

**IN THE MATTER OF THE
CONSUMER PROTECTION ACT (CPA)**

THIS **UNDERTAKING** is made pursuant to Section 152 of the *Consumer Protection Act* ("CPA").

BY: 639475 ALBERTA LTD. OPERATING AS EDDIE'S AUTO SALES

at or near the city of Edmonton, in the Province of Alberta
(hereinafter called the "Supplier")

TO: The DIRECTOR OF FAIR TRADING (as delegated)

(hereinafter called the "Director")

WHEREAS:

- A. At the time of the complaint, the Supplier was licensed by the Alberta Motor Vehicle Industry Council ("AMVIC") to carry on the automotive business activity of used sales in the Province of Alberta.
- B. In 2019 and 2020, over a 10 month period, AMVIC received a total of 14 consumer complaints similar in nature involving the Supplier making promises of a credit rebuilding program in which after the proposed time, the consumer would be able to trade-in the originally purchased vehicle for the full value with no negative equity and a better interest rate. As a result of these consumer complaints, AMVIC initiated investigations (case file 19-11-537 et al.) to investigate these matters.
- C. An administrative review was held via teleconference call on Jan. 20, 2021 at approximately 9 a.m. Participating in the administrative review was Mr. Anwar Saleh, owner and sole director of the Supplier, Mr. Brad Faizullah, finance manager for the Supplier, M. Doupe – AMVIC investigator, C. Packer – AMVIC manager of investigations north and G. Gervais – Director of Fair Trading (as delegated).
- D. The AMVIC investigations revealed five key issues:

Credit Rebuilding

- i. In nine of the consumer complaints, (case 19-01-213, 19-09-339, 19-10-167, 19-10-501, 19-11-414, 19-11-417, 19-10-659, 20-03-200, 20-09-449) the Supplier was providing poor credit and financial advice to consumers and placing them at financial risk. This included coaching consumers to voluntarily have their current vehicles repossessed by the bank in order to obtain a new contract under the Supplier. The consumers would then enter them into a 6, 8 or 10 month "credit rebuilding" program with the promise that they will be able to trade-in the vehicle with no negative equity for an upgraded vehicle with more affordable payments. Consumers were placed in higher vehicle loans to which they could not afford, in the promise that they would be able to return the vehicle in the allotted time, incur no negative equity and receive a better interest rate and lower payment. Cash back

was also provided in some instances to help cover the payments during the program. The investigative material supported these promises were not fulfilled leaving the consumers in a worse financial position than they were originally.

Consumer Protection Act**Unfair practices****Section 6**

- (2) It is an unfair practice for a supplier, in a consumer transaction or a proposed consumer transaction,
- (a) to exert undue pressure or influence on the consumer to enter into the consumer transaction;

Co-signer/Sole Financer

- ii. In three of the investigations (19-08-288, 19-07-010, 19-11-417), it was identified that the consumers were in a very poor credit situations. The Supplier suggested that the consumers find a co-signer to help them qualify for their loans. The consumers found someone who would co-sign, however, the Supplier completed the paperwork with the individual who was supposed to co-sign being the sole financer. The consumers were led to believe that their credit would be rebuilt in these transactions. This was not the case as the vehicles were solely under the name of the co-signer.

Consumer Protection Act**Unfair practices****Section 6**

- (4) Without limiting subsections (2) and (3), the following are unfair practices if they are directed at one or more consumers or potential consumers:
- (a) a supplier's doing or saying anything that might reasonably deceive or mislead a consumer;
- (b) a supplier's misleading statement of opinion if the consumer is likely to rely on that opinion to the consumer's disadvantage;

Concerns over Vehicle Registration

- iii. In four of the investigations, consumers stated that the vehicles were delivered to them fully registered and insured, even though they did not consent to have the vehicles registered on their behalf. The AMVIC investigator obtained the bills of sale from Alberta Registries, which shows an Authorization for Vehicle Services, along with the bills of sale. Not only were the bills of sale different from what the consumer signed, all of the consumers spoken to did not recognize the signature that was used.

Concerns regarding Documents

- iv. In several of the consumer complaints, some of the consumers claim they were rushed through the documentation or did not receive the documentation at the time of signing.

They had to request it at a later date, unsure of what they signed. Several discrepancies were found on the documentation, including an inflated income on a credit application (case 19-08-288 refers).

Unregistered Delivery Drivers

- v. Some of the consumers stated that when their vehicles were delivered to them, the delivery drivers did not work for the Supplier and were only asked to get the documentation signed on their behalf. Therefore, the delivery drivers were unable to answer any of the questions the consumers posed to them regarding their new vehicles. The investigation identified in case file 19-08-288 the delivery driver was registered with AMVIC but was not designated to act on behalf of the Supplier at the time of the consumer transaction.

Automotive Business Regulation Acting on behalf of business operator Section 20.1

No business operator may allow a salesperson to act on the business operator's behalf unless

- (a) the salesperson is registered for the class of licence held by the business operator, and
- (b) the business operator authorizes the salesperson to act on its behalf.

- E. The Supplier fully admits to and regrets engaging in the aforementioned activity. Mr. Saleh stated he has been in business since 1995 and has never had issues like this before.
- F. During the time period of these complaints, as the sole director of the Supplier, Mr. Saleh was not hands on with the day to day operation of his company and allowed a trusted individual to manage the business. When he became aware of the consumer complaints, he immediately took action by terminating approximately 13 employees. The Supplier asserted that the goal of his business is customer service and not about making a profit.
- G. The Supplier acknowledged and apologized for the general conduct described in the AMVIC investigations, and committed to working with the regulator to be a positive contributor to the local economy and automotive industry. The Supplier has already made efforts to remedy the issues described and Mr. Saleh is now involved in every consumer transaction.

NOW THEREFORE THIS UNDERTAKING WITNESSES THAT:

- 1. The Supplier acknowledges and admits that it failed to comply with the provisions of the CPA and ABR, and undertakes to the Director that the Supplier will make every effort to ensure that it does

not engage in acts or practices similar to those described above. Engaging in similar acts or practices **WILL** result in a further administrative review of the Supplier's business licence.

2. The Supplier will undertake not to exert any undue pressure or influence or do or say anything that might reasonably deceive or mislead a consumer during the course of a consumer transaction as per Section 6(2)(a) and Section 6(4)(a) of the CPA.
3. The Supplier will undertake not to mislead consumers with their opinions if the consumer is likely to rely on that opinion to their disadvantage as per Section 6(4)(b) of the CPA.
4. The Supplier will ensure that all salespeople who act on behalf of the Supplier are registered with AMVIC and attached to the business as designated agents in AMVIC's online portal. Further, the Supplier will ensure all salespeople they employ renew their salesperson registrations prior to their expiry date and will not engage in any designated activity unless properly registered to do so. You will ensure the salespeople attached to your business in AMVIC's online portal are up to date and advise AMVIC within 15 days if a salesperson is no longer employed by the Supplier as required by Section 21(2) of the ABR.
5. To ensure that the Supplier is in full compliance with the CPA and its related regulations, the Supplier agrees to assist AMVIC with an industry standards inspection which will take place before **Dec. 31, 2021**.
6. The Supplier shall pay the sum of **\$5,000** to AMVIC, an amount that represents a portion of the costs AMVIC has incurred investigating the matters herein. Such payment is to be made to AMVIC within **thirty (30) days** from the date of signing this Undertaking.
7. This Undertaking will remain in force,

Unless:

- a. Terminated by the Director or varied with the consent of the Supplier;
 - b. Varied by an Order of the Judge of the Court of Queen's Bench where the Judge is satisfied that the circumstances warrant varying the provisions of the Undertaking; or
 - c. Terminated by an Order of the Judge of the Court of Queen's Bench where the Judge is satisfied that the act or practice that the Supplier has undertaken to refrain from engaging in was not unfair; however, in any such case, the termination or variance does not invalidate anything done under this Undertaking prior to termination or variance.
8. The Supplier acknowledges the Director may, upon breach of any term of the Undertaking, institute such proceedings and take such action under the CPA as they may consider necessary.
 9. The Supplier acknowledges this Undertaking is a public document and will be maintained in the public record by the Director of Fair Trading (as delegated) as required by Section 157.1 of the CPA.

10. The Supplier acknowledges that they were advised by AMVIC, and are aware that they are entitled to seek independent professional advice regarding the signing of this Undertaking, and the Supplier acknowledges they are entering into this Undertaking voluntarily.

IN WITNESS WHEREOF the Supplier, has on the 2 day of February, 2021.

**639475 ALBERTA LTD. OPERATING AS EDDIE'S
AUTO SALES**

PER: "original signed by"
Anwar SALEH

ACCEPTED by the Director of Fair Trading on the 9 day of February, 2021.

PER: "original signed by"
Gerald Gervais, Registrar
DIRECTOR OF FAIR TRADING
(as delegated)