



NCAC NEWS

From
National Consumer Affairs Center of Japan
Vol.21 No.1 **May 2009**

Activities of the National Consumer Affairs Center of Japan (hereinafter 'NCAC')

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(1) Surveys

Consumer issues involving personal import agencies that are difficult to solve

Nationwide local consumer centers have been receiving inquiries and complaints relating to 'personal import agencies*' with the number of these cases increasing since 2005 and many related to cancelation and refund policies. Half of those who used such agencies are females in their 30s to 40s and the most common products



imported through these agencies were 'health/sanitary products' including cosmetic and pharmaceutical products followed by 'foods' and 'clothing.'

Consumer issues involving personal import agencies are difficult to solve at present due to there being scarcely any laws and regulations that protect consumers who have experienced a problem after using such an agency. Under these circumstances, NCAC released precautionary information concerning these agencies in order to prevent the occurrence of similar problems and to hold back the expansion of the existing problems. The necessary information was also provided to the responsible governmental bodies.

* Personal import agencies:

A personal import indicates a purchase of a product for individual use from an overseas mail-order company and/or sales outlet and personal import agencies refer to those that carry out the import procedures on behalf of the customer.

Advice provided by NCAC:

- When you are unable to get into contact with the agency and/or the agency does not accept the return of the product, solving these issues independently may be difficult due to a number of reasons including language issues and possible time differences when dealing with the overseas party. Think very carefully when using a personal import agency.
- Before ordering any product, examine the information provided in the advertisement and/or the catalog with care as it may not be easily identify whether the product is handled by a mail order company or a personal import agency.
- Be aware that some advertisements provided by personal import agencies may contain false and/or exaggerated information concerning the product effects and/or safety.
- Consult with the nearest local consumer center when considering to use a personal import agency though feeling uncertain about the transaction or when running into trouble as a result of the use of such an agency.

The emergence of a new twist in multi-level marketing: A company not revealing to customers that it actually adopts pyramid schemes by introducing no referral fees before the contract conclusion:

PIO-NET (Practical Living Information Online Net Work) has learned of a total of 157 cases of inquiries and complaints (as of the end of January, 2009) concerning the sales methods employed by a company called 'Micro System Technology' for software designed to be used to purchase pari-mutuel tickets. The company approached consumers through their friends and made an appointment to visit their place to sell the software. What is unique and new about this company was that, only after the consumer had signed the contract, it was revealed that the sales were made based on multi-level marketing and referral fees were introduced.

In this manner, Micro System Technology introduced referral fees, that are deemed as specified profits resulting from multi-level marketing in accordance with the Specified Commercial Transactions Law, only after the consumer had signed the contract and it hence claims that its sales methods do not correspond to multi-level marketing. The Ministry of Economy, Trade and Industry that manages the Specified Commercial Transactions Law however believes that the company may be breached the above law due to it having deliberately introduced referral fees (specified profits) after the contract conclusion for the purpose of forcing the consumer to carry out multi-level marketing.

Furthermore, the company frequently approached young consumers, particularly in their 20s who cannot afford to buy the expensive software, and persuaded these young people to apply for a loan to purchase the product.

Although Micro System Technology is not appearing to undertake any further sales solicitations at the moment, other operators may start similar solicitations at a future time. NCAC accordingly released precautionary information based on the case examples of inquiries and complaints obtained concerning Micro System Technology.

Advice provided by NCAC:

- Do not trust any money making scheme even if it is recommended by someone close to you such as a friend or family member. Think very carefully and consult with someone you can truly trust or a local consumer center before making any decision.
- Do not apply for a loan as recommended to you to start a financial scheme if you do not have spare money. There is no guarantee that you can earn a profit that is larger than the debt.
- These sales methods may be deemed to be multi-level marketing even if referral fees are introduced after the consumer has signed the contract. It is hence important to consult with the nearest local consumer center as soon as practicable after being solicited or signing the contract.

Safety of after-school care: assurance of safety expected and elimination of differences in the quality of childcare alongside introduction of insurance plans:

After-school care is necessary for primary school children with working parents or a single parent so as to spend after school hours in and also to spend time in during summer holidays. From a consumer's standpoint, NCAC carried out a survey concerning the safety of after-school care targeting local municipalities and after-school care operators.

As a result of the above survey, NCAC established the 'Study Group for the Safety of After-School Care' and carried out a number of discussions concerning the existing safety measures that were discovered to contain problems and where improvement is accordingly required. Focusing on the quantitative improvement for issues including large numbers of children on waiting lists and crammed after-school care facilities, NCAC summarized the following five recommendations to both after-school care operators and the responsible governmental bodies to assure safety to protect children from potential hazards:

1. Collect, share and analyze information concerning injuries and accidents that take place at after-school facilities to prevent future hazards.
2. Create a safe environment (i.e. facilities and equipment) for children and ensure that an appropriate number of children are looked after per facility.
3. Improve the staffing, employment conditions and training system for carers. Also promote the general awareness that after-school carers are specialists.
4. Establish safety regulations and provide stronger financial support for after-school care facilities to eliminate differences in the quality of childcare.
5. Apply a disaster mutual benefit system to after-school care to support children who have suffered an injury or the family of children who died while spending time in after-school care facilities.

Be aware of 'bank transfer frauds' citing a 'flash benefit payment':

Since March, 2009, the Japanese government has started providing flash benefits amid the current economic downturn to support citizens' lives and revitalize the economy. Local consumer centers however have been receiving a number of inquiries and complaints concerning flash benefit payments. Examples are as follows:

[A case where a bank transfer fraud is suspected:]

- A consumer received a call from someone claiming to be a municipal office employee stating that the 'the flash benefit payment procedures have not completed yet.' The consumer was accordingly told to go to an ATM to transfer fees and to take his mobile phone to obtain instructions.

[Cases where illegal personal information acquisition is suspected:]

- A consumer received a suspicious call from someone claiming to be a municipal office employee stating

that he 'needed to know the consumer's bank account number to pay the flash benefit into.'

- A consumer received a call and was told to 'call a certain toll-free number if failing to receive the notification of the flash benefit payment.'

Although there have not been any cases of a loss of money or illegal use of personal information reported thus far, NCAC released precautionary information by taking into account the increasing number of bank transfer frauds expected to occur due to broader flash benefit payments being scheduled nationwide hereafter.

NCAC provided advice to citizens concerning the following three points:

1. A characteristic of bank transfer frauds is to supply false information. This can include being informed that flash benefit payment procedures need to be carried out through an ATM. In such a case, the consumer is asked to go to an ATM with his/her mobile phone to transfer fees. It must be however highlighted that the Ministry of Public Management, Home Affairs, Posts and Telecommunications or the local municipality never ask citizens to use an ATM for the purpose of flash benefit payments or ask them to pay any fees. If you receive a call and are told to use an ATM or pay fees, ask the caller's contact number and immediately contact the police or the nearest local consumer center.
2. The Ministry of Public Management, Home Affairs, Posts and Telecommunications or the local municipality never attempt to obtain citizens' personal information for the purpose of flash benefit payments. Refuse to accept any request made by a suspicious caller or visitor after firstly ascertaining the contact number of any such caller/visitor and immediately contact the police or the nearest local consumer center.
3. Local consumer centers have learned of cases where consumers received a call by a person claiming to be conducting a 'questionnaire concerning flash benefit payments' for the purpose of illegal personal information acquisition. Hang up from any suspicious call asking for your personal information such as for your postal address and consult with the nearest local consumer center.

(2) Safety hazard information

Waterproof electric carpet caught fire as a result of being 'exposed to water':

A consumer reported to NACA that a newly purchased waterproof electric carpet caught fire and consequently burnt the floor. Given the possibility that an electric carpet catching fire may cause the risk of a fire disaster, NCAC examined the cause of the above accident and discovered that water had entered into the connector of the remote control.

Problematic areas:

- Unlike the carpet's main body, the remote control of the above electric carpet is not waterproof. With the term 'waterproof carpet,' however, consumers would naturally expect that the entire product is waterproof. This demonstrates the different points of view held by the manufacturer and consumers concerning the term 'waterproof.'
- Employees of the sales outlet of the above electric carpet did not have adequate knowledge about the product including the fact that the remote control is not waterproof. They also had a lack of knowledge concerning the product's features and the restrictions applied to the product.
- The manufacturer merely replaced the product and did not pursue the cause(s) of the accident.

NCAC made the following requests to the industry based on the above findings:

- Develop products that come with a waterproof remote control.
- Contain clear precautionary information in the instruction manual and/or the main body of the remote controller to highlight the fact that the remote control is not waterproof.

- Instruct distributors to acquire correct product knowledge so as to provide correct information to consumers.
- Instruct manufacturers to discover the cause of any similar accident and provide precautionary information to consumers.

NCAC also provided the following advice to consumers:

It must be noted that the remote control of a waterproof electric carpet is not waterproof and therefore should not be exposed to any liquids. The instruction manual must be read thoroughly. Particular care is required in order not to expose the remote control to any liquid if you have a pet kept indoors at all times and/or if using the carpet in the kitchen. Stop using the carpet when the remote control or the areas surrounding it has been exposed to liquid and ask the manufacturer to inspect the product.

Preventing accidents involving children playing with a small object that has been accidentally swallowed or has entered into a nostril, ear or eye:

There have been a number of accidents reported where a 'small object has accidentally entered into a body part*.' These cases involved children playing with a small object and accidentally swallowing it or children pushing a small item into a part of their body. The common body parts subject to these accidents are the mouth, nostril, ear and eye in this order. NCAC released precautionary information to prevent the occurrence of similar problems and to hold back the expansion of the existing problems.

- * A 'small object that has accidentally entered into a body part' indicates a foreign material that has accidentally entered into a part of the body such as a battery being swallowed, detergent entering into an eye or a needle stuck into the arm.

Case examples:

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|----------------------------|---|
| Entering into the mouth: | A one year-old boy accidentally swallowed the suction cup attached to a toy ball. |
| Entering into the nostril: | A three year-old boy pushed a button battery into his nostril. |
| Entering into the ear: | A four year-old boy pushed an ear plug into his ear which could not be removed. |
| Entering into the eye: | Instant glue entered into an eye of a one year-old girl. |

Advice for consumers based on case examples:

Small articles must be placed out of reach of children in locations where they would not easily fall. Any tools that need to be handled with care must be kept away from children to prevent them from playing with such tools carelessly.

Treatment differs according to the type of object which has accidentally been swallowed or lodged in a part of the body. It must therefore be important to stay aware of the types and quantities of objects that are accessible to children.

Requests to manufacturers:

A higher level of safety must be assured when it comes to articles and objects that are generally used in locations where children are frequently present. The manufactures of small articles and objects must particularly be aware of potential accidents where these items may accidently enter into a part of children's body and provide precautionary product labeling.

Further improvement is required for small manufactured products that can possibly be swallowed or enter into a nostril. For example, provide such a product in a larger-sized package to avoid accidental swallowing of the product packed in the package and/or design products in such a way that batteries contained cannot be removed easily.

(3) Product testing

Protecting children from suffering burns by touching an electric iron:

Over the period between the Fiscal 2003 to 2008, a total of 165 cases of injuries, where consumers suffered burns from an electric iron (hereinafter 'iron'), were reported by cooperating hospitals to NCAC's Injury Information System*. Among these cases, 127 involved children under ten years old and 102 were related to infants at the age of two or younger indicating the dangerously high risk of burns suffered by small children. In order to prevent these accidents involving children, NCAC tested a number of irons to discover the time period in which the irons maintain temperatures that may cause a burn as well as to identify the product structures and precautionary labeling that may be effective to prevent possible burns.

*** The Injury Information System**

An online system that connects NCAC and nationwide cooperating hospitals and local consumer centers in order to collect safety hazard information (information detailing cases where consumers suffered life-threatening or physical hazards from faulty products or services) and risk information (information detailing accident cases where consumers were potentially subject to life-threatening or physical hazards from faulty products or services).

Major findings:

Product test findings:

A total of ten products produced by four brands were tested. These products have different power supply mechanisms (those using a power cord and those that are cordless) and different power consumptions (those with 1,000W and those with 1,200W or greater) as well as different safety mechanisms to prevent potential burns.

1. Temperatures and product structures

- The surface temperature of the testing irons quickly went beyond 45C° from 9 to 31 seconds after tuning on the irons and the maximum temperature went beyond 200 C°.
- Not only the iron itself but also the iron holder held a high temperature.
- After turning off, it took from 74 to 103 minutes for the surface of the testing cordless irons to cool down to 45 C° and from 39 to 68 minutes in the case of the irons using a power cord.
- Some of the testing irons came with an iron holder which is designed to avoid the iron to be touched carelessly as the area of exposure of the iron surface (holding a high temperature) is minimized when placed onto the holder.
- All of the three testing cordless irons came with an iron cover whose surface retained a low temperature while covering the hot iron after use.
- The surface of some testing irons is designed to be firmly locked onto the iron holder to ensure that it does not become exposed retaining a high temperature when the holder falls.

2. Safety mechanisms

- None of the testing irons contained a safety mechanism that visually warns the user after use where the surface retains a high temperature.
- Some of the testing irons did not have any precautionary labeling on the product's main body to warn of the potential risk of burns that may be triggered by the parts of the product designed to hold a high temperature.

Questionnaire survey results:

1. Questionnaire survey targeting consumers

- In a great number of cases, children 'suffered' or 'nearly suffered' burns when an adult was present or

an adult took his/her eye off the child for only a short period of time.

- While many consumers stated that they were confident in protecting children from burns, approximately 60% of those with children who had suffered burns in the past stated that another accident may happen again as they were not fully confident whether or not they would be able to protect their children from burns at a future time.

2. Questionnaire survey targeting manufacturers

- A large number of manufacturers stated that, although there were scarcely accident cases reported where their product caused burns to children, they were endeavoring to improve their products or had worked for improvement to prevent potential accidents.

NCAC made the following advice to consumers based on the above findings:

- Supervise children at the age of 4 or younger with special attention as these children are unable to understand the risk of burns or how to handle a dangerous situation properly.
- Use the iron only when children are sleeping or in a location that cannot be accessed by children.
- Immediately store away the iron after use in a location that is out of reach of children as the iron maintains a high temperature over a long period of time.
- When purchasing an iron, choose a product that comes with an iron cover to protect children from touching it after use.

NCAC also made the following requests to the industry:

- Develop products that quickly cool down after use.
- As there are a number of cases of burns as a result of children touching the iron after use, provide a larger variety of irons so that consumers can choose a product with superior features such as a product coming with an iron cover assuring safer storage.
- Develop products that visually warn the user that the surface of the iron retains a high temperature after use (i.e. temperature indicator).
- To prevent burns that may take place while using the iron or after using it, design iron holders in a way so that any parts of the iron designed to retain a high temperature are not exposed.

The lid of a pressure cooker flew off causing burns:

An accident case was reported where a female in her 60s suffered burns to the face which took one and half months to heal. She was cooking using a pressure cooker and, after finishing cooking, the lid of the cooker flew off with a loud noise and the food cooked in the cooker was scattered. As a result of NCAC's investigation of the cause of the accident, a number of structural faults were discovered in the relevant cooker.

Outline of the pressure cooker which caused the above accident:

Product name and model: Aluminum pressure cooker (16cm) NK-AL16

Importer/distributor: Kakusee & Co., Ltd.

Date of manufacture: November, 2004

Pressure cookers are regulated by the Consumer Products Safety Law as specified products and the above product has a 'PSC mark' endorsing its safety according to the law. The lid of this 16cm aluminum product can be removed by turning the handle in a circular motion. The inner side of the lid contains an airtight gasket.

Product test findings:

- (1) The lid of the pressure cooker which caused the above accident can be removed effortlessly by applying a small force onto the handle due to the lock lever, designed to lock the lid when the inner pressure is high, not

hooking the lid tightly.

- (2) The length of the lock pin, designed to rise when the inner pressure is high, is too short creating a difficulty to recognize whether or not it has risen.

(These problems were not observed in the same model manufactured in April, 2007.)

NCAC made the following advice to consumers based on the above findings:

Thus far, there has been no safety hazard or risk information reported to PIO-NET involving pressure cookers of the same model (as of the end of January, 2009). Nevertheless, as discovered by the above product test, it must be noted that the pressure cooker (model: NK-AL16), imported by Kakusee & Co., Ltd. with the date of manufacture “2004 年 11 月” (November, 2004) stamped on the bottom surface, should not be used as it contains a number of structural faults including the faulty lid lock pin and lever. Due to these faults, it is difficult to identify whether or not the inner pressure is high while using this product. If you try to remove the lid without knowing that the inner pressure is high, the lid may come off violently and the content of the cooker may be scattered creating the risk of burns.

Reply made by Kakusee & Co., Ltd.:

Consumers may be misinformed due to NCAC seemingly indicating that the entire lot of November, 2004 contains structural issues in addition to the particular product causing the accident. It must however be emphasized that we imported this particular lot only after it had passed the inspection carried out every six months according to the domestic standards. This lot also underwent the SG certification test for every shipment. We then inspected the entire lot and attached a SG mark to those satisfying the safety standards prior to sales. We believe that the particular product causing the accident has structural faults though this is not the case for others of the same lot due to there being no similar accident cases reported. Furthermore, we provide ‘instructions for the safe use of pressure cookers’ on our website (<http://www.kakusee.co.jp>) and, by following these instructions, we believe that customers are able to use our products safely.

(4) Others

‘Important consumer conflict cases’ handled by NCAC’s Conflict Resolution Committee:

In accordance with the Independent Administrative Agency Kokumin Seikatsu Center Law which was amended in May, 2008, NCAC has established the Alternative Dispute Resolution (ADR) procedures (alternatively called the ‘Appropriate Dispute Resolution’ procedures) and has set up the Conflict Resolution Committee, which has an independent authority and consists of a chair and 14 committee members, to carry out mediation and arbitration to facilitate reconciliation between consumers and business owners involved in ‘important consumer conflict cases.’

*Alternative Dispute Resolution (ADR) procedures:

Carried out by a third party that provides a fair judgment and supports individuals attempting to solve a civil conflict without taking out legal proceedings.

Outline of types of ‘important consumer conflict cases’ designed to be handled by the Conflict Resolution Committee:

- (1) Large-scale conflict cases that may possibly be observed or have frequently been observed involving solicitations for consumer contracts as well as advertisements and labeling of products and/or services.
- (2) Large-scale conflict cases that may possibly be observed or have frequently been observed involving products and services.
- (3) Large-scale conflict cases that may possibly be observed or have frequently been observed involving contract terms set forth by business owners such as stipulations.
- (4) Conflict cases involving accidents or transactions that may possibly cause or have caused fatal or significant

physical hazards.

- (5) Conflict cases involving accidents or transactions that may possibly cause or have caused a significant loss to assets.
- (6) Conflict cases that require a professional knowledge.
- (7) Conflict cases involving emerging sales methods such as those using the internet that require the clarification of points in dispute.
- (8) Conflict cases involving new products and/or sales that require the establishment of points in dispute.

The Conflict Resolution Committee has undertaken the ADR procedures since April 1, 2009.