

S/N 20/2021 – Facilitating Lease of Property Despite Having Reason to Believe Property was Intended to be Used for Illegal Activities

Facts of Case

The Respondent was at all material times a registered salesperson.

The Respondent's friend, Salesperson A, was at the material time also a registered salesperson with the same estate agent as the Respondent.

On 24 April 2018, X was referred to Salesperson A through a mutual acquaintance. X informed Salesperson A that he was looking to rent a 2-bedroom apartment in the Geylang or Aljunied area as accommodation for two girls of Thai nationalities who worked in a karaoke entertainment establishment with valid work permits.

Between 25 April 2018 and 12 June 2018, X enquired with Salesperson A on numerous occasions about whether there were properties matching X's requirements. Sometime on or around 3 May 2018, Salesperson A informed their mutual acquaintance that X has a "suspecting(*sic*) profile" which would not be accepted by landlords of larger private properties. Salesperson A also indicated that, in his opinion, it would be "very hard to find" a suitable property for X "[i]f he want[ed] to convert the unit into a chicken den". Salesperson A then referred X to the Respondent as he was not interested to continue assisting X to rent a property.

On 12 June 2018, Salesperson A briefed the Respondent and informed him, among others, that:

- (a) X wanted to lease apartments for "his gals";
- (b) Leases would be for 1 and 2 bedroom apartments at the Geylang or Aljunied area;
- (c) "KTV gals" would be using the apartments;
- (d) "All units are rented to a *dua pek kong*"; and
- (e) The prospective transaction was "very easy" and "can earn a lot one".

The Respondent was at all times aware that "*dua pek kong*" meant that the person whose name was reflected on the lease would not be the same person from whom he took instructions.

Salesperson A also sent the following, among others, to the Respondent:

- (a) Pictures of two ladies scantily clad and in suggestive poses. One of the pictures bore the logo and hyperlink of a website through which individuals could procure sexual services or unlicensed massage services; and
- (b) That "Anyway all the tracks are clean. Your client is a guy".

Between 12 and 14 June 2018, X gave instructions to the Respondent about the intended tenancy, mainly through WhatsApp. In the course of correspondence between X and the Respondent, X informed the Respondent verbally in Mandarin that the former was engaged in "*pian*" or illicit activities. X also instructed the Respondent that any potential premises to be rented had to have a view of the main entrance to the development and not have any security guard present.

Note: This case was referred to a CEA Disciplinary Committee (DC) before 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.

The representations made by Salesperson A and X to the Respondent between 12 June 2018 and 14 June 2018, together with the specific instructions of X that any potential property must overlook the main entrance of the development and not have any security guards, had put the Respondent on notice that X was intending to use the rented property for illegal activities.

The Respondent also failed to take any steps to verify the identity of X whom he had never met or dealt with and was not previously acquainted with.

The Respondent then arranged for X to view several potential premises for lease, and also facilitated X's leasing by fabricating a profile that was less suspicious to potential landlords: the Respondent instructed X to inform the property owner, for one of the viewings X attended by himself, that the intended occupants were X's alleged girlfriend and god-sister.

On 13 June 2018, X rejected the prospect of renting one of the properties on the basis that there were no partitions in the unit and that was not suitable as the ladies that would be occupying the unit were there to "work".

On the morning of 14 June 2018, the Respondent contacted Salesperson B. At the material time, Salesperson B represented the owner of a private residential property in Geylang (the "**Property**"). The Respondent arranged for X to view the Property at around 11 a.m. that morning.

At or around the time of the viewing, X sent the Respondent coloured photographs of an NRIC bearing the name "Y". At the viewing of the Property, X offered to rent the Property for a period of 12 months and his offer was accepted by Salesperson B's client. It was then arranged for a tenancy agreement to be executed at 4 p.m. later that day. When X corresponded with Salesperson B, he represented that he was "Y".

X then informed the Respondent that he wished to lease the Property. At 1.23 p.m. on the same day, X further instructed the Respondent that "My name [Y]", i.e. that X should be referred to as "Y" instead.

Later in the afternoon of 14 June 2018, the Respondent met X and Salesperson B at the Property. X introduced himself to the Respondent as "Y". The intended occupants were also present with X in the Property. The tenancy agreement was already prepared by Salesperson B and on its face provided, among others, that the Property was to be leased to "Y". The Respondent then explained the terms of the lease to X, who signed on the tenancy agreement as "Y". X proceeded to issue various checks for the security deposit and advance rental, as well as for the Respondent's commission (\$1,400).

The various cheques issued by X were subsequently dishonoured on presentation.

The intended occupants, two Chinese nationals, i.e. X's purported "KTV girls", did not eventually continue to reside in the Property, and the keys to the Property were handed by X to an acquaintance. Drug paraphernalia was found inside the Property when the police raided the Property subsequently.

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Charges

The Respondent faced the following charges:

Charge 1 (Proceeded)

For doing an act that may bring discredit or disrepute to the estate agency trade or industry when he facilitated the lease of the Property for his client, X, despite having reason to believe that the Property was intended to be used for illegal activities, among others, the provision of unlicensed massage or sex-related services by the intended occupants of the Property, in contravention of paragraph 7(1) of the Code of Ethics and Professional Client Care (the “Code”).

Charge 2

For failing to take reasonable efforts and care to confirm the identity of his client before conducting estate agency work in relation to the lease of the Property by his client, X, as required by paragraph 1.6.1 of the Professional Service Manual, in contravention of paragraph 4(1) read with 4(2)(a) of the Code.

Outcome

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

Charge 1: A financial penalty of \$2,000 and suspension of 3 months.

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