IN THE MATTER OF AN APPEAL BY

RITCHIE MIJARES

PURSUANT TO SECTION 127(C) OF THE CONSUMER PROTECTION ACT, BEING CHAPTER C-26.3 OF THE REVISED STATUES OF ALBERTA, 2000

AND

IN THE MATTER OF THE DECISION BY
THE ALBERTA MOTOR VEHICLE INDUSTRY COUNCIL TO REFUSE THE REGISTRATION
OF THE APPELLANT AS AN AUTOMOTIVE SALESPERSON UNDER THE CONSUMER
PROTECTION ACT AND AUTOMOTIVE BUSINESS REGULATION ON DECEMBER 2, 2020

REASONS FOR DECISION

Committee Chair: David Quest

Members: Ben lyer

Griff Jarvis

Ally H. Ismail,

Legal Counsel (Emery Jamieson LLP) for the Appeal Committee

Appearances: Ritchie Mijares, Appellant

Yoneke A

AMVIC Manager of Licensing for the Respondent

Paula Hale,

Legal Counsel (Shores Jardine LLP) for the Respondent

Appeal Heard: January 12, 2021

Via Videoconference

Introduction

1. This is an appeal before the AMVIC Salesperson Appeal Committee (the "Appeal Committee") pursuant to section 22 of the *Automotive Business Regulation*, AR 192/1999 (the "ABR") from a decision of the Director of Fair Trading (as delegated) (hereafter the "Registrar") to refuse the registration of Ritchie Mijares as a provincial automotive salesperson under sections 104 and 127 of the *Consumer Protection Act* (the "CPA").

Jurisdiction

- 1. The *CPA* and the *ABR* regulate, among other things, automotive business licences and salesperson registrations in Alberta.
- 2. Under section 104 of the *CPA*, no person may engage in a designated business unless that person holds a licence under the *CPA* that authorizes them to engage in that business. The automotive sales business is a designated business.
- 3. Pursuant to section 16 of the *ABR*, a salesperson of an automotive sales business operator must be registered for automotive sales before acting on behalf of the business operator.
- 4. The Registrar's jurisdiction with respect to automotive business licences and salesperson registrations is found at section 127 of the *CPA*:

The Director may refuse to issue or renew a licence, may cancel or suspend a licence and may impose terms and conditions on a licence for the following reasons:

- the applicant or licensee does not or no longer meets the requirements of this Act and the regulations with respect to the class of licence applied for or held;
- (b) the applicant or licensee or any of its officers or employees:
 - (i) fails to comply with an order of the Director under section 129 or 157, unless, in the case of an order under section 129 or 157, the order has been stayed,
 - (i.1) fails to repay a fund created under section 137 in respect of amounts paid out in claims against the licensee,
 - (i.2) fails to pay a levy of assessment under section 136(8) or a levy of assessment for a fund created under section 137,
 - (ii) fails to comply with a direction of the Director under section 151(3),
 - (iii) furnishes false information or misrepresents any fact or circumstance to an inspector or to the Director,
 - (iv) fails to comply with an undertaking under this Act,

- (v) has, in the Director's opinion, contravened this Act or the regulations or a predecessor of this Act,
- (v.1) fails to comply with any other legislation that may be applicable,
- (vi) fails to pay a fine imposed under this Act or a predecessor of this Act or under a conviction or fails to comply with an order made in relation to a conviction,
- (vii) is convicted of an offence referred to in section 125 or is serving a sentence imposed under a conviction, or
- (viii) fails to pay, in accordance with the notice of administrative penalty and the regulations, an administrative penalty imposed under this Act;
- (c) in the opinion of the Director, it is in the public interest to do so.
- 5. "Conviction" is defined in section 125 of the *CPA*:

In this Part, "conviction" means a conviction for an offence under any criminal or other law in force in Alberta or elsewhere that, in the Director's opinion, indicates that the person convicted is unsuitable to be licensed under this Act.

- 6. Section 18 of the *ABR* states that sections 125, 127 and 128 of the *CPA* apply, with necessary changes, to the registration of salespersons.
- 7. Section 127 of the *CPA* applies to both automotive business licences and salesperson registrations.
- 8. Section 22(1) of the ABR states that:

A person

- (a) whose application for registration or renewal of registration has been refused.
- (b) whose registration is made subject to terms and conditions, or
- (c) whose registration has been cancelled or suspended under section 127 of the *Act*,

may appeal in accordance with the process established by the Director.

- 9. Section 22(2) of the *ABR* states that the Director may establish an appeal process for the purposes of subsection (1), including forming or designating an appeal body. In accordance with section 22(2) of the *ABR*, AMVIC has created the AMVIC Salesperson Appeal Committee Policy (the "Appeal Policy").
- 10. The Appeal Policy allows an applicant to appeal a decision of AMVIC by delivering a written Notice of Appeal to the Registrar of AMVIC not later than 30 days after the Registrar issues notice of the decision.

11. The role of the Appeal Committee is set out in section 3.2(2)(m) of the Appeal Policy:

The committee shall determine if the decision by the Registrar that is the subject of the appeal is consistent with the provisions of the *Consumer Protection Act*, the Automotive Business Regulation, and the Bylaws and policies of AMVIC.

Summary of Evidence

Background

- 12. Mr. Mijares applied for salesperson registration on November 24, 2020. In his application, Mr. Mijares stated he did not have a criminal record. Routine backgrounds checks completed by AMVIC revealed that Mr. Mijares did have a criminal record. As a result, his application was referred to the Registrar. The Registrar conducted an administrative review via teleconference on December 2, 2020 with Mr. Mijares in attendance.
- 13. On December 2, 2020, the Registrar issued a decision refusing Mr. Mijares an automotive salesperson registration (the "Decision"). The Decision was as follows:

It is my decision, as Director of Fair Trading (as delegated), to NOT grant the application of Mr. Ritchie MIJARES for an automotive salesperson registration under Sections 127(b)(iii), 127(b)(vii), 127(c) and 104 of the CPA based on the following reasons:

- 1. It is in the public interest under Section 127(c) of the CPA NOT to issue Mr. Mijares a salesperson registration at this time.
- 2. Mr. Mijares has two recent convictions for serious offences for fraud and theft which were the result of his actions in the capacity of his employment. As a regulatory body, AMVIC must ensure the protection of consumers but also the protection of the industry itself. The public perception to allow an individual to operate in a regulated industry with convictions of theft under \$5,000 and fraud under \$5,000 would be detrimental. Under Section 127(b)(vii) of the CPA the Director my refuse a to issue a salesperson registration if an applicant is convicted of an offence or is serving a sentence imposed under a conviction.

[Legislative citations omitted]

3. Although it was not Mr. Mijares' intention to falsify his application, he failed to disclose his criminal record including recent convictions from Aug. 26, 2020. Accurate disclosure of information is part of the code of conduct expected for anyone who is to be licensed or registered with AMVIC and the applicant did not meet this standard. Under Section 127(b)(iii) of the CPA, if an applicant furnishes false information or misrepresents any fact or circumstance to the Director, the Director may refuse to issue a licence.

[Legislative citations omitted]

4. Mr. Mijares admitted to being involved in the sale of approximately 18-19 vehicles while being unregistered to do so. Although he was forthcoming and did not lie about it, this is concerning to the Director regarding his governability and ability to follow the law.

- 5. Mr. Mijares has serious and recent Criminal Code convictions that relate to his actions while employed, he chose to not disclose his criminal history to his employer, and he did not disclose his criminal history in his application to AMVIC. Based on the evidence, it is the opinion of Director that Mr. Mijares has not demonstrated he is capable of meeting the code of conduct requirements and integrity as a salesperson at this time.
- 14. On December 3, 2020, Mr. Mijares provided a Notice of Appeal to AMVIC. The reasons provided for the appeal were:
 - He has informed his employer of his criminal record and proceedings with AMVIC. His employer is supportive and encouraged him to appeal.
 - He is a good and honest person and wants an opportunity to support his family with a job he can be proud of and great at.
- 15. Section 3.2(2)(k) of the Appeal Policy requires the Committee chair to provide no less than thirty days' notice to the Appellant of the time, date and location of the appeal hearing. At the outset of the appeal hearing, Mr. Mijares confirmed that he was waiving this requirement because he wanted a hearing as soon as possible.

Evidence of AMVIC

- 16. At the outset of the appeal hearing, legal counsel for AMVIC reviewed the authority of the Appeal Committee and the relevant legislation as outlined above. Legal counsel for AMVIC also provided the following opening statement:
 - The Registrar's Decision should be upheld. The application for registration should be refused because the Appellant was not truthful on his application and he has a criminal record that is serious.
- 17. AMVIC called oral evidence from AMVIC's manager of licensing, Ms. Yoneke A Ms. A provided the following evidence:
 - She is AMVIC's manager of licensing. Previously, she was the licensing supervisor of AMVIC for a period of six years.
 - She described the process for salesperson registration applications. All applications
 are made online. The online application asks the applicant if they have been convicted
 of any criminal offences or if there are any charges pending. If the applicant answers
 affirmatively, they are asked to provide details outlining each charge and conviction.
 The application includes a notice that AMVIC completes thorough background checks
 on all applicants.
 - AMVIC's licensing department completes background checks with the authorization of the applicant, including a Canadian Police Information Centre ("CPIC") check, a Justice Online Information Network System ("JOINS") search, a background check with other automotive jurisdictions, and an open source search on the applicant.
 - A criminal record does not automatically preclude salesperson registration. AMVIC
 reviews the criminal record based on the seriousness of the convictions, the frequency
 of convictions, and the recency of the convictions or current charges before the Court.

The frequency and recency of convictions speaks to the governability of the applicant. An older conviction, with no intervening charges or convictions, is less concerning than a recent conviction.

- If there are concerns with the applicant's criminal record, an Application Report is completed for the Registrar's review. The Registrar then schedules an administrative review with the applicant. No decision is made regarding the application until the applicant has had an opportunity to provide their representations to the Registrar.
- Mr. Mijares does not have a licencing history with AMVIC. He completed the online application for a salesperson registration and the salesperson registration course. In his application, he did not identify his criminal record. Background checks revealed he had a criminal record, and his application was forwarded to the Registrar for review. His failure to disclosure his criminal record and his recent convictions for fraud and theft raised concerns for the financial safety of consumers and his employer.
- Mr. Mijares was convicted for theft under \$5,000 and fraud under \$5,000 on August 26, 2020 in relation to an incident that occurred in 2018. He was ordered to pay restitution of \$2,900. Mr. Mijares was convicted of trafficking a controlled substance in 2001. It is concerning that he did not disclose his criminal record in his application. The automotive industry is based on integrity. This conduct raises concerns about his honesty in the future.
- Ms. A attended the administrative review on December 2, 2020 with Mr. Mijares. During the administrative review, Mr. Mijares stated that he did not disclose his criminal record by accident. He explained that the 2020 convictions occurred during the course of his employment in a retail environment in Yellowknife in 2018. He also stated that his current employer was not aware of the administrative review or his criminal history.
- 18. In response to questions from Mr. Mijares, Ms. A testified:
 - When submitting an online application for salesperson registration, it is possible to stop the application and complete it at a different time.
 - When Mr. Mijares completed the salesperson registration course, he received a
 certificate that incorrectly spelled his name. During the administrative review, Mr.
 Mijares explained that the error regarding his criminal record occurred because of a
 glitch with the online application.
 - Mr. Mijares stated that he called AMVIC to correct the spelling of his name and other
 errors in his application. Ms. A could not locate a record of this call during the
 hearing. However, she testified that it is possible to correct errors in an application
 before it is submitted.

Evidence of the Appellant

- 19. Mr. Mijares provided the following evidence:
 - Regarding his current employment, his probation officer told him that he should only
 disclose his criminal record if he was asked about it. His current employer did not ask
 him if he had a criminal record, the hiring package did not ask about his criminal record,

and his employer did not complete a criminal record check. They liked him and he was hired on the spot. He was hired as a sales associate and began shadowing other sales associates within two weeks.

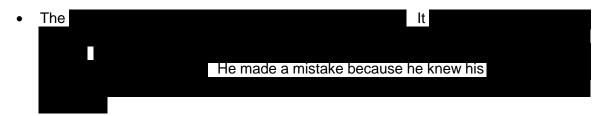
- During the administrative review, he stated he had been selling cars. However, he
 was always shadowing an AMVIC registered salesperson during the sales. The sales
 are made by registered salesperson. He has received commissions for these sales.
- He has informed his employer about this appeal. He provided his employer details of his criminal record. The general manager, owner, and sales manager thanked him for his honesty and supported his decision to appeal. They offered to speak on his behalf in the appeal. They are willing to work with him and are patient about him getting his registration.
- His 2001 conviction for trafficking resulted from a one-time incident.
 He tried trafficking to support himself, but he was caught the first day.
 He did not go to jail; he paid a fine and completed community service.
- The 2020 convictions for theft and fraud arise from when he was employed at in Yellowknife in 2018. He worked as a years. After his contract with ended, they investigated the accused Mr. Mijares of They also alleged that
- The Mijares was As a result, he did not

 He also did

 He also issued the
- He wanted to go to court to prove
 However, his lawyer for the criminal charges told him
 Alternatively, he could plead guilty and pay restitution of \$2,900, plus a \$2,000
 retainer. He did not want to pay for the trial and chose to plead guilty in order to save
 the money
- Although he was convicted on August 26, 2020, the offence occurred in 2018. He paid
 restitution and is almost finished probation. If he knew that the criminal record would
 affect his salesperson registration application, he would have gone to trial.
- During the salesperson registration application, he did not try to hide his criminal record. There was an error while he was submitting his application. He called AMVIC to ask if he could fix an error on his application and was told he could. When he tried to fix the error, he could only fix the spelling of his name. However, he did not have

the option to change his answers to the eligibility questions regarding his criminal record.

- 20. In response to questions from legal counsel for AMVIC and the Appeal Committee, Mr. Mijares provided the following evidence:
 - While he was working at the position and told him that he would have to learn on his own because there were no general managers who could travel to Yellowknife to train him.



- He did not lie to his previous employer. His contract with ended and he returned to Edmonton. He did not learn of the charges until two years later during an unrelated
- His was not charged for fraud. He explained to his criminal lawyer that the refund was not issued to his own debit card. His lawyer told him that they had a case, but that going to trial would be expensive.
- During the online salesperson registration application, the application kept timing out and he had to refresh his internet browser. When he submitted his application, he received an error message. He answered that he had a criminal record, but he believes the answer changed because of this error. He did not call AMVIC again when he discovered that he could not fix the error in his application.
- He clarified that he did not receive commissions on the vehicles sold at his current employer. He received training bonuses on the sales he shadowed.
- His current employer told him that he had three months to apply for salesperson registration. He supplied the Appeal Committee with the email from his supervisor confirming this timeline.

Summary of Arguments

AMVIC's Closing Submissions

- 21. Counsel for AMVIC argued that the Registrar's Decision should be confirmed. The purpose of the *CPA* is to protect consumers in various industries where consumers are vulnerable. The salesperson registration process provides a gatekeeping function. It establishes a minimum threshold to enter the industry, which is that an applicant should have no obvious history to indicate they would be a physical or financial risk to other participants in the industry.
- 22. It is expected that registered salespeople will abide by the laws and rules of the automotive industry given the magnitude of a vehicle transaction for most consumers. Given the number of salespersons and businesses in the automotive industry, AMVIC does not have

the resources to proactively regulate the industry. Regulation is primarily complaint-based. Salesperson registration is important because it provides some security that members will follow AMVIC's rules and deal honestly with consumers.

- 23. Mr. Mijares claims that there was an error with his salesperson registration application and that he was unable to fix it. Nonetheless, he was asked about his criminal record, he knew the application he submitted stated he did not have a criminal record, and he did not correct this error with AMVIC. He claims that he called AMVIC to ask if he could correct his application, but he did not explain that the question about his criminal record was answered incorrectly. He also did not call AMVIC once he discovered he could not correct the error. He knew his application contained incorrect information and he did not make sufficient efforts to correct this information.
- 24. There is no factual dispute regarding Mr. Mijares' convictions for fraud and theft in 2020. They arose from a single transaction that occurred during his employment in 2018. However, his version of events assumes that the RCMP charged him without investigating which is unlikely.
- 25. It would be detrimental to the public perception and the integrity of the automotive sales industry if an individual with recent, employment-related fraud and theft convictions was admitted into the industry. The Registrar's decision was consistent with the legislation and does not bar Mr. Mijares from applying for a salesperson registration in the future.
- 26. Counsel for AMVIC concluded that Mr. Mijares has not established that he should be granted a salesperson registration at this time. However, if the Appeal Committee grants a salesperson registration, it should be subject to the following conditions:
 - A. Mr. Mijares must immediately report any new criminal charges to AMVIC, after which his registration would be subject to a further administrative review.
 - B. Mr. Mijares would be required to fully disclose his criminal record to current and prospective employers and employers would have to acknowledge in writing on company letterhead that they are aware of Mr. Mijares' specific criminal charges.
 - C. Mr. Mijares would be required to immediately report any change of employer to AMVIC and would have to disclose his criminal record to his new employer.
 - D. Mr. Mijares must not allow his salesperson registration to expire, providing an opportunity to demonstrate his governability and acknowledgment that he must be registered.

Appellant's Closing Submissions

- 27. Mr. Mijares argued that he has fully disclosed his criminal record to his current employer and they are a reputable, AMVIC-licensed dealership. AMVIC and his employer are aware of his criminal record. Consumers will be protected because any sales he completes will be vetted by multiple managers and the owner of the dealership. The dealership's reputation is also at stake, so they will carefully monitor his sales. Given his history, he will be careful to follow the rules of the industry because he knows the consequences of not doing so.
- 28. Mr. Mijares explained that he is not asking the Appeal Committee to forget his past, he is asking for an opportunity to prove that he has changed. He is and is trying

- to provide for his family. His criminal record makes it difficult to find a job. He works, goes to school, and is focused on being a good person.
- 29. Mr. Mijares concluded that he is willing to abide by any conditions or restrictions on his salesperson registration. If he makes any mistakes, he will own up to them and understand if his salesperson registration is revoked.

Findings of the Appeal Committee

- 30. Upon hearing the evidence and arguments put forward by Mr. Mijares and AMVIC, the Appeal Committee dismisses the appeal and upholds the Decision of the Registrar to refuse the application of Mr. Mijares for an automotive salesperson registration under sections 104, 127(b)(iii), 127(b)(vii), and 127(c) of the Consumer Protection Act.
- 31. Under section 3.2(2)(m) of the Appeal Policy, the task the of Appeal Committee is to determine if the Decision is consistent with the provisions of the *CPR*, the *ABR*, and the Bylaws and policies of AMVIC. Based on Mr. Mijares' conduct during the application and his recent criminal convictions, the Appeal Committee finds that the Decision is consistent with the provisions of the *CPA*, *ABR*, and the Bylaws and policies of AMVIC.

Reasons of the Appeal Committee

Criminal Record

- 32. The following evidence was before the Appeal Committee regarding Mr. Mijares's criminal record:
 - In 2001, Mr. Mijares was convicted of trafficking. He was sentenced to a six-month conditional sentence order.
 - In 2020, Mr. Mijares was convicted of fraud and theft under \$5,000 in relation to a transaction involving a previous employer. He was sentenced to a three-month conditional sentence order consisting of two months of house arrest, one month of curfew, and twelve months of probation with conditions. At the time of the appeal, he was still under probation.
- 33. The Registrar found that Mr. Mijares's recent convictions raised concerns for the protection of consumers, the industry, and the public perception of the industry due to their seriousness and recency. The Appeal Committee finds that Mr. Mijares's 2020 convictions are serious and recent enough to reasonably cause concern to AMVIC as a regulator.
- 34. Section 127(b)(vii) of the *CPA* grants the Registrar authority to refuse to issue a licence where the applicant "is convicted of an offence referred to in section 125 or is serving a sentence imposed under a conviction."
- 35. Section 125 of the *CPA* defines a "conviction" as "a conviction for an offence under any criminal or other law in force in Alberta or elsewhere that, in the [Registrar's] opinion, indicates that the person convicted is unsuitable to be licensed under this Act."
- 36. In the Appeal Committee's view, Mr. Mijares's convictions in 2020 directly relate to his suitably to be registered under the *CPA* and *ABR*. These convictions arise from a transaction that occurred during the course of his employment. Fraud and theft committed

during the course of employment is especially troubling and raises legitimate concerns about the ability of an individual to abide by the rules of the automotive industry and deal fairly with employers and consumers.

- 37. The Appeal Committee does not accept Mr. Mijares's explanation of the transaction underlying his 2020 convictions. Mr. Mijares did not provide any independent evidence to support his version of events. There are also inconsistencies between what Mr. Mijares told the Registrar and his testimony in this appeal. For example, during the administrative review Mr. Mijares told the Registrar that he initially lied to his former employer about breaking their policies. During the appeal, Mr. Mijares denied lying to his employer. Mr. Mijares also told the Registrar that he was involved in the sale of 18 to 19 vehicles with his current employer. During the appeal, he testified that he received commissions for these sales. However, he then testified that he only received training bonuses and was always shadowing a registered salesperson during these transactions.
- 38. The Appeal Committee finds it difficult to accept that the RCMP would have charged Mr. Mijares for fraud and theft without investigating . It is unclear why Mr. Mijares would have been charged with the offences if the nor why the charges would have proceeded if that fact could have been proven.
- 39. Further, the *Criminal Code* (Canada) imposes conditions for the acceptance of a guilty plea, including that the accused person admits the essential elements of the offence and the facts support the charge. By pleading guilty, Mr. Mijares admitted to the elements and facts of the fraud and theft charges. Given that Mr. Mijares plead guilty to the fraud and theft charges, the Appeal Committee finds that these convictions were sufficient basis for the Registrar to refuse to issue a salesperson registration to Mr. Mijares pursuant to section 127(b)(vii) and section 127(c) of the *CPA*.

False Information during Application

- 40. The Registrar found that it was not Mr. Mijares's intention to falsify his application, but he failed to disclose his criminal record including the recent convictions from August 26, 2020 contrary to section 127(b)(iii) of the *CPA*. The Appeal Committee finds that the Registrar's Decision was reasonable in this regard.
- 41. Section 127(b)(iii) of the *CPA* permits the Registrar to deny an application for salesperson registration where an applicant furnishes false information:
 - 127 The Director may refuse to issue or renew a licence, may cancel or suspend a licence and may impose terms and conditions on a licence for the following reasons: ...
 - (b) the applicant or licensee or any of its officers or employees ...
 - (iii) furnishes false information or misrepresents any fact or circumstance to an inspector or to the Director,
- 42. Mr. Mijares testified that there was a technical glitch with his online application, resulting in the wrong information being submitted to AMVIC. Mr. Mijares testified that he knew the eligibility question about his criminal record had been answered incorrectly because of this error and that he called AMVIC to ask if he could make changes to his application. However, he did not advise AMVIC that the eligibility question about his criminal record

had been answered incorrectly. When he was unable to fix his application, he did not call AMVIC again to explain that he did have a criminal record. In addition, Mr. Mijares did not inform his current employer of his criminal record until after the administrative review.

- 43. The *CPA* and the Code of Conduct requires salespeople to act honestly. There are many opportunities for a salesperson to be dishonest or to remain silent when it will not benefit them to make full disclosure. AMVIC relies on the honesty and integrity of salespeople during the application and renewal process and in their role as salespeople to protect the public and the integrity of the industry.
- 44. Mr. Mijares's failure to disclose his criminal record raises legitimate concerns regarding his ability to comply with the Code of Conduct expected of a salesperson at this time. In addition, the Appeal Committee is concerned that Mr. Mijares's explanation for failing to disclose his criminal record demonstrates that he does not fully appreciate the significance of making honest and full disclosure during the application process.

Conclusion

- 45. The Appeal Committee finds that the Registrar's decision is consistent with the provisions of the *Consumer Protection Act*, the Automotive Business Regulation, and the Bylaws and policies of AMVIC.
- 46. Given Mr. Mijares's failure to disclose his criminal record during the salesperson registration application, the seriousness and recency of his criminal convictions, and the nature of the criminal convictions in the employment context, the Appeal Committee finds that the Registrar's Decision, that it is in the public interest not to grant Mr. Mijares a salesperson registration at this time, is reasonable.
- 47. In the Appeal Committee's view, Mr. Mijares must demonstrate a longer period of time where he has had no interactions with the law before his application is granted. Given Mr. Mijares's history and the nature of the automotive sales industry, the Appeal Committee is not persuaded, at this time, that conditions could adequately protect the public. The Appeal Committee notes that Mr. Mijares has the ability to apply for salesperson registration in the future. He should endeavour to demonstrate a sustained period of rehabilitation and make full disclosure of his criminal record in any future applications for a salesperson registration.

Issued and Dated:	
"original signed by"	
	February 25, 2021
David Quest	Date
Chair – AMVIC Salesperson Appeal Committee	