



## 4. ENFORCEMENT ACTIONS AGAINST DISCIPLINARY BREACHES

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4.1. CEA will take the appropriate enforcement actions based on the outcome of its investigations into potential disciplinary breaches, taking into account the severity of the misconduct; the number of disciplinary breaches or offences previously committed; and the facts and circumstances of the case. A comparison of the approach towards serious and minor disciplinary breaches is provided in **Table 3**.

<b>Serious Disciplinary Breaches</b> 	<b>Minor Disciplinary Breaches</b> 
<p><b>Likely action:</b> Refer to DC.</p> <p><b>Key considerations:</b></p> <ul style="list-style-type: none"> <li>• Financial loss or consequence caused to parties involved.</li> <li>• Wrongful gain by property agent or agency.</li> <li>• Dishonesty, fraud or an intention to mislead on the part of the property agent or agency.</li> </ul> <p><b>Examples of such breaches:</b> Failing to declare conflict of interest or doing anything that is dishonest or misleading.</p>	<p><b>Likely action:</b> Issuance of warning letter, or issuance of LOC and/or imposition of financial penalty up to \$5,000.</p> <p><b>Key considerations:</b></p> <ul style="list-style-type: none"> <li>• No or low financial loss or consequence caused to parties involved.</li> <li>• No or low wrongful gain by property agent or agency.</li> <li>• No dishonesty, fraud or an intention to mislead on the part of the property agent or agency.</li> </ul> <p><b>Examples of such breaches:</b> Advertising without owner’s consent or failing to give client a copy of document signed by client.</p>

*Table 3: Comparison of approach towards serious and minor disciplinary breaches*



## CEA DISCIPLINARY COMMITTEE (DC) PROCEEDINGS

### **Basis for disciplinary action**

Property agents and agencies may be subject to disciplinary proceedings if CEA's investigations reveal sufficient cause for disciplinary action based on the following:

- Unsatisfactory conduct or misconduct in relation to estate agency work.
- Breach of any provisions of the EAA or its subsidiary legislation, regulations [e.g. Estate Agents (Prevention of Money Laundering and Financing of Terrorism) Regulations 2021] or codes (e.g. CEPCC or COPEA).
- Breach of any order by a CEA DC or the Ministry of National Development's Appeals Board.

- 4.2. CEA will initiate disciplinary proceedings and refer the case to a DC where investigations reveal potential serious disciplinary breaches, or where the property agent or agency has a track record of misconduct. As the industry regulator, CEA has a duty to safeguard property consumers' interests and send the appropriate deterrent signals to the industry. Ultimately, CEA and the industry share a common goal to raise the professionalism and service standard of the property agents and agencies.
- 4.3. The DC<sup>1</sup>, comprising at least three DP members, will be appointed to independently hear and decide on the outcome of disciplinary cases initiated by CEA. Upon finding that there is sufficient cause for disciplinary action against the errant property agent or agency, the DC can revoke or suspend a registration or licence; impose or vary registration or licence conditions; or impose a financial penalty of up to \$100,000 (for property agents) and \$200,000 (for property agencies) per case. The DC's decision on the appropriate disciplinary action is publishable in the CEA Public Register<sup>2</sup>.
- 4.4. Even where a DC finds that there is no cause for disciplinary action against the property agent or agency, it may still admonish or reprimand the property agent or agency in writing if it finds it necessary to do so. The DC's reprimand is also publishable in the CEA Public Register.

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<sup>1</sup> The DC comprises members from the CEA Disciplinary Panel (DP) appointed by the CEA Council and includes legal practitioners, academics, industry representatives and other professionals. The DP does not include CEA officers.

<sup>2</sup> The CEA Public Register is a complete listing of all registered property agents and licensed property agencies in Singapore. It is aimed at helping the public to make an informed decision before they engage the services of a property agent or agency.

- 4.5. A property agent or agency who faces charges in disciplinary proceedings may engage a lawyer to represent him in the disciplinary proceedings.

### **Example of CEA's enforcement action against serious disciplinary breaches**

CEA received a complaint from a consumer (Mr C) that his property agent (Mr Y) had acted against his interests in a property transaction. Mr C had engaged the agent to source for a private residential property for purchase and was interested in a condominium unit priced at \$1.04 million. However, Mr Y's misconduct sabotaged the transaction and almost caused the transaction to fall through.

CEA commenced investigation into the matter, which included gathering all the available evidence and recording statements from all relevant parties. Investigations revealed that Mr Y had failed to convey the seller's offer of \$1.02 million and counter-offer of \$1.01 million to Mr C. Instead, he told Mr C that the seller's counter-offer was \$1.04 million and tried to seek a commission of three per cent of the sale price (about \$30,000) for himself from the seller. When the seller did not agree, Mr Y advised Mr C not to proceed with the purchase due to the alleged high sale price, when the actual reason was his failure to obtain a high commission for himself. Mr C eventually managed to purchase the property at \$1.04 million and suffered a disadvantage of about \$20,000 to \$30,000, being the difference between his purchase price and the seller's offers of \$1.01 million and \$1.02 million that Mr Y had failed to convey previously.

Mr Y's misconduct involved serious disciplinary breaches which CEA referred to a DC. CEA brought charges against Mr Y, who pleaded guilty before a DC to three charges:

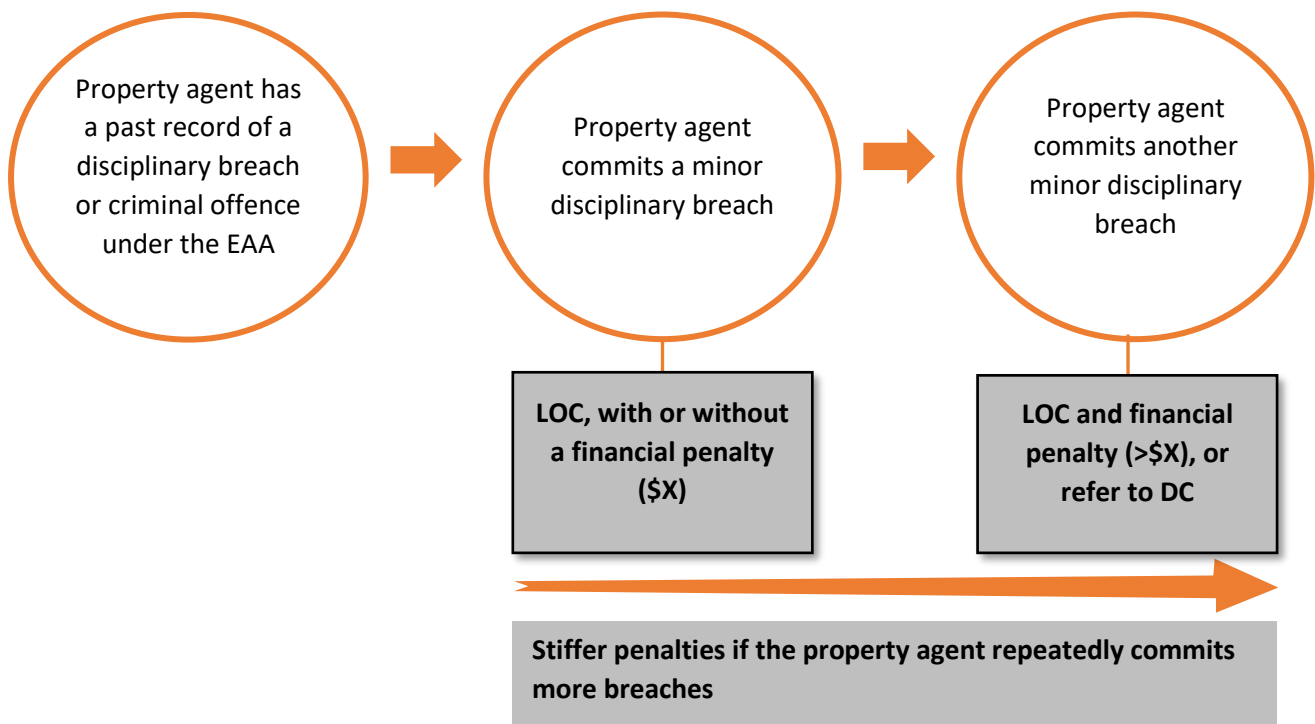
- Two charges of failing to convey to Mr C, the seller's offer to sell the property at a minimum price of \$1.02 million and the seller's counter-offer to sell the property at \$1.01 million (with commission to be paid by Mr C), in breach of paragraph 10 of the CEPCC.
- One charge of continuing to act on Mr C's behalf and failing to declare in writing his conflict of interest (which arose by his claiming of three per cent of the sale price as co-broke commission), in breach of paragraph 13(1) read with paragraph 13(2)(a) of the CEPCC.

The DC sentenced Mr Y to a financial penalty for each charge and suspended his property agent registration for a limited period.



## LETTER OF CENSURE (LOC) DISCIPLINARY REGIME

- 4.6. Typically, where the property agent or agency commits a minor disciplinary breach and has no previous record of misconduct, CEA will issue a warning letter, unless the circumstances warrant a more severe penalty under the LOC disciplinary regime. A warning letter is not publishable in the CEA Public Register.
- 4.7. If the property agent or agency has a previous record and commits another minor disciplinary breach, CEA may consider issuing a LOC, with or without imposing a financial penalty. Any financial penalty imposed together with a LOC will not exceed \$5,000 per case. Financial penalties will generally increase based on the number of previous records of breaches or offences. CEA will assess the appropriate quantum of financial penalty to be imposed based on the facts and circumstances of each case. Sanctions imposed under the LOC disciplinary regime are publishable in the CEA Public Register.
- 4.8. If the property agent or agency continues to commit minor disciplinary breaches despite being sanctioned under the LOC disciplinary regime, CEA may refer the case to a DC to consider more severe penalties for the repeat offender. Through firm enforcement actions, CEA will work with the industry to ensure that the property agents and agencies conduct their estate agency work professionally and ethically.
- 4.9. The imposition of sanctions by CEA against a property agent under the LOC disciplinary regime is explained in **Figure 2**.



*Figure 2: Issuance of LOC (with or without financial penalty) for minor disciplinary breaches*

### **Examples of minor disciplinary breaches under LOC disciplinary regime**

- Advertisement-related breaches such as advertising a property without the consent of the property owner.
- Agreement-related breaches such as failure to give a copy of a document that the client signed immediately or as soon as possible after signing.
- Failure to act with due care such as failure to verify basic information about the property, e.g. tenure, floor area.

## **OTHER ADMINISTRATIVE ACTIONS**

### **Reminder letter**

- 4.10. If there is no disciplinary breach detected after CEA's investigation, CEA will take no further action against the property agent or agency. In some cases, CEA may issue a letter to remind the property agent or agency of the professional standards and requirements in place for the performance of estate agency work.

### **Example of CEA's enforcement action against minor disciplinary breaches**

During an inspection, CEA officers discovered that the property agency (Z) had failed to retain possession of relevant property transaction documents for at least five years, in breach of paragraph 7(1) of the COPEA. Under the LOC disciplinary regime, CEA will issue a warning letter to Z for the misconduct.

In a subsequent inspection, CEA officers found that Z had failed to document its systems and processes for the receipt and investigation of claims and complaints in writing, in breach of paragraph 6(2) of the COPEA. Considering the warning letter previously issued to Z, CEA will likely impose a LOC for Z's further misconduct under the LOC disciplinary regime, with or without a financial penalty.