

S/N 13/2021 – Failure to Conduct Business with Due Diligence, Despatch and Care by Failing to Verify the Identity of the Tenant while Facilitating Lease

Facts of Case

The Respondent was at all material times a registered salesperson.

Sometime around end-December 2018, the Respondent was asked by his client, the Landlord, to find a replacement tenant for the Landlord's Property. Sometime in March 2019, the Respondent received a phone call from a Malaysian phone number and the caller identified himself as one C. C expressed interest in renting the Property and the Respondent informed him that the monthly rent was \$2,400. C then counter-offered a monthly rent of \$2,200 and arranged with the Respondent to view the Property and further discuss on the rent.

The next day, the Respondent received a call from C confirming that he wanted to rent the Property. The Respondent conveyed C's offer to the Landlord, which the Landlord accepted. Subsequently, C sent the Respondent a front-and-back image of a Malaysian Identification Card of one D and informed the Respondent that D was his boss. The Respondent did not in any way verify if the image sent to him was that of D.

C also said that D's company ("**the Company**") was in the furniture manufacturing business and that they would be renting the Property to store furniture. The Respondent did not verify C's relationship to the Company and D, nor did he investigate or verify information about the Company and whether D was related to the Company.

The Respondent conducted a viewing of the Property for C who was accompanied by a few other men.

The Respondent and C agreed to meet again at the Property on 18 March 2019. The Respondent then prepared the Letter of Intent (LOI), indicating D as the tenant, with the lease commencing on 1 April 2019 for a period of 24 months at a monthly rent of \$2,200.

On 18 March 2019, C informed the Respondent that he would not be able to attend the meeting and that his manager would attend in his stead. On the same day at around 1pm, a few men arrived at the Property and the Respondent conducted another viewing for them. During the viewing, one of the men identified himself as E and informed the Respondent that he was C's manager. He also signed the LOI on behalf of D and paid the Respondent a good faith deposit of \$2,354 in cash for the lease. The Respondent requested to see E's passport and/or other forms of identification but E claimed that he did not have identification documents with him. The Respondent did not in any way verify E's relationship to the Company.

Subsequently on 27 March 2019, the Respondent met up with E again to sign the tenancy agreement. E informed the Respondent that D was unable to attend the meeting as he was overseas and that he would sign the tenancy agreement on behalf of D. The Respondent did

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not verify whether E had authority to sign the tenancy agreement on behalf of D. E also told the Respondent that D would contact him soon. The Respondent requested to see E's passport again, but E claimed that he did not have it with him. Despite that, the Respondent allowed E to sign the tenancy agreement and handed over the keys of the Property to E.

In September 2019, Singapore Customs raided the Property and seized duty unpaid cigarettes found in the Property. They arrested 4 men who were subsequently charged and convicted in court for offences involving duty unpaid cigarettes under the Customs Act (Cap 70). The Respondent was subsequently contacted by Singapore Customs to assist in investigations in relation to the duty unpaid cigarettes found in the Property. During investigations, the Respondent admitted that he did not personally check and verify the details of D and had allowed E to sign the LOI and tenancy agreement on behalf of D. Singapore Customs then referred the matter to CEA for investigations into the Respondent's conduct when facilitating the lease.

Investigations by CEA further revealed that the Respondent had never met with D personally nor did he speak with D prior to the signing of the LOI or tenancy agreement. He also did not take any steps to verify the identity of D and relied solely on the image of the Malaysian Identity Card provided by C. He also failed to check whether E was indeed authorised by D to sign the tenancy agreement, failed to verify the identity of E or check and/or retain copies of his identity documents, before allowing E to sign off on the tenancy agreement.

No loss was caused to the Landlord as the lease was terminated on 30 November 2019 and all outstanding payments were duly settled.

Charges

The Respondent faced the following two charges:

Charge 1 (Proceeded)

For failing to conduct his business and work with due diligence, despatch and care whilst acting for the Landlord in facilitating the lease of the Property by failing to take steps to verify the identity of D, in contravention of paragraph 5(1) of the Code of Ethics and Professional Client Care.

Charge 2

For failing to conduct his business and work with due diligence, despatch and care whilst acting for the Landlord in facilitating the lease of the Property by failing to take steps to verify that D had authorised E to be the authorised signatory of the tenancy agreement and failing to verify E's identity before allowing him to sign on the tenancy agreement, in contravention of paragraph 5(1) of the Code of Ethics and Professional Client Care.

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Outcome

Pursuant to a plea bargain, the Respondent pleaded guilty to Charge 1, with Charge 2 taken into consideration for sentencing.

Charge 1: A financial penalty of \$2,500 and a suspension of 4 months.

Fixed costs of \$2,000 was also imposed on the Respondent.