

12 May 2026

[REDACTED]  
Director  
Solar Sail Company Limited  
For the attention of: Director of Solar Sail Company Limited

By email: [REDACTED]

Dear [REDACTED]

## **Fair Trading Act 1986: Warning for supplying magnetic chess sets that do not comply with the Unsafe Goods Notice**

1. The Commerce Commission (the **Commission**) has completed its investigation into Solar Sail Company Limited (**Solar Sail**) for potential breaches of the Fair Trading Act 1986 (the **Act**).
2. The investigation considered whether Solar Sail has supplied, offered to supply or advertised to supply a range of Magnet Chess Sets (collectively, the **Goods**) that do not comply with the Unsafe Goods (Small High Powered Magnets) Indefinite Prohibition Notice 2014 (the **Notice**),<sup>1</sup> in breach of section 31(5) of the Act.
3. During the investigation, the Commission collected and analysed information from Solar Sail and other relevant parties<sup>2</sup>.
4. Following the Commission's consideration of that information, it has reached a view that Solar Sail may have breached section 31(5) of the Act as it supplied 1,145 units of the Goods between 31 December 2024 and 9 May 2025, that failed to comply with the Notice. Breaching section 31(5) is an offence (via section 40(1) of the Act) punishable on conviction of a body corporate to a maximum penalty of \$600,000 per charge.
5. Images of the Goods are provided at **Attachment A**.
6. The Commission has decided in this instance to issue Solar Sail with a warning in respect of the conduct. A warning is not a finding of non-compliance; only the courts can decide

---

<sup>1</sup> <https://gazette.govt.nz/notice/id/2014-go4501>

<sup>2</sup> Other parties include Trade Me.

whether a breach of the law has occurred.<sup>3</sup> We have determined that at this time we will not be bringing legal action.

7. The purpose of this warning letter is to inform Solar Sail of the key facts and concerns the Commission considered and the reasons for reaching its view that Solar Sail may have breached the FT Act and that issuing a warning is appropriate. The purpose of a warning is also to prompt changes in behaviour and to encourage future compliance.

#### **Details of the Commission's investigation**

8. These Goods came to the Commission's attention following proactive online sweeps undertaken. This sweep subsequently identified Goods which were likely to not be compliant with the Notice.
9. On 21 May 2025 the Commission notified Solar Sail that the Goods may fail to comply with the Notice and voluntarily provided the Commission with sample units. The Goods were identified at that time by the Commission as a product that was new to the New Zealand market.
10. During the investigation, the Commission obtained and considered the following information supplied by Solar Sail on a voluntary basis. Solar Sail informed the Commission that:
  - 10.1 It trades solely through Trade Me and operates six accounts<sup>4</sup>;
  - 10.2 It supplied 1,145 units of the Goods between 31 December 2024 and 9 May 2025;
  - 10.3 It does not have any compliance processes and was not aware of the Notice and restrictions on these types of goods before this investigation; and
  - 10.4 On 27 May 2025, Solar Sail undertook a voluntary recall of the Goods.
11. The Commission carried out an assessment of the Goods on 28 July 2025.<sup>5</sup> The Goods were found to contain multiple magnetic objects that were capable of fitting in a small parts cylinder, and all tested magnetic objects were found to have a magnetic flux greater than 50(KG)2mm<sup>2</sup>, and therefore the Goods are prohibited under the Notice.<sup>6</sup>
12. When provided with the opportunity to comment on the proposed outcome of this investigation, Solar Sail told the Commission that the Goods were provided in good faith and as these were understood to be a novelty magnet game, it was not aware of the Notice.
13. Furthermore, it stated that after being contacted by the Commission, it immediately cooperated with the investigation, voluntarily provided sample units and promptly undertook a voluntary recall. It is not aware of any reports of injury or safety incidents that have occurred with the Goods it supplied.

---

<sup>3</sup> <https://www.comcom.govt.nz/about-us/our-policies-and-guidelines/investigations-and-enforcement/enforcement-response-guidelines/>

<sup>4</sup> Trade Me accounts: Solarsailnz, Bluemoonhd, Tdtops, Dolphinlink, Easybuyone and Toprankstore.

<sup>5</sup> Using a HTM-121 Gaussmeter (s/n 01530003 MFD 28 May 2025)

<sup>6</sup> The magnetic flux measurements obtained on two single magnets was: 234(kG)<sup>2</sup>mm<sup>2</sup> & 202(kG)<sup>2</sup>mm<sup>2</sup>.

14. Solar Sail advised that it “regrets that this situation occurred and recognises the importance of ensuring full compliance with New Zealand product safety requirements. Since becoming aware of the issue, we have reviewed the relevant Unsafe Goods Notices and taken steps to improve our internal processes so that applicable product safety restrictions are considered when sourcing and listing products in the future.”

### **Details of the relevant law**

#### *The Fair Trading Act 1986*

15. The Fair Trading Act 1986 prohibits the supply, offer to supply, or advertising of goods which do not comply with product safety standards or unsafe goods notices that apply to those goods.
16. Section 31(5) of the Act states:
- 16.1 No person shall supply, or offer to supply, or advertise to supply, goods in respect of which there is in force a notice declaring the goods to be unsafe goods.

#### *The Notice*

17. Magnetic objects are declared unsafe goods when supplied, offered for supply, or advertised for supply in multiples of two or more, as either:
- 17.1 A toy, game, puzzle or novelty (including but not limited to an adult desk toy, an educational toy or game, a toy, game or puzzle for mental stimulation or stress relief); or
- 17.2 A construction or modelling kit; or
- 17.3 Jewellery which may be worn in or around the mouth or nose; and
- 17.4 Where at least two of them are each able to fit entirely, in any orientation, into a small parts cylinder as provided under clause 5.2 of AS/NZS ISO 8124.1:2013 *the Australian/New Zealand Standard, Safety of toys - Part 1: Safety aspects related to mechanical and physical properties (AS/NZS ISO 8124.1:2013)*; and
- 17.5 The magnets have a magnetic flux index greater than  $50(\text{KG})^2\text{mm}^2$  as determined under clause 5.32 of AS/NZS 8124.1:2013.

### **The Commission’s view**

18. The Commission’s view is that there is sufficient evidence to establish that Solar Sail may have breached section 31(5) of the Act. The reasons for the Commission’s view are set out below:
- 18.1 The Goods did not comply with the Notice because:
- 18.1.1 The Goods were, and were advertised as, a game by Solar Sail;
- 18.1.2 When assessed, at least two magnets were capable of fitting, entirely, in any orientation, in the small parts cylinder stipulated by the Standard; and

18.1.3 The Commissions assessment found that each magnet tested had a magnetic flux greater than  $50(\text{KG})^2 \text{ mm}^2$ ;<sup>5</sup> and

18.2 It supplied 1,145 units of the Goods between 31 December 2024 and 9 May 2025 through its Trade Me accounts.

19. The Commission therefore considers that Solar Sail may have breached section 31(5), as it supplied, offered to supply, and advertised to supply the Goods which did not comply with the Notice.

### **Defences**

20. The Commission considered whether any of the defences under section 44 of the Act would potentially be available to you in the facts and circumstances of this case but formed the view that none had a reasonable prospect of succeeding.

### **Enforcement action for breaching the Act**

21. Where the Commission considers that a person or business may have breached the Act, there are a range of potential enforcement responses available.

#### *Warning*

22. Following the investigation and considering all the available information, the Commission has decided to issue a warning to Solar Sail. In our view:

22.1 The evidence that has been gathered is sufficiently strong to establish a prima facie case;

22.2 Solar Sail may have breached section 31(5) of the Act for the reasons set out above; and

22.3 The matter can be satisfactorily resolved without legal proceedings.

23. In deciding on the appropriate enforcement response in this case, the Commission has considered the extent of the harm, the seriousness of the conduct, and the public interest.

#### *Consequences of this warning and publication*

24. The Commission reiterates that the Commission's view is based on the information collected during the investigation, and that only a court can determine whether there has been a breach of the Act. A court can impose penalties where it finds the law has been broken. A company that breaches the Act can be fined up to \$600,000 and an individual up to \$200,000, per offence. Where a company is a repeat offender, directors and those involved in the management of the company can be banned from involvement in the management of any company carrying on business in New Zealand for a period of up to 10 years.

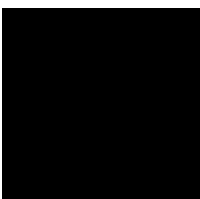
25. Legal action remains available to the Commission in the future if the conduct continues or is repeated. We may also draw the warning letter to the attention of the Court in the event of any subsequent proceedings brought by the Commission against Solar Sail.

26. Solar Sail should be aware that our decision to issue this warning letter does not prevent any other person or entity from taking private action through the courts.
27. Warning letters are usually made public on the case register on the Commission's website. The Commission may also issue a media release or make public comment about this investigation and our conclusions.
28. Further detail on our approach to making enforcement decisions, the content of a warning, and the Commission's publication approach is contained in the Commission's 'Enforcement Response Guidelines', available on the Commission's website ([www.comcom.govt.nz](http://www.comcom.govt.nz)).

### **The Commission's role**

29. The Commission is responsible for enforcing and promoting compliance with a number of laws that promote competition in New Zealand, including the FT Act. Regulations setting mandatory safety standards for certain products are enforced by the Commission under the FT Act.
30. We have published a series of fact sheets and other resources to help businesses comply with the FT Act and the other legislation we enforce, including the product safety standard for the safety of toys. These are all available on our website at [www.comcom.govt.nz](http://www.comcom.govt.nz).
31. We encourage you to visit our website to better understand your obligations and the Commission's role in enforcing the FT Act.
32. You can view the FT Act and other legislation at [www.legislation.co.nz](http://www.legislation.co.nz).
33. Thank you for your assistance with this investigation. Please contact [REDACTED] by email at [REDACTED] if you have any questions in relation to this letter.

Yours sincerely



Head of Fair Trading and Product Safety Investigations

# Attachment A

