ConvergeSVM Union Intelligence Corporation

1783rd Commissioners' Meeting (2025)

Case: ConvergeSVM Union Intelligence Corporation violated the Fair Trade Act when recruiting franchisees
Keyword(s): Vending machine
Reference: Fair Trade Commission Decision of December 24, 2025 (the 1783rd Commissioners' Meeting); Disposition Kung Ch'u Tzu No. 114111
Industry: Intermediation Service Activities for Retail Sale (4870)
Relevant Law(s): Articles 21 and 25 of the Fair Trade Act

Summary

1. ConvergeSVM Union Intelligence Corporation (hereinafter referred to as "ConvergeSVM") was reported for its conduct in recruiting franchisees for the "ConvergeSVM" smart vending machine brand. It was suspected of having represented at a franchise exhibition that it guaranteed franchisees that their smart vending machines would be installed at companies such as United Microelectronics Corporation (UMC) and Largan Precision Co., Ltd. (Largan), while also failing to disclose important franchise information, in possible violation of the Fair Trade Act.

2. Findings of the FTC after investigation:
   (1) At the "2023 Taipei International Chain and Franchise Spring Exhibition," Mr. Liao, the representative of ConvergeSVM, stated: "…Last year, when we installed popsicle vending machines, I told our franchisees that I guaranteed they could get into Lihpao Land, Janfusun Fancyworld, and Taipei Zoo. Yes, we accomplished all of that. … This year, I am making the same promise in advance. I guarantee that franchisees who join us for our food-kitchen machines will be able to install their machines at locations such as TSMC, UMC, Largan, or ASE…." Mr. Liao acknowledged that he had indeed made the foregoing statements in the video. However, the FTC's investigation found that ConvergeSVM had actually installed machines only at Novatek Microelectronics Corp. and Excellence Optoelectronics Inc., which were within the UMC corporate group, and at Ability Opto-Electronics Technology Co., Ltd., which was

within the Largan corporate group, rather than at UMC and Largan themselves, as claimed. The actual circumstances therefore differed from the guarantees made at the franchise exhibition.

(2) ConvergeSVM further stated that, after entering into an agreement and before the machines began to operate, it would provide prospective franchisees with a product list specifying purchase prices. The revenue-sharing terms applicable to the relevant locations were provided after the execution of the agreements through a presentation at a location-selection briefing. The FTC also examined two presentation materials used to introduce the franchise opportunity to trading counterparts before the execution of the agreements, as well as the franchise agreement provided to them, and found that none of the foregoing information was included.

3. Grounds for the disposition:

(1) ConvergeSVM made guaranteed statements regarding the locations at which franchisees' vending machines would be installed. Such representations were important matters for prospective franchisees in assessing business operations and the recovery of their investments, had the effect of attracting prospective franchisees, and constituted key information on which they relied in deciding whether to join the franchise. Franchisees' revenue and profits would vary depending on the locations where their machines were installed. An advertiser's statements should be supported by objective facts or statistical data and could not be fabricated without factual basis. However, the locations where the franchisees' machines were actually installed differed from those claimed at the franchise exhibition. Such a discrepancy was beyond what the intended audience of the advertisement could reasonably accept and was sufficient to cause prospective franchisees to form an incorrect understanding or make an incorrect decision. The FTC therefore determined that the representations were false or misleading, in violation of Paragraph 4 of Article 21, to which Paragraph 1 of the same Article applies mutatis mutandis, of the Fair Trade Act.

(2) Moreover, the costs of purchasing products before commencing the operations and the costs of purchasing products and revenue-sharing payments for locations during the franchise operation period were matters of concern to prospective franchisees in operating their businesses and constituted important franchise information on which they relied in assessing whether to select a particular franchisor. As the party possessing an informational advantage, ConvergeSVM failed, during the franchise recruitment process and before entering into the franchise business relationships, to fully and completely provide

prospective franchisees with the foregoing material franchise information in its possession. Such failure would impede trading counterparts from making correct transactional judgments. The FTC therefore determined that ConvergeSVM had exploited information asymmetry to secure transactions, constituting an obviously unfair act as prescribed in Article 25 of the Fair Trade Act. Furthermore, according to the basic information on recruited franchisees provided by ConvergeSVM, the "ConvergeSVM" smart vending machine brand had recruited several hundred franchisees. The conduct could therefore hardly be regarded as an isolated, individual, or non-recurring transaction and had already produced effects on a large number of affected persons. In addition, once a prospective franchisee entered into an agreement with the franchisor, competing enterprises providing similar goods or services would lose the opportunity to enter into an agreement with that franchisee. Taken together, the conduct produced an unfair competitive effect and caused harm to trading order. Accordingly, the FTC determined that ConvergeSVM's conduct violated Article 25 of the Fair Trade Act.

Appendix:
ConvergeSVM Union Intelligence Corporation s Uniform Invoice Number: 82891521

Summarized by: Tsai, Hung-Ming; Supervised by Shen, Li-Wei □