

NCACNEWS

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* For further details regarding each topic introduced below, refer to the following URL which contains the actual text of the reports released (PDF files) (Japanese only): http://www.kokusen.go.jp/news/news.html

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* Major abbreviated names: ADR: Alternative Dispute Resolution

NCAC: National Consumer Affairs Center of Japan

PIO-NET: Practical Living Information Online Network System

I. Consumer Affairs Climate

1. Personal Information Inquiries: Six-year Trends

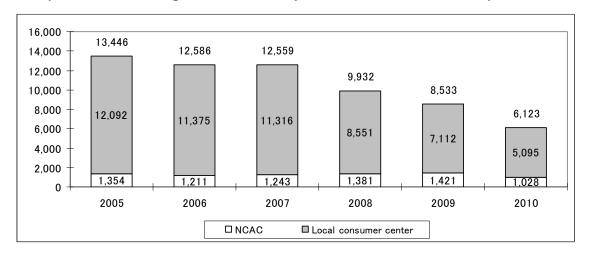
(1) Annual Trends

With the enactment of the "Act on the Protection of Personal Information" in April 2005, the NCAC and local consumer centers created personal information inquiry desks.

Personal information inquiries received by these desks totaled 63,179 for the six-year period between April 2005 and March 2011. As the graph shows, the number of inquiries has been decreasing. In 2010, the number of inquiries was less than half the number of inquiries received in 2005. (Graph 1)



<Graph 1> Annual change in the number of personal information-related inquiries



(2) Industry Trends

The NCAC classifies and aggregates personal information-related inquiries by industry, including "information and communications," "finance and credit," "healthcare and welfare," and "other industries." "Information and communications," "finance and credit," and "healthcare and welfare" totaled 34% of inquiries. Internet-related inquiries stood out among inquiries related to "information and communications."

8000 7.199 7000 6,324 6000 4,881 5000 3,949 4000 3,407 3000 2,485 2.437 2,262 1,997 1,924 2000 1,043 1.886 850 834 1,661 1000 523 1,292 0 2005 2006 2007 2008 2009 2010 Information and communications ■ Finance and credit - Healthcare and welfare Other industries

<Graph 2> Personal information inquiries by industry

(3) Personal information inquiries by content

By inquiry content, the greatest number of inquiries (48%) related to the improper collection of a person's personal information ("improper collection"). Twenty-five percent (25%) of inquiries were related to outside leaks of personal information ("leak/loss"), while 16% were related to third-party disclosure of personal information by a business without a person's consent ("disclosure without consent") and 15% to a business's use of personal information beyond its designated purposes ("non-designated uses").

Typical cases include:

· Consumers are solicited by a business using a name-list it purchased from a list service company.



• Consumers who access a pornographic website are registered automatically when they click the age verification button. They worry that personal information was sent.

2. NCAC ADR Overview

(1) Status of NCAC ADR Filings

Since April 2009, the NCAC has conducted ADR to help consumers and businesses resolve disputes easily and quickly outside the courts. As of the End of August 2011, the total number of cases filed had reached 300, while the number of completed proceedings exceeded 200. Of these, 104 cases reached a settlement.

The NCAC's ADR cases had the following characteristics:

- By industry, the greatest number of filings (25%) was in "finance and insurance services."
- 60% of filings came through local consumer centers.
- On average, proceedings were concluded in 130 days.

(2) NCAC ADR Survey

The NCAC surveyed counselors working at local consumer centers nationwide to understand their level of awareness and use of NCAC ADR (valid responses totaled 1,698). The following is an overview of the survey results:

- ① Cases of consumer inquiry in which mediation failed or resolution was problematic
- · Average number of cases handled by a counselor annually: 354.
- Average number of cases annually in which mediation failed or resolution was problematic: 10.
- · Reasons that mediation failed or resolution was problematic include the following:
 - *"business operator was firmly opposed to mediation" (44%),
 - *"business operator could not be contacted (including no-shows)" (34%),
 - *"business operator and consumer (consultee) maintained divergent views that could not be reconciled" (33%).

② Experience with Referrals to NCAC ADR

- In cases of failed mediation or problematic resolution, a mere 9% indicated they had ever referred such cases to NCAC for ADR. Referral was considered but not actually made by 21%, while referral was never even considered by 62%.
- Counselors who referred cases to NCAC ADR were asked how satisfied they were with the office's response. A far greater number indicated they were "satisfied" (70%) than "not satisfied" (11%), with 21% not answering.
- Counselors who had never made a referral, or considered making one, were asked why not. A majority (51%) answered that they "could not determine if the case was acceptable for NCAC ADR." Followed by the number of counselors "unfamiliar with the specific content of NCAC ADR" (23%), indicating that counselors have not been made adequately aware of NCAC's ADR.

③ Interest in NCAC ADR Referrals

When asked if they would be interested in referring future cases of failed mediation or problematic resolution to NCAC for ADR, 70% answered they were interested in making such referrals.



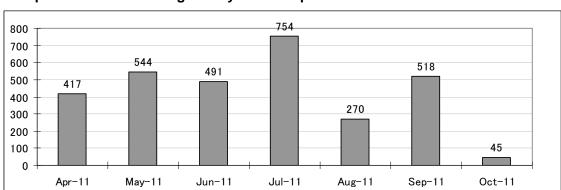
II. National Consumer Affairs Center of Japan (NCAC) Activities

1. "International Lottery Scams" from foreign countries such as Australia. Canada. China are on the rise again.

Overview of Inquiries

There has been a growing number of inquiries regarding direct mail that tell consumers are winners in foreign lotteries though they didn't register those. For instance:

For some time, inquiries have been received regarding foreign lotteries in countries such as Australia, Germany, Hong Kong, and Canada. Recently, a noticeable number of inquiries have been received regarding lotteries in China. These mailings use the promise of "winnings" to lure consumers into transferring handling fees, but there is no guarantee that winnings are ever paid out.



<Graph 3>. Number of foreign lottery-related inquiries

Example Cases of Inquiries & Complaints

Case 1: I received a direct mail by air mail saying I'd won a public lottery in Australia. It said I would have to pay a handling fee to receive my winnings, so I sent them cash using the envelope.which was enclosed in the direct mail. The amount I initially sent was about 16,000 yen. I received checks for 1,000-2,000 yen a few times, so I continued to send payments, figuring eventually I would win the large prize. Recently, I received a mail about finalizing rights in order to receive my winnings. I paid the money as described but I've never received the winnings. In all, I've paid about 2.5 million yen. (Inquiry from a woman in her 80s)

Case 2: I had been buying International Lottery tickets with credit card. My daughter had told me many times to stop buying because they would cause me trouble, but I kept buying them. I've never won and I feel like I've been deceived. My credit card company has currently billed me 300,000 yen. I don't remember how many tickets I've bought. (Inquiry from a woman in her 90s)

Advice for consumers

- ① Do not be fooled by tempting offer in direct mail and never make such purchases.
- ② Keep senior citizens around you in mind.
- ③ Contact public consumer agencies such as your local consumer center.



^{*&}quot;I received a winnings notice for a lottery I've never heard of"

^{*&}quot;I can receive winnings if pay a handling of 7,000 yen". (Graph 3)

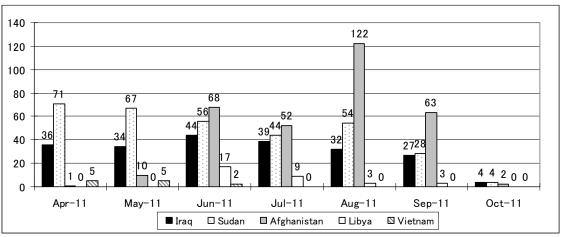
2. Don't be Fooled into Foreign Currency Transactions Offering Buy-outs

Overview of Inquiries

NCAC has issued numerous alert regarding foreign currency transactions involving currencies, such as the Iraqi Dinar and Sudanese Pound, that are difficult to exchange in Japan. Since June 2011, there has been a sudden increase in the number of inquiries related to the Afghan currency (the Afghan Afghani). (Graph 4)

According to inquiries, targeted consumers typically have prior investment problems with unlisted stocks, corporate bonds, and Futures Transactions in Foreign Markets. In exchange for buying foreign currency, they are told, they can sell the unlisted stocks they previously bought.

<Graph 4>. Inquiries regarding foreign currency



Example Cases of Inquiries & Complaints

Case 1: Around June, I lost money through the purchase of about 2.5 million yen's worth of Sudanese Pounds. Recently, I got a call from a salesperson telling me they would pay a premium to buy out the Sudanese Pounds I had previously bought. The terms of the buy-out required that I buy Afghan currency (Afghani). I contacted the appropriate salesperson, signed a contract to buy 450,000 yen's worth of Afghanis, and transferred payment to the designated bank account. Later, when I spoke to my son about the Afghani currency I bought, he told me I'd been tricked. (Inquiry from a man in his 80s)

Case 2: Out of the blue I received a call from a person saying they would buy out unlisted stocks that I had previously purchased, if I were to buy Vietnamese Dong for them. He said his company would later pay me the purchase cost of the Dong. They referred me to a broker, and then I purchased a single lot (i.e.ten 100,000 dong bills) price at 250,000 yen. However, the buy-out of my unlisted shares was never executed, nor was I ever paid for the purchase of the Vietnamese Dong. The representative promised that the money would be returned, but those promises haven't been kept. (Inquiry from a man in his 80s)

Advice for consumers

- ① Do not be fooled by sales calls that offer relief from past losses or a buy-out at a high assessed value.
- ② Do not trust sales pitches telling you that you can profit by buying low now because the value is going to rise or that the currency will be traded in Japan.
- ③ Never make such payments. If you do make such a payment, put a stop on the account by contacting your nearest local consumer center, the police, or the financial institution to which the funds were transferred.
- ④ Contact your nearest local consumer center immediately whenever you receive such solicitations.



3. Beware of Suspicious Phone Calls from Persons Using NCAC's Name

Overview of Inquiries

NCAC has received inquires regarding suspicious phone calls from persons identifying themselves as representatives or staff of the NCAC. These persons claim to be doing research on consumer complaints, to be assisting consumers to recover past investment losses, etc.

They encourage consumers to contact specific companies at designated phone numbers about unlisted stocks that can be trusted. The NCAC never makes such phone calls.

Advice for consumers

- ① NCAC never makes phone calls to provide counseling phone numbers or contact information for specific companies.
- ② If you should receive such a call, do not believe what they say and do not provide any personal information or details on past investment losses. Instead, consult your local consumer center.
- ③ If they are persistent and forcible and you feel threatened, report them to the police.

4. Blindness Caused by Slaked Lime

Overview of Inquiries

Slaked lime (calcium hydroxide) is used as a fertilizer to neutralize acidity in soil and create optimal soil conditions for crops. While slaked lime for household gardening is sold at home improvement stores, a person had an accident in which the lime got in her eyes while farming, causing her to lose sight in her left eye. Due to its high alkalinity, slaked lime is hazardous to the eyes, yet some products are sold without warning labels.

Example Cases of Inquiries & Complaints

Case: I was applying fertilizer lime to a field when I fell. The lime was in a bucket I was carrying in my left hand. As I fell, the slaked lime in the bucket spilled and got in both my eyes. I underwent treatment at the hospital but ended up losing sight in my left eye. There was no warning label or statement on the fertilizer lime packaging. If there had been a label, I would have used safety goggles and could have prevented the loss of sight in my eye. (Inquiry from a woman in her 80s. Accident date: April 2011)

Advice for consumers

① Exercise caution whenever fertilizing with slaked lime.

Wear protective eyewear to prevent contact with eyes, protective gloves to prevent contact with skin, and a protective mask to prevent inhalation.

② Know emergency procedures when using slaked lime.

Know emergency procedures to follow when using slaked lime and in the event slaked lime gets in your eyes.

5. Injuries from "Art-Make" (Semi-Permanent Makeup)

Overview of Inquiries

"Art-make" (semi-permanent makeup) is a procedure that uses needles to inject pigments under a person's skin to make their eyebrows, lips, and other features more beautiful without the use of conventional makeup.

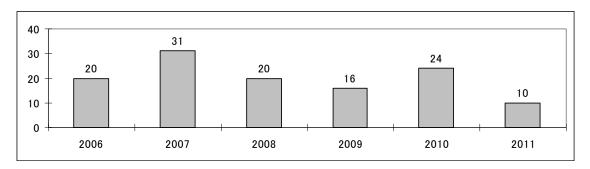
PIO-NET has registered 121 incidents of injury related to permanent makeup over a period of five years since 2006. (Graph 5)

Of these, 95% are believed to be cases in which the permanent makeup procedures were performed at beauty or



other salons by persons with no medical license.

<Graph 5>. Incidents of "art-make" injury



Example Cases of Inquiries & Complaints

Case 1: I had permanent makeup done on my eyebrows at a shop recommended by a friend. There were no problems following the first procedure, but after the second one, it started to fester. After consulting with a dermatologist, I was told the problem might be with the needles or pigments that were used. I know permanent makeup is a medical procedure, like tattooing, but it costs twice as much at a medical clinic. I also had to cancel work because of the swelling on my face.

(Inquiry from a woman in her 30s. Injury date: June 2011)

Case 2: I had eyeliner permanent makeup done at a beauty salon advertised in a free paper. I felt pain during the procedure but they continued even though I said it hurt. Afterwards, they applied an ointment. When I said my vision was cloudy, they said it was because of the ointment and sent me home. The pain and tears wouldn't stop, though, so I urgently went to the eye doctor where I learned that my cornea had been damaged. (Inquiry from a woman in her 30s. Injury date: May 2011)

Case 3: About a week ago I had permanent makeup done on my eyebrows at a salon that does art-make. I had no concerns about it because the beautician explained to me that, while there would be a little swelling, it would clear up quickly. In fact, though, I felt pain during the procedure and the area around my eyebrows is still red, swollen, and sore. It looks so embarrassing that I can't even go out. (Inquiry from a woman in her 40s. Injury date: November 2010)

Advice for consumers

- ① Realize that this is a form of tattooing. If you must have it done, only do so at a medical facility.
- ② Never undergo an permanent makeup procedure by someone without a medical license.
- While permanent makeup art-make is quick and easy to apply, it takes more than twice as much time and money to remove.

