

## 2. OVERVIEW

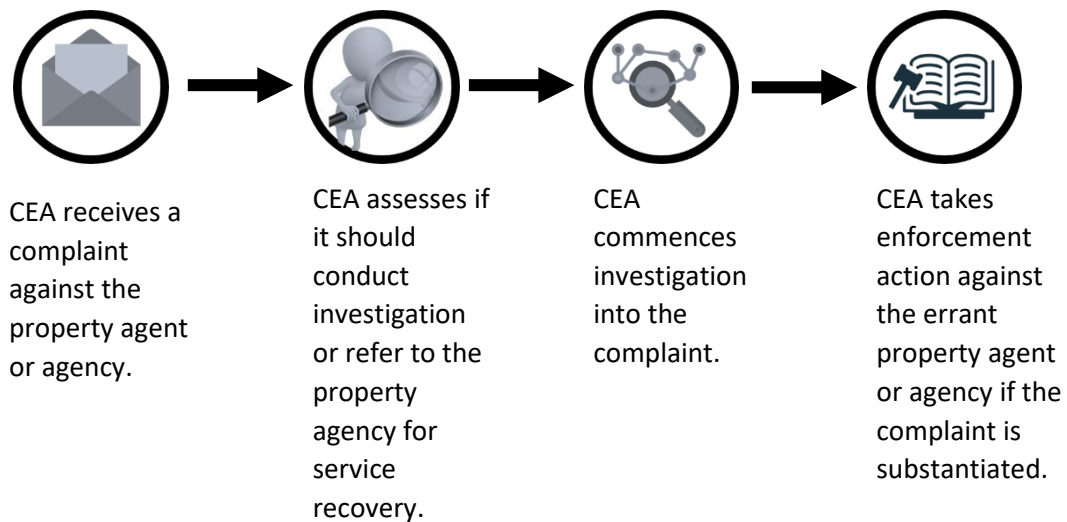
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### Guiding Principles

CEA's regulatory and enforcement framework is guided by the following principles:

- Uphold professional standards in the real estate agency industry through robust enforcement actions against offences and disciplinary breaches.
- Safeguard property consumers' interests and enhance public trust in the reputation and integrity of the industry.
- Administer fair and just outcomes through a calibrated approach towards enforcement and disciplinary actions, taking into account all relevant facts and circumstances, and ensuring commensurability with the severity of the misconduct.

- 2.1. CEA's regulatory framework is based on the Estate Agents Act (EAA) and its subsidiary legislation, including the Code of Ethics and Professional Client Care (CEPCC) and the Code of Practice for Estate Agents (COPEA).
- 2.2. CEA's enforcement process starts when CEA receives a complaint against the property agent or agency through the submission of the complaint form on CEA's website; emails or letters; or referrals from other government agencies. Complainants are required to furnish CEA with supporting information and/or documents of the alleged misconduct by the property agent or agency to facilitate CEA's initial assessment.
- 2.3. Upon receipt of the complaint, CEA assesses the merits of the case, including whether it is a potential statutory offence or a disciplinary breach. Certain types of misconduct are legislated as statutory offences under the EAA or its subsidiary legislation, and their commission may lead to court prosecution and an eventual fine and/or imprisonment. Other breaches that are not offences are considered as disciplinary breaches and may lead to the imposition of a censure and/or financial penalties by CEA under the Letter of Censure (LOC) disciplinary regime, or the imposition of financial penalties and/or suspension or revocation of a property agent's registration or a property agency's licence by a CEA Disciplinary Committee (DC) following disciplinary proceedings.
- 2.4. For cases that are assessed to involve operational and/or service lapses by property agents, CEA will refer them to their property agencies for service recovery with the complainants. CEA places responsibility on the property agency to be accountable for its agents' actions, and the resolution process will help facilitate the property agency's refinements of its own systems, procedures and training to minimise recurrence of similar complaints in future. The property agency will liaise with the complainant directly to address the lapses of its agents.



*Figure 1: Overview of CEA's Complaint Management Process*




2.5. CEA is vested with statutory powers under Sections 46 and 47 of the EAA to conduct investigations. This empowers CEA to perform inspections on premises, require relevant items and documents to be furnished and/or taken possession of, and require the attendance of potential offenders and witnesses for interviews. Failure to comply with CEA's requirements during the investigation may result in court prosecution against the non-compliant party.

### **CEA's investigation process**

Typically, the process may involve the following three steps:

- Gathering evidence from various sources.
- Conducting interviews with relevant parties to have a holistic understanding.
- Recording statements from the parties involved.

2.6. Following the conclusion of the investigation, CEA may take the appropriate enforcement action against the misconduct if a breach is revealed, depending on the severity of the breach. A summary of the possible enforcement actions is provided in **Table 1**:

|                               | Potential offence  |   | Potential disciplinary breach   |  |  |
|-------------------------------|--|---|---|--|--|
| <b>Investigation outcomes</b> | Commission of offences under the EAA or its subsidiary legislation.  |   | Breach of the EAA or its subsidiary legislation that are not offences [e.g. Estate Agents (Prevention of Money Laundering and Financing of Terrorism) Regulations 2021, CEPCC or COPEA].  |  |  |
| <b>Enforcement actions</b>    | <b>Court prosecution</b><br>  | <b>Other regulatory or administrative actions</b>   | <b>CEA DC proceedings (serious breach)</b><br>   | <b>LOC disciplinary regime (minor breach)</b><br>                                     | <b>Other administrative action</b>   |
|                               | <ul style="list-style-type: none"> <li>Courts may convict and impose a fine and/or imprisonment, up to the maximum prescribed statutory limits for the offence.</li> </ul> | <ul style="list-style-type: none"> <li>CEA may offer composition in lieu of criminal prosecution (for compoundable offences).</li> <li>CEA may issue warning or reminder letters.</li> <li>CEA may revoke licence or registration.</li> </ul> | <ul style="list-style-type: none"> <li>DC may revoke or suspend registration or licence, or impose or vary registration or licence conditions.</li> <li>In addition, DC may impose financial penalty of up to \$100,000 (for property agents) and \$200,000 (for property agencies) per case.</li> <li>DC may admonish or reprimand the offender in writing.</li> </ul> | <ul style="list-style-type: none"> <li>CEA may issue warning letter or LOC.</li> <li>In addition, CEA may impose financial penalty of up to \$5,000 per case.</li> </ul> | <ul style="list-style-type: none"> <li>CEA may issue reminder letter.</li> </ul> |

*Table 1: Summary of enforcement actions*