

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

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

**BY: SUPREME AUTO SALES 2008 LTD.**  
**operating as SUPREME AUTO**  
at or near the city of Calgary, 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, wholesale and agent or broker in the Province of Alberta.
- B. An AMVIC investigation (case file 21-11-168) was initiated as a result of a consumer complaint received by AMVIC in November 2021, regarding the condition of a vehicle soon after purchase and subsequent warranty.
- C. An administrative review was held via teleconference call on Sept. 20, 2022 at approximately 10 a.m. Participating in the administrative review was Mr. Ali Sadden, owner and director of the Supplier; [REDACTED], AMVIC investigator; [REDACTED] AMVIC manager of investigations south; and G. Gervais, Director of Fair Trading (as delegated).
- D. On Oct. 14, 2021, the consumer ("WO") entered into an agreement to purchase a 2006 Ford F-350 (the "Ford") in the amount of \$20,515.94 inclusive of taxes, fees and a warranty.
- E. The AMVIC investigation revealed that the Supplier had offered to buy back the Ford however, it is unclear when the buyback was offered. The consumer had spent a substantial amount of money repairing the Ford. The consumer stated the buyback was offered after the repairs had been completed. The Supplier disputes that and indicated that two options were offered to the consumer prior to the consumer completing the repairs. Due to these conflicting statements and lack of evidence to support either statement, the issues brought forward to the Director did not include the condition of the Ford and therefore that was not discussed during the administrative review.
- F. The Supplier's advertisement listed the price for the Ford for \$15,990 plus taxes. The bill of sale ("BOS") in this consumer transaction lists that a documentation fee of \$799 was charged to WO

above the advertised price. By charging a documentation fee on top of the advertised price, the Supplier has breached Section 11(2)(l) of the ABR.

### **Automotive Business Regulation**

#### **Advertising**

#### **Section 11**

**(2)** A business operator must ensure that every advertisement for an automotive business that promotes the use or purchase of goods or services

(l) includes in the advertised price for any vehicle the total cost of the vehicle, including, but not limited to, all fees and charges such as the cost of accessories, optional equipment physically attached to the vehicle, transportation charges and any applicable taxes or administration fees, but not including GST or costs and charges associated with financing,

- G. The Supplier's advertisement further stated that the Ford was lifted and warranty was available. As WO was interested in warranty for the Ford, a warranty package was sold to him by the Supplier at the cost of \$1,999. The AMVIC investigation revealed however that the Supplier also charged WO a separate "Warranty Policy Premium" in the amount of \$750.99.
- H. During the administrative review, the Supplier could not account for this additional charge of \$750.99. The salesperson involved in the consumer transaction was let go by the Supplier as a result of the concerns identified.
- I. The Lubrico warranty that was sold to WO has warranty terms and conditions that stipulate that modified or lifted vehicles do not qualify for coverage, therefore the Supplier should not have been advertising a warranty or selling a warranty package for the Ford as it does not qualify based on the terms of the Lubrico warranty.
- J. During the administrative review, Mr. Ali Sadden advised that in 20 years in business, the Ford is the first modified or lifted vehicle his business has sold and he was not aware of the exclusion clause. Mr. Sadden indicated that the Ford only had a three inch lift and would not be obvious to everyone. Mr. Sadden recognizes he is vicariously liable and should be aware of the products they sell. According to Mr. Sadden there is no course, program or training required to become an authorized seller of warranties as an automotive business. The Supplier and the AMVIC investigator confirmed that Lubrico has indicated they will honour the warranty package that was sold to WO.
- K. Mr. Sadden stated there was no intent to mislead the consumer or make a false statement in their advertising.
- L. During the AMVIC investigation it was identified that the Supplier had referred WO to a repair facility that was not AMVIC licensed. Mr. Sadden indicated he was not aware this business was unlicensed and there was no intent on his part to be deceptive. The business, specifically the

licensed technician, had been referred to him based on the experience and quality of the technician to work on diesel engines.

- M. Mr. Sadden stated there was no intent to mislead the consumer or make a false statement in their advertising. The Supplier acknowledged the general conduct described in the AMVIC investigation and regrets engaging in the aforementioned activity.

**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.
2. The Supplier will undertake to ensure any automotive repair business they utilize or any automotive business they refer their customers to are AMVIC licensed.
3. The Supplier will undertake to ensure their advertising conforms to legislation as per Section 11 of the ABR.
4. The Supplier will undertake to ensure they do not sell warranties on vehicles that are lifted or modified, or advertise that a warranty is available on lifted or modified vehicles if there are warranty exclusion clauses that prohibit them in doing so. It is incumbent on Mr. Sadden to educate himself about the products and services he is selling to consumers to avoid causing potential consumer harm.
5. The Supplier will undertake to reimburse the consumer the sum of **\$1,627.49** which represents the documentation fee of \$799 plus the warranty premium of \$750.99 that was charged plus GST within **thirty (30) days** from the date of signing the Undertaking and the Supplier will provide AMVIC with proof that same has been completed.
6. The Supplier shall pay the sum of **\$500** to the Alberta Motor Vehicle Industry Council, 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 King'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 King'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 15 day of October, 2022.

**SUPREME AUTO SALES 2008 LTD.**  
**operating as SUPREME AUTO**

PER: “original signed by”  
Ali SADDEN

ACCEPTED by the Director of Fair Trading on the 25 day of October, 2022.

PER: “original signed by”  
Gerald Gervais, Registrar  
Director of Fair Trading  
(as delegated)