
21 October 2019

Property agent suspended for 12 months and fined \$30,000 for being unprofessional and unethical in a property transaction

A property agent, Ngu Ping Chuan James Ethan of PropNex Realty Pte Ltd, was sentenced to a financial penalty of \$30,000 for three charges of breaches to the Council for Estate Agencies' (CEA) Code of Ethics and Professional Client Care while representing his client in the purchase of a condominium unit.

2. Ngu, 39, also received a 12-month suspension on his CEA registration (as a property agent) to conduct estate agency work respectively for each charge. The suspension periods run concurrently, starting from 15 October 2019.
3. Ngu pleaded guilty to three charges:
 - a) Failing to convey the seller's offer to sell the condominium unit at a minimum price of \$1.02 million to his client;
 - b) Continuing to act on behalf of his client and failing to declare in writing his conflict of interest in getting a co-broke commission; and
 - c) Failing to convey to his client a counter-offer to sell the property at the price of \$1.01 million, and with his commission to be paid by his client.
4. Ngu's wrongful conduct caused his client to suffer a loss or disadvantage of about \$20,000 to \$30,000.
5. This is the highest sentence that a CEA Disciplinary Committee has meted on a property agent in disciplinary proceedings to-date.

About the case

6. In or around 2016, Ngu's client engaged Ngu to help him source for a suitable private property to purchase. Ngu's client later informed Ngu that he wanted to purchase a property in the eastern or central part of Singapore that was, amongst others, 800 square feet or more in size, and in the price range of about \$900,000.

7. In mid-March 2017, Ngu assisted his client to view a condominium unit located in the eastern part of Singapore, priced at \$1.04 million. After the viewing, Ngu informed the agent representing the seller that his client was keen to purchase the property and asked about the commission payable to him.

8. On or around 26 March 2017, the seller's agent informed Ngu that his client was willing to sell the property at a minimum price of \$1.02 million, and to pay Ngu a commission of one per cent of the sale price, which was about \$10,000. Ngu told the seller's agent that he wanted a commission of 2.5 to three per cent of the sale price instead. Separately, Ngu's client asked Ngu to find out the valuation of the property. Ngu did not convey the seller's offer of \$1.02 million to his client.

9. Ngu subsequently told his client that the valuation of the property was \$1.18 million on average and suggested to his client to make an offer of \$1.06 million. His client's own checks with a bank showed that the estimated value of the property was about \$950,000 to \$1 million instead.

10. On or around 2 April 2017, Ngu's client told Ngu to start negotiations for the purchase of the property on his behalf. Two days later, Ngu told his client that he had conveyed an offer of \$950,000, but it was rejected. Ngu then told his client that the seller had made a counter-offer of \$1.04 million when there was no such counter-offer made.

11. On or around 6 April 2017, Ngu conveyed to the seller's agent an offer to purchase the property at \$1.04 million, with a commission of four per cent of the

sale price to be paid by the seller and shared between both agents. Ngu asked for three per cent commission for himself (about \$30,000). Ngu's client had not instructed him to make such an offer. The seller rejected and offered instead to pay a commission of two per cent of the sale price to Ngu, and one per cent to his own agent. Ngu rejected the seller's proposal.

12. The seller's agent then offered a sale price of \$1.01 million, with Ngu collecting commission from his own client instead. Ngu did not convey this counter-offer to his client.

13. On or around 11 April 2017, Ngu advised his client not to proceed with the purchase of the property due to the alleged high price, when in fact his actual reason was because he had failed to negotiate for a commission of three per cent of the sale price for himself.

14. About two weeks later, Ngu's client contacted the seller's agent to ask if the property was still available for sale. He offered to purchase the property at \$1.04 million, which the seller accepted. Ngu's client then learned from the seller's agent that Ngu had made a similar offer of \$1.04 million previously, but with the condition that he had to receive three per cent of the sale price as commission.

15. Ngu's wrongful conduct caused his client to suffer a loss or disadvantage of about \$20,000 to \$30,000, being the difference between the price of \$1.04 million that his client purchased the property for, and the seller's offers of \$1.01 million and \$1.02 million that Ngu had failed to convey to his client.

CEA's charges against Ngu

16. Ngu pleaded guilty to two charges under paragraph 10 of CEA's Code of Ethics and Professional Client Care (CEPCC), under the First Schedule of the Estate Agents (Estate Agency Work) Regulations 2010 of the Estate Agents Act (Cap. 95A). Paragraph 10 states that a property agency or property agent "*shall submit every offer, counter-offer, proposal or expression of interest received to*

his client accurately, objectively and as soon as possible after receiving it". Ngu had failed to submit to his client an offer from the seller's agent to sell the property at a minimum sale price of \$1.02 million, and a subsequent counter-offer to sell the property at \$1.01 million, with his commission to be paid by his client.

17. Ngu also pleaded guilty to another charge under paragraph 13(1) read with paragraph 13(2)(a) of the CEPCC. The relevant parts of the paragraphs state that property agencies and property agents "*must not accept an appointment by or continue to act on behalf of a client where to do so would place the [property agency's or property agent's] interests in conflict or potential conflict with those of the client*". Property agencies and property agents "*must, as soon as possible, declare in writing to the client any interest which may arise at any time and be in direct or indirect conflict with that of the client*". Ngu had continued to act on behalf of his client and failed to declare in writing to his client his interests, which arose with him claiming three per cent of the sale price of the property as his co-broke commission.

18. The CEA Disciplinary Committee also took into account five other charges against Ngu for sentencing. The charges involved the following misconduct:

- a) Misrepresenting to his client that the valuation price of the property was \$1.18 million, when it was not,
- b) Acting against his client's interests by suggesting that his client makes an offer to purchase the property at the price of \$1.06 million, when the asking price was \$1.04 million,
- c) Misleading his client that the owner had made a counter-offer to sell the property at the price of \$1.04 million, when no such counter-offer was made,
- d) Conveying a false offer of \$1.04 million to the seller of the property, and
- e) Acting against his client's interests by advising his client not to proceed with the purchase of the property due to the alleged high sale price, when his actual reason was that he had failed to negotiate a commission of three per cent of the sale price for himself.

19. Ngu had pleaded guilty before the CEA Disciplinary Committee which sentenced Ngu to a financial penalty of \$30,000 for the three charges of breaches, and suspended his property agent registration for 14 months for each charge, with the suspension periods to run concurrently. Ngu subsequently filed an appeal with the Appeals Board, seeking a reduction in the sentences. On 15 October 2019, the Appeals Board upheld the decision of the CEA Disciplinary Committee to impose a financial penalty of \$30,000, and reduced the suspension period to 12 months per charge, with the suspension periods to run concurrently.

CEA's regulatory framework

20. The duties, business activities, and conduct of property agencies and property agents in Singapore are governed by the Estate Agents Act and its Regulations, which include the Code of Practice for Estate Agents and the Code of Ethics and Professional Client Care. These are in place to raise the ethical and professional standards of the real estate agency industry and to safeguard consumers' interests.

21. Property agencies and property agents who breach the abovementioned Codes are liable to face disciplinary action by a CEA Disciplinary Committee. The Committee comprises members who are nominated from a [disciplinary panel](#) that includes practising solicitors and other professionals from the real estate industry.

22. Parties who are aggrieved by a decision of the CEA Disciplinary Committee may lodge an appeal with the [Appeals Board](#), which is independent of CEA. The Appeals Board comprises practising solicitors and other professionals.

Advice to consumers

23. CEA advises consumers who choose to have a property agent to assist them in their property transactions to seek clarification from their agents when they have doubts on whether their agents' interests could be in conflict or

potential conflict with theirs. Consumers should be informed in writing of any conflict or potential conflict of interest which may arise at any time during the property transaction. If there is indeed a situation of conflict of interest, consumers would have to give their consent to their property agents before their agents could continue to act for them.

24. Consumers can report agents whom they suspect to be unprofessional and unethical in property transactions to CEA at 1800-6432555 or feedback@cea.gov.sg. Consumers can visit www.cea.gov.sg/4steps for more information on engaging a professional and effective property agency and agent, and for tips to work harmoniously with a property agent for their property transaction.

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 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 involving property agents. For more information, please visit: www.cea.gov.sg.