

Note: This case was referred to a CEA Disciplinary Committee (DC) after the operationalisation of the Estate Agents (Amendment) Act 2020 on 30 July 2021. With the Act amendments, the maximum financial penalty for disciplinary breaches has been raised and a DC can impose a higher financial penalty on errant offenders.

S/N 8/2023 – Marketing Units for Sale at Significantly Lower Prices than Developers’ Prevailing Prices and Failing to Remove Advertisements once Properties were No Longer Available for Sale

Facts of Case

The Respondent’s estate agent was appointed by 8 developers to market units in their development projects for sale, and would disseminate information about the prices of the units, to which the Respondent had access to.

Marketing of Project 1

Sometime in September 2021, the Respondent caused an advertisement to be made for the sale of a 3-bedroom unit within Project 1 on an online property portal (“**Advertisement 1**”). The Respondent stated in Advertisement 1 that a unit within Project 1 for the respective unit size was available for sale at a price which was \$188,000 lower than the developer’s price at the material time. He did not check what the developer’s prevailing price was before causing Advertisement 1 to be made at the material time.

Marketing of Project 2

Sometime in July 2021, the Respondent caused an advertisement to be made for the sale of a 3-bedroom unit within Project 2 on an online property portal (“**Advertisement 2**”). The Respondent stated in Advertisement 2 that a unit within Project 2 for the respective unit size was available for sale at a price which was lower than the developer’s price at the material time. He did not check what the developer’s prevailing price was before causing Advertisement 2 to be made at the material time.

Marketing of Project 3

Sometime in October 2021, the Respondent caused an advertisement to be made for the sale of a 5-bedroom unit within Project 3 on an online property portal (“**Advertisement 3**”). The Respondent stated in Advertisement 3 that a unit within Project 3 for the respective unit size was available for sale at a price which was \$308,000 lower than the developer’s price at the material time. He did not check what the developer’s prevailing price was and did not update the price in Advertisement 3 to reflect the correct price.

Marketing of Project 4

Sometime in December 2021, the Respondent caused an advertisement to be made for the sale of a ‘studio’ unit within Project 4 on an online property portal (“**Advertisement 4**”). The Respondent stated in Advertisement 4 that a unit within Project 4 for the respective unit size was available for sale at a price which was between \$287,220 and \$450,780 lower than the developer’s price at the material time.

In fact, the developer did not have any ‘studio’ units for sale as such units were classified by the developer as 1-bedroom units. The Respondent had intended to advertise the developer’s 1-bedroom units for sale but wrongly indicated in Advertisement 4 that they were ‘studio’ units. He also did not check what the developer’s prevailing price was before causing Advertisement 4 to be made at the material time.

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Marketing of Project 5

Sometime in February 2022, the Respondent caused an advertisement to be made for the sale of a 2-bedroom unit within Project 5 on an online property portal ("**Advertisement 5**"). The Respondent stated in Advertisement 5 that a unit within Project 5 for the respective unit size was available for sale at a price which was \$1,017,600 lower than the developer's price at the material time. He did not check what the developer's prevailing price was before causing Advertisement 5 to be made at the material time, and simply took reference from listings posted by other salespersons to decide what price to indicate in Advertisement 5.

Marketing of Project 6

Sometime in February 2022, the Respondent caused an advertisement to be made for the sale of a 2-bedroom unit within Project 6 on an online property portal ("**Advertisement 6**"). The Respondent stated in Advertisement 6 that a unit within Project 6 for the respective unit size was available for sale at a price which was between \$577,000 and \$665,000 lower than the developer's price at the material time. He did not check what the developer's prevailing price was before causing Advertisement 6 to be made at the material time, and simply took reference from listings posted by other salespersons to decide what price to indicate in Advertisement 6.

Marketing of Project 7

Sometime in February 2022, the Respondent caused an advertisement to be made for the sale of a 5-bedroom unit within Project 7 on an online property portal ("**Advertisement 7**"). The Respondent first posted Advertisement 7 sometime in March 2021.

In Advertisement 7, the Respondent advertised that there was a unit of 1,281 square feet for sale within Project 7 that could be bought directly from the developer. However, at the material time, all units of the said size in Project 7 were sold out since March 2021. The sale price in Advertisement 7 was also lower than the developer's prices before the units were sold out. The Respondent did not check whether such units were still available for sale before maintaining Advertisement 7 and failed to remove Advertisement 7 once the unit was no longer available for sale.

Marketing of Project 8

Sometime in March 2022, the Respondent caused an advertisement to be made for the sale of a 3-bedroom unit within Project 8 on an online property portal ("**Advertisement 8**"). The Respondent first posted Advertisement 8 sometime in May 2021.

In Advertisement 8, the Respondent advertised that there was a unit of 915 square feet for sale within Project 8 that could be bought directly from the developer. However, at the material time, all units of the said size in Project 8 were sold out since February 2022. The sale price in Advertisement 8 was also lower than the developer's prices before the units were sold out. The Respondent did not check whether such units were still available for sale before maintaining Advertisement 8 and failed to remove Advertisement 8 once the unit was no longer available for sale.

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Charges

The Respondent faced the following 8 charges:

Charges 1 to 6

Causing advertisements which contained a claim or information that was inaccurate and/or misleading to be made, by stating prices in the advertisements that were lower than the prices provided by the developers of the respective projects at the material time, in breach of paragraph 12(4)(a) of the Code of Ethics and Professional Client Care (the “**Code**”):

- (a) Charge 1: Advertisement 1.
- (b) Charge 2: Advertisement 2.
- (c) Charge 3: Advertisement 3.
- (d) Charge 4: Advertisement 4 (Proceeded).
- (e) Charge 5: Advertisement 5 (Proceeded).
- (f) Charge 6: Advertisement 6 (Proceeded).

Charges 7 to 8

Failing to remove advertisements once a property was no longer available for sale, in breach of paragraph 12(4)(h) of the Code:

- (g) Charge 7: Advertisement 7.
- (h) Charge 8: Advertisement 8.

Outcome

Pursuant to a plea bargain, the Respondent pleaded guilty to 3 charges (i.e. Charges 4, 5 and 6), with the remaining 5 charges (i.e. Charges 1, 2, 3, 7 and 8) taken into consideration in sentencing.

In sentencing, the Disciplinary Committee (“**DC**”) considered that:

- (a) The Respondent could have easily, directly and definitively ascertained the developers’ actual prices by simply looking at the information disseminated by the estate agent, and did not offer any plausible explanation as to why he could not have done so. In the DC’s view, the Respondent was not merely careless, but had deliberately advertised prices that were significantly lower, as his misleading advertisements were essentially baits to attract interested buyers so that he could better reach out to a wider pool of buyers.
- (b) The Respondent’s misconduct was unfair to other salespersons who had marketed the projects at accurate (but higher) prevailing developers’ prices, and even more egregious by the extent of the disparity between the prices advertised by the Respondent and the developers’ actual prices, which were drastically lower and reflected the magnitude of his misconduct.
- (c) The Respondent had pleaded guilty at the earliest opportunity.

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Accordingly, the DC imposed the following financial penalties and disciplinary orders on the Respondent:

Charge 4: A financial penalty of \$4,000 and a suspension of 4 months.

Charge 5: A financial penalty of \$6,000 and a suspension of 5 months.

Charge 6: A financial penalty of \$4,000 and a suspension of 4 months.

The suspension sentences were ordered to run concurrently. The total sentence imposed was a financial penalty of \$14,000 and a suspension of 5 months.

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