

27 JULY 2012

SALESPERSON SUSPENDED FOR 7 MONTHS AND FINED \$15,000

Third Salesperson Disciplined By CEA

The Disciplinary Committee (DC) of the Council for Estate Agencies (CEA) has concluded the disciplinary proceedings against salesperson, Su Yeow Hui, Anthony on 16 July 2012. Su, age 34, is a registered salesperson of ERA Realty Network Pte Ltd. He has been practising as a salesperson for about 3 years.

2. Su faced 4 charges of infringing the Code of Ethics and Professional Client Care in handling the property transaction for his clients. The DC convicted him of 3 charges and acquitted him of 1 charge. Su was sentenced to suspension of 7 months and an aggregate financial penalty of \$15,000. Fixed costs of \$1,000 were awarded to CEA.

3. Under CEA's disciplinary framework, salespersons who breach the Code of Ethics and Professional Client Care may face disciplinary action. The DC¹ may, upon determination of the breach, reprimand the salesperson, revoke or suspend his registration and/or impose a financial penalty of up to \$75,000. Conditions may be varied or attached to the registration concerned, where appropriate.

¹ A DC comprises members who are nominated from the disciplinary panel which includes Legal Practitioners and other professionals or individuals from the real estate industry.

About the Charges

4. The 3 charges on which Su was convicted:
 - a. Failure to act with honesty towards his clients - Su was appointed by his clients as their salesperson to sell their property, on a non-exclusive basis. It was agreed that a commission of 1% of the selling price (exclusive of GST) would be payable by the clients. Su lied to his clients that he was co-broking with “Adeline” (a fictitious salesperson representing the buyers) in order to persuade his clients to increase his commission from 1% to 2%. His clients relied on what he claimed, as they did not know that “Adeline” was non-existent, and then increased his commission from 1% to 1.25%.
 - b. Failure to convey offers and expressions of interest - Salespersons must convey all offers, proposals or expressions of interest received to their clients as these are material information that the clients can consider in order to make well informed decisions. They may potentially be of higher value than the one being considered by the clients. Su did not submit to his clients, the offers and expressions of interest made by a potential buyer. His clients (the sellers) therefore only considered the buyer’s offer that Su had conveyed to them and completed the sale without knowing that there was an additional potential buyer.
 - c. Failure to disclose potential conflict of interest - Salespersons have a duty to avoid any potential conflicts of interests that may not be in the best interests of their clients. Su did not declare his interests that he would be getting half of the commission earned by his partner who was also representing the buyers in the sale of their own property. His clients were therefore not aware that Su had such an interest in the particular buyers successfully concluding the transaction nor aware of the true amount that Su was going to earn by acting for them in the sale of their property. Even though such an arrangement was in conflict with the interests of his clients (the sellers), Su had continued to act for them in closing the sale transaction with the buyers.

5. After a trial before the DC, the DC convicted him of the 3 charges and passed the following sentences:

- a. Failure to convey offers and expressions of interest – Suspension of 7 months and a financial penalty of \$7,000
- b. Failure to disclose potential conflict of interest – Suspension of 6 months and a financial penalty of \$6,000
- c. Failure to act with honesty towards his clients – Suspension of 3 months and a financial penalty of \$2,000.

6. In total, the financial penalty imposed on Su in reference to the 3 charges was \$15,000. The suspension orders for the 3 charges were to run concurrently with effect from 16 July 2012. In addition, the DC has ordered Su to pay CEA costs of \$1,000.

7. CEA will be holding more disciplinary hearings over the next few months which include instances of salespersons who have failed to act in the best interest of clients, convey offers or expressions of interest from potential purchasers to clients, and declare potential conflicts of interest.

Advice to Consumers

8. Consumers are advised to use CEA's Public Register at www.cea.gov.sg to check the registration details of the salesperson before engaging his or her services.

About Council for Estate Agencies

The Council for Estate Agencies (CEA) is a statutory board established 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 estate agents and register salespersons, promote the integrity and competence of estate agents and salespersons, and equip consumers with the necessary knowledge to make informed decisions in property transactions. For more information, please visit: www.cea.gov.sg.