

## Case No. 2

### A Company Owner in Debt under Strong Pressure

Mr. Aikawa, a 46-year-old company owner who took over his Father's business, was in financial difficulties. "I knew the draft would be dishonored and the credit of my company would be badly injured," he said. He couldn't borrow money from the bank anymore, so he even thought about dying in hope that his life insurance would cover the loss.

Bankruptcy was not his option. His brother and father-in-law had signed a joint surety contract for him, but he never wanted to have them involved in this trouble. He came to Kakekomidera in despair.

### Compensating Employees and Securing a Place to Live

Lawyers usually try to settle the debts fairly among creditors, however, Kakekomidera insisted that the highest priority should be given to individuals.

First, the company's assets were collected, realized and distributed to the employees as their salary and severance pay prior to the bank and other lenders.

Secondly, Mr. Aikawa's brother and father-in-law were asked to dispose of their property so that they would be free from overwhelming debts. Then, Mr. Aikawa went personal bankrupt. Kakekomidera let the lawyer to bind an agreement among the joint sureties and the creditors, whereby the debts was reduced from 20 million yen to 8 million yen on condition that the creditors get regular payments. The amount the joint sureties owed monthly was 20,000 yen, which wouldn't affect their financial condition.

Lastly, Kakekomidera managed for Mr. Aikawa to sign a house rent contract with the creditor, so his family wouldn't have to move out. It's hard for a family to leave the place they have lived for long. According to the contract, the house rented for 50,000 yen a month.

### Continuing the Business under Combined Effort

Mr. Aikawa's company was able to continue its business through reorganization. Former employees helped him restart in return for his kindness during the difficult time. And some decided to work for him again. The efforts he made to deal with the debts were appreciated by his family and relatives, as the total sum of payment was kept minimum, his family didn't lose the place to live, and the employees got paid fairly.

### Hanging on till the Last Moment

The process included some confidential tactics, and it did take long time to finally settle the problem. Mr. Aikawa, backed up by Kakekomidera, was prepared to ride out the difficulty. After taking over his father's business, he didn't have specific goals. "It was the first time that I put my heart into it," he said in a determined manner. He was willing to be a good manager. Kakekomidera gives Support to a debtor, so that he/she will be encouraged to face and solve the problem, and never fall into the same kind of trouble.

### Tips from Gen

The most important thing is to decide "save who?" In the case above, the highest priority should be given to Mr. Aikawa, so that he could make a fresh start, subject to some restrictions.

In many cases, the banks and other creditors take precedence over the owner and employees, leaving many people in misery. I don't think this a good solution. It's also necessary to let a debtor realize that facing up to the problem is the only way to settle it.