

S/N 5/2017 – Failure to Conduct Work with Due Diligence and Care to Ascertain Identity of Tenants

Facts of Case

The Respondent was at all material times a registered salesperson.

Facts relating to Property A

Property A was listed for marketing by another registered salesperson (“MT”). In the course of marketing, the Respondent was approached by three proposed tenants claiming to be “NCH”, “NCM” and “TYS” to liaise with MT to obtain the agreement of the landlord for the rental of Property A to them. The Respondent had a co-broke arrangement with MT.

The Respondent met up with the three proposed tenants to get their particulars for drafting the Letter of Intent. He received the photocopied passport of “NCH”, and photocopied NRICs of “NCM” and “TYS”, and did not ask to sight their original passport and/or NRICs for verification. The Letter of Intent and subsequent Tenancy Agreement were drafted based on their photocopied identification documents.

The parties then entered into a one-year lease of Property A at a monthly rent of \$3,200. Only “NCH” attended the meeting for the signing of the Tenancy Agreement. “NCH” then paid a commission of \$1,070 to the Respondent’s estate agent.

Subsequently, the police conducted a raid on Property A and arrested 4 female China nationals for suspected vice activities. NCH and NCM were also arrested (TYS had passed away). Police investigations revealed that the individuals who rented Property A had impersonated themselves as NCH, NCM and TYS.

Facts relating to Property B

In or around the same period, the Respondent was engaged by the landlord of Property B to lease out Property B. The Respondent was contacted by a proposed tenant claiming to be “AH”. Upon viewing Property B, “AH” then decided to rent Property B. The Respondent received a photograph of AH’s NRIC via WhatsApp, but did not request “AH” to produce his original NRIC for verification.

The Respondent and the landlord relied on the photograph of AH’s NRIC in preparing and thereafter signing the Tenancy Agreement for a one-year lease at a monthly rent of \$3,300. The landlord then paid a commission of \$1,650 to the Respondent’s estate agent.

A raid was subsequently conducted at Property B but no one was found on the premises. The police suspected the unit was used for vice activities. Police investigations revealed that the real AH was imprisoned throughout the course of the above events, and the tenant with whom the Respondent and landlord met was an imposter.

Facts relating to Property C

Subsequently, one BA (on behalf of his mother, the landlord) engaged the Respondent to lease out Property C. In response to his advertisement, the Respondent was contacted by an overseas caller who claimed to be a Singaporean looking for a unit for his mother, one “ML” and himself. The Respondent then arranged for a viewing of Property C with “ML”.

The Respondent then met up with “ML” to sign the Letter of Intent. “ML” passed the Respondent a copy of her NRIC; the latter did not ask to sight the original NRIC of “ML”. The details of the proposed tenant were drafted based on the photocopied NRIC.

Parties signed the Tenancy Agreement for a one-year lease at a monthly rent of \$3,400. The details of the tenant, ML, in the Tenancy Agreement was drafted based on the photocopied NRIC given to the Respondent. The landlord then paid a commission of \$1,700 to the Respondent’s estate agent.

During the course of the lease, BA suspected that Property C was being used for illegal vice activities, and reported the matter to the police. Police investigations revealed that Property C appeared to have been used for vice activities but were unable to take further action as the tenant had vacated Property C by that time.

BA had also asked the Respondent to follow up on the matter with the tenant. The Respondent claimed he could not contact the tenant. The real ML, when visited by BA at her listed address, confirmed that she was not the tenant of Property C. It was then discovered that the tenant was an imposter.

BA then repossessed Property C after failing to receive the advanced monthly rent that was due.

There was a strong possibility that all three Properties were used for vice activities.

The DC noted that the Respondent had been cooperative with investigations, expressed remorse and pleaded guilty at an early opportunity.

Charges

The Respondent faced the following three charges:

Charge 1

Failing to conduct his work with due diligence and care by facilitating the rental transaction of Property A at a monthly rent of \$3,200 for a one-year lease, without first carrying out proper checks to ascertain the identity of his clients, the tenants, by sighting their respective original passports or NRICs, in contravention of paragraph 5(1) of the Code of Ethics and Professional Client Care.

Charge 2

Failing to conduct his work with due diligence and care by facilitating the rental transaction on behalf of his client, the landlord, of Property B at a monthly rent of \$3,300 for a one-year lease, without first carrying out proper checks to ascertain the identity of the tenant by sighting his original NRIC, in contravention of paragraph 5(1) of the Code of Ethics and Professional Client Care.

Charge 3 (proceeded)

Failing to conduct his work with due diligence and care by facilitating the rental transaction on behalf of his client, the landlord, of Property C at a monthly rent of \$3,400 for a one-year lease without first carrying out proper checks to ascertain the identity of the tenant by sighting her original NRIC, in contravention of paragraph 5(1) of the Code of Ethics and Professional Client Care.

Outcome

Pursuant to a plea bargain, the Respondent pleaded guilty to Charge 3, with Charges 1 and 2 taken into consideration for sentencing. The DC imposed the following financial penalty and disciplinary order on the Respondent:

Charge 3: A financial penalty of \$2,500 and suspension of 6 months.

Fixed costs of \$1,000 was also imposed on the Respondent.