
21 December 2016

**LARGEST FINE TOTALLING \$215,000
FOR CONDUCTING UNLICENSED ESTATE AGENCY WORK**

A Singapore company and its sole director were convicted in Court today for conducting unlicensed estate agency work without being licensed by the Council for Estate Agencies (CEA). Franks Property Pte Ltd was fined \$115,000. Its sole director, Lim Koon Heng (林群兴), 70, was fined \$100,000, in default 32 weeks imprisonment. This is the largest fine ever meted out by the Court for unlicensed estate agency work.

2. Franks Property is a property management company that is not a licensed estate agent with the CEA. Lim is the sole director and shareholder of Franks Property.

3. Under the Estate Agents Act¹ (Cap. 95A), an officer of a company may be guilty of the same offence committed by the company if the offence was committed with the officer's consent. The offences were committed by Franks Property with Lim's consent. Accordingly, the Court sentenced Lim and Franks Property on three charges each arising from three sale and purchase property transactions. Lim and Franks Property also faced six other charges each that were taken into consideration for the purpose of sentencing.

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.

4. The total commission involved for the three proceeded charges alone was \$94,976.64. This is the highest amount of commission collected among the unlicensed estate agency work cases that the CEA has prosecuted.

CEA's charges against Lim Koon Heng and Franks Property

5. Lim and Franks Property were convicted and sentenced for a total of six charges arising from three sale and purchase transactions under Section 28(1)(b) of the Estate Agents Act (Cap. 95A), for acting as an estate agent without first being licensed as an estate agent by the CEA. The three transactions are listed below.

Residential home at Vanda Drive

6. In or around 2012, Lim facilitated a sale and purchase transaction for a property in Vanda Drive. The transaction was completed on or around 30 June 2013 at the sum of \$8.02 million. Franks Property received a co-broke commission of \$37,476.64 from the seller's real estate agency.

Shophouse at Smith Street

7. In or around early 2013, the then-owner of a property at Smith Street engaged Franks Property to find a buyer. The owner agreed to pay Franks Property a commission fee of 1 per cent of the sale price if the property was sold. Lim found a prospective buyer who agreed to buy the property at the sum of \$7.5 million. Franks Property was later paid a co-broke commission of \$37,500.

Unit in Far East Shopping Centre

8. In or around August 2013, the then-owners of a property in Far East Shopping Centre engaged Franks Property to sell their unit. They were looking to sell the property for \$1 million and told Lim that Franks Property would receive the amount in excess of \$1 million as commission. Lim found a prospective buyer and the property was sold at \$1.02 million. The sellers paid a commission of \$20,000 to Franks Property. Lim received \$18,000 from the transaction.

9. In all three transactions, Lim had signed off as Director of Franks Property on the invoices issued for the commission fees. Details of the offences are in the **Annex**.

10. Prior to the CEA's formation, Lim and/or Franks Property had held a House Agent Licence issued by the Inland Revenue Authority of Singapore. After the CEA was formed in October 2010, all property agencies and agents are required to be licensed and registered with the CEA before they can carry out estate agency work. Lim and Franks Property did not do so.

11. The punishment for each offence under Section 28(1)(b) of the Estate Agents Act is a fine not exceeding \$75,000 or imprisonment for a term not exceeding three years or both. In the case of a continuing offence, there may be a further fine not exceeding \$7,500 for every day or part thereof during which the offence continues after conviction.

Advice to consumers

12. The CEA advises consumers who choose to have a property agent to assist them in their property transactions to engage only property agencies and agents who are licensed and registered with the CEA. The public can verify whether an entity or individual is licensed or registered with the CEA via the [Public Register](#) on the CEA website.

13. The public can report those who perform unlicensed and unregistered estate agency work to the CEA at 1800-6432555 or feedback@cea.gov.sg. [Useful information](#) on engaging a professional and effective property agency and agent are also available on the 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 the 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.

DETAILS OF THE SIX PROCEEDED CHARGES AGAINST LIM KOON HENG AND FRANKS PROPERTY

A) Residential home at Vanda Drive – Acting on behalf of the buyer

1. In or around 2012, the then-owner of a property at Vanda Drive instructed her property agent to sell the property. The owner agreed to pay the agent 1 per cent commission upon a successful sale.

2. The seller's agent marketed the property at \$8.5 million. The agent informed Lim of the sale, and Lim said that he had a prospective buyer. They agreed to share the commission equally if the property is sold. Lim then arranged for his prospective buyer to view the property. A few days after the viewing, the buyer made an offer. Lim then negotiated with the seller's agent on the sale price on behalf of the prospective buyer. The property was eventually sold at \$8.02 million.

3. In late January 2013, the seller's agent signed a document whereby she agreed to pay Franks Property a co-broke commission fee of \$40,100. Lim had prepared the document and signed off as Director and KEO of Franks Property.

4. In late June 2013, Franks Property issued an invoice to the seller's property agency for the co-broke commission and Lim signed off on it as Director of Franks Property. In late August 2013, the seller's property agency paid a co-broke commission of \$37,476.64 to Franks Property. The amount is the agreed co-broke commission, less GST.

B) Shophouse at Smith Street – Acting on behalf of the seller

5. In or around early 2013, the then-owner of a property at Smith Street decided to sell the property. He contacted Lim and engaged Franks Property as its real estate agency. The seller agreed to pay Franks Property 1 per cent of the sale price as commission if the property is sold.

6. In or around February 2013, Lim informed a property agent about the intended sale of the property. The agent had a prospective buyer who was keen to buy the property after viewing. Lim, the seller's representative, and the buyer's agent subsequently met, and after negotiations, the buyer agreed to buy the property at \$7.5 million.

7. Lim then prepared a letter whereby the seller agreed to pay Franks Property and the buyer's property agency a commission of \$37,500 each. Lim signed on the document as a witness on behalf of Franks Property.

8. In May 2013, Franks Property issued an invoice to the seller for the sum of co-broke commission. Lim signed off on the invoice as Director of Franks Property. The seller subsequently paid Franks Property the sum of \$37,500.

C) Unit in Far East Shopping Centre – Acting on behalf of the seller

9. In or around August 2013, the then-owners of a property in Far East Shopping Centre decided to sell the property as they were migrating to Australia. They engaged Franks Property to sell the unit at \$1 million. They told Lim that Franks Property would receive the amount in excess of \$1 million as its commission for the sale. Lim found a buyer and the property was sold at \$1.02 million.

10. The sellers signed a document agreeing to pay Franks Property \$20,000 for its services rendered for the sale of the property. In early October 2013, Franks Property issued an invoice to the sellers for the commission. Lim signed off on the invoice as Director of Franks Property.

11. In late October 2013, Franks Property received a cashier's order from the sellers for the sum of \$20,000. Lim subsequently issued a cheque payable by Franks Property to himself for the sum of \$18,000 and signed off on the cheque as Director of Franks Property.
