

May 5, 2025

Administrative Review – 24-06-009
Served Personally

Administrative Penalty

COMPETITION CHEVROLET LTD.
40 BOULDER BOULEVARD
STONY PLAIN, AB
T7Z 1V7

Attention: Blair Polack

Dear Blair Polack:

Re: Competition Chevrolet Ltd. – Provincial Automotive Business Licence No. B115793

As the Director of Fair Trading (as delegated) (the “Director”), I am writing to you pursuant to Section 158.1(1) of the *Consumer Protection Act* (“CPA”) to provide you with written notice of the Administrative Penalty issued under.

Facts

The evidence before me in relation to this matter consists of the material contained in an Alberta Motor Vehicle Industry Council (“AMVIC”) industry standards department application report (the “Application Report”) prepared by an industry standards officer (“ISO”) and the manager of industry standards. A copy of the Application Report is attached as Schedule “A” to this letter. The Supplier provided written representations via email dated April 22, 2025 (attached as Schedule “C”), in response to the Proposed Administrative Penalty, which I have also taken into consideration.

Licensee Status

Competition Chevrolet Ltd. (the “Supplier”) holds an automotive business licence and is licensed to carry on the designated business activities of new and used sales, garage, leasing, agent or broker, consignment sales and wholesale sales in the Province of Alberta.

Direct communications with the Supplier and its representatives

1. On June 4, 2015, a routine AMVIC industry standards inspection was completed at the business location of the Supplier. A Findings Letter outlining the inspection findings was completed and sent to the Supplier on June 8, 2015. The Findings Letter outlined some concerns including but not limited to:
 - a) One salesperson designated to act on behalf of the Supplier to sell vehicles had an expired salesperson registration contrary to the Automotive Business Regulation (“ABR”).

- b) Issues with the completion of and/or disclosure of Mechanical Fitness Assessments ("MFAs") contrary to Section 15(1) of the Vehicle Inspection Regulation ("VIR").

The Supplier was not found to have sold vehicles over the advertised price during this inspection.

2. On June 5, 2019, a followup AMVIC industry standards inspection was completed on the Supplier. A Findings Letter outlining the inspection findings was completed and sent to the Supplier on July 5, 2019. The Findings Letter outlined some concerns including but not limited to:
 - a) Advertising issues contrary to requirements in Section 11 of the ABR and Section 6 of the Cost of Credit Disclosure Regulation ("COC").
 - b) During the inspection, 10 deals were reviewed by the ISO and of those 10 deals, two did not reflect all-in pricing contrary to Section 11(2)(l) of the ABR.
 - c) Various issues with the completion of and/or disclosure of MFA contrary to Sections 15(1) and 16 of the VIR.
 - d) A number of the bills of sale ("BOS") that were reviewed in the deal jackets had issues contrary to Section 31.2 of the ABR.
 - e) Consignment agreement issues were identified contrary to requirements found in the ABR.
3. On April 12, 2021, a followup AMVIC industry standards inspection was completed on the Supplier. A Findings Letter outlining the inspection findings was completed and sent to the Supplier on April 22, 2021. The Findings Letter outlined some concerns including but not limited to:
 - a) Advertising issues contrary to requirements in Section 31.1 of the ABR.
 - b) During the inspection, two deals that were reviewed by the ISO did not reflect all-in pricing contrary to Section 11(2)(l) of the ABR.
 - c) Issues with the completion of and/or disclosure of MFAs contrary to Section 15(1) of the VIR.
 - d) All the bills of sale that were reviewed in the deal jackets had issues contrary to Section 31.2 of the ABR.
4. On Feb. 1, 2023, a followup AMVIC industry standards inspection was completed on the Supplier. This inspection focused specifically on the Supplier's advertising and compliance with all-in pricing legislation. The inspection conducted on Feb. 1, 2023 was therefore not comprehensive in nature and as such, not all documentation or business practices were reviewed in comparison to the three previous comprehensive inspections conducted in 2015, 2019 and 2021. A Findings Letter outlining the inspection findings was completed and sent to the Supplier on Feb. 14, 2023. The Findings Letter outlined some concerns including but not limited to:
 - a) During the inspection, 10 deals were reviewed by the ISO and of those 10 deals, two did not reflect all-in pricing contrary to Section 11(2)(l) of the ABR.

5. As a result of the Feb. 1, 2023 inspection, an Administrative Penalty of \$2,000 was assessed on the Supplier on March 29, 2023.
6. On April 12, 2024, a followup AMVIC industry standards inspection was completed on the Supplier. A Findings Letter outlining the inspection findings was completed and sent to the Supplier on May 1, 2024. The Findings Letter outlined some concerns including but not limited to:
 - a) Advertising issues contrary to requirements in Section 11 of the ABR, Sections 6 and 76 of the CPA, and Sections 6 and 18 of the COC.
 - b) During the inspection, five deals were reviewed by the ISO that had an advertisement to compare with the vehicle that was sold, one did not reflect all-in pricing contrary to Section 11(2)(l) of the ABR.
 - c) Two salespeople designated to act on behalf of the Supplier to sell vehicles did not have a salesperson registration contrary to the ABR.
 - d) A number of the bills of sale that were reviewed in the deal jackets had issues contrary to Section 31.2 of the ABR.
 - e) Various issues with the completion of and/or disclosure of MFAs contrary to Sections 15(1) and 16 of the VIR.
7. Selling a vehicle over the advertised price was found in four of the five AMVIC inspections, based on the Findings Letters provided to the Supplier following each AMVIC industry standards inspection.
8. The Supplier provided written representations on April 22, 2025, in response to the Proposed Administrative Penalty (see Schedule "C").

Applicable Legislation

Automotive Business Regulation

Records

Section 9

In addition to the requirement to create and maintain financial records in accordance with section 132(1) of the Act, every business operator and former business operator must maintain all records and documents created or received while carrying on the activities authorized by the licence for at least 3 years after the records were created or received.

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
- (d) uses descriptions and makes promises only in accordance with actual conditions, situations and circumstances,

- (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, and
- (m) includes the stock number of the specific vehicle that is advertised as being available for sale at the time the advertisement is placed,

General codes of conduct**Section 12**

Every business operator must comply with section 6 of the Act and in addition must

- (o) comply with any legislation that may apply to the selling, leasing, consigning, repairing, installing, recycling or dismantling of vehicles.

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.

Bill of sale**Section 31.2**

(1) A business operator engaged in automotive sales must use a bill of sale that includes the following:

- (a) the name and address of the consumer;
- (b) the number of the government-issued identification that the business operator uses to confirm the identity of the consumer;
- (c) the name, business address and licence number of the business operator;
- (d) if a salesperson is acting on behalf of the business operator, the name and registration number of the salesperson;
- (e) the make, model and model year of the vehicle;
- (f) the colour and body type of the vehicle;
- (g) the vehicle identification number of the vehicle;
- (h) the date that the bill of sale is entered into;
- (i) the date that the vehicle is to be delivered to the consumer;
- (j) an itemized list of all applicable fees and charges the consumer is to pay, including, without limitation:
 - (i) charges for transportation of the vehicle;
 - (ii) fees for inspections;
 - (iii) fees for licensing;
 - (iv) charges for warranties;
 - (v) taxes or levies, including GST;
- (k) the timing for payment by the consumer of the fees and charges under clause (j);

- (l) an itemized list of the costs of all extra equipment and options sold to the consumer in connection with the vehicle or installed on the vehicle at the time of sale;
 - (m) the total cost of the vehicle, which must include the fees, charges and costs listed under clauses (j) and (l);
 - (n) the down payment or deposit paid by the consumer, if any, and the balance remaining to be paid;
 - (o) if the consumer is trading in another vehicle to the business operator in connection with the purchase of the vehicle,
 - (i) information about the vehicle being traded in, and
 - (ii) the value of the trade-in allowance incorporated into the cost of purchase of the vehicle;
 - (p) the balance of any outstanding loan that is incorporated into the cost of purchase of the vehicle;
 - (q) if, in connection with the purchase of the vehicle, the business operator enters into a credit agreement with the consumer or arranges a credit agreement for the consumer, the disclosure statement required under Part 9 of the Act;
 - (r) an itemized list of any items or inducements the business operator agrees to provide with the vehicle at no extra charge;
 - (s) the odometer reading of the vehicle at the time the bill of sale is entered into, if the vehicle has an odometer and the odometer reading is available to the business operator;
 - (t) the maximum odometer reading of the vehicle at the time of delivery to the consumer if the vehicle has an odometer and
 - (i) the odometer reading is not available to the business operator at the time the bill of sale is entered into, or
 - (ii) the vehicle is a new, specifically identified vehicle;
 - (u) any mechanical fitness assessment that has been issued under the Vehicle Inspection Regulation (AR 211/2006);
 - (v) any disclosure statement or documentation respecting a vehicle's previous use, history or condition, including disclosure statements or documentation required under the laws of another jurisdiction;
 - (w) a declaration that the business operator has disclosed to the consumer the information required under section 31.1.
- (2)** the business operator must ensure that all restrictions, limitations, and conditions imposed on the consumer under the bill of sale are stated in a clear and comprehensible manner.

Vehicle Inspection Regulation

Sale of used motor vehicle

Section 15

- (1)** Subject to subsection (2), a dealer in used motor vehicles shall, before entering into a contract to sell a motor vehicle, give to the buyer a used motor vehicle mechanical fitness assessment that contains the following:
- (a) a statement identifying the type of motor vehicle as a truck, motorcycle, bus, van, light truck, automobile or other type of motor vehicle;

- (b) a statement showing the make, model, year, vehicle identification number, odometer reading in kilometres or miles, licence plate number and province of registration of the vehicle;
- (c) the name and address of the dealer selling the vehicle and the name of the technician who issued the mechanical fitness assessment;
- (d) a statement that the mechanical fitness assessment expires 120 days after the date on which it was issued;
- (e) a statement certifying that at the time of sale the motor vehicle
 - (i) complies with the Vehicle Equipment Regulation (AR 122/2009), or
 - (ii) does not comply with the Vehicle Equipment Regulation (AR 122/2009) and containing a description of the items of equipment that are missing or do not comply with the Vehicle Equipment Regulation (AR 122/2009);
- (f) the signature of the technician who conducted the mechanical fitness assessment;
- (g) the date the mechanical fitness assessment was issued.

Expiry of mechanical fitness assessment**Section 16**

A dealer's mechanical fitness assessment provided under section 15(1) for a used motor vehicle expires 120 days after the date on which it was issued.

Consumer Protection Act**Interpretation of documents****Section 4**

If a consumer and a supplier enter into a consumer transaction, or an individual enters into a contract with a licensee and the licensee agrees to supply something to the individual in the normal course of the licensee's business, and

- (a) all or any part of the transaction or contract is evidenced by a document provided by the supplier or licensee, and
- (b) a provision of the document is ambiguous,

the provision must be interpreted against the supplier or licensee, as the case may be.

Unfair practices**Section 6**

(1) In this section, "material fact" means any information that would reasonably be expected to affect the decision of a consumer to enter into a consumer transaction.

(1.1) It is an offence for a supplier to engage in an unfair practice.

(2) It is an unfair practice for a supplier, in a consumer transaction or a proposed consumer transaction,

- (c) to use exaggeration, innuendo or ambiguity as to a material fact with respect to the consumer transaction;

(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;

Duty to maintain records**Section 132**

- (1) Every licensee and former licensee must create and maintain
- (a) complete and accurate financial records of its operations in Alberta for at least 3 years after the records are made, and
 - (b) other records and documents described in the regulations for the period specified in the regulations.

Administrative Penalties**Notice of administrative penalty****Section 158.1**

- (1) If the Director is of the opinion that a person
- (a) has contravened a provision of this Act or the regulations, or
 - (b) has failed to comply with a term or condition of a licence issued under this Act or the regulations,
- the Director may, by notice in writing given to the person, require the person to pay to the Crown an administrative penalty in the amount set out in the notice.
- (2) Where a contravention or a failure to comply continues for more than one day, the amount set out in the notice of administrative penalty under subsection (1) may include a daily amount for each day or part of a day on which the contravention or non-compliance occurs or continues.
- (3) The amount of an administrative penalty, including any daily amounts referred to in subsection (2), must not exceed \$100 000.
- (4) Subject to subsection (5), a notice of administrative penalty shall not be given more than 3 years after the day on which the contravention or non-compliance occurred.
- (5) Where the contravention or non-compliance occurred in the course of a consumer transaction or an attempt to enter into a consumer transaction, a notice of administrative penalty may be given within 3 years after the day on which the consumer first knew or ought to have known of the contravention or non-compliance but not more than 8 years after the day on which the contravention or non-compliance occurred.

Right to make representations**Section 158.2**

- Before imposing an administrative penalty in an amount of \$500 or more, the Director shall
- (a) advise the person, in writing, of the Director's intent to impose the administrative penalty and the reasons for it, and
 - (b) provide the person with an opportunity to make representations to the Director.

Vicarious liability**Section 166**

- For the purposes of this Act, an act or omission by an employee or agent of a person is deemed also to be an act or omission of the person if the act or omission occurred
- (a) in the course of the employee's employment with the person, or
 - (b) in the course of the agent's exercising the powers or performing the duties on behalf of the person under their agency relationship.

Cost of credit disclosure regulation**Advertisements****Section 6**

- (1) This section applies only to advertisements that offer credit and state the interest rate or amount of any payment.
- (2) The information required to be disclosed for the purposes of section 76(1) of the Act is
 - (a) the APR, and
 - (b) the term.
- (3) In addition to the information required under subsection (2),
 - (a) an advertisement for a credit sale of a specifically identified product must disclose the cash price, and
 - (b) an advertisement for a credit sale in connection with which any non-interest finance charge would be payable must disclose
 - (i) the cash price, and
 - (ii) the total cost of credit, except that an advertisement on radio, television or a billboard or other media with similar time or space limitations is not required to disclose the total cost of credit.
- (4) Where any of the information required to be disclosed by subsections (2) and (3) would not be the same for all credit agreements to which the advertisement relates, the information must be for a representative transaction and must be disclosed as such.

Advertisements**Section 18**

- (1) As much of the following information as is applicable is required to be disclosed for the purposes of section 92 of the Act:
 - (a) that the transaction is a lease;
 - (b) the term of the lease;
 - (c) any payments that would be required at or before the beginning of the term;
 - (d) the amount, timing and number of the periodic payments;
 - (e) the amount of any other payments that the lessee will be required to make in the ordinary course of events;
 - (f) the APR;
 - (g) for a motor vehicle lease, charges for exceeding the kilometre allowance set out in the lease, if the kilometre allowance is less than 20 000 kilometres per year.

Analysis – Did the Supplier fail to comply with the provisions of the CPA, ABR, COC and VIR?

A routine AMVIC industry standards inspection was completed on June 4, 2015. The inspection findings were discussed with the Supplier and a Findings Letter was emailed to the Supplier on June 8, 2015. The Supplier was not found to have sold vehicles over the advertised price.

Two subsequent AMVIC industry standards inspections were completed in 2019 and 2021. As a result of each inspection, a Findings Letter was completed and provided to the Supplier after each inspection providing education to the Supplier. In three of the four inspections, the Findings Letters addressed a number of legislative breaches including the Supplier selling vehicles above the advertised price.

On Feb. 1, 2023 a fourth AMVIC industry standards inspection was completed on the Supplier. This inspection focused solely on the Supplier's advertising and compliance with all-in pricing legislation. The inspection conducted on Feb. 1, 2023 was therefore not comprehensive in nature and as such, not all documentation or business practices were reviewed in comparison to the previous comprehensive inspections conducted in 2015, 2019 and 2021. A Findings Letter outlining the inspection findings was completed and sent to the Supplier on Feb. 14, 2023. It was determined that the Supplier continued to sell vehicles over the advertised price contrary to Section 11(2)(l) of the ABR and an Administrative Penalty of \$2,000 was levied on the Supplier on March 29, 2023.

On April 12, 2024 a fifth AMVIC industry standards inspection was completed on the Supplier. A Findings Letter outlining the inspection findings was completed and sent to the Supplier on May 1, 2024. Based on the facts outlined in the Application Report and supporting documents (see Schedule "A"), I will be considering the alleged breaches from the 2024 AMVIC industry standards inspection.

A. Selling Above Advertised Price (11(2)(l) ABR)

During the April 12, 2024 inspection, the ISO found one vehicle was sold above the advertised price. Prices advertised must include all fees the seller intends to charge. The only fee that can be added to the advertised price is the goods and services tax ("GST") and costs associated with financing as per Section 11(2)(l) of the ABR. Pre-installed products such as batteries and anti-theft must be included in the advertised price. Destination fees, documentation fees, the AMVIC levy and tire recycling levy must be included in the advertised price. In this consumer transaction the Supplier derived an economic benefit of **\$6,190.25** at the cost of the consumer.

- Stock No. N240098 was sold over the advertised price by **\$6,190.25**.

The application report on page two, states 30 retail vehicle sale files were reviewed, five vehicle sale files had an advertisement to compare against the sold vehicle file and one vehicle was sold over the advertised price contrary to Section 11(2)(l) of the ABR.

The Supplier has been provided the opportunity and education to rectify their business practices, however continue to engage in selling over the advertised price which is concerning.

The Director finds that on a balance of probabilities, the Supplier has breached Section 11(2)(l) of the ABR.

B. Advertisements Missing Stock Numbers (11(2)(m) ABR)

Facebook advertisements by salesperson ("MB") (see Schedule "A"; Exhibit 18) were reviewed by the ISO. MB was advertising vehicles on behalf of the Supplier. The advertisements did not include the stock number as required by Section 11(2)(m) of the ABR.

In accordance with Section 166 of the CPA, the Supplier is vicariously liable for the actions of their employees in the course of their employment with the Supplier. Therefore the Supplier is vicariously liable for the advertisements posted by their salesperson on his personal Facebook page on behalf of the Supplier.

The Director finds that on a balance of probabilities, the Supplier has breached Section 11(2)(m) of the ABR.

C. Mislead and Deceive (6(4)(a) CPA)

The Supplier's website included a disclaimer (see Schedule "A"; Exhibit 10) that stated:

"Every effort is made to ensure the accuracy of the content on the pages on <https://competitionchev.com>. In the event of a discrepancy, error or omission, vehicle prices, offers and features as established by GM Canada and participating Chevrolet dealers in Canada, will prevail."

The Supplier is responsible and accountable for all advertisements that are published for the purposes of their business activities as per Section 166 of the CPA. Using fine print or disclaimers do not exempt the Supplier's advertisements from the requirements of the legislation.

The Supplier's website having the statements as described above is contrary to Section 6(4)(a) of the CPA. The average consumer is not knowledgeable on the legislation that governs the automotive industry and would not know that these statements are not true. The business practice of having disclaimer statements on their website that are not in line with the legislative requirements communicate to consumers that the Supplier's advertised price does not need to be accurate and that they are not responsible for errors in their advertisements. The use of a disclaimer, such as the one outlined above, is misleading to consumers. It misleads consumers to believe the Supplier can tell them the advertised price is not the price of the vehicle and the Supplier can add costs that do not fall within 11(2)(l) of the ABR. This potentially puts consumers into a transaction where they are paying over the advertised price because they do not understand the legislative requirements the Supplier must adhere to. The disclaimer misleads the consumer to believe the Supplier can and does do this in their transactions with consumers based on their advertising.

Based on the evidence before me, in relation to the Supplier's website disclaimer, on a balance of probabilities, I find the Supplier has breached Section 6(4)(a) of the CPA.

D. Other Advertisements Compliance (6(2)(c) CPA/11(2)(d) ABR/6 & 18 COC)

The Supplier's banner advertisements advertising leases state the terms are "on an ultra low km lease". This statement is ambiguous as what the Supplier considers an "ultra low km lease" could be different than the consumers reviewing the advertisement. Section 6(2)(c) of the CPA states that it is an unfair practice for a supplier to use ambiguity as to a material fact with respect to a consumer transaction or a proposed consumer transaction.

The importance of ensuring the Supplier is not using ambiguous statements in their advertisements in relation to the kilometre allowance of a lease is further exemplified by Section 18(1)(g) of the COC. Section 18(1)(g) of the COC states that for a motor vehicle lease, charges for exceeding the kilometre allowance set out in the lease, if the kilometre allowance is less than 20,000 kilometres per year, are

required to be disclosed. If the *“ultra low km lease”* the Supplier is advertising is less than 20,000 kilometres per year, the Supplier’s advertisements must disclose additional information.

In the opinion of the Director, on a balance of probabilities, the Supplier has breached Section 6(2)(c) of the CPA.

In addition to the Supplier’s banner advertisements advertising leases state a lease payment then follow the payment with statement of *“that’s like”* then lists disclosure information required under Section 18 of the COC. For example (see Schedule “A”; Exhibit 11) a banner advertisement for a 2024 Silverado Custom states *“Lease for \$238 bi-weekly, that’s like \$119 weekly at 4.5% for 24 months with \$3,750 down payment on an ultra low kilometre lease”*. The Supplier adding the statement *“that’s like”* when disclosing the required lease disclosure eludes the actual conditions of the lease, leaving the consumer unsure of the actual conditions of the lease. This breaches Section 11(2)(d) of the ABR that requires Supplier’s to advertise using only descriptions and makes promises only in accordance with actual conditions, situations and circumstances.

The Supplier is required to disclose the conditions of the lease in accordance with Section 18 of COC, further supporting the importance of the Supplier’s advertisements stating the specific conditions of the lease in their advertisements.

In the opinion of the Director, on a balance of probabilities, the Supplier has breached Section 11(2)(d) of the ABR.

The Supplier’s advertisements (see Schedule “A”; Exhibits 13 & 14) include the information for both vehicle purchase and finance (fixed credit), or to lease the vehicle. The advertisements indicate the annual percentage rate (“APR”) and the term that consumer can finance the purchase of the vehicles however, it does not include the total cost of credit as required by Section 6(3)(b)(ii) of the COC. The advertisements also indicate a consumer can lease the vehicles for a bi-weekly payment at an APR with a term. However the advertisements do not include the number of the periodic payments as required by Section 18(1)(d) of the COC or the charges for exceeding the 16,000 kilometre allowance as required by Section 18(1)(g) of the COC.

Further, the Supplier’s advertisements (see Schedule “A”; Exhibits 15 & 16) indicate different interest rates with different terms but do not indicate the total cost of credit as required by Section 6(3)(b)(ii) of the COC. The Director did not consider a breach in exhibit 17 in Schedule A as the copy provided in the Application Report was not clearly legible.

In the opinion of the Director, on a balance of probabilities, the Supplier has breached Sections 6 and 18 of the COC.

E. Bill of Sale Issues (31.2(1) ABR)

On Oct. 31, 2018, legislation was put into effect with regards to BOS requirements. Between Sept. 25, 2018 and Nov. 6, 2018, AMVIC sent out a number of industry bulletins, updated the AMVIC website with information regarding the legislative amendments, sent multiple bulletins to inform the industry and the public regarding the changes, updated social media regularly, sent out a special edition of the IMPACT

newsletter to the industry regarding the legislative changes and all AMVIC employees had an email signature attached to staff emails regarding the legislative changes. These are just a few of the initiatives that AMVIC took to ensure all licensees were advised of the legislative changes that were coming into effect on Oct. 31, 2018 regarding the BOS.

In reviewing the documentation before me, relating to the most recent inspection conducted on April 12, 2024, it is noted that the Supplier continues to not comply with the rather straightforward legislation when completing their BOS despite previous inspections and education.

The bills of sale reviewed and the following breaches and deficiencies were identified:

- Twenty bills of sale (see Schedule "A"; Exhibit 20) were missing the consumer's government-issued identification number as required by Section 31.2(1)(b) of the ABR.
- Nine bills of sale (see Schedule "A"; Exhibit 21) were missing the salesperson registration number as required by Section 31.2(1)(d) of the ABR.
- Stock No. N240473 (see Schedule "A"; Exhibit 22) had the incorrect kilometres listed on the bill of sale for the trade-in vehicle. The odometer reading was 1,743,800 kilometres.
- Stock No. N240473 (see Schedule "A"; Exhibit 23) did not have the Costco rebate itemized separately on the bill of sale. The rebate was included in the deposit amount.
- The PPSA amount on the bill of sale for Stock No. N230511 was lower than the finance contract, resulting in the bill of sale total amount being lower than what was on the finance contract (see Schedule "A"; Exhibit 24).
- Stock No. N240548 (see Schedule "A"; Exhibit 25) was missing the itemization of life insurance on the bill of sale, resulting in the bill of sale total amount being lower than what was on the finance contract. Failure to itemize the life insurance on the BOS is contrary to Section 31.2(1)(l) of the ABR.
- Stock No. N230481A, Stock No. N240043A, Stock No. N240244A and Stock No. N230137B did not disclose on the bill of sale the free one month protection plan for certified pre-owned vehicles (see Schedule "A"; Exhibit 26).
- Stock No. N230507A and Stock No. N240327A had lower kilometres on the bill of sale when compared to the Mechanical Fitness Assessment. Stock No. N230137B had lower kilometres on the bill of sale when compared to the offer to purchase (see Schedule "A"; Exhibit 27).
- The PPSA amount in relation to Stock No. N240043A was higher on the bill of sale than what was listed on the finance contract, resulting in the bill of sale total being higher than the finance contract (see Schedule "A"; Exhibit 28).
- Stock No. N240489A was missing the itemization of the new windshield on the bill of sale. Stock No. N240251A was missing the itemization of mud flaps on the bill of sale (see Schedule "A"; Exhibit 29). An itemized list of the costs of all extra equipment and options sold to the consumer in connection with the vehicle or installed on the vehicle at the time of sale is required by Section 31.2(1)(l) of the ABR.

In accordance with Section 166 of the CPA, the Supplier is vicariously liable for all records created and maintained by an employee or agent acting on behalf of the Supplier in the course of completing the Supplier's delegated business activities.

Based on the evidence before me, on a balance of probabilities, I find the Supplier has breached Section 31.2(1) of the ABR.

F. MFA Issues (15(1) and 16 VIR)/ General Code of Conduct (12(o) ABR)

The MFA is required as per Section 15(1) of the VIR. The VIR is a regulation under the *Traffic Safety Act* ("TSA"). The requirement to provide an MFA is required under the TSA and is therefore in the jurisdiction of Alberta Transportation. Although the MFA falls under the requirement of Alberta Transportation, it comes into AMVIC's purview in the course of our mandated duties as per a number of legislated sections that apply to following all legislation applicable to the sale of motor vehicles such as Section 12(o) of the ABR and Section 127(b)(v.1) of the CPA.

The MFAs reviewed identified the following issues and concerns:

- The MFAs in relation to Stock No. 240028A, Stock No. 230481A, Stock No. 240244A, Stock No. 240252A and Stock No. 240327A (Schedule "A"; Exhibits 30-34) were dated after the BOS date indicating the consumer did not see the MFA before entering into a contract contrary to Section 15 of the VIR. Section 15(1) of the VIR requires the MFA to be provided before entering into a contract to sell a motor vehicle.
- The MFA in relation to Stock No. N240028A (Schedule "A"; Exhibit 35) is incomplete. The Supplier partially filled in the top portion of the MFA indicating the business information and the basic vehicle information, and had the consumer sign it. However the MFA was not conducted or completed by a licensed technician and properly issued in accordance with the *Traffic Safety Act*. The mechanical compliance of the vehicle is therefore not known and the document provides no value to the consumer in their decision to purchase the vehicle.
- Eight MFAs (Schedule "A"; Exhibit 36-43) were missing the vehicle type as required by Section 15(1)(a) of the VIR.
- Eight MFAs (Schedule "A"; Exhibit 36-40, 44-46) were missing whether the odometer was in miles or kilometres checked off as required by Section 15(1)(b) of the VIR.
- The MFA in relation to Stock No. 230137B (Schedule "A"; Exhibit 47) was expired by 194 days and was not signed or dated by the consumer. As per Section 16 of the VIR, MFAs expire after 120 days, therefore the Supplier did not provide the consumer a valid MFA.

By failing to provide an MFA prior to entering into a consumer transaction or properly completing the MFA as required, the Supplier has breached the legislative requirements as per Section 15(1) and 16 of the VIR, and Section 12(o) of the ABR.

G. Acting on Behalf of Business Operator (20.1 ABR)

During the 2024 inspection, the Supplier was found to have two salespeople working at their business who were not authorized to act as designated agents on behalf of the Supplier (AMVIC business licence B115793). These salespeople were designated to act on behalf of another AMVIC licence held by the

Supplier at a different location. The ABR requires salespeople to be registered and authorized to act on behalf of each AMVIC business licence separately. Being authorized to act as a designated agent at one location does not give the salesperson the ability to be authorized to act as a designated agent at another, even if both locations are owned by the same business as each location has its own AMVIC business licence. Section 16 of the ABR states:

Automotive Business Regulation**Registration****Section 16**

(5) A salesperson who acts on behalf of more than one business operator within the same class of automotive business licence must be registered separately in respect of each such business operator but is required to pay only one registration fee annually.

(6) A salesperson who acts on behalf of more than one business operator shall forthwith identify to the Director each business operator on whose behalf the salesperson acts.

In review of the evidence currently available, there is only evidence of one of the two salespeople acting on behalf of the Supplier in a transaction. Two BOS' included in the Application Report (see Schedule "A"; Exhibit 20 and 21) list a salesperson ("DR") who was not authorized to act as a designated agent on behalf of the Supplier at the time of the transactions, which are both dated in the month of March in 2024.

Based on the evidence before me, on a balance of probabilities, the Director finds the Supplier contravened Section 20.1 of the ABR.

H. Maintain Records (132(1) CPA and 9 ABR)

The Director does want to address an overarching issue. Specifically, the Findings Letters revealed to the Director that the Supplier has issues with record keeping. It is imperative that the Supplier creates and maintains accurate records. Creating and maintaining accurate records is the best way for the Supplier to ensure the consumer is fully aware of all the details and required information during their transaction. This is also the best way for the Supplier to demonstrate they are complying with the legislative requirements.

Issues that the Director found in the Findings Letters include the completion of and/or disclosure of MFAs, issues with the accurate completion of the BOS, and other associated documents as outlined above. The legislation is very clear, that being negligent in keeping records is not only an offence under the CPA but in addition, if a provision of the document is ambiguous, the provision must be interpreted against the Supplier in accordance with Section 4 of the CPA. The Supplier is vicariously liable for all records created and maintained by an employee or agent acting on behalf of the Supplier in the course of completing the Supplier's delegated business activities.

A recent Service Alberta Appeal Board rendered a decision (attached as Scheduled "B") regarding the importance of record keeping as a member of a regulated industry. Paragraph 152 of the Service Alberta Appeal Board decision states:

“The Board finds that there is a need for general deterrence as well, such that other members of the industry understand that failure to keep proper records is an extremely serious contravention of the act, and a business practise that puts the public at risk.”

Based on the totality of all of the issues and concerns with the Supplier’s paperwork on a balance of probabilities, the Director does find that the Supplier is in contravention of Section 132(1) of the CPA and Section 9 of the ABR.

I. Other Considerations

In addition to the individual education AMVIC provided the Supplier in the form of the Findings Letters provided after each AMVIC industry standards inspection, AMVIC has issued industry bulletins and newsletters over the past two years explaining advertising regulations to educate the automotive industry as a whole. As a licensed member of the automotive industry, the Supplier would have received the AMVIC industry bulletins and newsletters and in the opinion of the Director, is expected to have reviewed these education bulletins and newsletters to ensure their business practices are in compliance.

There exists an onus on the Supplier to do their due diligence and ensure they are complying with the legislation that governs the regulated industry they have chosen to be a member of. The Supreme Court of British Columbia in *Windmill Auto Sales & Detailing Ltd. v. Registrar of Motor Dealers, 2014 BCSC 903* addressed the issue of the onus and responsibility the Supplier has when operating within a regulated industry. The court at paragraph 59 stated:

“In my view, it is incumbent upon a party that operates within a regulated industry to develop at least a basic understanding of the regulatory regime, including its obligations under the regime, as well as the obligations, and the authority, of the regulator.”

The Supplier’s business practices discussed above leverages the Supplier’s knowledge and position, and does not foster a level playing field between the consumer and the Supplier, leading to financial harm to consumers. It further concerns the Director that the Supplier has continued to breach rather straightforward legislation, to the financial detriment of consumers, despite the education provided by AMVIC.

In their written representations to the Proposed Administrative Penalty (see Schedule “C”), the Supplier stated the following:

“We recently received notice of a \$15,500.00 fine being recommended by one of your agenets [sic]. I am writing to appeal this decision.

We have always been open and transparent with your staff and supplied all the documents that were requested during an audit.

At no point were any of our errors the result of trying to mislead the customer or mispresent [sic] the agreement with the customer. We take our commitment of excellent customer service very seriously. The owner has on several occasions bought back vehicles from customers (without the

involvement of AMVIC) who were not pleased with the vehicle they purchased at the price they paid.

I kindly request that you reconsider the suggested fine amount to something more reasonable. I hope that you take into account our willingness to co-operate with your auditors."

On April 23, 2025, AMVIC's Administrative Assistant to the Registrar and Deputy Registrar contacted the Supplier via both telephone and email in response to the written representation dated April 22, 2025 (see Schedule "C") and advised the Supplier that a decision regarding assessing an Administrative Penalty had not been made and therefore there was not a decision to appeal at that time. AMVIC's Administrative Assistant to the Registrar and Deputy Registrar directed the Supplier to page 16 of the Proposed Administrative Penalty and re-iterated to the Supplier that they have the opportunity to make written representations as indicated on page 16 of the Proposed Administrative Penalty, which stated:

*"Pursuant to Section 158.2(b) of the CPA, you are entitled to make written representations with respect to these matters. Please make your representations **by 12:00 p.m. noon on April 28, 2025** to director@amvic.org. This is your final opportunity to make representations, **so ensure that your representations address:***

- 1) any representations related to the issues;*
- 2) any representations about the legislation;*
- 3) even if you dispute that there should be an Administrative Penalty, any representations about the amount of the penalty; and*
- 4) if an Administrative Penalty is issued, whether you require more than 30 days to pay the Administrative Penalty, and if so, details on how much time you need and why.*

After reviewing your representations, if any, I will decide whether or not an Administrative Penalty is warranted under Section 158.1. If an Administrative Penalty is warranted, I will decide on the amount of the penalty. A letter documenting my Section 158.1 decision and its effects on you, if any, will be provided to you in due course."

No further correspondence was received from the Supplier. While the Director appreciates the Supplier takes their commitment of excellent customer service very seriously, including voluntarily buying back vehicles if customers are "*not pleased with the vehicle they purchased at the price they paid*"; it does not absolve the Supplier of the requirement to adhere to the legislation that governs the automotive industry.

The aggravating factors in this matter include in one transaction the Supplier derived an economic benefit of **\$6,190.25** and continued non-compliance with the rather straightforward requirements of the legislation despite education provided to the Supplier.

This Administrative Penalty is taking into account the number and seriousness of the contraventions of the legislation found during the fourth inspection; and the aggravating factors listed above.

The amount of the Administrative Penalty cannot be viewed as a cost of doing business but rather as a deterrent for continuing to engage in non-compliant business practices.

Action

In accordance with Section 158.1(a) of the CPA and based on the above facts, I am requiring that Competition Chevrolet Ltd. pay an Administrative Penalty. This is based on my opinion that Competition Chevrolet Ltd. has contravened Sections 6(2)(c), 6(4)(a) and 132(1) of the CPA, Sections 9, 11(2)(d), 11(2)(l), 11(2)(m), 12(o), 20.1 and 31.2 of the ABR, Sections 15(1) and 16 of the VIR and Sections 6 and 18 of the COC.

Taking into consideration all the evidence currently before the Director, the amount of the Administrative Penalty is **\$15,500**.

The amount takes into consideration the factors outlined in Section 2 of the Administrative Penalties (*Consumer Protection Act*) Regulation, AR 135/2013 and the principles referenced in *R v Cotton Felts Ltd., (1982), 2 C.C.C (3d) 287 (Ont. C.A.)* as being applicable to fines levied under regulatory legislation related to public welfare including consumer protection legislation. In particular the Director took into account:

1. The harm on the persons adversely affected by the contraventions or failure to comply;
2. The economic benefit derived from the contraventions or failure to comply;
3. Administrative Penalties issued in similar circumstances;
4. The maximum penalty under Section 158.1(3) of the CPA of \$100,000; and
5. The deterrent effect of the penalty.

The amount of the Administrative Penalty is \$15,500.

Pursuant to Section 3 of the Administrative Penalties (*Consumer Protection Act*) Regulation, you are required to submit payment within **thirty (30) days** of the date of service of this notice. Failure to pay the Administrative Penalty will result in a review of the licence status. Payment may be made payable to the **"Government of Alberta"** and sent to **AMVIC** at:

Suite 303, 9945 – 50th Street
Edmonton, AB T6A 0L4.

If payment has not been received in this time period, the Notice may be filed in the Court of King's Bench and enforced as a judgement of that Court pursuant to Section 158.4 of the CPA and further disciplinary action will be considered.

Section 179 of the CPA allows a person who has been served a notice of Administrative Penalty to appeal the penalty. To appeal the penalty, the person must serve the Minister of Service Alberta and Red Tape Reduction

Minister of Service Alberta and Red Tape Reduction
103 Legislature Building
10800 - 97 Avenue NW

Edmonton, AB
Canada T5K 2B6

with a notice of appeal within **thirty (30) days** after receiving the notice of Administrative Penalty. The appeal notice must contain your name, your address for service, details of the decision being appealed and your reasons for appealing.

Pursuant to Section 180(4) of the CPA, service of a notice of appeal operates to stay the Administrative Penalty until the appeal board renders its decision on the appeal or the appeal is withdrawn.

Under Section 4 of the Administrative Penalties (*Consumer Protection Act*) Regulation, the fee for appealing an Administrative Penalty is the lesser of \$1,000 or half the amount of the penalty. As such, the fee for an appeal of this Administrative Penalty, should you choose to file one, would be \$1,000. Should you choose to appeal this Administrative Penalty, you must send the appeal fee to the Minister of Service Alberta and Red Tape Reduction at the above noted address, made payable to the "Government of Alberta".

Yours truly,

"original signed by"

Alberta Motor Vehicle Industry Council (AMVIC)
Katie Lockton, Deputy Registrar
Director of Fair Trading (as Delegated)

KL/ks

Encl.

cc: Roxanne S [REDACTED], Manager of Industry Standards, AMVIC