
14 SEPTEMBER 2016

FORMER PROPERTY AGENT SENTENCED TO HEAVY FINE FOR HANDLING TRANSACTION MONEY AMOUNTING TO \$93,000

A former property agent was convicted in Court today for handling transaction money amounting to \$93,000 in cash for or on behalf of his purchaser client, in relation to a purchase of a property while he was the purchaser's property agent.

2. Goh Chung Yong, a 48-year-old Singaporean male, was sentenced to pay a fine of \$10,000, in default seven weeks' imprisonment. Among the 17 property agents since 2010 that the Council for Estate Agencies (CEA) has prosecuted for handling transaction monies so far, this is the largest amount of transaction monies that a property agent has handled.

3. Goh, a property agent with Propnex Realty Pte Ltd when he committed the offence in 2015, received \$93,000 in cash from his purchaser client that was to be handed over to his client's conveyancing lawyers. However, Goh used the money to pay off his debts owed to loan sharks. It almost resulted in his client not being able to complete his purchase of the property.

4. Under the Estate Agents Act¹ (Cap. 95A) (EAA), it is an offence for property agencies and agents to handle any transaction monies for or on behalf of any party in relation to the sale and purchase of any property situated in

¹ Under the Estate Agents Act (Cap. 95A), "estate agents" refer to estate agency businesses (sole-proprietors, partnerships, and companies) or individuals who do estate agency work. Estate agency businesses are commonly known as property agencies. "Salespersons" refer to individuals who perform estate agency work. They are commonly known as property agents.

Singapore and the lease of HDB property. CEA's charge against Goh is provided in **Annex A**.

About the Case

5. A flat owner engaged Goh to sell his Housing and Development Board (HDB) flat in Sembawang and to look for a new flat to purchase in 2014. The owner subsequently sold his flat for \$360,000. The sale was completed on or about 7 January 2015 and the owner received the sales proceeds on the same day. Prior to that, the owner agreed to purchase a HDB flat in Yishun for \$308,000.

6. On or around 8 January 2015, Goh informed the owner that he had to pay the conveyancing lawyers handling the purchase of his new Yishun flat, and to pass Goh approximately \$106,000 in cash. Trusting Goh as his agent, the owner and his son met up with Goh at a bank in Yishun on the same day to withdraw the money. Goh explained to the owner that \$93,000 was for the conveyancing lawyers to complete the purchase of the Yishun flat, and he would pass the money to them since his office was near theirs. The remaining sum would be his commission for assisting the owner on the sale of the Sembawang flat and the purchase of the Yishun flat. The owner then handed Goh the money.

7. On or around 10 February 2015, the conveyancing lawyers contacted the owner to inform him that he had to pay \$93,000 to complete his purchase of the Yishun flat on 13 March 2015. The owner told the lawyers that he had given the money to Goh, who was supposed to have passed it to them sometime in January 2015. The lawyers then told the owner that they did not receive the said \$93,000.

8. On 12 March 2015, the owner lodged a complaint with Propnex against Goh. The owner could not complete his purchase of the Yishun flat on 13 March 2015 as he had to raise the required \$93,000.

9. Owing to the owner's complaint against its agent, Propnex stepped in to help the owner. It advanced the sum of \$93,000 to the owner on 25 March 2015 and assisted him in asking HDB for an extension till 27 March 2015 to complete his purchase. At the same time, Propnex terminated the associate agreement with Goh. The purchase was completed on 27 March 2015 and the owner was spared from paying late payment interest charges to the seller.

10. Investigations revealed that Goh initially lied to Propnex that the cash of \$93,000 was stolen from his car and thus he could not hand over the cash to the owner's conveyancing lawyers. Understandably, Goh did not report the alleged theft to the Police.

11. As Propnex had to advance \$93,000 to the owner to assist him with his purchase, Goh promised Propnex that he would return the \$93,000 to Propnex out of his own pocket.

12. Goh later admitted that he had used the cash obtained from his client to pay off his debts owed to loan sharks. On 16 April 2015, Goh repaid the \$93,000 to Propnex after he received the sale proceeds from the sale of his own condominium unit.

13. Goh's case was aggravated as he had coaxed his client to hand over a substantial sum of \$93,000 in cash on the premise that he was required to hand over the sum to the conveyancing lawyers to complete the purchase, and he had betrayed the trust that his client placed on him by failing to do so. Furthermore, Goh caused tremendous stress to his client as his client had to postpone the date of completion for the purchase of his new flat to a later date. Goh also lied to Propnex that the cash of \$93,000 was stolen from his car when it was in fact used to repay his debts.

Advice to Consumers

14. Property agencies and agents are prohibited from handling transaction monies for or on behalf of any party in the sale or purchase of any property situated in Singapore and lease of HDB properties. This regulation is to protect

consumer interest. If agencies or agents handle transaction monies, they may compromise the integrity of the transaction and put their clients at risk if they misappropriate the money or convert the money for their own use. Two past cases of property agents handling transaction monies are listed in **Annex B**.

15. CEA advises consumers not to hand transaction monies to their property agencies and agents or make such requests to them. The types of transaction monies refer to those highlighted below:

- In a transaction for the sale and purchase of a property, transaction monies include option fee, down-payment, stamp duties, deposits, and sales proceeds.
- In a transaction for the lease of a HDB property, transaction monies include rental deposits and monthly rentals. Property agencies and agents may however assist their clients to pay the stamp duties for the lease of a HDB property on behalf of their clients to the relevant authority.

Valuation fees and commission are not considered transaction monies.

16. CEA will continue to step up on investigations and take action against those who commit the offence.

17. The public can report property agencies or agents who handle transaction monies to CEA at 1800-6432555 or feedback@cea.gov.sg. [Useful information](#) on the dos and don'ts of engaging property agents is available on CEA's website.

About the Council for Estate Agencies

The Council for Estate Agencies (CEA) is a statutory board established in 2010 under the Estate Agents Act to regulate and promote the development of a professional and trusted real estate agency industry. The key responsibilities of CEA are to license property agencies and register property agents, promote the integrity and competence of property agencies and property agents, and equip consumers with the necessary knowledge to make informed decisions in property transactions. For more information, please visit: www.cea.gov.sg.

CEA's Charge against Goh Chun Yong

1. Goh Chung Yong was convicted of an offence under Regulation 7(1)(a) of the Estate Agents (Estate Agency Work) Regulations 2010 under the Estate Agents Act, for handling transaction money amounting to \$93,000 in cash on behalf of his client on or around 8 January 2015 in relation to his client's purchase of a HDB flat in Yishun, while he was a property agent with Propnex.

2. The punishment for an offence under Regulation 7(1)(a) of the Estate Agents Act is a fine not exceeding \$10,000 or imprisonment for a term not exceeding six months or to both. In the case of a continuing offence, there is a further fine not exceeding \$500 for every day or part thereof during which the offence continues after conviction.

Past cases of property agents handling transaction monies

Case 1

In July 2016, Soh Song Kai, 39, Singaporean male, was convicted and sentenced to a fine of \$3,500, in default four weeks' imprisonment, for one charge of handling transaction money in relation to a sub-lease of a HDB commercial property situated in Lavender area. Two other charges for handling transaction money in the same transaction were also taken into consideration for sentencing.

In August 2014, Soh had received \$1,500 in cash from his client, the sub-tenant, being a portion of the security deposit meant for the tenant. Soh handed the \$1,500 in cash to the tenant on the same day. The sub-lease was for a period of one-year commencing 7 August 2014 at a monthly rent of \$2,000.

Soh had also facilitated the sub-lease even though the tenancy agreement between the owner of the property and the tenant prohibited sub-leasing of the property and the tenant did not obtain the owner's consent for the sub-lease. As a result, the owner locked up the HDB property after finding out about the sub-lease in September 2014 and Soh's client lost his security deposit of \$2,000.

Case 2

In June 2014, Guo Yuen Far Godfrey, 54, Singaporean male, was convicted and sentenced to fine of \$3,000, in default 21 days' imprisonment, for one charge of handling transaction money in relation to a sale and purchase of a HDB flat. Guo had represented the seller of the HDB flat.

In end January 2013, Guo collected and kept the option exercise fee of \$4,000 from the buyer that was to be handed over to his seller client. Sometime in February 2013, Guo paid \$2,000 out of the \$4,000 collected for his client's

purchase of another HDB flat. Guo only returned the remaining \$2,000 to his seller client sometime in April 2013 after she asked about it in March 2013. Guo later admitted that he had used the other \$2,000 to pay his own debts.