

Xinfu Development

1649th Commissioners' Meeting (2023)

Case: Xinfu Development violated the Fair Trade Law by posting false advertisements to market Xinfu Xinliuyi housing project

Keyword(s): false advertisement, mezzanine

Reference: Fair Trade Commission Decision of May 17, 2023 (the 1649th Commissioners' Meeting); Disposition Kung Ch'u Tzu No. 112033

Industry: Real Estate Development Activities (6700)

Relevant Law: Article 21 of the Fair Trade Law

Summary:

1. When marketing the Xinfu Xinliuyi housing project located in Shilin District, Taipei City, Xinfu Development Co., Ltd. (hereinafter referred to as Xinfu Development) displayed a mezzanine in the model home at the reception center. It was false advertisement.
2. Findings of the FTC after investigation:
 - (1) A wooden mezzanine was constructed in a secondary bedroom in the model home. It gave consumers the idea that they could do the same after buying a unit. However, according to Taipei City Government, the mezzanine design in the model home on the second floor would be handled according to the Regulations for Handling Illegal Structures.
 - (2) Xinfu Development stated that the wooden mezzanine in the secondary bedroom of the model home on the second floor was a design to create an upper bunk and a lower bunk for salespeople to show prospective buyers. At the same time, the building use permit for the second to the sixth floor did not include any mezzanine design and the company never applied to Taipei City Government for change of building license to include the mezzanine design. In other words, consumers could not put in a mezzanine as advertised after buying a unit because the mezzanine design on the second floor had not been approved by the competent authority. There would be the risk of getting reported and having the mezzanine dismantled if they built a mezzanine without any legal authorization.

3. Grounds for disposition:

- (1) When marketing the Xinfu Xinliuyi housing project, Xinfu Development built a mezzanine in the model home on the second floor. It was a false and misleading representation with regard to the content and use of product and also could affect transaction decisions in violation of Paragraph 1, Article 21 of the Fair Trade Law.
- (2) After assessing the motive and purpose behind the unlawful act of Xinfu Development, the inappropriate profit expected, the level of harm of the unlawful act to trading order, the duration of the harm to trading order, the profit obtained from the illegal conduct, the business scale, management condition and market status of the company, past violations, intervals and penalties received, corrective measures taken and level of cooperativeness during the investigation, the FTC cited the first section of Article 42 and imposed an administrative fine of NT\$800,000 on the company.

Summarized by: Lin, Jia-Ta; Supervised by: Lai, Mei-Hua