

Junli Construction Development Co., Ltd.

1397th Commissioners' Meeting (2018)

Case: Junli Construction violated the Fair Trade Law for posting false advertisements to market the "Junli 16 States" housing project

Keyword(s): Real estate, false advertising, basement

Reference: Fair Trade Commission Decision of August 15, 2018 (the 1397th Commissioners' Meeting); Disposition Kung Ch'u Tzu No. 107061

Industry: Real Estate Development Activities (6700)

Relevant Law(s): Article 21(1) of the Fair Trade Law

Summary:

1. In an advertisement posted by Junli Construction Development Co., Ltd. (hereinafter referred to as Junli Construction) on 591.com for its "Junli 16 States" housing project in East District, Taichung City, the basement drawing on the layout for A7 units indicated there were a set of table of chairs and a bar, apparently intended to be used as residential interior space, and it was referred to as the "basement level." However, when the FTC checked on the Taichung City Building Permit Stub Query System, the floor level outline information of the housing project showed no data about any basement. Obviously, what was indicated in the advertisement was not consistent with the fact and false advertising was involved.
2. Findings of the FTC after investigation:
The FTC issued a written request for Junli Construction to present its arguments in writing and to give its statement in person at the FTC. At the same time, the FTC requested the Urban Development Bureau of Taichung City to provide its professional opinions and related evidences.
3. Grounds for disposition:
The claim in the advertisements that there would be one "basement level" and the basement drawing on the A7 layout indicating a set of table and chairs and a bar, apparently intended to be part of the residential interior space, indeed gave people the impression that there would be a basement level to be used legally as suggested on the layout. However, according to the information provided by the Urban Development Bureau of Taichung City Government, the building use license for the housing project indicated there would be 12 RC triplex buildings with only four floors above ground level. No application had been filed for permission to build any basement level. If the floor of the first level was opened up to connect to a basement to be used as interior space without permission, it would be an illegal structure in violation of Paragraph 2 of Article 73 of the Building Act. Meanwhile, Junli Construction contested that the indication that there would be a basement was a mistake because its employees had not checked the contents of the advertisements carefully. Although the design shown in the advertisements was incompliant with building regulations, Junli Construction actually never built the basement and therefore never applied to the building authority for permission to build the basement. Nevertheless, the contents in the advertisements for the housing project was indeed inconsistent with the fact and could cause the public to have wrong perceptions about the content and use of the units or make wrong

decisions. In the end, it would cause the market competition mechanism to lose its functions and lead to unfair competition. Therefore, concluding the conduct was in violation of Article 21(1) of the Fair Trade Law, the FTC cited the first section of Article 42 of the same Law and imposed an administrative fine of NT\$300,000 on Junli Construction.

Appendix:

Junli Construction Development Co., Ltd.'s Uniform Invoice Number: 27649542

Summarized by Wu,Jia-Lin; Supervised by: Hsieh, Hsiu-Lin