

Shunsheng Enterprise Co., Ltd.

1546th Commissioners' Meeting (2021)

Case: Shunsheng Enterprise Co., Ltd. violated the Fair Trade Law by adopting improper means to sell gas safety equipment

Keyword(s): Deception, hard sell, gas safety equipment

Reference: Fair Trade Commission Decision of June 2, 2021 (the 1546th Commissioners' Meeting); Disposition Kung Ch'u Tzu No.110037

Industry: Repair and Installation of Industrial Machinery and Equipment (3400)

Relevant Law(s): Articles 25 of the Fair Trade Law

Summary:

1. The FTC received complaints from citizens accusing that Shunsheng Enterprise Co., Ltd. (hereinafter referred to as "Shunsheng Enterprise") of sending its personnel to ring the doorbells of private homes in the northern, central and southern regions of Taiwan to distribute raffle tickets and stated they were holding a fire prevention presentation which would be followed by a raffle activity. People were therefore attracted to attend the presentation. Afterwards, the employees of Shunsheng Enterprise followed people home, used the pretext of checking gas safety, and offered to install gas safety equipment for free. After the installation, the salesmen of Shunsheng Enterprise then requested the people to pay NT\$7,990 or NT\$8,000 for a set of two pieces of gas safety equipment (or claiming it was buying one and getting one free). Later on, when got online to have a price check, people found out the price of the equipment was only about NT\$1,000. Therefore, it was hard sell of the gas safety equipment in violation of the Fair Trade Law.
2. Findings of the FTC after investigation:
 - (1) Acting according to Articles 36 and 39 of the Administrative Procedure Act, the FTC sent several double-registered letters to request Shunsheng Enterprise to give its statement at the FTC. The company received the letters but refused to show up and give its statement. Therefore, the FTC cited the regulations set forth in articles 102 and 103 of the Administrative Procedure and directly reviewed the case in accordance with the approaches of unlawful sales of gas safety equipment the FTC had processed and sanctioned over the years and the evidence collected for this case.

(2) Shunsheng Enterprise used the pretext of holding disaster prevention presentations to attract people without telling them that it was actually a gas safety equipment vender before the presentation began. As a result, people thought the presentation was conducted by a government agency and, therefore, attended the presentation. Furthermore, the company's salesmen either did not say clearly about the cost of the equipment or simply concealed the information. They claimed the equipment would be installed without charge for the first few people to entice people to allow the salesmen to follow them home and install the gas safety equipment. After the installation, the salesmen then told the people that they had to pay for the equipment. Apparently, the people knew nothing about the price of the equipment or quantity needed to be installed. As that was important transaction information, concealing it was deception. The salesmen did not tell people that they had to pay for the gas safety equipment until after the equipment was installed. Since the salesmen were already inside their homes and the gas safety equipment was installed within a short time, the people either were afraid of gas leaks or concerned about their personal safety if the salesmen refused to leave. In addition, they had never experienced anything similar to this. As a consequence, either out of impulse or helplessness, they paid for the equipment. Obviously, it was an unfair practice. Since the same thing had taken place in many places and the salesmen successfully sold a lot of gas safety equipment, the FTC concluded that the aforesaid conduct could affect trading order.

3. Grounds for disposition:

As described above, Shunsheng Enterprise used the excuse of holding disaster prevention presentations and raffle activities but concealed its actual identity of being a gas safety vender in order to sell gas safety equipment. Its salesmen mentioned nothing about product prices and quantities and followed people home to install the equipment and then forced them to pay for the equipment. People eventually made the transaction decisions with their free will under suppression. The overall marketing practice was deceptive and obviously unfair conduct that could affect trading order in violation of Article 25 of the Fair Trade Law. In addition to ordering Shunsheng Enterprise to cease the unlawful act, the FTC also imposed on it an administrative fine of NT\$2 million.

Appendix:

Shunsheng Enterprise's Uniform Invoice Number: 38669538

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