of said paragraph (including rights that shall be deemed, pursuant to the provisions of paragraph (2) of said Article, to be securities set forth in paragraph (1), item (ix) of said Article or securities set forth in item (xvii) of said paragraph that have the nature of securities set forth in item (ix) of said paragraph): payment of dividends on profits and acquisition [of securities] for the purpose of cancellation, or distribution of residual assets; or
 - (e) acceptance of a contribution under a silent partnership contract as prescribed in Article 535 of the Commercial Code (Act No. 48 of 1899): distribution of profits or a refund of the value of the contribution or of any remaining balance thereof;
 - (xiii) a monetary claim entrusted to a trust, where the beneficial interest of said trust is a securitized asset;
 - (xiv) a monetary claim arising from the management and disposition of a securitized asset (limited to claims held by a stock company or foreign company set forth in item (xii));
 - (xv) a monetary claim held by any of the persons listed in item (i) who purchases monetary claims in the course of trade from another person who engages in a commercial, industrial, service or any other business (limited to claims purchased in the course of trade);
 - (xvi) a monetary claim held by a person who has received an order of commencement of bankruptcy, rehabilitation, reorganization or special

- liquidation proceedings; or an order of recognition of foreign insolvency proceedings (hereinafter referred to as an "order of commencement of proceedings") (excluding a person whose bankruptcy, rehabilitation, reorganization, special liquidation or recognition and assistance proceedings based on the order of commencement of proceedings have been closed; the same shall apply in the following item);
- (xvii) a monetary claim assigned by a person who received an order of commencement of proceedings;
 - (xviii) a monetary claim held by a specified debtor prescribed in Article 2, paragraph (1) of the Act on Specified Conciliation for Promoting Adjustment of Specified Debts, etc. (Act No. 158 of 1999) as of the day on which specified conciliation prescribed in paragraph (3) of said Article is reached or the day on which an order issued by the court under Article 17 of the Civil Conciliation Act (Act No. 222 of 1951) with respect to the case pertaining to such specified conciliation becomes final and binding;
 - (xix) a monetary claim held by a person who received a suspension of transaction ruling from a clearing house as of the day on which the person received the ruling;
 - (xx) claim under a contract of guarantee to secure any of the monetary claims listed in the preceding items;
 - (xxi) right to indemnification to be obtained by a credit guarantee corporation or other person specified by Cabinet Order when performing an obligation pertaining to the claim listed in the preceding item; and
 - (xxii) claim specified by Cabinet Order as being similar to or closely related to any of the monetary claims listed in the preceding items.
- (2) The term "claim management and collection business" as used in this Act means a business wherein any person other than an attorney-at-law or a legal professional corporation conducts, under a mandate, the management and collection of specified monetary claims arising from legal services concerning a legal case, or conducts, through a suit, mediation, settlement, or any other means, the management and collection of specified monetary claims assigned by another person.
- (3) The term "claim management and collection company" as used in this Act means a stock company that has obtained a license under the following Article.

Chapter II License, etc.

(Business License)

Article 3 No person other than a stock company that has obtained a license from the Minister of Justice shall operate a claim management and collection business.

(Application for License)

Article 4 (1) A person who intends to obtain the license set forth in the preceding Article shall submit to the Minister of Justice a written application for the license stating the following matters:

- (i) trade name;
 - (ii) names and locations of the head office and other business offices;
 - (iii) names and addresses of directors and auditors (in the case of a company with committees, directors and executive officers; hereinafter referred to as "officers");
 - (iv) if any of the officers is an attorney-at-law, a statement to that effect and the name of the bar association to which the attorney belongs;
 - (v) amount of stated capital; and
 - (vi) in addition to what is listed in the preceding items, matters specified by ordinance of the Ministry of Justice.
- (2) Documents specified by an ordinance of the Ministry of Justice shall be attached to a written application for the license as set forth in the preceding paragraph.

(Criteria for License)

Article 5 Upon receiving an application for the license filed under the provisions of the preceding paragraph, the Minister of Justice shall grant the license required under Article 3, unless the license applicant falls under any of the following items:

- (i) the applicant is not a stock company with a stated capital of 500 million yen or more;
- (ii) the applicant is a stock company whose license under Article 3 was rescinded, and five years have not elapsed from the date of the rescission;
- (iii) the applicant is a stock company that was ordered to pay a fine pursuant to the provisions of this Act or the Attorney Act or foreign laws and regulations equivalent thereto (including punishments equivalent thereto under foreign laws and regulations), where five years have not elapsed from the day on which the execution of the sentence was completed or the company became free from the execution of the sentence;
- (iv) the applicant is a stock company which does not have any attorney-at-law among its directors regularly engaged in its business who has the knowledge and experience required to carry out his/her duties fairly and properly;
- (v) the applicant is a stock company whose business activities are controlled by a member of an organized crime group prescribed in Article 2, item (vi) of the Act on Prevention of Unjust Acts by Organized Crime Group Members (Act No. 77 of 1991) (hereinafter referred to in this item as an "organized crime

- group member") or a person for whom five years have not elapsed from the day on which he/she ceased to be an organized crime group member (hereinafter referred to as an "organized crime group member, etc.");
- (vi) the applicant is a stock company which is likely to engage an organized crime group member, etc. in its business or use one as an assistant in its business;
 - (vii) the applicant is a stock company with a director or officer (including a person who is found to have a level of control equal to or greater than that of a director or executive officer of the company, irrespective of title, such as advisor, consultant, etc.) or an auditor (hereinafter referred to in this item as an "officer, etc.") who falls under any of the following:
 - (a) the officer, etc. is an adult ward or under curatorship, or is a person who is treated in the same manner under foreign laws and regulations;
 - (b) the officer, etc. is bankrupt and his/her rights have not yet been restored or is a person who is treated in the same manner under foreign laws and regulations;
 - (c) the officer, etc. received a sentence of imprisonment without work or more severe (including punishments equivalent thereto under foreign laws and regulations), where five years have not elapsed from the day on which the execution of the sentence was completed or he/she became free from the execution of the sentence;
 - (d) the officer, etc. was ordered to pay a fine pursuant to the provisions of this Act or the Attorney Act, or under foreign laws and regulations equivalent thereto (including punishments equivalent thereto under foreign laws and regulations), where five years have not elapsed from the day on which the execution of the sentence was completed or he/she became free from the execution of the sentence;
 - (e) the officer, etc. was ordered to pay a fine in connection with the management or collection of claims, pursuant to the provisions of the Penal Code (Article 45 of 1907), the Act on Punishment of Physical Violence and Others (Act No. 60 of 1926), the Money Lending Business Act or the Act on Prevention of Unjust Acts by Organized Crime Group Members, or foreign laws and regulations equivalent thereto (including punishments equivalent thereto under foreign laws and regulations), where five years have not elapsed from the day on which the execution of the sentence was completed or the company became free from the execution of the sentence;
 - (f) the officer, etc. is an organized crime group member, etc.;
 - (g) in cases where a claim management and collection company's license under Article 3 was rescinded pursuant to the provisions of Article 24, paragraph (1), a person who had been an officer, etc. of the claim management and collection company within the six months prior to the

- rescission, where five years have not elapsed from the date of rescission;
- (h) the officer, etc. is a person for whom there are reasonable grounds for believing that he/she is likely to engage in an improper or dishonest act in connection with the claim management and collection business; or
 - (viii) the applicant is a stock company which does not have a personnel structure sufficient to conduct a claim management and collection business appropriately.

(Hearing of Opinions on Licenses)

- Article 6 (1) The Minister of Justice, when he/she intends to grant a license under Article 3, shall hear opinions from the Commissioner-General of the National Police Agency with regard to whether or not there are grounds that fall under item (v), item (vi) or item (vii) (f) of the preceding Article.
- (2) The Minister of Justice, when he/she intends to grant a license under Article 3, shall hear opinions from the Japan Federation of Bar Associations with regard to whether or not a director who is an attorney-at-law has the knowledge and experience required to carry out his/her duties fairly and properly; provided, however, that this shall not apply where the director is recommended by the bar association to which he/she belongs.

(Notification of Change)

- Article 7 (1) If a claim management and collection company comes to fall under any of the following items, it shall notify the Minister of Justice to that effect within two weeks from the relevant day:
- (i) Where there has been a change to any of the matters listed in the provisions of Article 4, paragraph (1);
 - (ii) Where the company has commenced, suspended or resumed its business; or
 - (iii) Where the company falls under other cases specified by ordinance of the Ministry of Justice.
- (2) The provisions of paragraph (2) of the preceding Article shall apply mutatis mutandis in cases where a notification of change of a director who is an attorney-at-law is made.

(Transfer and Acquisition of Debt Management and Collection Business, and Company Merger and Split)

- Article 8 (1) A transfer and acquisition of the whole or part of a claim management and collection business shall not be effective unless approved by the Minister of Justice.
- (2) A merger of a claim management and collection company shall not be effective unless approved by the Minister of Justice. The same shall apply to a company split in which a claim management and collection company is to be split and

another company is to succeed to the claim management and collection business in whole or part or an absorption-type split in which a claim management and collection company is to succeed to the business via the split.

(3) The provisions of Article 5 shall apply mutatis mutandis to the approval set forth in the preceding two paragraphs.

(Succession)

Article 9 In the event of a transfer of the entire claim management and collection business, or a merger or split (limited to a split resulting in the succession to the entire claim management and collection business) of a claim management collection company, the company acquiring the entire claim management and collection company, or the company surviving the merger or company incorporated through the merger or the company succeeding to the whole of the claim management and collection business via the split shall succeed to the status of the claim management and collection company.

(Notification of Discontinuation of Business, etc.)

Article 10 (1) If a claim management and collection company comes to fall under any of the following items, the person specified in the respective item shall notify the Minister of Justice to that effect within 30 days from the relevant day:

(i) Where the company is dissolved by reason of an order of commencement of bankruptcy proceedings: the bankruptcy trustee;

(ii) Where the company is dissolved due for reasons other than a merger or an order of commencement of bankruptcy proceedings: the liquidator; or

(iii) Where the company has discontinued the claim management and collection business: the representative director or representative executive officer of the company that once was a claim management and collection company.

(2) When a claim management and collection company falls under any of the items of the preceding paragraph, the claim management and collection company's license under Article 3 shall cease to be effective.

Chapter III Business

(Authority to Manage or Collect Entrusted Claims, etc.)

Article 11 (1) Where a claim management and collection company manages or collects a claim under a mandate, it shall have the authority to conduct, in its own name and on behalf of the mandating party, any and all acts in or out of court that are related to the management or collection of the claim.

(2) Where a claim management and collection company manages or collects a claim under a mandate or manages or collects a claim acquired from another, it

shall have an attorney-at-law conduct the following proceedings:

- (i) civil action court proceedings, proceedings concerning an order of civil preservation, and appellate proceedings against a disposition of execution (including appellate proceedings against a judicial decision on an execution of civil preservation procedure), which are to be performed at a court other than a summary court;
- (ii) civil action court proceedings at a summary court, in which the value of the subject matter of the action exceeds the value specified in Article 33, paragraph (1), item (i) of the Court Act (Act No. 59 of 1947);
- (iii) proceedings concerning an order of civil preservation at a summary court, in which the value of the subject matter of the action exceeds the value specified in Article 33, paragraph (1), item (i) of the Court Act

(Scope of Business)

Article 12 A claim management and collection company shall not engage in any business in addition to the claim management and collection business except for the following businesses; provided, however, that this shall not apply if the claim management and collection company has obtained the approval of the Minister of Justice for a business which is found not to hinder the company's operation of the claim management and collection business:

- (i) A business involving management or collection of specified monetary claims outside the scope of the claim management and collection business;
- (ii) A business specified by cabinet order which is incidental to the claim management and collection business or to the business set forth in the preceding item.

(Trade Name)

Article 13 (1) A claim management and collection company shall use in its trade name characters representing the term "collection of claims."

- (2) No person, other than a claim management and collection company, shall use characters in a trade name representing any term which is likely to lead people to believe that the person is a claim management and collection company.

(Prohibition of Name Lending)

Article 14 A claim management and collection company shall not have another person operate a claim management and collection business under the name of the claim management and collection company.

(Issuance of Receipt)

Article 15 (1) Whenever a claim management and collection company receives payment of all or part of a specified monetary claim, it shall, as provided by

ordinance of the Ministry of Justice, immediately issue a document to the person who has made the payment stating the trade name of the claim management and collection company and the address of its head office, the amount received, and any other matters specified by ordinance of the Ministry of Justice.

- (2) Where the claim management and collection company receives payment by means of payment into its deposit or saving account or by another method specified by ordinance of the Ministry of Justice, the provisions of the preceding paragraph shall apply only upon the request of the person who has made the payment.

(Return of Claim Instrument)

Article 16 If a claim management and collection company has received the entire payment of a specified monetary claim and holds the specified monetary claim instrument, it shall return the instrument to the person who has made the payment without delay.

(Regulations on Business)

Article 17 (1) A person engaged in the business of a claim management and collection company shall not cause another person annoyance by intimidating the person or behaving in a way that disturbs his/her private life or business affairs.

- (2) A person engaged in the business of a claim management and collection company shall upon request disclose to the other party the trade name of the claim management and collection company, the name of the person him/herself, and any other matters specified by ordinance of the Ministry of Justice.

Article 18 (1) A claim management and collection company shall not engage an organized crime group member, etc. in its business or use one to assist with its business.

- (2) A claim management and collection company, when advertising its business, shall not make a claim that significantly contradicts fact or that is seriously misleading with regard to the certainty of collection of claims or any other matter specified by ordinance of the Ministry of Justice.
- (3) If a claim management and collection company acquires from a debtor or guarantor (hereinafter referred to in this Article as a "debtor, etc.") a written document mandating an agent to commission a notary to prepare a notarial deed stating that such person shall be subject to a compulsory execution immediately in the event of default of the obligation pertaining to the claim (hereinafter referred to as "power of attorney"), such a power of attorney must state the amount of the claim and any other matters specified by ordinance of

the Ministry of Justice.

- (4) A claim management and collection company shall not use deception or other wrongful means to conduct its business.
- (5) A claim management and collection company shall not request that a debtor, etc. pay interest or damages beyond the maximum interest rate specified in Article 1, paragraph (1) of the Interest Rate Restriction Act (Act No. 100 of 1954) (including money deemed to be interest pursuant to the provisions of Article 3 of said Act; hereinafter the same shall apply in this paragraph) or for which the amount of liquidated damages for default exceeds the maximum specified in Article 4 of said Act when dealing with a debt pertaining to a specified monetary claim which involves such payment.
- (6) A claim management and collection company shall not, without good cause, request that a debtor, etc. procure funds for payment of a debt pertaining to a specified monetary claim by borrowing money from a person engaged in the money lending business as prescribed in Article 2, paragraph (1) of the Money Lending Business Act or by any other method similar thereto.
- (7) A claim management and collection company shall not, without good cause, request that a relative of a debtor, etc. (including a person who is in a common-law marriage with a debtor, etc. and any other person who lives with and shares living expenses with a debtor, etc.), a person employed by a debtor, etc. or any other person who has a close relationship with a debtor, etc. pay the debt on behalf of the debtor, etc.
- (8) A claim management and collection company shall not, without justifiable cause, visit or make phone calls to a debtor, etc. in order to request that he/she pay a debt where the debtor, etc. has mandated an attorney at law or legal professional corporation with disposal of a debt pertaining to a specified monetary claim or with performance of a court procedure in a civil case necessary for such a disposition, if the claim management and collection company is notified of such entrustment
- (9) In addition to what is specified in the preceding items, a claim management and collection company shall not engage in any act concerning the management or collection of claims which is specified in an ordinance of the Ministry of Justice as lacking protection for debtors, etc. or likely to harm the appropriate management or collection of claims.

(Restrictions on Mandate of Business and Assignment of Claims)

- Article 19 (1) A claim management and collection company shall not mandate the management or collection of claims pertaining to its business to any person other than another claim management and collection company, an attorney at law, or a legal professional corporation.
- (2) A claim management and collection company shall not assign a claim

pertaining to its claim management and collection business (hereinafter referred to as an "assignment of claim") if it knows or is able to know that the assignee falls under any of the following items (hereinafter referred to in this paragraph as an "ineligible assignee"), or knows or is able to know that an ineligible assignee will acquire the claim after the assignment of claim:

- (i) an organized crime group member, etc.
- (ii) a juridical person or other organization whose operations are controlled by an organized crime group member, etc., or a member of such juridical person or other organization; or
- (iii) a person who is obviously likely to violate the provisions of Article 17, paragraph (1) or the preceding Article, or to commit a crime under the Penal Code or the Act on Prevention of Unjust Acts by Organized Crime Group Members when conducting the management or collection of a claim.

Chapter IV Supervision

(Books and Documents Concerning Business)

Article 20 A claim management and collection company shall prepare and preserve books and documents concerning its business, as provided by ordinance of the Ministry of Justice.

(Submission of Business Reports)

Article 21 A claim management and collection company shall prepare a business report for each business year and submit it to the Minister of Justice within three months from the end of each business year as provided by ordinance of the Ministry of Justice.

(On-site Inspection, etc.)

Article 22 (1) The Minister of Justice, when he/she deems necessary in order to secure the appropriate operation of the business of a claim management and collection company, may order the claim management and collection company to submit reports or materials on its business or property, or have officials of the Ministry enter the business office or other office of the claim management and collection company, inspect the status of its business or property or its books, documents and any other objects, or ask questions of any person concerned.

(2) After consulting with the Minister of Justice, the Commissioner-General of the National Police Agency may, when he/she deems necessary in order to state his/her opinion under the provisions of Article 6, paragraph (1), Article 24, paragraph (2) or Article 27, order a claim management and collection company to submit reports or materials on its business or have officials of the National

Police Agency enter any office of the claim management and collection company to ascertain the status of its business and inspect its books, documents or other property, or question any person concerned, to the extent necessary to confirm whether the claim management and collection company falls under Article 5, item (v), item (vi) or item (vii) (f) or whether there is a fact in violation of the provisions of Article 17, paragraph (1), Article 18, paragraph (1) or Article 19, paragraph (2) where there is reason to suspect that a claim management and collection company falls under or violates such provisions.

- (3) The Commissioner-General of the National Police Agency shall promptly report in writing the results of reports or materials submitted and on-site inspection or questioning conducted pursuant to the provisions of the preceding paragraph to the Minister of Justice.
- (4) An official who conducts an on-site inspection or asks questions pursuant to the provisions of paragraph (1) or paragraph (2) shall carry his/her identification card and present it when requested by any person concerned.
- (5) The authority to conduct on-site inspections and ask questions pursuant to the provisions of paragraph (1) and paragraph (2) shall not extend to criminal investigations.

(Business Improvement Order)

Article 23 The Minister of Justice may order a claim management and collection company to take necessary measures to improve its business operations when he/she deems necessary in order to secure the appropriate operation of the business of such claim management and collection company.

(Rescission of License, etc.)

Article 24 (1) Where a claim management and collection company falls under any of the following items, the Minister of Justice may rescind its license under Article 3 or order suspension of all or part of its business for a period not exceeding six months:

- (i) Where the company comes to fall under any of the items of Article 5;
- (ii) Where the company has obtained a license under Article 3 through wrongful means;
- (iii) Where the company has violated this Act, an order issued under this Act, or a disposition made under either;
- (iv) Where the company has engaged in an extremely unjust act in connection with its claim management and collection business, and the circumstances related to such act are especially serious; or
- (v) Where the company has not commenced business operations within six months after obtaining a license under Article 3 or has continuously suspended business operations for six months and is not currently operating

the business.

(2) When the Minister of Justice intends to issue a disposition under the provisions of the preceding paragraph, he/she may hear the opinions of the Commissioner-General of the National Police Agency with regard to whether Article 5, item (v), item (vi) or item (vii) (f) applies or whether a violation of the provisions of Article 17, paragraph (1), Article 18, paragraph (1) or Article 19, paragraph (2) exists.

(Public Notice of Supervisory Disposition)

Article 25 The Minister of Justice, when he/she has issued a disposition under the provisions of paragraph (1) of the preceding Article, shall give public notice to that effect as provided by ordinance of the Ministry of Justice.

Chapter V Miscellaneous Provisions

(Request for Cooperation)

Article 26 The Minister of Justice, when he/she deems necessary for the enforcement of this Act, may make inquiries of or request cooperation from government agencies, public entities and any other persons.

(Stating Opinions to the Minister of Justice)

Article 27 The Commissioner-General of the National Police Agency may state to the Minister of Justice his/her opinion that it is necessary for the Minister of Justice to take appropriate measures against a claim management and collection company on the grounds that there is reason to suspect that the claim management and collection company falls under Article 5, item (v), item (vi) or item (vii) (f) or that the claim management and collection company is in violation of the provisions of Article 17, paragraph (1), Article 18, paragraph (1) or Article 19, paragraph (2)..

(Assistance)

Article 28 (1) If a claim management and collection company, when conducting its business, suffers damage or encounters a risk of suffering damage from a violent unlawful act prescribed in Article 2, item (i) of the Act on Prevention of Unjust Acts by Organized Crime Group Members, it may request necessary assistance from the Commissioner-General of the National Police Agency.

(2) The Commissioner-General of the National Police Agency, when he/she finds a request under the preceding paragraph to be reasonable, shall provide the claim management and collection company with advice and any other necessary assistance.

(Measures for When it Is Believed that a Crime Has Been Committed)

Article 29 A claim management and collection company shall have its officers or employees make a report immediately if they believe that an offense has been committed while the claim management and collection company was conducting its business, and shall take the necessary measures for filing an accusation upon receiving such report.

(Report to the Commissioner-General of the National Police Agency)

Article 30 When the Minister of Justice has issued a disposition under the provisions of Article 3, Article 8, paragraph (1) or paragraph (2) or Article 24, paragraph (1) or received a notification under Article 7, paragraph (1) or Article 10, paragraph (1), he/she shall promptly report to the Commissioner-General of the National Police Agency to that effect in writing.

(Delegation to Ordinance)

Article 31 (1) In addition to what is provided for in this Act, additional matters necessary to implement this Act shall be prescribed by ordinance of the Ministry of Justice.

(2) Matters necessary to implement the affairs that fall under the authority of the Commissioner-General of the National Police Agency pursuant to the provisions of Article 6, paragraph (1), Article 22, paragraph (2), Article 24, paragraph (2), Article 27, and Article 28, paragraph (2) shall be prescribed by the Rules of the National Public Safety Commission.

(Transitional Measures)

Article 32 Where an order is established, revised or abolished under the provisions of this Act, necessary transitional measures (including transitional measures concerning penal provisions) may be specified by the relevant order to the extent considered reasonably necessary upon the establishment, revision or abolition.

Chapter VI Penal Provisions

Article 33 A person who falls under any of the following items shall be punished by imprisonment with work for not more than three years or a fine of not more than three million yen, or both:

- (i) a person who has, in violation of the provision of Article 3, operated a claim management and collection business without obtaining a license;
- (ii) a person who has obtained a license under Article 3 through wrongful means;
- (iii) a person who has, in violation of the provisions of Article 14, engaged

- another in the claim management and collection business; or
- (iv) a person who has violated an order of suspension of business issued under the provisions of Article 24, paragraph (1).

Article 34 A person who falls under any of the following items shall be punished by imprisonment with work for not more than one year or a fine of not more than three million yen, or both:

- (i) a person who has submitted a written application for the license set forth in Article 4, paragraph (1) or the documents set forth in paragraph (2) of said Article, containing false statements;
- (ii) a person who has, without obtaining approval under the provisions of the proviso to Article 12, operated any business other than a claim management and collection business or a business listed in the items of said Article;
- (iii) a person who has violated the provisions of Article 17, paragraph (1);
- (iv) a person who has failed to prepare or preserve books and documents under the provision of Article 20 or who has prepared false books and documents;
- (v) a person who has failed to submit a business report under the provision of Article 21 or who has submitted a business report containing false statements;
- (vi) a person who has, in violation of the provisions of Article 22, paragraph (1) or paragraph (2), failed to submit reports or materials or who has submitted false reports or false materials; or
- (vii) a person who has refused, obstructed or avoided an on-site inspection under the provisions of Article 22, paragraph (1) or paragraph (2) or who has failed to answer or has given false answers to the questions under these provisions.

Article 35A person who falls under any of the following items shall be punished with a fine of one million yen: Article 35A person who falls under any of the following items shall be punished with a fine of one million yen:

- (i) a person who has, in violation of the provisions of Article 7, paragraph (1), failed to give notification or given false notification;
- (ii) a person who has violated the provisions of Article 13, paragraph (2);
- (iii) a person who has failed to issue a document in violation of the provisions of Article 15, paragraph (1) or who has issued a document which does not state the matters prescribed in said paragraph or a document which contains false statements;
- (iv) a person who has, in violation of the provisions of Article 16, failed to return the instrument;
- (v) a person who has violated the provisions of Article 17, paragraph (2);
- (vi) a person who has violated the provisions of Article 18, paragraph (1);

- (vii) a person who has, in violation of the provisions of Article 18, paragraph (2), given an indication that is significantly contradictory to fact or seriously misleading;
- (viii) a person who has, in violation of the provisions of Article 18, paragraph (3), obtained a power of attorney which does not state the matters prescribed in said paragraph; or
- (ix) a person who has violated an order issued under the provisions of Article 23.

Article 36 Where the representative person of a juridical person or an agent, employee, or any other worker for a juridical person or individual has, in connection with the business or property of the juridical person or individual, violated any of the provisions listed in the following items, not only shall the offender be punished, but also said juridical person shall be punished by the fine specified in the relevant item and said individual shall be punished by the fine specified in the Article referred to in the respective item:

- (i) Article 33, item (iv): a fine of not more than 300 million yen;
- (ii) Article 34, item (ii) or item (iv) to item (vii): a fine of not more than 200 million yen; or
- (iii) Article 33, item (i) to item (iii), Article 34, item (i) or item (iii) or the preceding Article: the fine specified in the respective Article.

Article 37 A person who has, in violation of the provisions of Article 10, paragraph (1), failed to give notification or given false notification shall be punished by a non-penal fine of one million yen.