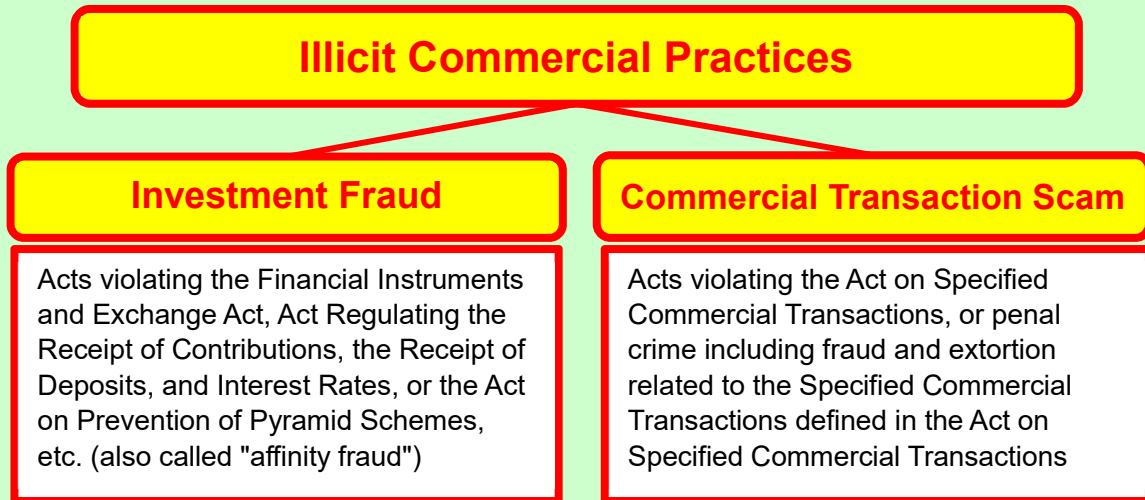


To Avoid Becoming a Victim of Illicit Commercial Practices

○ What are illicit commercial practices?

Illicit commercial practices refer to organized and repeated business practices targeting common consumers that involve illegal or unlawful means or methods.



○ Tell us about the current state of illicit commercial practices!

[Investment Fraud]

- In 2019, the number of victims was **84,150 people** and the amount of loss was **103,791,340,000 yen**.
- The number of consultations to the police in 2019 was **1,560 consultations**, and **23.5% of the persons who consulted with the police were elderly (65 years of age or older)**.

[Commercial Transaction Scam]

- In 2019, the number of victims was **37,849 people** and the amount of loss was **2,703,500,000 yen**.
- The number of consultations to the police in 2019 was **7,113 consultations** and **44.3% of the persons who consulted with the police were elderly (65 years of age or older)**.

○ What criminal methods are used for illicit commercial practices?

[Investment Fraud]

In addition to investment in **virtual currencies (cryptocurrencies)**, which has recently become a hot topic, **insubstantial overseas projects or the right to advertise on social media, criminal methods to steal money through a fraudulent investment scheme in which investors are lured through a theme that interests the public such as post-earthquake reconstruction projects or trading of carbon emission rights**, are still used.

If a company you don't know recommends financial instruments such as:

- ◎ **Private equity (sale, purchase or listing), corporate bonds (sale or purchase), investment in funds (xx project) or (xx business), virtual currency (cryptocurrency), foreign currency, FX trading, futures trading, or investment in overseas projects,**

and says in a direct mail or pamphlet sent to you or in a telemarketing call,

- ◎ **"only for now," "only for you," "profit guaranteed," "principal guaranteed," "high-price purchase," "commission or compensation to be earned," etc.,**

you should suspect fraud.

Be cautious, even when recommended by someone you know well!

[Commercial Transaction Scam]

Frequently occurring crimes include the **inspection scam**, in which someone visits the household of an elderly person using inspecting the roof or space under the floor as an excuse and **charges a high price for unnecessary construction work; forced selling**, in which **a seller sells, without the consent of the consumer**, expensive bedding or fruits, etc., by scaring or threatening them so they buy the expensive or unnecessary goods; and **forced buying**, in which someone purchases jewelry and other precious metals kept at home at an extremely low price.

If someone from a company you don't know visits your home and says things like:

- ◎ **"I will inspect your house, roof tiles or pipes, etc., free of charge."**
- ◎ **"Do you keep precious metals somewhere in the house?"**
- ◎ **"Would you please buy expensive bedding or fruits?"**

you should suspect that he/she may be a malicious dealer.

○ Consult the police as soon as possible!

Many people come to **the police for a consultation more than a month** after they paid money to malicious dealers. If you have **any doubts, please consult the police, etc., as soon as possible.**

○ Tell us about more criminal methods!

[Investment Fraud]

The crime of stealing a large amount of money by taking advantage of people who want to increase their capital as much as possible and **pretending to be raising funds for Olympic and Paralympic related projects, post-earthquake reconstruction projects or renewable energy projects, etc.**, or trading the private equity of a related company, saying things like, "principal guaranteed," "high dividends promised," "100% profit guaranteed," or "special for you only."



(Pamphlets used for crime)



(A member certificate used for crime)

[Inspection Scam]

An illicit commercial practice in which someone **visits a home and pretends to provide free inspection services for the house, roof tiles or pipes, etc.**, and tells lies like "There is a crack in the pillar and the tiles have shifted. The house will fall down if you leave it unrepaired." "Water is leaking from the pipes under the floor." "The water pipes are rusty. You will get sick if you drink this water." to implement construction work that **is not at all necessary** or to sell a water purifier, etc.



(Unnecessary construction work in the attic implemented by a malicious dealer)



(Mats placed under the floor)

[Negative Option Marketing]

An illicit commercial practice in which a seller sends health products, etc., **without the consent of the consumer** to force them to buy expensive health products, etc., by using a cash on delivery service*, etc.

* A cash on delivery service is a service in which a delivery company receives money for the costs of goods from the purchaser at the time of delivering the goods and sends the money to the seller at the request of the seller.



(Buddha statues used for negative option marketing)

[Forced Selling]

An illicit commercial practice in which **a seller comes into a home and stays a long time** or **threatens in a loud voice**, saying things like "I will not leave until you buy." to sell expensive or unnecessary goods, such as expensive down comforters, fire extinguishers or fruits, etc., without the home owners' consent.



(A comforter sold by a malicious dealer)



(Fire extinguishers sold by a malicious dealer)

[Forced Buying]

An illicit commercial practice in which someone visits a home on the pretext of purchasing unnecessary goods, forces people to bring **precious metals** kept in a chest, etc. and **lies that the precious metals, which are genuine precious metals, are imitations (counterfeits), or lies about the weight of the metals** to quote and buy them at a low price.



(Precious metals seized by the police)

[Fortune Telling Fraud]

An illicit commercial practice in which a seller sells cheap good-luck charms, etc., by using magazine advertisements, etc., makes the purchasers talk about their problems, etc., on the phone or by other means, and **scares them** by saying things like "You are cursed" or "You will suffer if you don't do anything about your problem." to sell crystals, seals, etc., at a high price or require prayer fees, etc., by convincing that **they will help them avoid a catastrophe**.



(A charm seized by the police)

[Hypnotic Selling]

An illicit commercial practice in which a seller sells by hiding his/her purpose to sell expensive goods, expensive health equipment, health products or comforters, etc., **after inviting consumers, who are misled by a false advertisement** stating that daily goods will be sold at an exceptionally low price, **to a private house or a temporary store facility and distributing miscellaneous goods free of charge**.



(Health equipment sold by a malicious dealer)



(Health products sold by a malicious dealer)

—Cases of Arrests—

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| 1. | Fraud and violation of the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates by the owner of an investment consulting firm and others |
|-----------|---|

A substantial owner of an investment consulting firm (age 41) and others came up with the idea of stealing money on the pretext of investing in the firm and had upfront investors (priority members) of a membership organization, who had invested in the firm, hold an investment seminar, etc. during the period from July 2013 to September 2017. They lied to the effect that they would promise a monthly dividend of 2% to 4% and a one-year guaranteed principal if the investors invested in the firm that had achieved success in overseas projects, and they stole about 45.9 billion yen from about 13,000 people all over Japan.

The police arrested 10 people, including the owner of the firm, for fraud and 14 people, including the priority members, for violating the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates by the end of May 2019. (Aichi, Okayama)

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|-----------|---|
| 2. | Violation of the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates and fraud, etc. by the officer of a company selling health products and others on the pretext of selling the corporate bonds |
|-----------|---|

A representative director of a company selling health products, etc. (age 63) and others stole about 1.55 billion yen from about 500 people in 8 prefectures on the pretext of selling the corporate bonds of the company by telling lies like "We will apply for listing on the Tokyo Stock Exchange Mothers Market." or "We will start a project to develop serviced housing for elderly people." to elderly people, etc., who participated in a sales event for health products, etc., during the period from March 2015 to July 2018, even though there was no plan to list the company or to start a new project.

The police arrested 1 business entity and 16 people for fraud, etc., by the end of March 2019. (Ehime, Yamaguchi, Tokushima, Okinawa)

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| 3. | Fraud, etc., involving purchase of precious metals by a door-to-door buyer |
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A door-to-door buyer (age 26) and others came up with the idea of purchasing precious metals at an unreasonably low price to make a profit from resale, and during the period from November 2017 to November 2018, they stole precious metals with a total market value of about 134 million yen from about 7,300 people in 6 prefectures by lying to the effect that the jewelry, etc., which were actually made of genuine precious metals, were imitations when purchasing the precious metals, etc., at their destinations or manipulating the measuring equipment to display a false weight that was extremely lighter than the actual weight of the precious metals for purchase, and they had the victims provide the precious metals for an unreasonably low purchase price.

The police arrested six people for fraud, etc., by the end of March 2019. (Miyagi)

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| 4. | Organizational fraud involving negative option marketing of Buddha statues targeting the elderly |
|-----------|---|

An officer of a company selling artwork (age 54) and others came up with the idea of stealing money through selling Buddha statues, and during the period from January 2018 to February 2019, stole about 44 million yen from 104 people all over Japan by calling elderly people and telling lies like "The Buddha statue you ordered is ready. We will deliver it to you." or "Although you may have forgotten because you placed an order a long time ago, we received your order." even though they had not in fact received a purchase order for the Buddha statues and sent them to the victims without their consent.

The police arrested a business entity and five people for violating the Act on Punishment of Organized Crimes and Control of Crime Proceeds (organizational fraud) etc., by the end of June 2019. (Shiga)

—Tips to Avoid Becoming Victim of Illicit Commercial Practices—

Don't believe something that sounds too good to be true!

Every good deal has a catch.

Have a consultation!

Don't make decisions alone. Talk with your family or acquaintance, or consult a support organization.

Don't be tempted to reply! Don't enter into a contract immediately!

Malicious dealers will try to get you to sign a contract immediately by skillfully using words to manipulate you.

Be firm! Be Clear! Reject!

Don't reply ambiguously. Be Firm! Be Clear! Reject!

—Advisory Desks You Can Contact When You Have a Concern or Have Become a Victim—

- Nearest police headquarters or police station
- Non-emergency police number (#9110)
- Prefectural consumer affairs center or municipal consumer affairs consultation desk (Consumer hotline: 188)

—Notification to Financial Institution of Payee—

◆ Notification by victim, etc.

If you become a victim of an illicit commercial practice, you should notify the payee's financial institution of the status of the transfer as soon as possible and request them to **freeze the bank accounts** (which means to stop the withdrawal of money from the payee's account). It is more effective if you notify as soon as you can to prevent and recover the damage.

◆ Notification by the police

If a victim, etc., consults the police about damage from an illicit commercial practice, the police can also request financial institutions to freeze the bank accounts after examining the related documents, such as transfer receipts, and conducting other necessary investigations.

