

Yongzu Development Co., Ltd.

1601st Commissioners' Meeting (2022)

Case: Yongzu Development violated the Fair Trade Law for posting false advertisements to market "Shanghao Shijia" housing project

Keyword(s): Landing, housing project, false advertisement

Reference: Fair Trade Commission Decision of June 1, 2022 (the 1601st Commissioners' Meeting); Disposition Kung Ch'u Tzu No.111038

Industry: Real Estate Development Activities (6700)

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

Summary:

1. When marketing the "Shanghao Shijia" housing project, Yongzu Development Co., Ltd. (hereinafter referred to as "Yongzu Development") marked the "5F floor plan" (hereinafter referred to as "the advertisement in question") on the B2 and C2 layout the first level area of rooftop as an interior space for workout equipment and sofas in an advertisement. However, the space originally meant to be staircase thus false advertising was suspected.
2. Findings of the FTC after investigation:
In the advertisement in question, the first level of rooftop area meant to be staircase originally, however, it was indicated as an interior space for workout equipment and sofas. According to the opinion from Changhua County Government, there was no record in relation to the change of the first level of rooftop area to be used for other purposes. In other words, the area in concern could only be use as staircase. The pictures and texts in the advertisement in question were inconsistent with the approved purpose indicated on the building use permit. To make the pictures and texts consistent with the fact, the company would have to file an application to Changhua County Government for change of building use permit. Nevertheless, Yongzu Development admitted that the company had already acquired the building use permit for the housing project and would not apply for any change of purposes of use at all. That means Yongzu Development could not provide the concerned units for legal use to its trading counterparts as indicated in the advertisement in question.
3. Grounds for disposition:
 - (1) Yongzu Development built and sold the housing project in question by itself. In its marketing of the units, Yongzu Development put copies of the advertisement flyers in the reception center for consumers to take and also

posted the on Facebook. Obviously, the company could make profit from solicited transactions made possible by the advertisement in question. Hence, Yongzu Development was the advertiser in this case.

- (2) In the advertisement in question, the staircase on the first level of rooftop was indicated as a space for workout equipment and sofas. It gave people the impression that the interior space for workout equipment and sofas could be used legally. According to Changhua County Government, however, the first level of rooftop area in concern could only be used as the staircase of the house. To make the pictures and texts consistent with the fact, the company had to file an application to the Changhua County Government for change of building use permit. However, Yongzu Development admitted that the company had acquired the building use permit and would not apply for any further change of building use permit at all. As described above, the representation in the advertisement in question was inconsistent with the fact and it could cause the general public to have wrong perceptions about the content and use of the units of the housing project in question and make wrong decisions. In consequence, the market competition mechanism would lose its function and unfair competition would be created. The practice was in violation of Article 21(1) of the Fair Trade Law. After assessing the motivation and purpose behind the unlawful act of Yongzu Development, the illegitimate profit expected, the degree of harm of the unlawful act to trading order, the duration, the profit obtained, the business scale, the management condition and market status of the company, its past violation records, the rectification after the violation, and the cooperation in the investigation, the FTC cited the first section of Article 42 of the Fair Trade Law and imposed an administrative fine of NT\$400,000 on the company.

Appendix:

Yongzu Development Co., Ltd.'s Uniform Invoice Number: 56637828

Summarized by: Yang, Sheng-Yao; Supervised by: Tsao, Hui-Wen