

Guangming Construction Co., Ltd.

1531st Commissioners' Meeting (2021)

Case: Guangming Construction violated the Fair Trade Law by posting false advertisements to market “Humeiyue” housing project

Keywords: Housing project, mezzanine, model home

Reference: Fair Trade Commission Decision of March 17, 2021 (the 1531st Commissioners' Meeting); Disposition Kung Ch'u Tzu No.110009

Industry: Real Estate Development Activities (6700)

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

Summary:

1. When homebuyers visited the reception center for the “Humeiyue” housing project of Guangming Construction Co., Ltd. (hereinafter referred to as “Guangming Construction”) in Neihu District, Taipei City, they were given a tour by sales personnel to take a look at the model home. They found out that there was a mezzanine on the fifth floor of the model home and suspected the mezzanine design was illegal and not in compliant with building regulations. Therefore, they suspected that false advertising was involved.
2. Findings of the FTC after investigation:
Guangming Construction invested to construct the housing project in question and also build a five-story model home. According to the opinion offered by Taipei City Government, the as-built drawings for the five-story structure of housing project did not include any mezzanine. The company had constructed the illegal mezzanine without applying for any permission. It was in violation of the “Taipei City Regulations for Handling Illegal Buildings” and other building regulations. Therefore, Taipei City government had already confirmed the illegality of the structure and dismantled it.
3. Grounds for disposition:
 - (1) Guangming constructed the housing project and also built the five-story model home for prospective homebuyers to take a look. The purpose was to make unspecific consumers believe that mezzanines could be constructed like the fifth floor of the model home. Consequently, homebuyers would have the perception that they could use the mezzanine legally. However, the FTC' s investigation

revealed that the as-built drawings for the fifth floor did not include a mezzanine. In other words, Guangming Construction built the mezzanine without applying for any permission in advance and it was in violation of the “Taipei City Regulations for Handling Illegal Buildings” and other building regulations. Apparently, the mezzanine structure in the model home for the housing project was inconsistent with the fact. It could cause the general public to have wrong perceptions about the content and use of the housing project or make wrong decisions. At the same time, the conduct could cause the competition mechanism in the market to lose its original function and lead to unfair competition. It was therefore in violation of Article 21(1) of the Fair Trade Law.

- (2) After assessing the motivation and purpose of the illegal conduct of Guangming Construction, the inappropriate benefits expected, the degree of harm to trading order, the market position of the company, past violation records, the level of remorse after violating the law, and the cooperativeness throughout the investigation, the FTC cited the first section of Article 42 of the Fair Trade Law and imposed an administrative fine of NT\$1 million on Guangming Construction.

Appendix:

Guangming Construction Co., Ltd.’s Uniform Invoice Number: 28177176

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