

**S/N 1/2017 – Misrepresenting to the Buyer that the Buyer’s Initial Offer to Purchase her Seller-clients’ Property was Rejected when it was Never Conveyed the Seller-Clients and Brought Discredit or Disrepute to the Real Estate Industry by Devising a Scheme which Enriched Herself at the Expense of the Buyer and her Seller-Clients**

**Facts of Case**

The Respondent was engaged by the Sellers of a HDB flat (the “**Seller-clients**”) to help the latter sell their HDB flat. Pursuant to the estate agency agreement dated 11 February 2015 signed by the Seller-clients, they agreed that the Respondent would earn commission of 2% of the transacted price of the HDB flat (the “**2% commission**”) upon its sale. The minimum selling price of the HDB flat was \$650,000 as stipulated in the estate agency agreement.

In early February 2015, the Respondent advertised the HDB flat for sale.

The Buyer responded to the advertisement and subsequently viewed the HDB flat. After viewing the HDB flat, she made an initial offer of \$690,000 to purchase the HDB flat (the “**Initial Offer**”) to the Respondent. The Respondent did not convey the Initial Offer to her Seller-clients as soon as possible after it was made.

Instead, on or about 9 February 2015, the Respondent informed her Seller-clients separately that the Buyer made an offer of \$660,000 to purchase the HDB flat even though she knew all along the amount of the Initial Offer i.e. \$690,000. The Respondent further represented to her Seller-clients that she would be able to secure an offer in excess of \$680,000 and proposed that if she were to secure a transacted price above \$680,000, the Seller-clients would pay her a reward amounting to 50% of the difference between \$680,000 and the transacted price (the “**Reward**”). The Reward would be in addition to the 2% commission provided for in the estate agency agreement. Her Seller-clients agreed to the Respondent’s proposal.

On the same day, after obtaining the Seller-clients’ agreement to pay her the Reward, the Respondent informed the Buyer that her Seller-clients had rejected the latter’s Initial Offer. After negotiating with the Respondent who was acting on behalf of the Seller-clients, the Buyer made the final offer of \$695,000 to purchase the HDB flat. This final offer was conveyed to and accepted by the Seller-clients. The Option to Purchase was issued and exercised in due course.

Sometime later, one of the Sellers-clients approached the Buyer about the details of the latter’s offer. It was then that the former learnt about the Initial Offer and the Respondent’s deception in order to earn the Reward – the Respondent had engaged in deliberate, pre-meditated misconduct to enrich herself at the expense of her Seller-clients and the Buyer and displayed a lack of remorse through her weak justification of her misconduct, which was that her actions were in her Seller-clients’ interests in securing a higher sale price for them.

The DC noted that the Respondent had pleaded guilty at the earliest opportunity.

## **Charges**

The Respondent faced the following 4 charges:

### **Charge 1**

Failing to render professional and conscientious service to her Seller-clients by misrepresenting to her Seller-clients that the Buyer made an initial offer to purchase of \$660,000 when in fact the Buyer's initial offer to purchase was \$690,000, in contravention of paragraph 6(1) read with paragraph 6(2)(b) of the Code of Ethics and Professional Client Care.

### **Charge 2 (Proceeded)**

Failing to act ethically towards the Buyer by misrepresenting to the Buyer that the Buyer's Initial Offer to purchase her Seller-clients' HDB flat at \$690,000 was rejected by her Seller-clients when in fact, she had never conveyed this Initial Offer to her Seller-clients, and consequently the Buyer offered and eventually purchased the property at \$695,000, in contravention of paragraph 6(3) read with paragraph 6(4)(c) of the Code of Ethics and Professional Client Care.

### **Charge 3 (Proceeded)**

Acting in a manner that may bring discredit or disrepute to the estate agency trade or industry by devising a scheme to be rewarded by her Seller-clients with 50% of the excess amount between the actual selling price of her Seller-clients' HDB flat and \$680,000 in addition to the commission of 2% of the selling price, which reward was agreed to due to her misrepresentation to her Seller-clients that the Buyer had initially offered to purchase the property at \$660,000 when in fact, she knew that the Buyer's Initial Offer was \$690,000, in contravention paragraph 7(1) of the Code of Ethics and Professional Client Care.

### **Charge 4**

Failed to submit an offer received to her Seller-clients as soon as possible after receiving the same by failing to convey the Buyer's Initial Offer of \$690,000 to her Seller-clients as soon as possible after receiving the same, in contravention of paragraph 10 of the Code of Ethics and Professional Client Care.

## **Outcome**

Pursuant to a plea bargain, the Respondent pleaded guilty to Charges 2 and 3 while Charges 1 and 4 were taken into consideration for sentencing purposes.

The DC imposed the following financial penalties and disciplinary orders on the Respondent: -

**Charge 2:** A financial penalty of \$3,000 and a suspension of 4 months

**Charge 3:** A financial penalty of \$5,000 and a suspension of 6 months

The suspensions were ordered to run concurrently.

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