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Agents restrained from operating and supervisors appointed

Consumer Protection has been granted supervision orders by the State Administrative Tribunal (SAT) to take control of two Perth real estate agencies over the misuse of their trust accounts and inability to operate their businesses within the Real Estate and Business Agents Act.

The supervisor's duties include carrying on the activities of the agent for the purpose of winding up the agency.

On 18 June 2014, the SAT approved an application to restrain **Kurt James Wallace**, trading as **Scope Investment Services**, from operating and for a supervisor to be appointed to administer the agency's financial affairs.

The Commissioner for Consumer Protection commenced the application after an investigation revealed rent money that should have been deposited in a trust account, had been deposited into the agency's general account, which was not corrected. Mr Wallace also failed to renew his triennial certificate when it expired in April this year.

In a separate case, on 8 May 2014 the SAT approved an application to restrain **Spirit Realty Pty Ltd**, trading as **Professionals Perth**, from operating and for a supervisor to be appointed to administer the winding up of the company's financial affairs.

The action was commenced after Consumer Protection appointed a special auditor to conduct a forensic examination of the agency's trust accounts, which found numerous breaches of the Act. Soon after the investigation had begun, the company went into voluntary liquidation, which was a significant reason in the SAT's order that the agency was no longer capable of conducting its business in accordance with the Act.

Commissioner for Consumer Protection Anne Driscoll said that, whilst these actions are extreme, they are justified when there are grounds to believe licensed real estate agencies have misused their client's money by failing to properly administer their trust accounts.

"Bond and rental payments are not the property of the agent, that's why they are held in trust on behalf of the agency's clients. Failing to properly administer these funds is a serious offence with serious consequences under the law," Ms Driscoll said.

"There are strict rules governing the handling of client's money and all licensed real estate agents need to be well aware of their legal obligations and adhere strictly to the law.

"Anyone who has any evidence of the misuse of trust money by agents is urged to contact us immediately so an investigation can be carried out and appropriate action can be taken."

Further information about the obligations of licensed real estate agents is available at www.commerce.wa.gov.au/cp/realestate - enquiries can be made by email consumer@commerce.wa.gov.au or by phone **1300 30 40 54**.

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