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ESTATE AGENTS AUTHORITY

Dear Licensees,

Re: Verifying the identity of vendors

The Estate Agents Authority (“EAA”) was concerned about the recent news report of a man impersonating the vendor of a residential property and swindling a deposit of nearly three million dollars. In this connection, the EAA would like to remind licensees to be cautious and to take necessary steps to verify the identity of vendors when handling property transactions.

Licensees should note that, pursuant to the *Code of Ethics*, they should protect and promote the interests of their clients. It is one of the many fundamental duties of licensees to verify the identity of vendors as the Estate Agents Practice (General Duties and Hong Kong Residential Properties) Regulation also has relevant provisions in this regard.

The EAA has issued a Practice Circular (no. 09-08 (CR)) to remind licensees to verify the identity of the vendors. Licensees should read the full version of the above Practice Circular at the EAA’s website (www.eaa.org.hk).

The EAA would like to remind licensees that before proceeding with any property transaction, licensees should also advise their vendor and purchaser clients to arrange for the stakeholding of all deposits by a firm of solicitors, where possible, and the risks of not so doing. Licensees could also inspect original rates demand notes and public utilities bills as additional proofs of ownership.

Licensees are also advised to pay extra attention when handling any listing in which the property cannot be visited or its selling price is below the market price. Licensees should remember that the potential loss to the purchaser for buying a flat from a fraudster could be enormous and licensees might be held liable and sued by the purchaser.

Estate Agents Authority

19 May 2016