

October 22, 2025

Administrative Review – 25-06-009

Served via email: [REDACTED]

Administrative Penalty

AUTO HOUSE LTD.
2404 23 AVENUE NE
CALGARY, AB
T2E 8J4

Attention: Waqas Noor

Dear Waqas Noor:

Re: Auto House Ltd. – Provincial Automotive Business Licence No. B1033010

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 that section.

Facts

The evidence before me in relation to this matter consists of the material contained in an Alberta Motor Vehicle Industry Council (“AMVIC”) investigations department application report (the “Application Report”) prepared by the investigator and the senior manager of investigations. A copy of the Application Report is attached as Schedule “A” to this letter. I have also taken into consideration the information exchanged during the administrative review held via teleconference call on Aug. 12, 2025. The Supplier provided written representations in response to the Proposed Administrative Penalty on Oct. 11, 2025 (attached as Schedule “D”) which have also been taken into consideration.

Licensee Status

Auto House Ltd. (the “Supplier”) holds an automotive business licence and carries on business as an automotive sales business in the province of Alberta. Auto House Ltd. operates in Calgary, Alberta and holds a current AMVIC business licence and is authorized for the business activities of used sales, leasing and wholesale sales.

Administrative Review

An administrative review was held on Aug. 12, 2025, at 9:01 a.m., via teleconference call. Participating in the administrative review were Ishtiaq Hussain, general manager for the Supplier; Arvin Brar, sales

manager for the Supplier; N. M [REDACTED], AMVIC investigator; T. J [REDACTED], AMVIC manager of investigations south; and K. Lockton, Director of Fair Trading (as delegated).

Enforcement History

- A. On June 22, 2023, the Supplier entered into a voluntary Undertaking and acknowledged that it failed to comply with the provisions of the CPA, Automotive Business Regulation ("ABR") and Vehicle Inspection Regulation ("VIR"). The Undertaking addressed a number of breaches including but not limited to unfair practices, Mechanical Fitness Assessment ("MFA") compliance concerns, out of province inspection ("OOPI") compliance issues, bill of sale ("BOS") compliance issues, failing to create and maintain accurate records, advertising compliance concerns and failing to disclose the required vehicle history information.

Educational Findings Letters

- B. On Nov. 7, 2018, the Supplier was provided a findings letter following an AMVIC industry standards inspection which outlined compliance issues with MFAs, advertising, and selling vehicles over the advertised price.
- C. On April 29, 2021, the Supplier was sent an investigation findings letter in regards to BOS compliance issues, advertising issues, records issues, failing to provide vehicle history information, MFA compliance issues, OOPI compliance issues and general codes of conduct.
- D. On Sept. 1, 2022, the Supplier was issued an investigation findings letter in regards to MFA compliance issues, BOS compliance issues and unfair practices.
- E. On Nov. 8, 2023, the Supplier was provided a findings letter following an AMVIC industry standards inspection which outlined compliance issues with advertising, the Supplier's BOS and vehicle history disclosure.
- F. On June 28, 2024, the Supplier was issued an investigation findings letter in regards to BOS compliance issues, duty to create and maintain records, unfair practices, failing to provide vehicle history information, MFA compliance issues and OOPI compliance issues.
- G. Feb. 26, 2025, the Supplier was issued an investigation findings letter in regards to BOS compliance issues, records issues, MFA compliance issues and unfair practices.

Summary of Investigation

Case File 25-01-075

- 1. In January 2025, AMVIC received a consumer complaint in regards to the mechanical condition of a vehicle that was purchased from the Supplier.
- 2. On Aug. 12, 2024, the consumer ("RHD") spoke with the Supplier regarding a 2019 Porsche Cayenne (the "Porsche") that was listed for sale online by the Supplier. After some negotiations, a price for

the Porsche was agreed upon and RHD provided the Supplier with a \$1,000 deposit. At this time, the Supplier provided RHD an incomplete BOS, which according to RHD was to document the agreed upon price of the Porsche. During the negotiations, RHD agreed to purchase a third party warranty worth approximately \$4,000 as part of the transaction.

3. On Aug. 16, 2024, a BOS was completed for the purchase of the Porsche by RHD. As part of the purchase of the Porsche, the Supplier agreed to install a new battery and brake pads. After the purchase, but prior to taking possession, RHD attempted to register the Porsche but was unable to do so as he did not have an OOPI and one had not been completed. The Supplier had the new battery and brake pads installed and on Aug. 21, 2024 the Porsche was delivered to RHD. According to RHD, the Supplier had registered the Porsche for him already when it was delivered to him. RHD is the first registered owner of the Porsche in Alberta.
4. According to RHD, approximately one week after the Porsche was delivered the battery light illuminated on the dash. RHD took the Porsche to a third party automotive business ("PCC") and was advised the battery in the Porsche was not the correct battery. An invoice from PCC dated Sept. 6, 2024 (see Schedule "A"; Exhibit F) stated:

"BATTERY

CS HE JUST PURCHASED THE VEHICLE FROM A DEALER AND THE BATTERY WAS REPLACED WITH ONE FROM OUR PARTS DEPARTMENT. BATTERY LIGHT IS NOW ILLUMINATED PLS [sic] CHECK AND ADVISE [sic]

Confirmed battery warning light is on. Connected tester and battery charger and performed VAL. Read fault codes. Code U105000 LIN bus, battery sensor – no communication is active in gateway control unit. Accessed the battery and found incorrect non-litium [sic] Ion battery installed. LIN bus wire has had the sheathing removed and a wire jumped from the damaged LIN bus wire to negative battery terminal.

As a first step, replacement of battery with correct battery and repair LIN bus wire is required."

RHD paid PCC \$2,131.45 to replace the battery in the Porsche with the correct battery.

5. The Supplier did provide an invoice from PCC dated Aug. 20, 2024 which demonstrated they did purchase a battery for the Porsche. The battery that was installed in the Porsche by a third party repair business ("AAR") used by the Supplier was incorrect. The AMVIC investigator made several inquiries to try to determine how this occurred, however was unable to conclude how this happened. The invoice from AAR dated Aug. 22, 2024 (see Schedule "A"; Exhibit Q), did include a note that stated *"BATTERY NEED TO BE INSTALLED (WAS WRONG)"*.
6. The Sept. 6, 2024 invoice from PCC (see Schedule "A"; Exhibit F) also included a note that stated *"Knocking noise from engine"*. RHD took the Porsche to PCC again on Nov. 1, 2024, this invoice from PCC (see Schedule "A"; Exhibit G) indicated *"DIAGNOSE ENGINE KNOCK NOTED WHEN SERVICING VEHICLE"*. The notes provide extensive details regarding the work completed and indicated *"Recommend to replace engine"*. RHD did not pay to have the engine replaced as the Porsche was still under the manufacturer's warranty, which RHD indicated he was not made aware of when he purchased the Porsche and the third party warranty from the Supplier. Due to the timeframe to

source a new engine and complete the repair work, PCC had possession of the Porsche from Nov. 1, 2024 to Jan. 6, 2025.

7. PCC further found that the wheel lug nuts were not properly installed and to ensure the Porsche was safe to drive PCC completed additional repair work on the Porsche while in their possession between Nov. 1, 2024 and Jan. 6, 2025. These repairs cost RHD \$3,077.90 (see Schedule "A"; Exhibit G). These repairs were not covered by the manufacturer's warranty or the third party warranty RHD purchased from the Supplier.
8. When reviewing documents acquired from RHD and received from the Supplier, the AMVIC investigator identified that:
 - RHD was not provided with an OOPI or a written statement advising that the Porsche was an out of province motor vehicle for which there is no subsisting out of province motor vehicle inspection certificate prior to entering into the transaction as required by Section 14 of the VIR. The OOPI was completed on Aug. 21, 2024, five days after the sale of the Porsche.
 - The Supplier's advertisement for the Porsche did not disclose the Porsche was registered in British Columbia ("BC") immediately before it was acquired by the Supplier, whether the Porsche was required to be inspected prior to registration in Alberta and whether the Porsche passed or failed any required inspections. Further the Supplier did not disclose this information to the consumer in writing before purchase. The disclosure of this information is required in accordance with Section 31.1 of the ABR.
 - The Supplier entered into a BOS with RHD without obtaining written confirmation from RHD that he had received the information required under Section 31.1 of the ABR, as required by Section 31.3 of the ABR.
 - The Supplier's BOS was not compliant with Section 31.2 of the ABR as it did not have a declaration that the Supplier had disclosed the information required under Section 31.1 of the ABR, did not itemize the third party warranty RHD purchased and did not include the agreement that the Supplier would replace the battery and the brake pads at no extra cost.
9. The AMVIC investigation identified that the Supplier purchased the Porsche from an auction in BC on July 4, 2024. The AMVIC investigator obtained the complete documents from the auction in BC (see Schedule "A"; Exhibits T & U). The BOS from the auction to the Supplier under the heading "ANNOUNCEMENTS" stated "PRE SALE INSPECTED – ENGINE BOTTOM END NOISE DETECTED. REPAIR OVER \$750". It further stated the jurisdictions the Porsche had been registered in previously, which does not include Alberta.
10. In addition to the BOS, the auction documents obtained by the AMVIC investigator included a "Condition Report" (see Schedule "A"; Exhibits U). This report contained the same note as indicated above, "PRE SALE INSPECTED – ENGINE BOTTOM END NOISE DETECTED. REPAIR OVER \$750", in relation to the engine. In addition the "Condition Report" indicated in a table labeled "Damages" the following:

Part	Damage	Severity - Action
Warning – Brake Pad	On	Unacceptable – Repair (Mech)
Engine	Noise	Repair Required – Repair (Mech)

The “*Condition Report*” also included a photo which showed a warning light on the dash of the Porsche that stated “*BRAKE WEAR*”. The Supplier did not disclose to RHD that there was a noise coming from the Porsche’s engine which required repair, as was disclosed to the Supplier by the auction in BC.

11. The investigator brought attention to the MFA provided to RHD, which was completed by a technician on Aug. 15, 2024, indicating the brakes were compliant with the Vehicle Equipment Regulation (“*VER*”). The MFA was completed one day before the sale and prior to the agreement that the Supplier would install new brake pads on the Porsche as a condition of the sale. The invoice from AAR (see Schedule “*A*”; Exhibit Q) that included the install of new brake pads is dated Aug. 22, 2024, seven days after the sale of the Porsche and eight days after the MFA was completed.
12. On March 6, 2025, the AMVIC investigator spoke with the Supplier. The investigator’s summary that is included in the Application Report indicated the Supplier advised the AMVIC investigator that:
 - No repair work was completed on the Porsche between when they purchased it from the auction in BC and when they sold it to RHD.
 - AAR potentially swapped the correct battery they provided for an incorrect battery.
 - He instructed RHD to take the Porsche to PCC regarding the battery light being illuminated.
 - The Supplier no longer uses AAR due to concerns of overcharging and consumer complaints related to vehicle issues.
 - The issue with the wheel lug nuts was just additional work completed by PCC and the damage could have been done by PCC.
 - The Supplier would pay for the battery install RHD paid for.
 - The Supplier did not complete or submit the third party warranty documents at the time of the sale of the Porsche. The Supplier completed and submitted the third party warranty documents on Oct. 10, 2024.
 - The Supplier has now made changes to bring their BOS into compliance with Section 31.2 of the ABR.
13. The AMVIC investigation identified other breaches of legislation including but not limited to unfair practices, record keeping and breaching their agreed upon voluntary Undertaking.

Supplier’s Representations in relation to 25-01-075

14. During the administrative review the Supplier made the below representations to the Director:
 - The owner of AAR has a similar vehicle to the Porsche they sold RHD and they believe that the owner may have kept the battery for his own vehicle and installed an incompatible battery, as the correct battery was very expensive.
 - Auction announcements cannot be relied upon.
 - When the Porsche was in their possession the engine was not making a noise.
 - RHD is “*picky*” about his vehicles and therefore had the engine been making a noise he would have mentioned it.

- They understand they did not comply with the legislative requirements in relation to the OOPI. This transaction occurred prior to their last administrative review with AMVIC in early 2025 with the Registrar.
 - They have now changed their BOS to be compliant with Section 31.2 of the ABR.
 - They ensure vehicle history information is being disclosed.
 - They have stopped using AAR.
 - They offered to pay RHD \$3,000, however were unable to come to a mutually agreed upon resolution.
15. After the AMVIC investigator put forward the evidence in relation to AMVIC investigation (case file 25-01-075) and the Supplier made their representations, the Director sought some clarification from the Supplier and they advised the following:
- The Supplier confirmed the relevant disclosure information as required by Section 31.1(1)(i) of the ABR was not included in the online advertisement of the Porsche as required by Section 31.1(2)(a) of the ABR.
 - The third party warranty documents do not require a consumer signature. They emailed a copy of the warranty documents to RHD after they submitted them to the warranty company on Oct. 10, 2024.
 - The sale date on the third party warranty documents is incorrect because they are unable to manually enter a sale date to backdate the warranty documents.
 - They did not previously write down the conditions of a sale, such as agreeing to install a new battery and brake pads, on their BOS. They now do this and their updated BOS has a space to write it in.
 - They did not have the Porsche looked at by a licensed mechanic to determine if repairs were required as indicated by the auction announcements prior to selling the vehicle to RHD.
 - They did not disclose the information regarding the repairs the Porsche required as indicated in the auction announcements to RHD.
 - The new brake pads were installed when the new battery was installed.
 - They have not paid RHD for the cost of installing a new battery.
 - They did not maintain a copy of the OOPI as they did not know they had to.
 - The Supplier arranged for the OOPI to be completed on the Porsche, RHD did not.
16. The AMVIC investigator confirmed the Supplier had submitted the third party warranty documents and this warranty was paid for and valid.
17. The Director sought further clarification from the Supplier in relation to the battery install completed by AAR. The Director brought forward that the invoice from AAR (see Schedule "A"; Exhibit Q) included a note that stated "BATTERY NEED TO BE INSTALLED (WAS WRONG)". The Director asked the Supplier if they told RHD this. The Supplier advised they told RHD the wrong battery was installed the day RHD took possession of the Porsche. The Supplier further advised that they told RHD to get the correct battery installed at PCC so the issue did not happen again.
18. The Director asked the Supplier why they did not bring their business practices into compliance as per the voluntarily agreed upon Undertaking they entered into in June of 2023. The Supplier advised they did not change their business practices until they received a "large fine" from AMVIC

earlier in 2025. Receiving the “fine” was a big deal and now they have taken the steps to bring their business practices into compliance.

19. The Director sought clarification from the AMVIC investigator if an Administrative Penalty had been assessed against the Supplier earlier in 2025 as a previous Administrative Penalty was not included in the Application Report submitted to the Director. The AMVIC investigator confirmed an Administrative Penalty had been assessed against the Supplier in 2025 however, the Supplier had appealed the Administrative Penalty. In accordance with Section 180(4) of the CPA:

Consumer Protection Act

Effect of appeal

Section 180

(4) Service under section 179(1) of a notice of appeal of an administrative penalty operates to stay the administrative penalty until the appeal board renders its decision on the appeal or the appeal is withdrawn.

As such the Administrative Penalty is currently stayed and therefore it would not have been appropriate for the AMVIC investigator to provide the Administrative Penalty to the Director in relation to the current administrative matter.

20. The Proposed Administrative Penalty dated Sept. 11, 2025 was emailed to the Supplier. The Proposed Administrative Penalty provided the Supplier an opportunity to make written representations by Oct. 13, 2025. On Oct. 11, 2025, the Supplier provided written representations in response to the Proposed Administrative Penalty (see Schedule “D”).

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.

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.

Vehicle history information

Section 31.1

(1) A business operator engaged in automotive sales must disclose the following information in accordance with subsection (2), on the basis of information the business operator knew or ought to have known:

- (a) whether the vehicle has been bought back by the manufacturer under the Canadian Motor Vehicle Arbitration Plan;
 - (b) whether the vehicle has sustained damage caused by fire;
 - (c) whether the vehicle has sustained damage caused by immersion in liquid to at least the level of the interior floorboards;
 - (d) whether the vehicle has been used as a police car or an emergency vehicle;
 - (e) whether the vehicle has been used as a taxi cab or a limousine;
 - (f) whether the vehicle has been previously owned by a rental vehicle business or used as a rental vehicle on a daily or other short-term basis;
 - (g) whether the vehicle has, at any time, been assigned a status in one of the following categories under the Vehicle Inspection Regulation (AR 211/2006) or an equivalent status under the laws of another jurisdiction:
 - (i) salvage motor vehicle;
 - (ii) non-repairable motor vehicle;
 - (iii) unsafe motor vehicle;
 - (h) whether the vehicle has been damaged in an incident or collision where the total cost of repairs fixing the damage exceeded \$3000 and, if the repairs were carried out by the business operator, the total cost of the repairs;
 - (i) whether the vehicle was registered in any jurisdiction other than Alberta immediately before it was acquired by the business operator and, if so,
 - (i) the name of the jurisdiction in which the vehicle was previously registered,
 - (ii) whether the vehicle was required to be inspected prior to registration in Alberta, and
 - (iii) whether the vehicle passed or failed any required inspections.
- (2)** The business operator must disclose the information required under subsection (1) in a clear and legible manner
- (a) in any online advertisement for the vehicle,
 - (b) on any sales tag affixed to the vehicle, and
 - (c) in writing to the consumer before purchase.

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.

Receipt of information

Section 31.3

A business operator engaged in automotive sales must not enter into a bill of sale with a consumer unless the business operator has obtained written confirmation from the consumer that the consumer has received the information required under section 31.1.

Vehicle Inspection Regulation

Sale of out of province motor vehicle

Section 14

A person shall not sell a motor vehicle that is an out of province motor vehicle unless, before the sale,

- (a) the person provides the buyer with a subsisting out of province motor vehicle inspection certificate for the motor vehicle, or
- (b) the person provides the buyer with a written statement advising that the motor vehicle is an out of province motor vehicle for which there is no subsisting out of province motor vehicle inspection certificate.

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.

(3) It is an unfair practice for a supplier

- (a) to enter into a consumer transaction if the supplier knows or ought to know that the consumer is unable to receive any reasonable benefit from the goods or services;

(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.
- (2) Every licensee and former licensee must make the records referred to in subsection (1) available for inspection by an inspector at a place in Alberta and at a time specified by the inspector.

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.

Non-compliance with orders, etc.

Section 163

- Any person who
- (d) fails to comply with an undertaking under this Act
- contravenes this Act and is guilty of an offence.

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.

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

The material which formed the Application Report was the result of a consumer complaint received by AMVIC, case file 25-01-075.

A. No Reasonable Benefit (CPA Section 6(3)(a)) / Mislead and Deceive (CPA Section 6(4)(a))

The Porsche was purchased by the Supplier from an auction in BC. The auction announcement listed on the BOS from the auction indicated the Porsche required engine repairs. The BOS stated "*PRE SALE INSPECTED – ENGINE BOTTOM END NOISE DETECTED. REPAIR OVER \$750*". After the Supplier purchased the Porsche they did not have a licensed mechanic check the engine based on this auction announcement nor did they have any repairs completed on the Porsche.

The Supplier did not disclose this information to RHD prior to entering into a transaction to sell him the Porsche on Aug. 16, 2024. Less than two weeks after RHD took possession of the Porsche, PCC made a note in their repair invoice dated Sept. 6, 2024 (see Schedule "A"; Exhibit F) that stated "*Knocking noise from engine*". RHD took the Porsche back to PCC on Nov. 1, 2024, after having the Porsche for just over two months and was advised the Porsche required a new engine. RHD then did not have a vehicle for over two months while it was being repaired by PCC. In this instance unbeknownst to RHD, the Porsche was still under the manufacturer's warranty, and therefore, RHD did not have to pay for the engine replacement. Had the Porsche no longer been under the manufacturer's warranty, the third party warranty the Supplier sold RHD would not have covered the engine replacement as, based on the BC auction announcement, it was a pre-existing condition which is outside the terms and conditions of the warranty.

During the administrative review, the Supplier indicated they did not address the auction announcement because they do not trust auction announcements and when the Porsche was in their possession they did not hear an engine noise. They further stated that when the MFA and OOPi were completed there was no note or mention of an engine noise. The Director notes that the MFA does not list the engine as a component that is reviewed and marked as compliant or non-compliant. The MFA is only an assessment, it is not an inspection. Further, the OOPi currently before the Director is only one page and does not include the pages with the specifics. The OOPi was obtained by the AMVIC investigator from Alberta Transportation as the Supplier did not maintain a copy of the completed OOPi as part of their records. Additionally, the OOPi was completed after the sale of the Porsche and therefore the Supplier would not have known in advance of selling the Porsche if the engine would have passed the OOPi at the time of sale to RHD.

RHD paid a total of \$42,035.25 for the Porsche which needed an engine replacement two months later, leaving RHD without a vehicle for two months. The Supplier knew or ought to have known that RHD would be unable to receive any reasonable benefit from the Porsche as they were made aware that there was an engine issue from the auction in BC and took no steps to have the Porsche's engine looked at by a licensed mechanic to address the engine issue. The Supplier sold RHD the Porsche with a known engine issue and did not disclose this information.

During the negotiations with RHD, the Supplier agreed to install a new battery and brake pads as part of the sale. The Supplier purchased a new battery from PCC (see Schedule "A"; Exhibit P) and according to the Supplier they delivered the sealed box with the battery inside directly to AAR to have it installed in the Porsche. The Porsche was delivered to RHD on Aug. 21, 2024, after the new battery and brake pads were installed and the OOPI was completed. Shortly after the Porsche was delivered the battery light illuminated on the dash and according to RHD he contacted the Supplier at this time.

RHD took the Porsche to PCC and it was discovered that an incompatible battery had been installed and the install of that battery had bypassed the electronic wiring and the battery monitoring sensor had been tampered with. An invoice from PCC dated Sept. 6, 2024 (see Schedule "A"; Exhibit F) stated:

*"Confirmed battery warning light is on. Connected tester and battery charger and performed VAL. Read fault codes. Code U105000 LIN bus, battery sensor – no communication is active in gateway control unit. Accessed the battery and found incorrect non-litium [sic] Ion battery installed. LIN bus wire has had the sheathing removed and a wire jumped from the damaged LIN bus wire to negative battery terminal.
As a first step, replacement of battery with correct battery and repair LIN bus wire is required."*

In reviewing the evidence currently available, the invoice from AAR dated Aug. 22, 2024 (see Schedule "A"; Exhibit Q) indicated *"BATTERY NEED TO BE INSTALLED (WAS WRONG)"*. The Director asked the Supplier if they told RHD this. The Supplier advised they told the consumer the wrong battery was installed the day RHD took possession of the Porsche. The Supplier further advised that he told RHD to get the correct battery installed at PCC so the issue did not happen again. The evidence currently before the Director does not support that the Supplier advised RHD that a wrong battery was installed when the Porsche was delivered. RHD's complaint stated *"After 1 week of ownership there was an issue with the installed battery."* Further, in the investigator's summary included in the Application Report, RHD told the investigator he contacted the Supplier when the battery light came on. The invoice from AAR that indicated the battery was incorrect was dated Aug. 22, 2024, one day after the Porsche was delivered to RHD. Based on the evidence, the Supplier was aware the battery that was installed in the Porsche was not the correct battery however, they did not disclose this to RHD when the Porsche was delivered.

The Director finds that the Supplier's words and actions reasonably misled RHD during the course of the consumer transaction, and that the Supplier knew or ought to have known that RHD would be unable to receive any reasonable benefit from the Porsche. On a balance of probabilities, based on the evidence currently available, the Supplier did contravene Sections 6(3)(a) and 6(4)(a) of the CPA.

B. Non-compliant BOS (ABR Section 31.2)

On Oct. 31, 2018, amended 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 amended legislation, 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.

The Supplier's BOS was discussed during the administrative review held on May 23, 2023 and addressed in the Supplier's voluntary Undertaking dated June 22, 2023. The Supplier was also provided education on BOS requirements in three investigation Findings Letters dated April 29, 2021, Sept. 1, 2022 and June 28, 2024; as well as an AMVIC industry standards department Findings Letter dated Nov. 7, 2023.

In accordance with Section 31.2(1)(l) of the ABR, a business operator engaged in automotive sales must use a BOS of sale that includes 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. The Supplier sold RHD a third party warranty for approximately \$4,000 however, the cost of this optional purchase was not included on the BOS as required by Section 31.2(1)(l) of the ABR.

As part of the negotiations between the Supplier and RHD, the Supplier agreed to install a new battery and new brake pads as part of the sale of the Porsche. The Supplier did not include these inducements on the BOS as required by Section 31.2(1)(r) of the ABR.

Section 31.2(1)(w) of the ABR requires that a business operator engaged in automotive sales must use a BOS that includes a declaration that the business operator has disclosed to the consumer the information required under section 31.1 of the ABR. The Supplier's BOS did not include the required declaration that they had disclosed the vehicle history information required under Section 31.1 of the ABR.

Based on the evidence before me, on a balance of probabilities, the Director finds the Supplier contravened Section 31.2 of the ABR.

C. Vehicle History Information (ABR Section 31.1) / Receipt of Information (ABR Section 31.3)

Section 31.1(1)(i) of the ABR requires that a business operator engaged in automotive sales disclose whether a vehicle was registered in any jurisdiction other than Alberta immediately before it was acquired by the business operator and, if so, the name of the jurisdiction in which the vehicle was previously registered, whether the vehicle was required to be inspected prior to registration in Alberta and whether the vehicle passed or failed any required inspections. Section 31.1(2) of the ABR requires all information that must be disclosed as per Section 31.1(1) of the ABR be disclosed in any online advertisement for the vehicle, on any sales tag affixed to the vehicle and in writing to the consumer before purchase.

The Supplier's advertisement for the Porsche did not disclose the Porsche was registered in BC immediately before it was acquired by the Supplier, whether the Porsche was required to be inspected prior to registration in Alberta and whether the Porsche passed or failed any required inspections. Further the Supplier did not disclose this information to the consumer in writing before purchase. The disclosure of this information is required in accordance with Section 31.1 of the ABR.

In accordance with Section 31.3 of the ABR, a business operator engaged in automotive sales must not enter into a BOS with a consumer unless the business operator has obtained written confirmation from the consumer that they have received the information under Section 31.1 of the ABR. The Supplier failed to properly disclose the known vehicle history information of the Porsche to RHD and obtain proper written confirmation as required by the legislation.

Based on the evidence before me, on a balance of probabilities, the Director finds the Supplier contravened Sections 31.1 and 31.3 of the ABR.

D. Out of Province Inspection (VIR Section 14) / General Code of Conduct (ABR Section 12(o))

RHD was not provided with an OOPI or a written statement advising that the Porsche was an out of province motor vehicle for which there is no subsisting out of province motor vehicle inspection certificate prior to entering into the transaction.

An OOPI or a written statement advising that the Porsche was an out of province motor vehicle for which there is no subsisting out of province motor vehicle inspection certificate is required as per Section 14 of the VIR. The VIR is a regulation under the *Traffic Safety Act* ("TSA"). The requirement to comply with the TSA is under the jurisdiction of Alberta Transportation. Although the OOPI 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 Supplier entered into a consumer transaction with RHD on Aug. 16, 2024, yet did not have the OOPI completed on the Porsche until Aug. 21, 2024, five days after the sale of the Porsche. RHD was never provided the OOPI as the Supplier registered the Porsche on his behalf before it was delivered to him.

By failing to provide RHD an OOPI or a written statement advising that the Porsche was an out of province motor vehicle for which there is no subsisting out of province motor vehicle inspection certificate prior to entering into the transaction, the Supplier has breached Section 14 of the VIR and Section 12(o) of the ABR.

E. Maintain Records (CPA Section 132(1) / ABR Section 9)

In accordance with Section 9 of the ABR, in addition to the requirement to create and maintain financial records in accordance with Section 132(1) of the CPA, every business operator must maintain all records and documents created or received while carrying on the activities authorized by the licence for at least three years after the records were created or received.

The AMVIC investigation determined the Supplier did not maintain the Aug. 12, 2024 BOS that was provided to RHD nor did they maintain the OOPI that was completed on the Porsche. These documents were created or received in the course of the Supplier carrying on the business activities authorized by their AMVIC licence.

During the administrative review, the Supplier stated they did not know they needed to maintain the OOPI as part of the deal jacket and advised they now ensure they maintain all records that they create or receive.

The Supplier had been previously educated and provided the relevant legislative sections regarding the requirement to create and maintain their records multiple times, particularly in the Findings Letters dated April 29, 2021 and June 28, 2024. In addition, the need to maintain their records was discussed during the administrative review held on May 23, 2023 and addressed in the Supplier's voluntary Undertaking dated June 22, 2023 (see Schedule "A"; Exhibit B4), specifically paragraph F, which indicated:

"In addition, the Supplier failed to maintain all of their records in regards to this transaction, specifically they did not maintain the offer to purchase document dated Dec. 5, 2022 and was therefore unable to produce this record when requested."

A recent Service Alberta Appeal Board rendered a decision (attached as Schedule "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.

The seriousness of the contravention is further supported in the Administrative Penalties (*Consumer Protection Act*) Regulation, in which Section 2(5) of the regulation states the contravention of the record keeping legislation in the CPA (Section 132) has a maximum penalty amount of \$25,000 per contravention. This is the highest amount indicated for a contravention in the Administrative Penalties (*Consumer Protection Act*) Regulation.

Administrative Penalties (*Consumer Protection Act*) Regulation

Amount of administrative penalty

Section 2

(5) The maximum administrative penalty that may be imposed for a contravention of section 132 of the Act is \$25 000 for each contravention.

Creating and maintaining records is the best way for the Supplier to demonstrate that they have complied with the legislation in the course of a transaction or potential transaction. On a balance of probabilities, the Director finds that the Supplier failed to maintain records and has contravened Section 9 of the ABR.

F. Breach of Undertaking (CPA Section 163(d))

On June 22, 2023, the Supplier voluntarily agreed to enter into an Undertaking. The Supplier agreed to:

- "1. The Supplier acknowledges and admits that it failed to comply with the provisions of the CPA, ABR and VIR 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 they are not engaging in business practices that could mislead or deceive a consumer as per Section 6(4)(a) of the CPA.*
- 3. The Supplier will undertake that all MFAs are completed in full and by a licensed technician and is given to a consumer **before** entering into a contract to sell a motor vehicle as per Section 15 of the VIR. Additionally, the Supplier will undertake to ensure they comply with the legislative requirements outlined in the sale of an out of province motor vehicle as per Section 14 of the VIR.*
- 4. The Supplier will undertake to create and maintain complete and accurate financial business records as per Section 132(1) of the CPA and Section 9 of the ABR.*
- 5. The Supplier will undertake to ensure their advertising conforms to legislation as required in Section 11 of the ABR. Specifically, the Supplier will not sell vehicles above the advertised price in accordance with Section 11(2)(l) of the ABR.*
- 6. The Supplier will undertake to ensure their BOS is completed in full and properly itemizes the accurate details of the transaction in accordance with the requirements of Section 31.2 of the ABR.*
- 7. The Supplier will undertake to disclose the vehicle history information, as applicable, in writing to consumers before entering into a contract as per the requirements in Section 31.1 and 31.3 of the ABR.*
- 8. To ensure that the Supplier is in full compliance with the CPA and its related regulations, the Supplier agrees to assist AMVIC with an industry standards inspection which will take place before **Nov. 30, 2023**.*
- 9. The Supplier shall pay the sum of **\$750** 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."*

The Supplier is vicariously liable for the actions of their designated agents as per Section 166 of the CPA. The Supplier voluntarily agreed to abide by the conditions of the Undertaking yet failed to change their business practices. During the administrative review, the Supplier was honest with the Director and indicated that they did not change their business practices as they undertook to in the agreed upon voluntary Undertaking. The Supplier indicated that it was not until AMVIC assessed a significant

Administrative Penalty did they change their business practices to be compliant with the legislative requirements.

The Supplier engaged in business practices the breached the legislation as outlined above and subsequently breached the voluntarily agreed upon Undertaking. The business practices the Supplier engaged in during the consumer transaction with RHD breached paragraphs two, three, six and seven of the agreed upon Undertaking.

On a balance of probabilities, the Director finds that the Supplier has breached their agreed upon voluntary Undertaking and has contravened Section 163(d) of the CPA.

F. Other Considerations

AMVIC follows a progressive enforcement model when enforcing consumer protection laws. Administrative action may include a written warning, condition(s) added to the licence, charges under the legislation, Administrative Penalty, Director's Order, Undertaking and suspension or cancellation of a licence as outlined in the CPA. When determining an appropriate enforcement measure, the Director will consider several factors before making his decision to ensure what level of enforcement is appropriate to the contravention.

The Supplier has been subject to the following enforcement action:

- June 22, 2023 – voluntary Undertaking

The Director considered other enforcement actions. The Director cannot consider entering into an Undertaking as the Director previously entered into a voluntary Undertaking with the Supplier for similar breaches. The Supplier has been provided education in the form of five Findings Letters, a previous administrative review held and been subject to an enforcement action however, they continue to engage in non-compliant business practices.

It is concerning to the Director that the Supplier made the decision not to address the shortcomings of their business practices after voluntarily entering into the June 2023 Undertaking. The Supplier only began taking their responsibility as a member of a regulated industry seriously and addressing their non-compliant business practices after a large Administrative Penalty was assessed by AMVIC earlier in 2025. In the Supplier's written representations in the response to the Proposed Administrative Penalty (see Schedule "D") the Supplier stated *"We are simply asking for an opportunity to demonstrate the positive changes we have made before being further penalized."* The Supplier was provided an opportunity to bring their business practices into compliance without a significant monetary penalty when they entered into the voluntary Undertaking in 2023. However, the business chose not to bring their business practices into compliance when they had the opportunity to do so.

As indicated above the Administrative Penalty previously assessed is not currently before the Director and therefore will not be taken into consideration in determining the amount of this Administrative Penalty. Based on the evidence before the Director, the Supplier has not made any changes to bring their business practices into compliance with the legislation. In the Supplier's written representations in the response to the Proposed Administrative Penalty (see Schedule "D") the Supplier stated *"We have*

implemented stricter internal processes, provided staff training to ensure compliance with AMVIC regulations, and emphasized transparency and accountability in all customer interactions.” The Supplier has not provided any evidence to demonstrate the changes they have made to bring their business practices into compliance.

Based on the education previously provided to the Supplier, the administrative enforcement history of the Supplier and the evidence regarding the current matter, in the opinion of the Director, previous education and enforcement have not resulted in the Supplier bringing their business practices into compliance with the legislation that governs the automotive industry. 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.

There exists an onus on the Supplier to do their due diligence and ensure they are complying with the law. As stated in 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 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.

A recent Service Alberta and Red Tape Reduction Appeal Board rendered a decision (attached as Schedule “C”) regarding the importance of the legislation that regulates the automotive industry as well as the importance of the members within the regulated industry to operate within the regulatory framework. Paragraph 39 of the Service Alberta and Red Tape Reduction Appeal Board decision states:

“Regulations are not merely a formality. They exist to protect consumers and fulfil the mandate of the CPA as described in its preamble.” [Paragraph 39.b.]

“...it is [the Supplier’s] responsibility to be compliant with regulations at all times.” [Paragraph 39.c.]

“...regulations are not optional, they serve an important social purpose”. [Paragraph 39.d.]

The Supplier engaged in unfair practices through their actions and words, had compliance issues with their BOS, failed to comply with the OOPI legislation, failed to disclose the required vehicle history information, failed to maintain their records and breached their agreed upon voluntary Undertaking. The Supplier’s actions as outlined above leverages the Supplier’s knowledge, and does not foster a level playing field between the consumer and the Supplier which eliminates the consumer’s ability to make an informed purchasing decision.

The aggravating factors in this matter include the resulting impact adversely affecting the consumer, the continued non-compliance with the rather straightforward requirements of the legislation despite multiple attempts to educate the Supplier, the previous administrative enforcement action and breaching the agreed upon voluntary Undertaking. The Supplier did offer to pay RHD \$3,000 however, they were unable to reach an agreement with RHD, which is a mitigating factor.

This Administrative Penalty is taking into account the number and seriousness of the contraventions of the legislation found during the investigation; the cost of investigating the Supplier's activities; the aggravating factors listed above; and the continued non-compliant business practices despite education and enforcement.

Action

In accordance with Section 158.1(a) of the CPA and based on the above facts, I am requiring that Auto House Ltd. pay an Administrative Penalty. This is based on my opinion Auto House Ltd. contravened Sections 6(3)(a), 6(4)(a) and 163(d) of the CPA, Sections 9, 12(o), 31.1, 31.2 and 31.3 of the ABR and Section 14 of the VIR.

Taking into consideration all the representations made by the Supplier and the representations made by AMVIC's investigations department, the amount of the Administrative Penalty is **\$16,000**.

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 the above listed aggravating and mitigating facts as well as:

1. The seriousness of the contraventions or failure to comply;
2. The aggravating and mitigating factors listed above;
3. The degree of wilfulness or negligence in the contravention or failure to comply;
4. The Supplier's history of non-compliance;
5. The maximum penalty under Section 158.1(3) of the CPA of \$100,000; and
6. The deterrent effect of the penalty.

The amount of the Administrative Penalty is \$16,000.

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: Derek B [REDACTED], Senior Manager of Investigations, AMVIC