

IMPACT

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AMVIC's 2023 enforcement activities: regulator issues \$306,000 in non-compliance penalties in 2023 (Jan. 1, 2023 to Aug. 31, 2023)

AMVIC has oversight of more than 7,700 licensed businesses and 10,840 registered salespeople. Consumers in Alberta purchase a vehicle on average every six years and a well-informed consumer is better equipped to make the appropriate purchase decision for themselves or their family. Automotive industry members who understand their responsibilities are better able to operate with fairness and transparency.

Non-compliance is a significant issue in our efforts to protect consumers and establish a level playing field for the automotive industry. Often non-compliance can be linked to a lack of industry awareness and understanding of the legislative requirements; AMVIC continues its focus on education efforts at many levels, through industry bulletins, advertising, social media, information on amvic.org, and the Impact quarterly newsletter.

AMVIC is focusing on non-compliance in the automotive industry and the need to change behaviours of businesses in order to better protect consumers in Alberta. It has become apparent that proactive education is not having the necessary impact and effect consumers need. Many consumers have been caught in impossible situations of having to pay additional fees in order to purchase a vehicle.

In response to the non-compliance identified by AMVIC, in late January 2023, AMVIC commenced an all-in pricing and advertised price compliance inspection project. This edition of Impact outlines the project findings as well as additional enforcement decisions from Jan. 1, 2023 to Aug. 31, 2023.

Advertised Price Compliance Inspection and Enforcement Project

Forty-four franchise new vehicle sales businesses (about 10 per cent of the total number of franchise dealers in Alberta) were inspected across Alberta between Jan. 24 and Feb. 10, 2023. The inspections were conducted at businesses that had at least one previous inspection where advertising compliance was an issue. These businesses were informed of their specific non-compliance issues at the end of those previous inspections. During this project, approximately 2,200 business advertisements were reviewed.



All-in advertised pricing is the law in Alberta

That means when an AMVIC-licensed business advertises the price of a vehicle it must include ALL fees and charges the business intends to charge. The only fee that can be added to the advertised price is GST and any costs or charges associated with financing. Although AMVIC does not encourage or discourage businesses from selling additional features and add-ons, all fees must be accurately stated and not violate all-in advertised pricing legislation.

All-in advertised pricing legislation is straightforward. AMVIC offers educational publications including industry bulletins, the Impact newsletter and an entire page on amvic.org called the advertising toolkit.

AMVIC has the authority to inspect all licensed automotive businesses in Alberta. There exists an onus on each business to ensure they are complying with the legislation that governs the regulated industry they have chosen to be a member of. Selling a vehicle over the advertised price, misrepresenting fees or failing to properly disclose additional fees is in contravention of the *Consumer Protection Act* (CPA) which can result in various enforcement actions such as charges or an administrative action.

Enforcement actions are publicly posted on amvic.org in accordance with the CPA, Section 157.1:

(1) *The Director must maintain a public record of undertakings, Director's orders, court orders and injunctions and any other prescribed document or information; and*

(3) *The Director must maintain a public record of administrative penalties and may prescribe the form of the public record and the documents and information that must or may be included in it.*

The Appeal Board Regulation, Section 16 of the CPA states: *The Director may publish the decision of an appeal board in any manner the Director considers appropriate.*

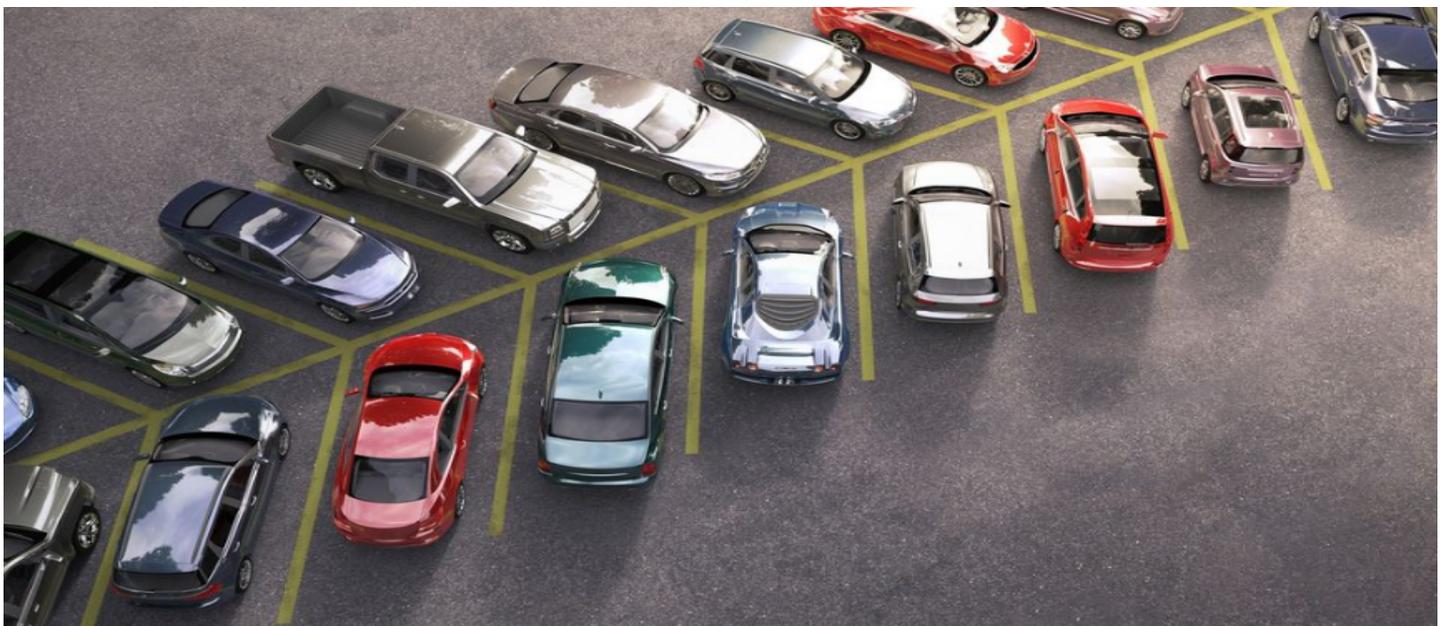
Appeal decisions are publicly posted on amvic.org. As per AMVIC's [Communications Policy](#), Director's Orders, Administrative Penalties, Undertakings, Appeals and Court Orders are posted on amvic.org for prescribed periods of time.

Project results

Of the 44 businesses inspected, 37 businesses were found to have sold vehicles over the advertised price, in one case more than \$6,854.25 over the advertised price. Out of 767 deals inspected, 200 vehicles were sold over the advertised price.

Twenty-four application reports were presented to the Director of Fair Trading (as delegated) for consideration of enforcement action and 13 warnings were issued. One business received a Director's Order as they were found to be misinforming consumers about keeping vehicle loans for a minimum of six months when the legislation allows a consumer to repay the entire outstanding balance at any time without penalty (previously reported within [Impact Vol. 3, September 2023](#)).

The following businesses were issued Administrative Penalties in the total amount of \$248,000 including one penalty of \$75,000 which is the largest Administrative Penalty ever issued by AMVIC. As three businesses have appealed and the matters have not been finalized, they are not yet public and the chart below lists 19 of the 22 Administrative Penalties issued. The full Administrative Penalties are all publicly posted as PDF's on amvic.org. An Administrative Penalty is a monetary penalty for failing to comply with legislation and can be up to \$100,000. Administrative Penalties are paid to the Government of Alberta.



Businesses inspected that received Administrative Penalties

| Business name | Dollar amount of Administrative Penalty |
|---|---|
| Advantage Ford Sales Ltd. | \$8,000 |
| Capital GMC Buick Inc. | \$6,500 |
| Competition Chevrolet Ltd. | \$2,000 |
| Country Hills Toyota (CHT Auto Ltd.) | \$3,500 |
| Go Nissan South (Mills Nissan Ltd.) | \$11,000 |
| Go Southtown Dodge Chrysler Jeep Ram (Southtown Chrysler Inc.) | \$3,000 |
| Lakewood Chevrolet Ltd. | \$2,250 |
| Lexus South Pointe (LSP Auto Ltd.) | \$6,000 |
| North Edmonton Kia | \$75,000 |
| Royal Oak Nissan Ltd. | \$5,500 |
| Shaganappi Motors (Shaganappi Motors (1976) Ltd.) | \$9,500 |
| Sherwood Honda (First Nations Motors, First Nations Auto Finance) | \$3,000 |
| Sherwood Kia (Sherwood Park Auto Sales Ltd.) | \$20,000 |
| Sherwood Park Dodge Chrysler Jeep Ltd. | \$17,500 |
| Southtown Hyundai (Go Auto, Genesis South Edmonton) | \$21,500 |
| Straightline Kia | \$25,000 |
| Varsity Dodge Chrysler (Country Hills Chrysler Dodge Jeep Ram Ltd.) | \$3,750 |
| West Side Mitsubishi | \$15,000 |
| XS Credit (Londonderry Dodge Chrysler Jeep Ltd.) | \$10,000 |



Other enforcement actions since January 2023

Five additional Administrative Penalties have been levied from Jan. 1 to Aug. 31, 2023 (see table below) for a total \$58,000. When combined with the \$248,000 levied through the Advertised Price Compliance Inspection and Enforcement Project, AMVIC has levied \$306,000 of Administrative Penalties from Jan. 1 to Aug. 31, 2023. Administrative Penalties are paid to the Government of Alberta.

Businesses that were issued an Administrative Penalty from Jan. 1, 2023 – Aug. 31, 2023, unrelated to the Advertised Price Compliance and Enforcement Project

| Business name | Dollar amount of Administrative Penalty | Date of enforcement action |
|---|---|----------------------------|
| Renfrew Chrysler Inc. | \$6,000 | March 1, 2023 |
| Northstar Hyundai (Go Auto) | \$15,000 | March 2, 2023 |
| Sherwood Park Hyundai (Autocanada Sherwood Park Vehicles GP Inc.) | \$10,000 | March 2, 2023 |
| No Bull RV Sales Inc. | \$15,000 | March 29, 2023 |
| South Trail Hyundai (South Trail H Ltd.) | \$12,000 | May 2, 2023 |

As the regulator of Alberta's automotive business industry, AMVIC's delegated authority is to regulate the industry and enforce consumer protection legislation. AMVIC works to protect Alberta automotive consumers from unfair business practices and toward building trust, confidence and regulatory compliance. When businesses do not follow the legislation, it creates an unfair marketplace and may have a serious financial impact on consumers. A fair marketplace is an expectation shared by many.

AMVIC will be conducting followup inspections of the businesses inspected during the Advertised Price Compliance Inspection and Enforcement Project. We expect to find compliance with the *Consumer Protection Act* and all associated regulations.



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