

Act on Special Measures Concerning the Management of and Collection on Monetary Claims

(Act No. 126 of October 16, 1998)

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Chapter I General Provisions

(Purpose)

Article 1 In response to the fact that the handling of specified monetary claims has become a pressing issue, this Act was created to enable companies managing and collecting on monetary claims to manage and collect on specified monetary claims in the course of trade as an exception to the Attorney Act (Act No. 205 of 1949) by introducing a licensing system, and to enforce regulations necessary for ensuring the appropriate operation of companies managing and collecting on monetary claims, with the aim of contributing to the sound development of the Japanese national economy.

(Definitions)

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

- (i) a creditor's loan claim that is held by any of the following persons as listed:
 - (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 Organization for Small & Medium Enterprises and Regional Innovation, JAPAN, and the Japan Housing Finance Agency;
 - (e) an agricultural cooperative and 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 that Act;
- (g) a fishery processing cooperative engaged in the business set forth in Article 93, paragraph (1), item (ii) of the Fishery Cooperatives Act and a federation of fishery processing cooperatives engaged in the business set forth in Article 97, paragraph (1), item (ii) of that 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 Cabinet Order as a person similar to any of those listed in (a) through (i); and
- (ii) a creditor's 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 in relation to any of the creditor's loan claims listed in the preceding two items;
 - (iv) a monetary claim for the payment of rental charges for machinery and any other article under a fixed-term lease for that article (hereinafter referred to in this item as a "fixed-term lease") exceeding one year, without a provisions to the effect that one or both of the parties may give notice of termination of the fixed-term lease at any point after the date on which the lease comes into effect (hereinafter referred to in this item as "effective date") or after the expiration of a certain period of time 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 a "seller or service provider") 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 reached by a predetermined method of calculation based on the total cost of goods or the total monetary value of services, if a user purchases goods or receives services from the seller or service provider, in exchange for or upon presenting vouchers or any other items (hereinafter referred to in this item and the following item as "vouchers or other items") that a user can exchange or present to purchase goods or receive services from the seller or service provider, when those vouchers or other items 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 of goods or services") from the seller or service provider without using a voucher or other item, under a sales contract wherein the seller or service provider is to receive payment from the purchaser of goods or services 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 of goods or services;
- (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 reached by a predetermined method of calculation based on the total cost of goods or the total value of services, if goods are sold or services are provided to the user in exchange for or upon the presentation of vouchers or any other items that a user can exchange or present to purchase goods or receive services, when that voucher or other item 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 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 or other item, 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 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 or other item;
 - (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) deleted;
 - (x) a monetary claim entrusted to a trust, where the beneficial interest of that 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 the relevant 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 means of fund procurement listed in (a) through (e) below and to engage exclusively in the acts specified in (a) through (e) respectively using the funds obtained through the management and disposition of those 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 that paragraph which have the nature of securities set forth in item (v) of paragraph (1) (including rights that are deemed, pursuant to the provisions of Article 2, paragraph (2), to be securities set forth in Article 2, paragraph (1), item (v) or securities set forth in item (xvii) of paragraph (1) that have the nature of securities set forth in paragraph (1), item (v)): 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 paragraph (1), item (xvii) which have the nature of securities set forth in paragraph (1), item (xv) (including rights that are deemed, pursuant to the provisions of Article 2, paragraph (2), to be securities set forth in Article 2, paragraph (1), item (xv) or securities set forth in paragraph (1), item (xvii) that have the nature of securities set forth in paragraph (1), item (xv)): 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 paragraph (1), item (xvii) which have the nature of securities set forth in paragraph (1), item (ix) (including rights that are deemed, pursuant to the provisions of Article 2, paragraph (2) to be securities set forth in Article 2, paragraph (1), item (ix) or securities set forth in paragraph (1), item (xvii) that have the nature of securities set forth in paragraph (1), item (ix)): 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 the 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 stated 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 applies 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 (Act No. 158 of 1999) as of the day on which specified conciliation prescribed in Article 2, paragraph (3) 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 related to that 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) a claim under a contract of guarantee to secure any of the monetary claims listed in the preceding items;
 - (xxi) a right to indemnification to be obtained by a credit guarantee corporation or other person specified by Cabinet Order when performing an obligation in relation to the claim listed in the preceding item; and
 - (xxii) a 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" as used in this Act means, the business of any person other than an attorney-at-law, a legal professional corporation or attorney / registered foreign lawyer joint corporation conducting, under an entrustment, the managing and collecting of specified monetary claims arising from legal services concerning a legal case, or conducting, through a suit, mediation, settlement, or any other means, the management and collection of specified monetary claims assigned by another person.
- (3) The term "company managing and collecting on monetary claims" as used in this Act means a stock company that has obtained a license under the following Article.

Chapter II License

(Business Licenses)

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

(Application for Licenses)

Article 4 (1) A person who intends to obtain the license stated in the preceding Article must submit to the Minister of Justice a written application for the license stating the following listed particulars:

- (i) trade name;
 - (ii) names and locations of the head office and other business offices;
 - (iii) names and addresses of directors and auditors (or directors in the case of a company with an audit and supervisory committee, or directors and executive officers in the case of a company with nominating committee, etc.; 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) beyond what is listed in the preceding items, particulars specified by Order of the Ministry of Justice.
- (2) Documents specified by Order of the Ministry of Justice must be attached to a written application for the license as set forth in the preceding paragraph.

(Criteria for Licenses)

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

- (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 revoked pursuant to the provisions of Article 24, paragraph (1), and five years have not elapsed from the date of revocation;
- (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 equivalent foreign laws and regulations equivalent (including a penalty equivalent under foreign laws and regulations), and five years have not elapsed from the day on which payment of the fine was completed, or the fine ceased to apply;
- (iv) the applicant is a stock company which does not have any attorney-at-law among its directors who are regularly engaged in its business, who has the knowledge and experience required to carry out 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 a "member of an organized crime group") or a person for whom five years have not elapsed from the day on which they have ceased to be a member of an organized crime group (hereinafter referred to as a "member of an organized crime

- group, etc.");
- (vi) the applicant is a stock company which is likely to employ a member of an organized crime group, etc. in its business affairs or use one as an assistant in its business affairs;
 - (vii) the applicant is a stock company with a director or executive officer (including a person who is found to have a level of authority equal to or greater than that of a director or executive officer of the company, irrespective of title, such as an advisor, consultant, etc.) or an auditor (hereinafter referred to in this item as an "officer, etc.") who falls under any of the following:
 - (a) a person specified by Order of the Ministry of Justice as a person who is unable to properly engage in the business of claim management and collection due to a mental or physical disorder;
 - (b) a person who has not had their rights restored after receiving an order of commencement of bankruptcy proceedings, or is a person who is treated in the same manner under foreign laws and regulations;
 - (c) the officer, etc. has been sentenced to imprisonment or a sentence more severe than imprisonment (including an equivalent sentence under foreign laws and regulations), and five years have not elapsed from the day on which execution of the sentence was completed or the sentence ceased to apply;
 - (d) the officer, etc. has been ordered to pay a fine pursuant to the provisions of this Act or the Attorney Act, or under equivalent foreign laws and regulations (including an equivalent penalty under foreign laws and regulations), and five years have not elapsed from the day on which payment of the fine ceased to apply;
 - (e) the officer, etc. has been 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 equivalent foreign laws and regulations (including a penalty equivalent thereto under foreign laws and regulations), and five years have not elapsed from the day on which payment of the fine was completed, or the fine ceased to apply;
 - (f) the officer, etc. is a member of an organized crime group, etc.;
 - (g) if a company managing and collecting on monetary claims has had its license under Article 3 revoked pursuant to the provisions of Article 24, paragraph (1), a person who had been an officer, etc. of that company managing and collecting on monetary claims within the six months prior to the revocation, in which five years have not elapsed from the date of

revocation;

- (h) there are reasonable grounds for believing that the officer, etc. is likely to engage in improper or dishonest conduct in connection with claim management and collection; or
- (viii) the applicant is a stock company which does not have a personnel structure sufficient to conduct claim management and collection appropriately.

(Hearing of Opinions on Licenses)

- Article 6 (1) If the Minister of Justice intends to grant a license under Article 3, the Minister of Justice is to hear the opinion of 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) If the Minister of Justice, intends to grant a license under Article 3, the Minister of Justice is to hear the opinion of 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 duties fairly and properly; provided, however, that this does not apply if the director is recommended by the bar association to which that director belongs.

(Notification of Changes)

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

(Transfer and Acquisition of Claim Management and Collection Business, and Company Mergers and Splits)

- Article 8 (1) Transfer and acquisition of the whole or part of claim management and collection business does not take effect unless approved by the Minister of Justice.
- (2) A merger of a company managing and collecting on monetary claims does not take effect unless approved by the Minister of Justice. The same applies to a company split in which a company managing and collecting on monetary claims

is to be split and another company is to succeed to claim management and collection business in whole or part, or an absorption-type split in which a company managing and collecting on monetary claims is to succeed to the business via the split.

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

(Succession)

Article 9 In the event of a transfer of all claim management and collection business, or a merger or split (limited to a split resulting in the succession to all claim management and collection business) of a claim management collection company, the company acquiring the entire company managing and collecting on monetary claims, or the company surviving the merger or company incorporated through the merger or the company succeeding to all claim management and collection business via the split succeeds to the status of the company managing and collecting on monetary claims.

(Notification of the Discontinuation of Business)

Article 10 (1) If a company managing and collecting on monetary claims comes to fall under any of the following items, the person specified in the respective item must notify the Minister of Justice to that effect within 30 days from the relevant day:

- (i) if the company is dissolved by an order for the commencement of bankruptcy proceedings: the bankruptcy trustee;
- (ii) if the company is dissolved due to reasons other than a merger or an order for the commencement of bankruptcy proceedings: the liquidator; or
- (iii) if the company has discontinued claim management and collection business: the representative director or representative executive officer of the company that was previously a company managing and collecting on monetary claims.

(2) If a company managing and collecting on monetary claims falls under any of the items of the preceding paragraph, that company managing and collecting on monetary claims license under Article 3 ceases to be effective.

Chapter III Operations

(Authority to Manage or Collect on Entrusted Claims)

Article 11 (1) If a company managing and collecting on monetary claims manages or collects on a claim under an entrustment, it has the authority to conduct, in its own name and on behalf of the entrusting party, any and all acts in or out of court that are related to the management or collection on that

claim.

(2) If a company managing and collecting on monetary claims manages or collects on a monetary claim under an entrustment or manages or collects on a claim acquired from another, it must have an attorney-at-law handle the proceedings listed as follows:

- (i) civil action proceedings, proceedings concerning an order for civil provisional remedies, appeal proceedings against a disposition of execution (including appeal proceedings against a judicial decision on the execution of civil provisional remedies), which are to be performed at a court other than a summary court;
- (ii) civil action 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); and
- (iii) proceedings concerning an order for a civil provisional remedy at a summary court, in which the value of the subject matter of the primary suit exceeds the value specified in Article 33, paragraph (1), item (i) of the Court Act

(Scope of Operations)

Article 12 A company managing and collecting on monetary claims must not engage in any operations beyond claim management and collection except for the following as listed; provided, however, that this does not apply if the relevant company managing and collecting on monetary claims has obtained the approval of the Minister of Justice for operations which are found not to hinder the company's conducting of claim management and collection:

- (i) operations involving the management or collection of specified monetary claims outside the scope of claim management and collection; and
- (ii) operations specified by Cabinet Order which are incidental to claim management and collection or to the operations set forth in the preceding item.

(Trade Name)

Article 13 (1) A company managing and collecting on monetary claims must use the Japanese characters 債権回収 (pronounced "saikenkaishu", meaning "collection on claims") in its trade name.

(2) No person, other than a company managing and collecting on monetary claims, may use characters in a trade name representing any term which is likely to lead people to believe that the person is a company managing and collecting on monetary claims.

(Prohibition of Name Lending)

Article 14 A company managing and collecting on monetary claims must not have another person conduct claim management and collection under the name of that company managing and collecting on monetary claims.

(Issuance of Receipts)

Article 15 (1) Whenever a company managing and collecting on monetary claims receives payment of all or part of a specified monetary claim, it must, as provided by Order of the Ministry of Justice, immediately issue a document to the person who has made the payment, stating the trade name of the company managing and collecting on monetary claims and the address of its head office, the amount received, and any other particulars specified by Order of the Ministry of Justice.

(2) If the company managing and collecting on monetary claims receives payment by means of payment into its deposit or saving account or by another method specified by order of the Ministry of Justice, the provisions of the preceding paragraph applies only upon the request of the person who has made the payment.

(Return of Instruments Evidencing Claims)

Article 16 If a company managing and collecting on monetary claims has received full payment of a specified monetary claim and holds the specified monetary claim instrument, it must return the instrument to the person who has made the payment without delay.

(Regulations on Operations)

Article 17 (1) A person engaged in the operations of a company managing and collecting on monetary claims must not, in the course of their duties, embarrass another person by intimidating the person or speaking or acting in a way that disturbs their peaceful private life or business affairs.

(2) A person engaged in the operations of a company managing and collecting on monetary claims must, upon the request of another party, disclose to the other party the trade name of the company managing and collecting on monetary claims, their own name, and any other particulars specified by Order of the Ministry of Justice.

Article 18 (1) A company managing and collecting on monetary claims must not employ a member of an organized crime group, etc. in its operations, or have one assist with its operations.

(2) A company managing and collecting on monetary claims, when advertising itself, must not make a claim that significantly contradicts facts or that is particularly misleading with regard to the certainty of collection on claims or

any other particulars specified by Order of the Ministry of Justice.

- (3) If a company managing and collecting on monetary claims acquires from a debtor or guarantor (hereinafter referred to in this Article as a "debtor, etc.") a written document entrusting an agent to commission a notary to prepare a notarial deed stating that the person is subject to a compulsory execution immediately in the event of default of the obligation related to the claim (hereinafter referred to as the "power of attorney"), the power of attorney must state the amount of the claim and any other particulars specified by Order of the Ministry of Justice.
- (4) A company managing and collecting on monetary claims must not use deception or other wrongful means in the management or collection of specified monetary claims.
- (5) A company managing and collecting on monetary claims must not request a debtor, etc. to pay any of what is stated in the following listed items in connection with any of the debts stated in those items that are related to a specified monetary claim:
 - (i) with regard to a debt for a monetary loan (except for a commercial loan prescribed in Article 5, item (i) of the Interest Rate Restriction Act (Act No. 100 of 1954) (hereinafter simply referred to as "commercial loan" in this paragraph)) that involves payment for interest exceeding the upper limit of interest as set in Article 1 of the Act (including money deemed as interest pursuant to the provisions of Article 3 of the Act; hereinafter the same applies in this item) or whose liquidated damages for default exceeds the upper limit set in Article 4 of the Act, interest or damages exceeding that limit;
 - (ii) with regard to a debt for a commercial loan that involves payment for interest exceeding the upper limit of interest that is calculated pursuant to the provisions of Article 1 or 5 of the Interest Rate Restriction Act (including money deemed as interest pursuant to the provisions of Article 3 or 6 of that Act; hereinafter the same applies in this item) or interest exceeding the upper limit of interest as set in Article 9 of the Act or whose liquidated damages for default exceeds the upper limit set in Article 7 of the Act, interest or damages exceeding that limit; and
 - (iii) with regard to a debt for payment of a guarantee charge when a guarantee is provided for principal debt for a commercial loan (limited to guarantees provided in the course of trade) (including money deemed as a guarantee charge pursuant to the provisions of Article 8, paragraph (7) of the Interest Rate Restriction Act and limited to guarantee charges paid by principal debtors; hereinafter the same applies in this item) whose amount exceeds the upper limit of a guarantee charge whose receipt is allowable pursuant to the provisions of paragraph (1), (2), (3), (4) or (6) of that Article, a guarantee

charge exceeding that upper limit.

- (6) A company managing and collecting on monetary claims must not without good reason, request that a debtor, etc. procure funds for payment of a debt in relation to a specified monetary claim by borrowing money from a person engaged in the money lending business prescribed in Article 2, paragraph (1) of the Money Lending Business Act or by any other similar method.
- (7) A company managing and collecting on monetary claims must not without good reason, 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.), or a person employed by a debtor, etc. or any other person who has a close relationship with a debtor, etc. to pay the debt on behalf of the debtor, etc.
- (8) A company managing and collecting on monetary claims must not without justifiable cause, visit or make phone calls to a debtor, etc. in order to request that the debtor, etc. pay the debt, if the debtor, etc. has entrusted an attorney at law, legal professional corporation or attorney / registered foreign lawyer joint corporation with handling a debt in relation to a specified monetary claim, or if a court procedures in a civil case have been undertaken to handle a debt, if the company managing and collecting on monetary claims is notified of this entrustment or court procedures.
- (9) Beyond what is specified in the preceding items, a company managing and collecting on monetary claims must not engage in any act concerning the management or collection of claims which are specified by Order of the Ministry of Justice as lacking protection for debtors, etc. or likely to harm the appropriate management or collection of claims.

(Restrictions on Entrustment of Business and Assignment of Claims)

- Article 19 (1) A company managing and collecting on monetary claims must not entrust its management or collection of claims to any person other than another company managing and collecting on monetary claims, an attorney at law, a legal professional corporation, or attorney / registered foreign lawyer joint corporation.
- (2) A company managing and collecting on monetary claims must not assign a claim it handles (hereinafter referred to as an "assignment of claims") if it knows or is able to determine 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 determine that an ineligible assignee will acquire the claim after the assignment of the claim:
 - (i) a member of an organized crime group, etc.
 - (ii) a corporation or other organization whose operations are controlled by a member of an organized crime group, etc., or a member of that corporation or

- other organization; or
- (iii) a person who is deemed 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 company managing and collecting on monetary claims must prepare and keep books and documents concerning its business affairs, as provided by Order of the Ministry of Justice.

(Submission of Business Reports)

Article 21 A company managing and collecting on monetary claims must 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 Order of the Ministry of Justice.

(On-site Inspections)

Article 22 (1) When it is found necessary in order to ensure the appropriate operation of company managing and collecting on monetary claims business affairs, the Ministry of Justice may order the company managing and collecting on monetary claims to submit reports or materials on its operations or property, or have officials enter the business office or other offices of the company managing and collecting on monetary claims, inspect the state of its operations, or property, or its books, documents and any other property, or ask questions of any person concerned.

(2) After consulting with the Minister of Justice, the Commissioner General of the National Police Agency, if it is deemed necessary in order to state their opinion under the provisions of Article 6, paragraph (1), Article 24, paragraph (2), or Article 27, may order a company managing and collecting on monetary claims to submit reports or materials on its operations or have officials of the National Police Agency enter any office of the company managing and collecting on monetary claims 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 company managing and collecting on monetary claims 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) in which there is reason to suspect that a company managing and collecting on

monetary claims falls under or violates those provisions.

- (3) The Commissioner General of the National Police Agency is to promptly report in writing the results of reports or materials submitted and on-site inspections, 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) must carry an 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) must not be construed as being granted for the purpose of criminal investigation.

(Business Improvement Orders)

Article 23 On finding it is necessary to do so in order to ensure appropriate business operations, the Minister of Justice may order a company managing and collecting on monetary claims to take necessary measures to improve those business operations.

(Revocation of Licenses)

- Article 24 (1) If a company managing and collecting on monetary claims falls under any of the following items, the Minister of Justice may revoke its license under Article 3 or order suspension of all or part of its operations for a period not exceeding six months:
- (i) if the company comes to fall under any of the items of Article 5;
 - (ii) if the company has obtained a license under Article 3 through wrongful means;
 - (iii) if the company has violated this Act, or an order issued under this Act, or a disposition made under either;
 - (iv) if the company has engaged in an extremely unjust act in connection with claim management and collection, and the circumstances related to that act are particularly serious; or
 - (v) if 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) If the Minister of Justice intends to issue a disposition under the provisions of the preceding paragraph, the Minister 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 a Supervisory Disposition)

Article 25 If the Minister of Justice has issued a disposition under the provisions of paragraph (1) of the preceding Article, the Minister must give public notice to that effect as provided by Order of the Ministry of Justice.

Chapter V Miscellaneous Provisions

(Request for Cooperation)

Article 26 If the Minister of Justice finds it necessary for the enforcement of this Act, the Minister 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 their opinion that it is necessary for the Minister of Justice to take appropriate measures against a company managing and collecting on monetary claims on the grounds that there is a sufficient reason to suspect that the company managing and collecting on monetary claims falls under Article 5, item (v), item (vi), or item (vii), (f), or that the company managing and collecting on monetary claims 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 company managing and collecting on monetary claims, when conducting its operations, suffers damage or encounters a risk of suffering damage from a violent and unlawful act as 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, if finding a request under the preceding paragraph to be reasonable, is to provide the company managing and collecting on monetary claims with advice and any other necessary assistance.

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

Article 29 A company managing and collecting on monetary claims must have its officers or employees make a necessary report immediately if they believe that an offense has been committed while the company managing and collecting on monetary claims was conducting its operations, and must take the necessary measures for filing an accusation upon receiving those report.

(Reporting to the Commissioner General of the National Police Agency)

Article 30 If 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), the Minister is to promptly report to the Commissioner General of the National Police Agency to that effect in writing.

(Delegation to Orders)

Article 31 (1) Beyond what is provided for in this Act, additional matters necessary to implement this Act are prescribed by Order 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) are prescribed by the Rules of the National Public Safety Commission.

(Transitional Measures)

Article 32 When 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 reasonable and necessary upon the establishment, revision or abolition.

Chapter VI Penal Provisions

Article 33 A person who falls under any of the following items is subject to imprisonment 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 provisions of Article 3, conducted claim management and collection 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, have another person conduct claim management and collection; 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 is subject to imprisonment 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 the relevant Article, containing false statements;
- (ii) a person who has, without obtaining approval under the provisions of the proviso to Article 12, conducted any operations other than claim management and collection or business listed in the items of the same Article;
- (iii) a person who has violated the provisions of Article 17, paragraph (1);
- (iv) a person who has failed to prepare or keep books and documents under the provisions of Article 20 or who has prepared false books and documents;
- (v) a person who has failed to submit a business report under the provisions 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 answered untruthfully to the questions under these provisions.

Article 35 A person who falls under any of the following items is subject to a fine of not more than 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, in violation of the provisions of Article 15, paragraph (1), failed to issue a document, or who has issued a document which does not state the particulars prescribed in the same 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 the facts or particularly 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 particulars prescribed in the same 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 corporation or an agent, employee, or any other worker for a corporation or individual has, in connection with the business or property of the corporation or individual, violated any of the provisions listed in the following items, not only is the offender subject to punishment, but that corporation is also subject to punishment by the fine specified in the relevant item, and that individual is subject to punishment 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 items (iv) through (vii): a fine of not more than 200 million yen; or
- (iii) Article 33, items (i) through (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, is subject to a civil fine of one million yen.