

2017 ANNUAL REPORT | 2018-19 BUSINESS PLAN



Ontario's Vehicle Sales Regulator



CELEBRATING 20 YEARS  
PROMOTING A FAIR AND INFORMED VEHICLE  
SALES MARKETPLACE IN ONTARIO

CONSUMER PROTECTION | DEALER PROFESSIONALISM | CUSTOMER SERVICE

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## OMVIC'S MISSION STATEMENT

*We will take pride in the results of our commitment to a fair marketplace, achieved through innovation, enforcement and excellence in service.*

OMVIC's creation on January 7, 1997, marked the first time a regulated business sector had moved to self-management. Previously, Ontario's motor vehicle dealer industry was regulated by the Ministry of Consumer and Commercial Relations (now the Ministry of Government and Consumer Services). OMVIC is a not-for-profit corporation governed by a 12-member Board of Directors.

Registration with OMVIC is mandatory for all Ontario vehicle dealers (new and used) and salespeople.

## OMVIC'S ONGOING OBJECTIVES

Consumer protection through pursuit of those who would prey on an unwary public; dissemination of information concerning consumer rights and responsibilities via media relations, educational outreach and public information and awareness programs; compliance activities; and complaint conciliation.

Dealer professionalism through certification programs for new dealers and salespeople; ongoing information and education initiatives; and increased accountability through administration of a Code of Ethics (CoE), Standards of Business Practice and a transparent disciplinary process.

## OMVIC'S PRIORITIES

- CONSUMER PROTECTION
- DEALER PROFESSIONALISM
- CUSTOMER SERVICE

The Ontario Motor Vehicle Industry Council (OMVIC) administers and enforces the *Motor Vehicle Dealers Act 2002* (MVDA) – a public protection statute – on behalf of the Ministry of Government and Consumer Services. OMVIC's mandate is to maintain a fair and informed vehicle sales marketplace in Ontario by protecting the rights of consumers, enhancing industry professionalism and ensuring fair, honest and open competition for registered vehicle dealers. OMVIC's adherence to these ideals is reflected in its mission statement.

# PROTECTION FOR ONTARIANS

Ontario vehicle buyers benefit from excellent consumer protection legislation and a vigilant and dedicated regulator. Vehicle sales is a regulated industry in Ontario. As the regulator, OMVIC administers and enforces the MVDA and sections of the *Consumer Protection Act 2002* (CPA) on behalf of the Ministry of Government and Consumer Services.

Penalties for breaching the MVDA or CoE are significant. The maximum penalty for an individual is a fine of \$50,000 and/or imprisonment for two years less a day. The maximum fine for a corporation is \$250,000. For an individual acting as a dealer without benefit of registration (a curbsider), the minimum penalty is \$2,500.

Ontario consumers are further protected by the CPA – legislation that prohibits unfair business practices, including false, misleading, deceptive or unconscionable representations.

It is important to note that the protections provided by the MVDA, the Motor Vehicle Dealers Compensation Fund and OMVIC apply only to consumers who buy or lease from a registered dealer. Consumers who choose to buy privately are not protected.

## Key protections provided by the MVDA include the following:

**All-In Price Advertising.** If a dealer advertises a price for a vehicle, that price must include all fees and charges the dealer intends to collect; there can be no hidden fees. *Note: HST and licensing do not have to be included in the all-in price as long as the advertisement clearly and prominently indicates they are not included.*

**Disclosure.** Dealers must disclose in writing specified information (including any material facts) related to a vehicle's past use, history and condition.

**Cancellation Rights.** Should a dealer fail to properly disclose

- a vehicle's previous use as a taxi, limousine, police cruiser, emergency service vehicle or daily rental (unless the daily rental was subsequently owned by someone other than a registered dealer);
- that a vehicle was branded (irreparable, salvage or rebuilt);
- a vehicle's make, model and model year; or
- the true distance a vehicle has been driven (or the designated statement if the mileage is not known),

the purchaser may cancel the contract within 90 days of delivery and all monies paid must be refunded.

**Access to the Motor Vehicle Dealers Compensation Fund.** Consumers who suffer a financial loss as a result of a trade with a registered dealer may be entitled to compensation of up to \$45,000 per valid claim.

**OMVIC:  
CELEBRATING 20 YEARS**

Promoting a Fair and  
Informed Vehicle Sales  
Marketplace in Ontario

# 2017 SUMMARY



# 2017

## OMVIC BY THE NUMBERS

### SUMMARY

THE FOLLOWING IS A BRIEF SUMMARY OF **OMVIC'S 2017** STATISTICS, INITIATIVES AND ACHIEVEMENTS.



**REVENUE** FOR FISCAL 2017  
**\$19,915,243**

**EXPENSES** FOR FISCAL 2017  
**\$14,720,773**



### REGISTRANTS

**37,110, including**

- **8,086** DEALERS
- **29,024** SALESPERSONS

### REGISTRATION ACTIVITIES

- **611** NEW DEALER APPLICATIONS
- **4,245** NEW SALESPERSON APPLICATIONS
- **7,732** DEALER RENEWALS
- **12,640** SALESPERSON RENEWALS



### COMPLIANCE INITIATIVES

(INCLUDES INSPECTIONS/INVESTIGATIONS/PROSECUTIONS/ADMINISTRATIVE ACTIONS)

**2,415**

INSPECTIONS CONDUCTED. NOTE: 5.1% OF INSPECTIONS REFERRED TO SENIOR MANAGEMENT FOR POSSIBLE FURTHER ACTION

**1,011**

REGISTRAR ACTIONS TAKEN (INCLUDES 61 PROPOSALS TO REVOKE, SUSPEND, REFUSE OR IMPOSE CONDITIONS ON REGISTRATION)

**968+**

HOURS ASSISTING LAW ENFORCEMENT AGENCIES

**78**

COMPLIANCE WARNING LETTERS ISSUED

**385**

INVESTIGATIONS OPENED (169 CURBSIDER/ 216 INDUSTRY)

**341**

CHARGES LAID AGAINST 48 ENTITIES

**222**

AGAINST 33 CURBSIDERS

**120**

AGAINST 15 REGISTRANTS

AS OF DEC. 2017, OMVIC INVESTIGATORS BEGAN LAYING INDIVIDUAL CHARGES, NOT SINGLE GLOBAL COUNTS FOR MULTIPLE OFFENCES, AS HAD BEEN DONE HISTORICALLY.

**19**

NOTICES OF DISCIPLINE SERVED FOR ALLEGED BREACHES OF THE CoE

**415**

ADVERTISING COMPLIANCE CAUTIONS ISSUED

**601**

DEALERS PROVIDED WITH ADVERTISING ASSISTANCE

# OMVIC BY THE NUMBERS

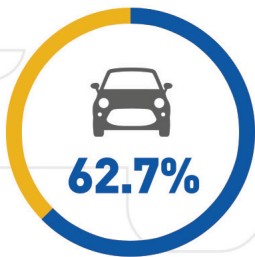


## CONSUMER COMPLAINT HANDLING

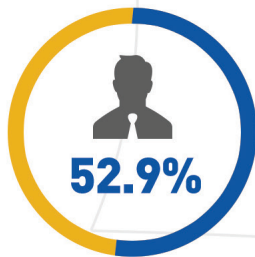


- **1,213** FORMAL COMPLAINTS CLOSED
- **\$881,568** RETURNED TO CONSUMERS AFTER CONCILIATION EFFORTS

## ONLINE SERVICES USED BY



OF DEALERS



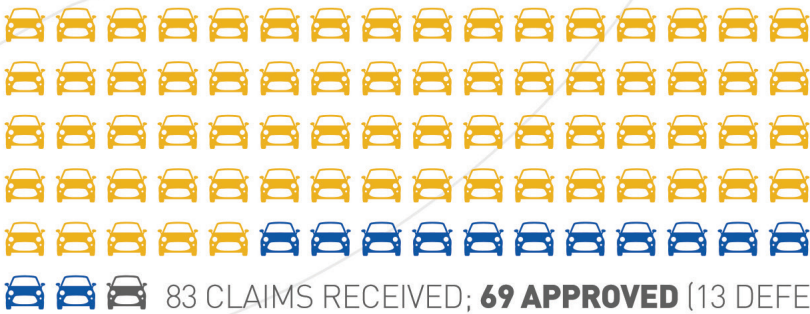
OF SALESPERSONS

## COMMUNICATIONS



- **80** BULLETINS, NEWSLETTERS AND NEWS RELEASES PUBLISHED
- **64** SEMINARS/WEBINARS CONDUCTED
- **61** MEDIA INTERVIEWS CONDUCTED
- **418** FACEBOOK POSTS, **838** TWEETS, **44** LINKEDIN POSTS AND **46** BLOG POSTS PUBLISHED

## MOTOR VEHICLE DEALERS COMPENSATION FUND



TOTAL VALUE OF CLAIMS PAID  
**\$1,111,673**

# MESSAGE FROM THE PRESIDENT AND CHAIR OF THE BOARD

**The Honourable Tracy MacCharles**  
**Minister of Government and Consumer Services**

6th Floor, Mowat Block  
900 Bay Street  
Toronto, ON M7A 1L2



**Dear Minister MacCharles:**

On behalf of the OMVIC Board of Directors I am pleased to present the 2017 Annual Report and 2018–19 Business Plan.

OMVIC and its Board faced unique challenges in 2017. A new Chief Executive Officer (and Interim Registrar) was recruited. We were fortunate that former Member of Parliament John Carmichael, with his extensive industry and government experience, accepted this important leadership role.

Operationally OMVIC's staff continue to demonstrate their commitment to protecting Ontarians, as corroborated by the issuance of three Immediate Suspensions and a record \$1.1 million payout to consumers from the Motor Vehicle Dealers Compensation Fund during 2017. The Board welcomes these actions as further proof that OMVIC is committed to protecting Ontario's car buyers.

OMVIC also continued to improve online registration services in 2017 by introducing online salesperson changes and enabling multiple dealer administrators. The ongoing additions and improvements to online services resulted in a significant increase in usage, with 60 per cent of salespeople and 70 per cent of dealers now using these services.

Additionally, OMVIC is committed to ongoing registrant education and in 2017, it surveyed registrants about the media OMVIC uses to communicate and seek input on new educational initiatives. The survey is now complete and new tools will be available to help all registrants in 2018.

Organizational governance, prudent fiscal management, efficient and effective operational processes and workflow optimization are key priorities. The Board therefore commissioned Deloitte to perform a comprehensive efficiency review of the organization. The Board, together with management and staff, will begin planning the implementation of the resulting recommendations in 2018.

Minister, I assure you that OMVIC, its Board of Directors and staff remain committed to its founding mandate to protect the rights of Ontario's motor vehicle buyers, to provide excellent customer service, to enhance the professionalism of our registrants and to ensure a fair, honest and open marketplace for registered motor vehicle dealers.

I want to thank you and your ministry, OMVIC senior management and staff, our registrants and consumer stakeholder groups for their ongoing assistance, collaboration and support.

Sincerely,

A handwritten signature in black ink that reads "N. Ali".

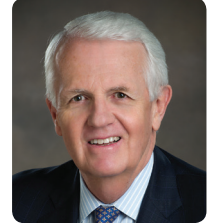
**Nazreen Ali**  
President and Chair  
OMVIC Board of Directors



# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

**The Honourable Tracy MacCharles**  
**Minister of Government and Consumer Services**

6th Floor, Mowat Block  
900 Bay Street  
Toronto, ON M7A 1L2



**Dear Minister MacCharles:**


2017 marked OMVIC's 20th anniversary as Ontario's vehicle sales regulator. During those first 20 years OMVIC's Registration Team completed 379,951 transactions; the Complaints and Inquiries Team conciliated 21,925 formal complaints and negotiated the return of more than \$14 million to consumers; Compliance staff conducted 62,053 inspections and Investigators conducted 5,484 investigations that resulted in 15,878 charges, many against curbsiders who prey on unsuspecting consumers. This was the proud legacy I inherited when appointed CEO and Interim Registrar in early 2017.

There were unique challenges in 2017, including the issuance of Immediate Suspensions to three unrelated Ontario dealers. Immediate Suspensions are reserved for situations in which a registrant's actions pose serious and imminent harm to consumers; prior to 2017, OMVIC had used this authority only once. In one 2017 case, the dealer's actions resulted in more than \$400,000 in claims to the Motor Vehicle Dealers Compensation Fund. It is worth noting that the Fund paid out a historic \$1.1 million last year to consumers who suffered losses as a result of trades with registered dealers. Obviously these events were unfortunate, but OMVIC's monitoring and fast response prevented additional harm, and consumers with proven claims were protected and compensated.

But not all efforts were related to enforcement. OMVIC also made significant strides in educating consumers. Our 2017 advertising campaign increased awareness of a consumer's right to all-in price advertising from 33 to 42 per cent. OMVIC's Communications and Education Team also devoted significant time and resources to raising awareness of the potential dangers posed by extended-term auto financing and negative equity. These efforts included developing new web resources and an educational infographic, placing advertorials in numerous publications and engaging with the mainstream media.

Minister, while my tenure at OMVIC is still relatively short, I can state with confidence that OMVIC's reputation and legacy are well earned; there is a shared feeling of pride and commitment by this team. We look forward to reviewing and implementing results of the efficiency study currently underway. We look forward to continuing to work with you and your staff. And, we look forward to the next 20 years of meeting our mandate and protecting Ontario's motor vehicle buyers.

Sincerely,



**John Carmichael**  
Chief Executive Officer

# 2017 ANNUAL REPORT

## ACCOMPLISHMENTS

### OMVIC's 2016–18 Strategic Plan established four strategic goals:

1. Increase consumer awareness.
2. Increase registrant professionalism.
3. Be a trusted and respected partner.
4. Improve organizational capacity.

These goals are the Board of Directors' highest-level promises to its stakeholders. Each priority sets a clear direction for operational leadership to align resources with operational activities to enable delivery of these promises.

OMVIC's 2017 Annual Report outlines the actions taken to achieve the strategic goals and the measures used to demonstrate their success.

### GOAL 1: INCREASE CONSUMER AWARENESS

**Strategic Direction: Increase consumer awareness and education and be a trusted source of information for the public on motor vehicle sales**

STRATEGY	Offer information and advice to consumers engaged in a motor vehicle transaction.
2017–19 Targets	2017 Activities and Results
Offer translation services in 150 languages	Provided translation services to 107 callers in 18 languages.
Provide free conciliation service to consumers engaged in disputes with registered dealers	Provided assistance/conciliation in 1,213 formal complaints, resulting in restitution to affected consumers totalling \$881,568.
Achieve ratings of 4 or greater on a scale of 1 to 5 for knowledge and courtesy from both consumers and dealers	459 consumers who participated in conciliation efforts gave ratings averaging 3.9 for courtesy and 3.6 for knowledge.  173 dealers gave ratings averaging 4.4 for courtesy and 4.1 for knowledge.  Statistics were gathered from both groups via anonymous online survey.
Provide assistance to claimants to the Compensation Fund	The Compensation Fund Board reviewed 83 claims that resulted in \$1.11 million in compensation paid to 69 consumer claimants. Thirteen claims were deferred; one was denied.  Staff attended in person at a Northern Ontario community impacted by a dealer closure to assist 30 potential Compensation Fund claimants and answer questions related to the Fund's forms and requirements.

# 2017 ANNUAL REPORT

## ACCOMPLISHMENTS

### GOAL 1: INCREASE CONSUMER AWARENESS (CONT'D)

Strategic Direction: Increase consumer awareness and education and be a trusted source of information for the public on motor vehicle sales

STRATEGY	Increase outreach to consumers through various communications initiatives.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Conduct annual consumer awareness campaign	Conducted 10-month campaign using TV, radio (including multicultural stations), online, out-of-home and social media advertising.
Use ad hoc advertising opportunities	Used ad hoc advertising, including major daily newspapers, radio and magazines.
Conduct direct outreach via seminars and tradeshow/event participation	Conducted 26 consumer seminars. Participated in 10 tradeshow/event events.
Engage with mainstream media	Conducted 59 media interviews.
Use sponsorships	Sponsored <i>Lemon-Aid Car Show</i> (TV), <i>Dave's Corner Garage</i> (radio) and Car Help Canada podcast to educate consumers, disseminate key messages and raise awareness of OMVIC and its role.
Engage consumers via social media	Engaged consumers via social media using 418 Facebook posts, 838 tweets, 44 LinkedIn posts, 87 Instagram posts and 46 blog posts.
Engage consumers via e-newsletter	Published 10 <i>Consumer Line</i> e-newsletters.



Lemon-Aid Car Show



Consumer Line e-newsletter

# 2017 ANNUAL REPORT

## ACCOMPLISHMENTS

### GOAL 1: INCREASE CONSUMER AWARENESS (CONT'D)

**Strategic Direction: Increase consumer awareness and education and be a trusted source of information for the public on motor vehicle sales**

<b>STRATEGY</b>	Increase awareness of the Compensation Fund.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Conduct consumer awareness campaign	<p>Conducted online awareness campaign focusing on keyword searches. Campaign resulted in 113,936 Compensation Fund page views, outperforming the target of 97,100.</p> <p>Produced and delivered geo-targeted Facebook advertisements to raise awareness in communities directly affected by significant dealer failures. These ads were in turn shared by Facebook subscribers, which organically assisted with awareness.</p>
<b>STRATEGY</b>	Increase awareness of all-in price advertising.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Conduct consumer awareness campaign to increase general awareness of all-in price advertising (from 33 per cent in 2016)	<p>Consumer awareness of all-in price advertising increased from 33 to 42 per cent, significantly exceeding the 38 per cent target.</p> <p>OMVIC's all-in price advertising webpage received 121,091 page views.</p>
<b>STRATEGY</b>	Revise/update website content to improve usability and clarity.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Update web content with improved content and usability	<p>Made 73 webpage revisions or additions.</p> <p>Website content management utility upgraded to provide improved content posting and new usability features.</p> <p>482,208 users visited OMVIC's website, generating 180 million page views.</p>

# 2017 ANNUAL REPORT

## ACCOMPLISHMENTS

### GOAL 1: INCREASE CONSUMER AWARENESS (CONT'D)

Strategic Direction: Increase consumer awareness and education and be a trusted source of information for the public on motor vehicle sales

<b>STRATEGY</b>	Revise/update tradeshow materials and messaging on brochures, maps and signage.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Update tradeshow materials with revised messaging	Materials updated. New infographic created.
<b>STRATEGY</b>	Expand OMVIC's current publicly available enforcement information by creating a searchable list of Discipline Committee and Licence Appeal Tribunal (LAT) actions.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Expand searchable list to include OMVIC's Discipline Committee and Appeals Committee as well as LAT matters	Created, and made available online, searchable lists with filtering capabilities for Discipline and Appeals Committees and LAT decisions.

### GOAL 1: INCREASE CONSUMER AWARENESS (CONT'D)

Strategic Direction: Provide tools and information to consumers to prevent or resolve problems in motor vehicle transactions

<b>STRATEGY</b>	Review and update online complaints documents and general complaints conciliation messaging.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Establish Complaints/Communications working group; revise, update or create complaints resources	Established working group and revised web content. Developed and made available a new letter template to assist consumers.

# 2017 ANNUAL REPORT

## ACCOMPLISHMENTS

### GOAL 2: INCREASE REGISTRANT PROFESSIONALISM

Strategic Direction: Ensure a fair marketplace for our registrants

<b>STRATEGY</b>	Identify and monitor the impact of new and emerging business models.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Engage Board, stakeholders, other jurisdictions and experts in discussions regarding the impact of various online or non-traditional dealer business models	Held meetings and discussions with OMVIC's Stakeholder Relations Committee and its members, with Canadian motor vehicle dealer regulators, and through the National Association of Motor Vehicle Boards and Commissions.
Report to the ministry on industry or regulatory impact	Held regular meetings and discussions with the Ministry of Government and Consumer Services. Ministry officials participated in industry discussions at Stakeholder Relations Committee meetings.
<b>STRATEGY</b>	Ensure persons who have (or may) put the public at risk do not get or maintain registration as dealers or salespeople.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Process applications in accordance with the Registrar's authority under the MVDA	Processed 58,859 registration applications. OMVIC performed the necessary due diligence, with Registrar's actions taken in 1,011 cases, including negotiating Terms and Conditions of registration, requiring letters of credit and issuing Proposals to Refuse, Revoke or Suspend Registration.
<b>STRATEGY</b>	Review and update processes and resources to encourage financial responsibility.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Update and publish <i>Financial Management Best Practices</i> guidelines	Scheduled for completion in 2018.
Update required forms and procedures	Scheduled for completion in 2018.
Identify appropriate financial management educational courses and opportunities for dealers	Scheduled for completion in 2018.

# 2017 ANNUAL REPORT

## ACCOMPLISHMENTS

### GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Ensure a fair marketplace for our registrants

<b>STRATEGY</b>	Continue to monitor advertising during inspections, complaints and reviews by Business Standards Team.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Review advertisements, including all-in price advertising compliance, during all books and records inspection visits for retail dealers	Referred issues of non-compliance to senior management for review and further action if warranted. Advertising compliance concerns noted during 132 inspections.  OMVIC's expectations and requirements of the MVDA regarding all-in price advertising discussed at all retail dealer books and records inspections, including new dealer visits, to proactively encourage compliance.
Conduct undercover shopping at retail dealers to monitor compliance	Conducted undercover shopping research. Results of significant non-compliance shared with senior management and Investigators.  Completed a review and analysis of information regarding non-compliance.
<b>STRATEGY</b>	Monitor manufacturer advertising issues.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Continue to refer issues related to manufacturer advertising concerns to Competition Bureau or appropriate government agency as required	Referred manufacturer advertising concerns to Competition Bureau. Discussed the issue and highlighted concerns with manufacturer advertising with Ministry of Government and Consumer Services.
<b>STRATEGY</b>	Make inspection process more transparent for registrants.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Make available <i>Inspection Guide &amp; Checklist</i> to increase transparency and understanding of the inspection process and requirements	<i>Inspection Guide &amp; Checklist</i> made available on OMVIC's website and a link was provided to registrants at many inspection visits.
Encourage industry partners to communicate existence of the Guide to their membership	<i>Inspection Guide &amp; Checklist</i> provided to dealer stakeholders.

# 2017 ANNUAL REPORT

## ACCOMPLISHMENTS

### GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Ensure a fair marketplace for our registrants

<b>STRATEGY</b>	Use risk-based inspection program to mitigate risk to the public, Compensation Fund and marketplace.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Review risk-based inspection criteria as required	Requested expedited inspections for dealers with complaints related to financial stability, such as non-payout of liens. These complaints are identified via weekly data-mining.  Refreshed risk-based criteria for inspections in early 2017 to include dealers who changed class from wholesale to retail in addition to other risk-based criteria, such as complaint volumes, previous compliance concerns and length of time between books and records inspection visits.
<b>STRATEGY</b>	Monitor indicators of consumer harm to provide early indication of possible compliance issues.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Encourage new dealer registrants to monitor finances with professional assistance if they are inexperienced	Encouraged, or required through registration Terms and Conditions, inexperienced new dealers to seek education and/or professional assistance for bookkeeping and other financial matters.
Monitor weekly reports issued based on risk criteria and take appropriate action	Used weekly reports to identify higher-risk issues and deploy inspection resources on an expedited basis when required.  Issued two Immediate Suspensions as a result of report monitoring and subsequent inspector findings.
Communicate importance of financial oversight to avoid consumer harm and ensure success of dealers' businesses	Reviewed inspection reports. Modifications to the reports will be completed in 2018.
Review and provide <i>Financial Management Best Practices</i> document when appropriate	Provided document, or link to it, during new, routine and risk-based dealer inspections when appropriate.
<b>STRATEGY</b>	Ensure a robust inspection program is in place to encourage compliance with the MVDA and CoE.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Conduct 50 per cent or more of inspections from risk-based inspection lists	64 per cent of dealer inspections were related to higher-risk registrants.



# 2017 ANNUAL REPORT

## ACCOMPLISHMENTS

### GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Provide educational opportunities for registrants

<b>STRATEGY</b>	Monitor success of OMVIC Certification Course.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Conduct periodic review of Certification Course outcomes	Monitored course outcomes regularly. Total Certification Course registrations in 2017: 7,148. Overall pass rate: 87.9 per cent (down 1.07 per cent from 2016).
<b>STRATEGY</b>	Assist registrants in complying with the MVDA.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Create information and messaging to encourage registrants to use OMVIC resources	Promoted online services via <i>Dealer Bulletin</i> and <i>Dealer Standard</i> newsletter. Created and made available an instructional video to assist registrants in using new online services.

### GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Apply right-touch enforcement

<b>STRATEGY</b>	Ensure responsible and measured enforcement of the MVDA and other consumer protection legislation.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Review processes to identify and prioritize non-compliant activity and report on actions taken	Referred 5.1 per cent of inspections results for further review by senior management. Conducted pilot project to reduce recidivism for dealers with frequent complaints about vehicle condition. Business Standards team sent letters to sample group outlining expectations, providing suggestions to avoid complaints and offer assistance. Pilot did not have any significant impact on reducing complaints. Completed in-house review of data. In-depth analytical examination of data planned by Investigations for 2018.

# 2017 ANNUAL REPORT

## ACCOMPLISHMENTS

### GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Communicate with registrants in an efficient and effective manner

<b>STRATEGY</b>	Increase interest in e-newsletter.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Develop and implement an improved email delivery format for <i>The Dealer Standard</i> newsletter	Adopted improved delivery format designed to improve and track open rates.
<b>STRATEGY</b>	Examine possible new educational information delivery formats.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Consult and plan new educational information delivery format(s)	Issued RFP to hire a marketing company to assist in the development of a registrant education initiative.  Retained company, surveyed registrants and began developing educational materials, including videos, infographics and checklists designed to assist with compliance. Products will be made available in 2018.
<b>STRATEGY</b>	Review, revise or develop advertising toolkit, decal and messaging, and Certified in Automotive Law and Ethics (CALE) acknowledgement for dealers and salespeople.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Develop advertising toolkit, revised decal and CALE resources	Revised and made available advertising toolkit and decal.

# 2017 ANNUAL REPORT

## ACCOMPLISHMENTS

### GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Use technology to increase and improve service to registrants

STRATEGY	Continue adding registrant self-serve functions/capabilities to online services.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Allow sales change applications online	Made sales change applications available online.
Provide online capability for dealerships to have multiple dealer administrators	Made multiple dealer administrator capability available in Online Services.



Use these advertising templates to create informative and compliant signage.

**All-In Price**  
\$ 18,500  
4 HD & Lowing  
No Hidden Fees or Charges

OMVIC  
Ontario's Vehicle Sales Regulator

**ADVERTISING TEMPLATES**  
for OMVIC-Registered Dealers

Dealer-Branded Advertising Template Example

Add Dealer Header Banner: 11.75 inches wide by 1 inch high, PDF File Format

**All-In Price**  
\$ 18,500  
4 HD & Lowing  
No Hidden Fees or Charges

Jules Auto Dealer

Add Dealer Logo: 1.5 inches wide by 1 inch high, PDF File Format

Add Manufacturer Logo: 1.5 inches wide by 1 inch high, PDF File Format

Once complete save file to computer and print sign.

3 of 4

OMVIC-Branded Advertising Template Example

**All-In Price**  
\$ 18,500  
4 HD & Lowing  
No Hidden Fees or Charges

OMVIC  
Ontario's Vehicle Sales Regulator

Once complete save file to computer and print sign.

2 of 4

Instructions for using Advertising Templates

Use these advertising templates to create informative and compliant signage.

Dealer Advertising Template Options:  
OMVIC's advertising templates have two versions to choose from: an OMVIC branded or a customizable version. Allow me the option to add a vehicle price and description, dealer logo, manufacturer logo and/or dealer-branded header.

The following templates are available:

- All-In Price
- Finance For
- Lease For
- Sold As-Is
- Sold (Unit)

How to Customize a Sign

- Select the appropriate template.
- Add the vehicle price and description:
  - Click on the appropriate fillable space in the template and enter the information.
- Add the dealer and manufacturer logos (optional):
  - In the appropriate template, click on the space for the logo.
  - Follow the prompts to select your logo artwork file from your computer.
  - The logo artwork must be in PDF format. If the logo artwork is not in a PDF format, it would have to be converted.
  - The ideal logo artwork size is 1.5 inches wide by 1 inch high.
- Add the dealer-branded header (optional):
  - In the dealer-branded template, click in the header space at the top of the template.
  - Follow the prompts to select the header artwork file from your computer.
  - The header artwork must be in PDF format.
  - For best results the header size is 11.75 inches wide by 1 inch high.
- Save and print the sign:
  - Click on one of the fillable spaces again if you need to make changes.
  - When you are done, save the template file to your computer and print the sign.

4 of 4

Dealer Toolkit

# 2017 ANNUAL REPORT

## ACCOMPLISHMENTS

### GOAL 3: BE A TRUSTED AND RESPECTED PARTNER

Strategic Direction: Position OMVIC as a trusted and respected partner with governments and other regulators and partners

<b>STRATEGY</b>	Educate consumers on the risks associated with long-term and subprime credit agreements for vehicle transactions.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Continue to support the Financial Consumer Agency of Canada (FCAC) and Canadian Credit Union Association (CCUA) and make other appropriate efforts to raise awareness	<p>Created new web resources on risks of long-term and subprime credit agreements for vehicle transactions.</p> <p>Created educational infographic. Made infographic available for dealer/salesperson use and consumer reference on website.</p> <p>Submitted advertorials to major daily newspapers and magazines to educate consumers about the potential risks associated with long-term auto financing and negative equity.</p>
<b>STRATEGY</b>	Use data visualization tools such as dashboards to provide real-time measurement of OMVIC business processes.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Create live dashboard for Key Operational Indicators (KOIs)	<p>Conducted review of methods/processes to extract and publish relevant KOIs in real time. Began an additional review to determine which KOIs will be included/presented.</p> <p>Dashboard to be created in 2018.</p>
<b>STRATEGY</b>	Enhance security on mobile phones.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Complete the development of a plan for appropriate mitigation of cyber risks with mobile phones	<p>Reviewed cyber risks; mitigation is in place.</p>
<b>STRATEGY</b>	Translate OMVIC Discipline and Appeals Committee rules and forms into French.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Enhance OMVIC's French-language services by augmenting current Discipline and Appeals Committee rules by producing a French translation of the rules and attendant forms	<p>Translated Discipline and Appeals Committee rules and attendant forms into French and made them available to registrants.</p>

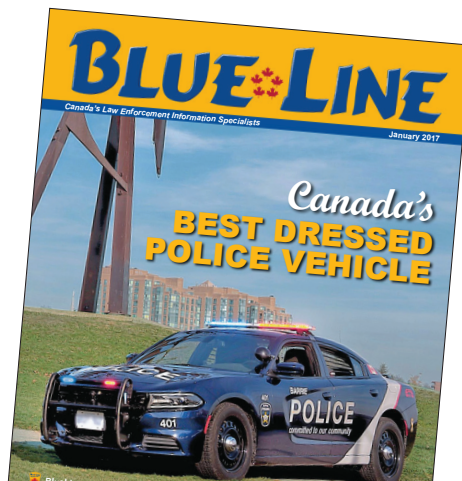
# 2017 ANNUAL REPORT

## ACCOMPLISHMENTS

### GOAL 3: BE A TRUSTED AND RESPECTED PARTNER (CONT'D)

Strategic Direction: Partner and collaborate with stakeholders with shared objectives

<b>STRATEGY</b>	Increase awareness of OMVIC and the MVDA among stakeholders, including law enforcement and industry personnel.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Continue to deliver auto theft investigation training and expertise through the Canadian Police College	Two members of OMVIC's Investigations Team delivered the training in 2017 with 24 police officers from across Canada in attendance. RCMP's Canadian Police College supports continued delivery of this unique and vital training.
Continue to engage frontline officers via <i>Blue Line</i> magazine	Participated in Blue Line tradeshow and annual Blue Line Awards event. Sponsored Blue Line's "best dressed police vehicle" award.
<b>STRATEGY</b>	Engage law enforcement partners.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Participate with law enforcement agencies and share information through entities such as Criminal Intelligence Service Ontario (CISO) and International Association of Auto Theft Investigators (IAATI)	Members attended four GTA CISO district meetings in 2017. Enacted secure encryption processes for information sharing. Two OMVIC members received IAATI training.
Engage with police services	Assisted law enforcement with 63 cases.



Blue Line magazine

# 2017 ANNUAL REPORT

## ACCOMPLISHMENTS

### GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY

Strategic Direction: Optimize services and processes and their delivery through technology

<b>STRATEGY</b>	Optimize services and processes and their delivery through technology.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Review platform for newsletter and communications publishing	Reviewed and upgraded the technical platform for newsletters and other communications.
<b>STRATEGY</b>	Implement and enhance e-disclosure process for <i>Provincial Offences Act</i> (POA) charges.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Review policing and enforcement best practices to implement an e-disclosure procedure for POA matters	Implemented electronic disclosure process.  Developed Policy and Procedures and delivered training. Established a monitoring system.
<b>STRATEGY</b>	Identify opportunities to better use OMVIC's online membership functions.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Increase online membership to 65 per cent of dealers and 55 per cent of salespersons	Increased online membership to 70 per cent for dealers and 60 per cent for salespeople.
Update Online Services FAQs	Created video tutorial for users of Online Services.  Introduced credit card refund function.
<b>STRATEGY</b>	Identify additional Online Services for registrants.
<b>2017–19 Targets</b>	<b>2017 Activities and Results</b>
Implement online salesperson changes	Enabled online salesperson change service.

# 2017 ANNUAL REPORT

## ACCOMPLISHMENTS

### GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

Strategic Direction: Continue to be fiscally prudent

<b>STRATEGY</b>	Continue to be fiscally prudent.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Review contracts with information technology (IT) suppliers to ensure applicability of services delivered and value for money	Reviewed and amended major software, hardware and service agreements, as required.
Continue to meet with other regulators (Delegated Administrative Authority [DAA] IT committee) on IT efficacy matters	Conducted discussions with other DAA IT leads.
<b>STRATEGY</b>	Review the financial viability of the Compensation Fund.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Engage an actuarial firm to review the current funding model and anticipated claims volume to ensure the Fund remains viable for future claimants	Developed and circulated RFP for actuarial services.
<b>STRATEGY</b>	Conduct organizational review.
<b>2017-19 Targets</b>	<b>2017 Activities and Results</b>
Conduct an efficiency/organizational review for optimizing process flow and efficient use of resources	Engaged Deloitte in October 2017 to conduct a comprehensive efficiency study. Study findings are expected in March 2018.

# BUSINESS ACCOMPLISHMENTS

## OPERATIONS

### REGISTRATION

In 2017 the number of registered salespeople in Ontario increased to 29,024 from 27,914 in 2016, continuing the growth trend seen since OMVIC's inception in 1997. The number of registered dealers, 8,086, has remained relatively constant (near 8,000) since 2012.

#### Online Registration Services

OMVIC launched Online Registration Services for both dealers and salespersons in 2013. The resource provides users with access to services that enhance the efficiency of registration processes and includes the following:

- **Pending application checks.** Online members receive the contact information of their assigned Registration staff member. If no application is pending, information and a link are provided for the required registration form.
- **Salesperson termination checks.** Online members who are dealers can review a related salesperson's registration.
- **Notifications.** Online members can subscribe to email notifications for registration expiry, renewal or approval for the dealership or related salespersons.
- **Renewals.** Eligible online renewal applications are approved immediately.

In 2017, the percentage of dealers registered as online users increased to 70 per cent from 65 per cent in 2016; salesperson usage increased to 60 per cent from 55 per cent in 2016.

#### Registration Activities

In 2017, Registration staff

- processed 611 new dealer applications (646 in 2016)
- processed 4,245 new salesperson applications (4,166 in 2016)
- renewed 7,732 dealer applications (7,770 in 2016)
- renewed 12,640 salesperson applications (12,164 in 2016)
- performed 33,631 other transactions, including registrant information changes, transfers and terminations (34,305 in 2016)

#### Customer Satisfaction

Dealers and salespersons who interact with OMVIC staff during registration activities are sent an anonymous electronic customer service survey. In 2017, 1,763 surveys were completed. Registration Team members were rated 4 or higher on a 5-point scale in the areas of courtesy, knowledge and efficiency.

The Registration Team also maintained an average response time of 14 seconds for telephone inquiries through its Automatic Call Distribution (ACD) system, well below the target of one minute.

#### Telephone Inquiries

In 2017, OMVIC staff addressed 154,950 telephone inquiries, up from 147,886 in 2016. While the use of online services is quickly growing, the number of ACD calls received by the Registration Department increased from 23,711 to 27,444.



# BUSINESS ACCOMPLISHMENTS

## OPERATIONS

### REGISTRATION (CONT'D)

#### Registration and the MVDA

The Registrar determines whether new applicants meet requirements for registration and if existing registrants will continue to be registered. To maintain registration, registrants must adhere to the MVDA and the Code of Ethics. Non-compliance with the Act may result in administrative action or a Proposal to Revoke Registration. The Registrar may propose Refusal or Revocation of registration or propose Terms and Conditions for registration, as appropriate.

Should the Registrar propose to refuse or revoke registration, the affected applicant or registrant may request a hearing before the Licence Appeal Tribunal. In such cases, the Registrar's office presents the case for refusal or revocation before a Panel of the Tribunal and the applicant or registrant presents his or her appeal. The Panel may direct the Registrar to carry out, modify or set aside the Proposal and replace it with the Panel's own order. If a recipient of a Proposal does not appeal, the Proposal becomes effective as written.

The Registrar took 1,011 actions in 2017, a slight decrease from 1,071 in 2016. Registrar actions included Proposals

to Refuse or Revoke Registration and the inclusion of Terms and Conditions on registration. In the case of newly registered dealers, such conditions may include the requirement to provide an irrevocable letter of credit to the Motor Vehicle Dealers Compensation Fund. This letter of credit serves to protect the Compensation Fund should consumers have valid claims to the Fund as a result of the dealer's conduct.

In addition to the Registrar's actions noted above, 2017 presented additional challenges to OMVIC. The Registrar or Deputy Registrar issued Immediate Suspensions to three registered dealers. An Immediate Suspension is the most severe sanction against a registrant, taken only when OMVIC determines that a dealer's actions pose an imminent threat of consumer harm. From the time OMVIC was empowered with the authority to order an Immediate Suspension in 2010, that authority had been exercised only once prior to 2017. The registrations of two of the suspended dealers were eventually revoked; at the time of writing the third remains suspended pending appeal.

### REGISTRATION ACTIVITIES 2017

ACTIVITY	2013	2014	2015	2016	2017
New registration – dealers	620	702	694	646	611
New registration – salespersons	3,215	3,740	3,983	4,166	4,245
Renewals – dealers	7,874	7,828	7,710	7,770	7,732
Renewals – salespersons	11,543	11,701	11,757	12,164	12,640
Information changes*	32,181	32,301	33,099	34,305	33,631

\*Includes information changes, terminations and salesperson transfers.

# BUSINESS ACCOMPLISHMENTS

## OPERATIONS

### COMPLAINT HANDLING

OMVIC's Complaints and Inquiries Team assists both consumers and dealers. Complaints can be submitted via email, online or by phone.

In 2017 the Complaints and Inquiries Team provided conciliation for 1,213 formal complaints, an increase from 956 in 2016. As a result of the Team's efforts and the cooperation of registered dealers, \$881,568 was returned to consumers. This amount does not include the significant value of repairs or vehicle exchanges that were also negotiated.

The Complaints and Inquiries Team maintains a high level of customer service satisfaction. Feedback was solicited via an anonymous electronic survey from those who contacted the Complaints Team. Results from 459 consumer respondents gave average ratings of 3.9 for courtesy, 3.6 for knowledge and 3.3 for efficiency. OMVIC staff received even higher ratings from 173 dealers who participated in conciliations and responded to the survey.

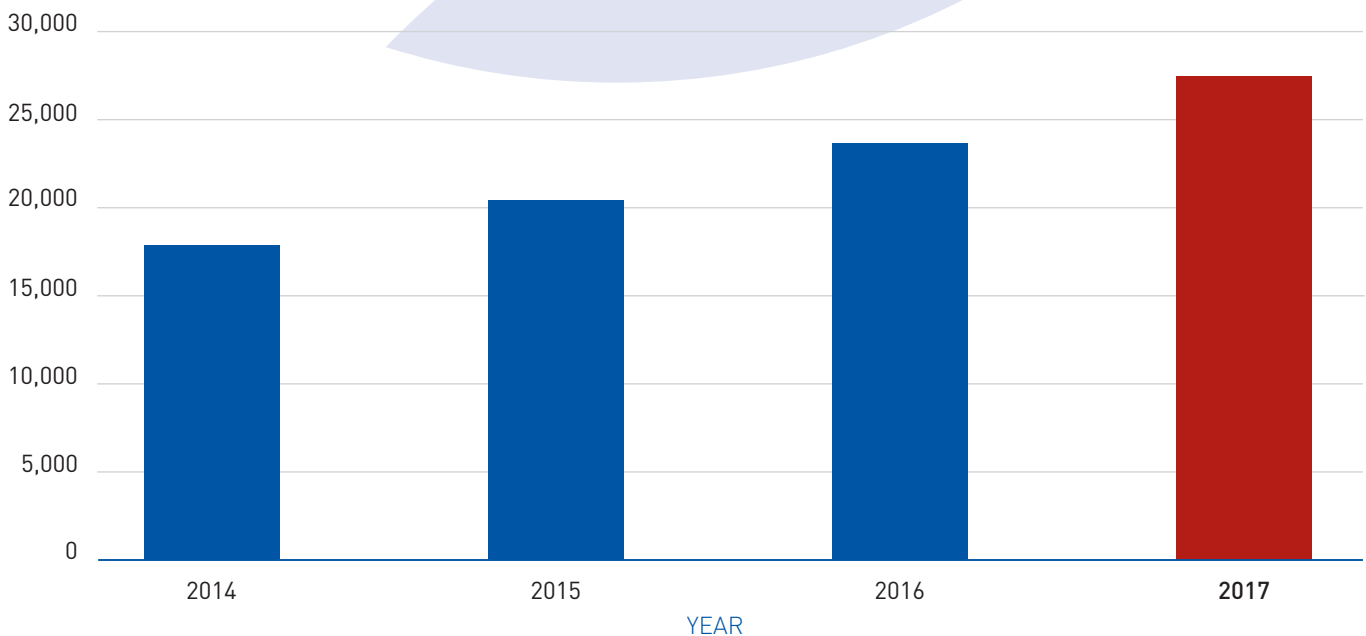
They rated Complaints Team members 4.4 for courtesy, 4.1 for knowledge and 4.3 for efficiency.

*Note: OMVIC Complaint Conciliators faced increasing consumer demands for service, in part due to the effectiveness of campaigns and initiatives to increase awareness of OMVIC. Additionally, the team has historically experienced significant challenges balancing consumer expectations to resolve complaints/issues with the limits of authority granted to OMVIC by the MVDA.*

The Complaints and Inquiries Team managed unprecedented levels of demand for its services in 2017, as demonstrated by the increased number of calls through the ACD centre and complaints received via the online complaints portal.

Initial consumer contact with the Complaints and Inquiries Team occurs predominately through the ACD centre or online, with subsequent contact largely via email.

### AUTOMATED CALL DISTRIBUTION CENTRE CALLS – COMPLAINTS 2017



The number of ACD calls received by the Complaints and Inquiries Department increased 16 per cent to 27,444, in 2017.

# BUSINESS ACCOMPLISHMENTS

## OPERATIONS

The number of ACD calls to the Complaints and Inquiries Department increased significantly to 27,444 in 2017, from 23,711 in 2016 and 20,374 in 2015 (see graph). Additionally, the number of complaints submitted online increased to 1,277 from 1,127 in 2016. OMVIC believes this continuing trend is due to the success of its new and ongoing consumer awareness initiatives.

### Complaints Process

On first contact with OMVIC, consumers or dealers are commonly provided with self-help instructions to resolve complaints. Complex complaints require direct staff engagement, with the objective being reasonable conciliation between the two parties. Depending on the complexity of the issues and cooperation levels, the process can take from hours to months.

The most common complaints relate to

- vehicle condition concerns (including safety standards certificates)
- contract cancellation concerns
- misrepresentation and contract disputes

*Note: OMVIC does not have the authority to compel or order a dealer to cancel a contract, return money or carry out repairs; only the courts have such authority.*

Should a suitable resolution not be found via the Complaints Process, consumers may consider civil action. If a consumer believes their complaint was not addressed, they can appeal to the Appeals Committee of OMVIC's Board of Directors. The Appeals Committee is chaired by a non-industry Board member. One appeal was filed with the Appeals Committee in 2017.



An OMVIC Complaints and Inquiries team member



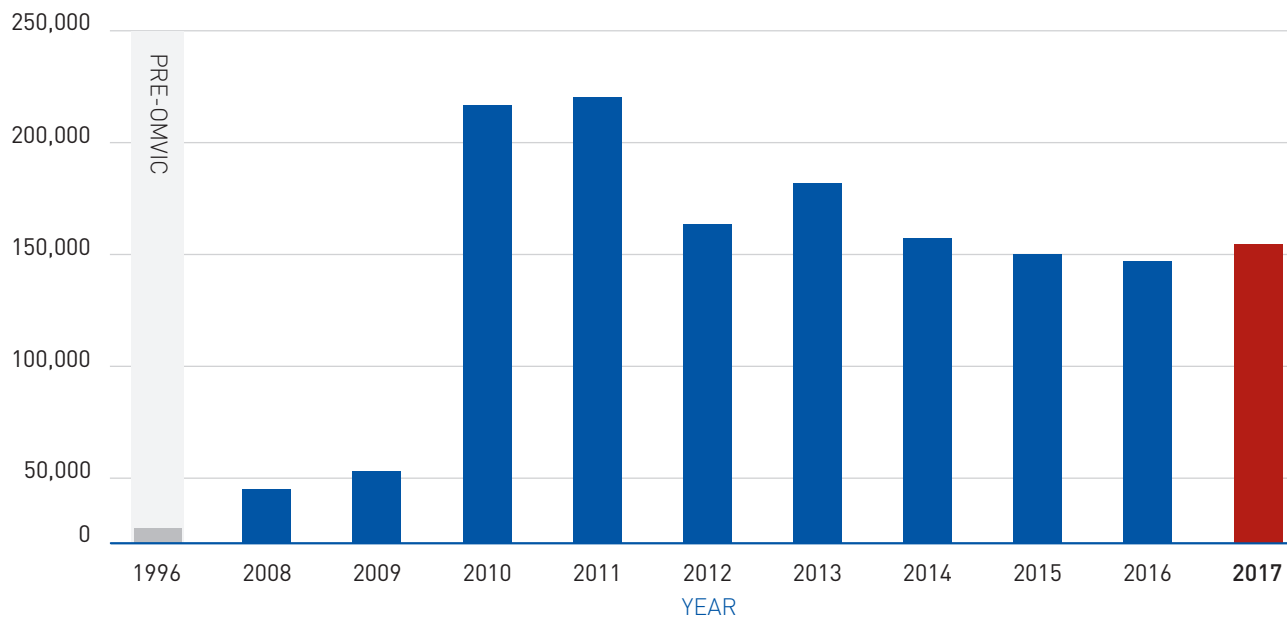
### Translation Service Initiative

To help consumers, particularly new Canadians, navigate the car-buying process or access OMVIC's complaints conciliation service, OMVIC provides a free on-demand translation service. Translation services are available in more than 150 languages. Since implementation, services have been provided in Arabic, Cantonese, Farsi, French, Haka, Italian, Korean, Macedonian, Mandarin, Persian, Polish, Portuguese, Punjabi, Romanian, Russian, Spanish, Tagalog, Tamil, Tigrinya and Turkish. In 2017, 107 consumers used this service.

# PERFORMANCE OVERVIEW

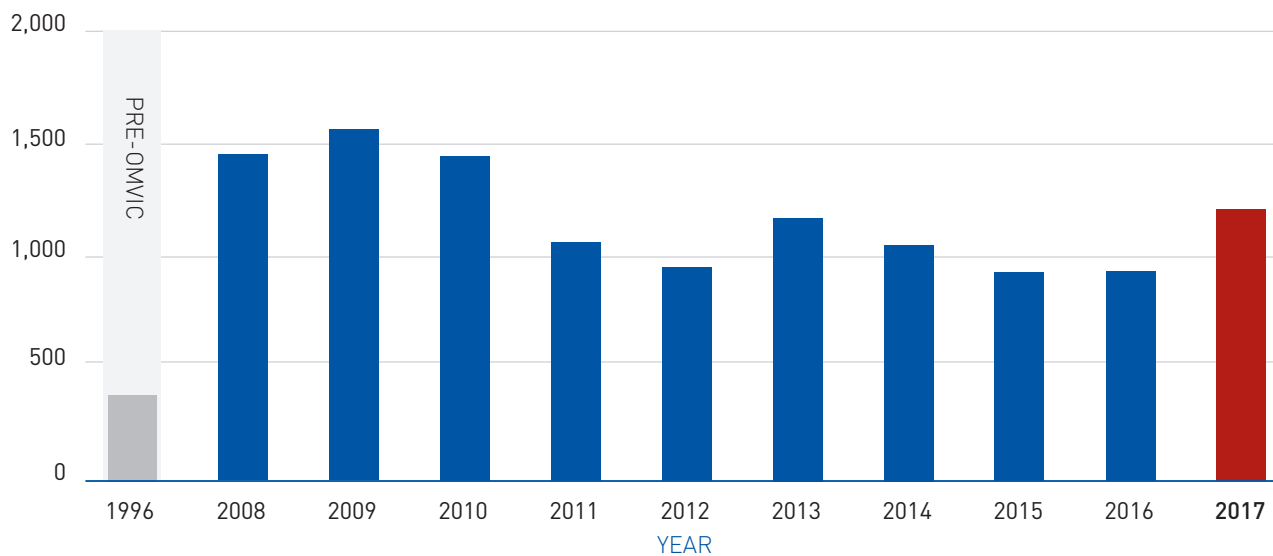
## OPERATIONS

### TOTAL INQUIRIES 2017



Inquiries (total): staff handled 154,950 calls (local and toll-free) in 2017.

### COMPLAINT HANDLING 2017

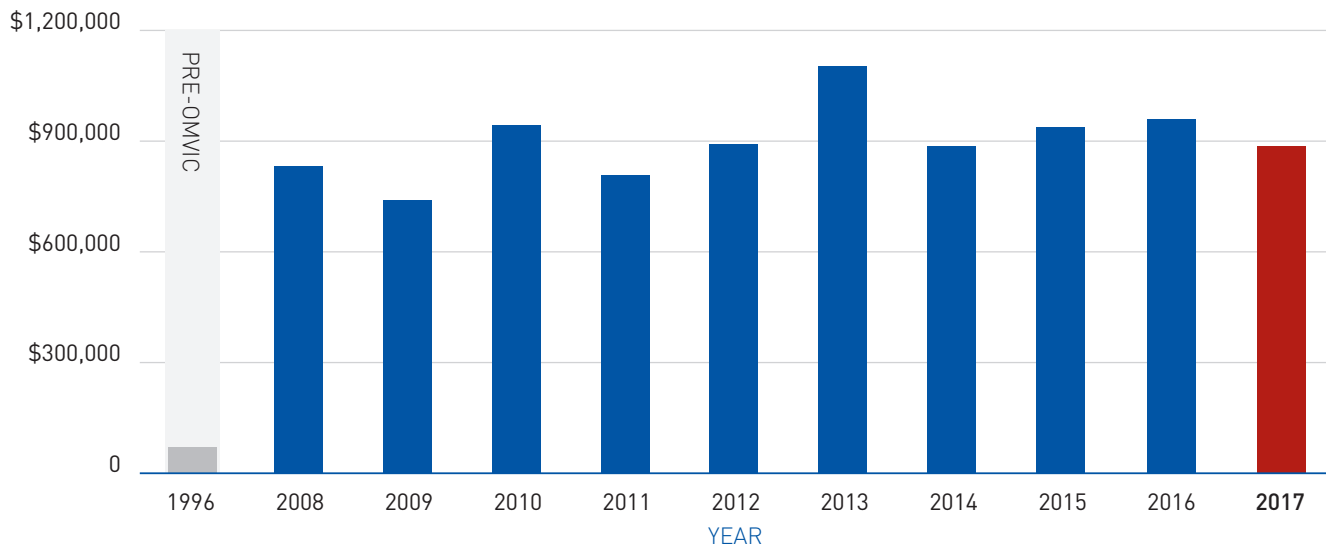


The Complaints and Inquiries Team handled 1,213 formal complaints in 2017.

# PERFORMANCE OVERVIEW

## OPERATIONS

### CONCILIATION – MONEY RETURNED TO CONSUMERS 2017



As a result of the Complaints and Inquiries Team's efforts, in 2017, dealers returned \$881,568 to consumers. This amount does not include the significant value of repairs or vehicle exchanges negotiated, nor does it include Compensation Fund payouts.

# BUSINESS ACCOMPLISHMENTS

## COMMUNICATIONS, MEDIA RELATIONS AND EDUCATION

### OVERVIEW

The Communications, Media Relations and Education (CME) department is the face and voice of OMVIC.

Responsible for external communications to registrants and the public, the CME Team produces nearly all content in-house, including news releases, *Dealer Bulletins*, *Dealer Standard* newsletters, *Consumer Line* newsletters, blog posts, pamphlets, infographics, stories and advertorials for paid advertising, radio scripts for sponsored advertising and all social media content.

Additionally, this small team of four is responsible for

- addressing all news media enquiries (and acting as spokespeople for media enquiries)
- managing advertising and awareness campaigns
- coordinating media-related sponsorships
- creating and editing all website content
- providing oversight of the OMVIC Certification Course in partnership with Georgian College
- managing the relationship with the Used Car Dealers Association (UCDA) for delivery of the in-class Certification Course
- coordinating engagement with consumers at tradeshows and other events
- developing and delivering educational resources, seminars and webinars for registrants
- developing and delivering educational resources and seminars for consumers.



Ottawa-Gatineau International Auto Show

### CONSUMER AWARENESS

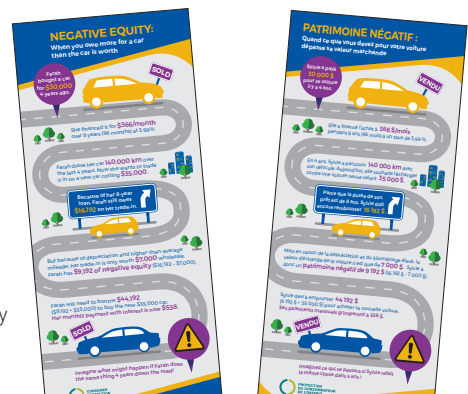
OMVIC develops and provides messaging to inform consumers and provide them with information necessary to make safe and educated car-buying decisions. OMVIC's 2017 consumer awareness messaging raised awareness of

- the right to all-in price advertising (necessitated by significant dealer non-compliance identified through mystery shopping initiatives)
- the dangers posed by curbsiders (illegal, unlicensed dealers)
- the potential effects of extended-term auto loans (ETLs) and negative equity
- the "final sale" nature of vehicle purchase contracts
- general car-buying tips
- OMVIC's role and mandate

This messaging was delivered in part via a formal advertising campaign, targeted sponsorships, earned media, ad hoc advertising, social media and direct outreach, including

- an annual consumer awareness campaign using multiple advertising media
- feature stories in print and online publications
- engagement with mainstream media
- direct outreach to consumers via blogs, newsletters, seminars and participation in tradeshows and other events
- partnership and sponsorship opportunities
- social media

Negative Equity backlash





# BUSINESS ACCOMPLISHMENTS

## COMMUNICATIONS, MEDIA RELATIONS AND EDUCATION



Car-Buying Seminar

### Direct Outreach

In 2017, OMVIC delivered 26 Car-Buying Seminars to consumer/community groups and engaged thousands of consumers at 10 tradeshows and other events, including the Canadian International AutoShow, Ottawa and Georgian College AutoShows, the Student Life Expo and two seniors' shows.

OMVIC's Car-Buying Seminar is delivered free to community groups, schools and newcomer centres across the province. The seminar provides information related to consumer rights and when they apply, plus

- resources to help conduct vehicle research
- considerations when choosing a vehicle, including financing, ETLs and negative equity
- required disclosures
- all-in price advertising
- curbsiders, the danger they pose and how to spot them
- what to do if problems arise
- OMVIC's role and services
- the Motor Vehicle Dealers Compensation Fund

OMVIC also maintained strong social media engagement that included 418 Facebook posts, 838 tweets, 87 Instagram posts and 44 LinkedIn posts.



### Partnership/Sponsorship Opportunities

OMVIC continued its partnerships with the Automobile Protection Association (APA) and Car Help Canada (CHC) in 2017. As the title sponsor of the APA's *Lemon-Aid Car Show* on CHCH TV and CHC's *Auto Show* podcast, OMVIC supported valuable stakeholder initiatives while promoting its core messages.

Other sponsorships in 2017 included

- *Dave's Corner Garage* (SiriusXM Canada and AM740), a program aimed at consumers seeking vehicle information
- Micks MotorSport Canadian NASCAR Series team – races broadcast on TSN.

These sponsorships enable OMVIC to raise awareness of its role as a regulator, to inform and educate and thereby protect consumers, and to support vital initiatives conducted by partners or stakeholders.

In continued partnership with the Ministry of Government and Consumer Services, OMVIC promoted the Consumer Protection Ontario (CPO) brand. This branding included the prominent display of the CPO logo on OMVIC's homepage and inclusion of the logo on all other webpages and print resources (brochures, maps and infographics).



Dave's Corner Garage Radio program



Micks MotorSport Canadian NASCAR



# BUSINESS ACCOMPLISHMENTS

## COMMUNICATIONS, MEDIA RELATIONS AND EDUCATION

### EDUCATION AND DEALER PROFESSIONALISM

#### Automotive Certification Course

The OMVIC Certification Course is mandatory for anyone seeking registration as a dealer or salesperson in Ontario. In 2017, a record 7,148 students enrolled in the course. The program is administered by the Automotive Business School of Canada (Georgian College); successful students who become registered with OMVIC earn the Certified in Automotive Law and Ethics (CALE) designation.

In 2017, OMVIC Communications and Education staff provided expertise and guidance to Georgian College in developing an online version of the course. Although delayed, the online course is expected to be available in early 2018.

#### The Dealer Standard

OMVIC's industry newsletter, *The Dealer Standard*, provides ongoing communication with the dealer/salesperson community. Features promote education and awareness by reporting OMVIC activities and industry news, trends and events. Three issues were published in 2017.



OMVIC CME staff deliver Car-Buying Seminar to Humber College students

#### Dealer Bulletins

*Dealer Bulletins* are issued on an ad hoc basis to make dealers and salespeople aware of current topics or issues. Often these bulletins are meant as reminders – or warnings – to stem identified or trending non-compliance. In 2017, 24 *Dealer Bulletins* were distributed.

#### Seminars/Webinars

The Communications and Education Team delivered 34 educational seminars and two webinars to dealers and dealer groups in 2017. Inspections and Business Standards staff delivered an additional four seminars. These presentations, designed to maintain or improve compliance, are provided at no cost to interested dealerships.

#### Educational Initiative

While OMVIC provides significant information and educational resources to registrants, an initiative was launched to determine whether other resources or information delivery methods would assist dealers and salespeople in understanding and complying with the MVDA and associated regulations.

An RFP for these services was issued in 2017. Working with the retained company, OMVIC surveyed all registrants for feedback and input on possible alternative information delivery methods. It was determined that videos, infographics and checklists were most desired. Development of these educational products will be completed in 2018.



# BUSINESS ACCOMPLISHMENTS

## COMPLIANCE

### INSPECTIONS

The risk-based inspection program is a vital component of OMVIC's ability to provide consumer protection and industry oversight and to ensure compliance with the MVDA. Inspections deter non-compliance, but just as importantly, they provide valuable insight into industry trends and practices, provide opportunities to answer registrant questions and allow for face-to-face dealer education.

The process for identifying risk was reviewed and refreshed in 2017, resulting in expedited inspections for dealers about which there are lien non-payout concerns or other signs of financial instability or mismanagement. As a result of expedited inspections, OMVIC issued three dealers with Immediate Suspension orders.

OMVIC's Inspections Team liaised with various law enforcement agencies regarding the conduct of the dealers in question and provided assistance and expertise.

#### New Dealer Inspections

New dealers are usually inspected within the first 60 days of registration to ensure OMVIC's expectations are understood, to build rapport with registrants and to identify and correct compliance concerns early.

#### Inspections – Compliance and Education

Inspectors are often the only OMVIC staff a dealer meets in person. This face-to-face contact on over 2,400 occasions in 2017 provided an invaluable opportunity to educate registrants and answer questions they may have about OMVIC matters. Inspectors are well versed in registration processes and compliance and can provide valuable advice and feedback.

Dealer surveys ranked Inspectors at 4.9 on a scale of 5 in knowledge, courtesy, efficiency and professionalism.

### STANDARDS OF BUSINESS PRACTICE DEPARTMENT

Standards of Business Practice (SoBP) staff provide advice to registrants and advertisers (and OMVIC field staff) about the MVDA, CoE and SoBP advertising requirements to ensure compliance. In 2017, the SoBP Team

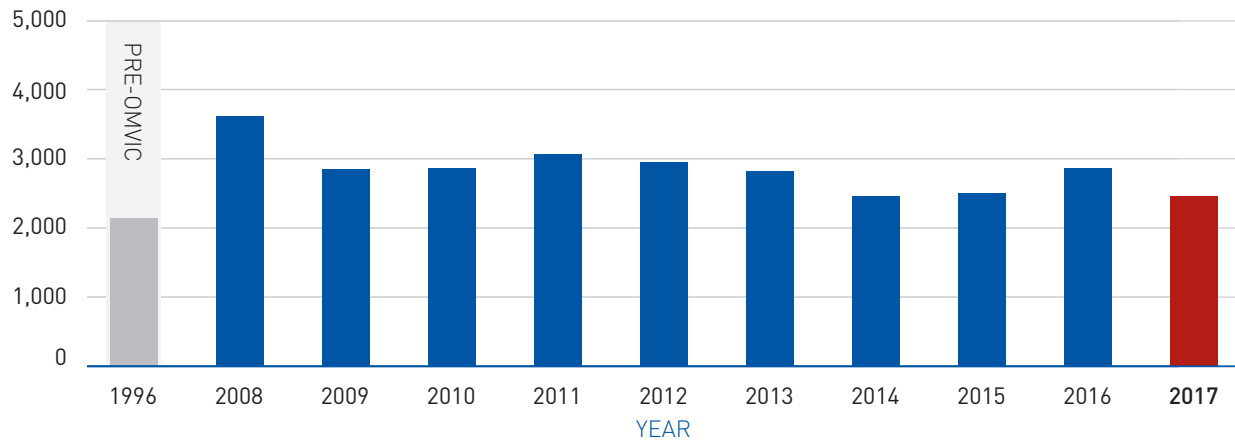
- communicated with dealers on 415 occasions to advise of the need for corrective measures with advertising; in some instances, the ads in question were discovered by the SoBP Team as part of their monitoring role, while others were brought to their attention by other dealers, members of the public or other OMVIC staff;
- answered 601 inquiries from advertising agencies and dealers requesting advice about advertising and CoE matters;
- participated in educational presentations, including presentations to Finance and Insurance staff regarding general compliance concerns and advertising requirements;
- conducted undercover shopping to expose non-compliance with all-in price advertising regulations;
- piloted a project to reduce recidivism among dealers in response to frequent complaints to OMVIC about vehicle condition concerns: letters were sent to the sample group outlining expectations, providing suggestions to avoid complaints and offering assistance. Eight months later the same dealers' complaint profiles were reviewed, unfortunately revealing no significant impact on the volume of complaints. This may result in additional enforcement or administrative action by the Registrar.

Additionally, SoBP staff issued 78 formal caution letters related to conduct or advertising concerns and initiated 19 Notices of Discipline (for alleged breaches of the CoE) from various departments, including Inspections, Complaints and Investigations. SoBP staff was able to negotiate agreements/undertakings that resulted in restitution to consumers stemming from non-compliance with the Code of Ethics.

# PERFORMANCE OVERVIEW

## COMPLIANCE

### INSPECTIONS 2017



OMVIC completed 2,415 inspections in 2017, including dealerships visited more than once because of unavailability of records or scheduling difficulties.

# BUSINESS ACCOMPLISHMENTS

## MOTOR VEHICLE DEALERS COMPENSATION FUND

### MOTOR VEHICLE DEALERS COMPENSATION FUND

The Compensation Fund, a dealer-funded trust, provides financial assistance to consumers who have a valid claim against an OMVIC-Registered Dealer. The Compensation Fund is intended as a last resort for consumers. Eligible claimants may qualify for up to \$45,000 per vehicle transaction. The Compensation Fund is the oldest and largest fund of its kind in Canada.

It was an extraordinary year for the Compensation Fund, with the volume of claims processed not seen since the economic downturn in 2008-09. In 2017, 83 claims were received; 69 were approved or partially approved, resulting in payment of \$1,111,673 to consumers. Only one claim was denied; 13 were deferred while awaiting additional information.

To maintain continued viability the Compensation Fund began the process of conducting an actuarial review of the funding formula, the financial sustainability of the Fund given the most recent year's events, and the potential impact on the Fund from new business models. The study will be completed in 2018.

### Major Claim Events

Personal Touch Auto Limited of Sault Ste. Marie closed in 2017 after OMVIC issued an Immediate Suspension and subsequent registration revocation for

- not delivering vehicles for which payment had been received
- not paying, or only partially paying, consumers whose vehicles were sold by the dealer on consignment
- not removing liens from vehicles traded in, leaving consumers potentially responsible for the debts
- not submitting contracts and/or payments for extended warranties customers had purchased.

The issue of not paying out liens on vehicles purchased or traded in also resulted in significant claims activity related to South Keys Auto Limited o/a The 4x4 Store (\$250,000 in claims) and Georgina Quality Motors Limited o/a Credit Connect (\$300,000 in claims). These dealers also had their registrations revoked.

**Buying A New Or Used Car?**

**Check If You're Protected**



Protection Comes In Many Forms.



**Check If You're Protected**



Protection Comes In Many Forms.



Frames from the online consumer awareness campaign featuring the Compensation Fund

# BUSINESS ACCOMPLISHMENTS

## MOTOR VEHICLE DEALERS COMPENSATION FUND

**Buying  
A New Or  
Used Car?**



The OMVIC Compensation Fund  
**Protects Your  
Purchase Up To  
\$45,000.**

**Check If You're Protected**



**Buying A New Or  
Used Car?**

**Protection Comes  
In Many Forms.**




The OMVIC Compensation Fund  
**It's Your Right If  
Something Goes  
Wrong.**

**Check If You're Protected**



Frames from animated online banners

**OTG | AUTO**

### TRADE-IN GONE WRONG – Comp Fund Makes it Right!

At least five days a week, Kelly Hult, college student and single mom of two toddlers (with a third on the way), commutes half an hour to school in Sault Ste. Marie. "My car didn't handle the snow-covered highways very well," explained Kelly with understated charm. "That's why I decided to trade my 2011 Chevrolet Cruze for a slightly older pickup truck." She settled on a 2008 Chevy Silverado.

**PERSONAL STORY: KELLY HULT, SAULT STE. MARIE**  
Kelly made that fateful transaction in April from Personal Touch Auto Limited in the Sault. The dealer arranged financing for Kelly that included purchasing the Silverado and paying out the loan on her trade-in. She was also promised a free 12-month warranty. "When I came to pick up the truck he said he'd put the documents in the vehicle... but they weren't there." Ominously, Kelly discovered the paperwork wasn't the only thing missing: the dealer failed to pay off the loan on Kelly's trade-in. "The bank was taking \$684 a month out of my account for the Silverado, plus \$273 each month for the Cruze."

Personal Touch told Kelly it was a book-keeping error and that it would be dealt with immediately, but the double payments kept coming out of her account. "Include pregnancy and going to school on top of it all. It was really difficult."

What Kelly didn't know at the time was that Personal Touch Auto Limited and owner Gino Burzese were under investigation by

OMVIC, Ontario's vehicle sales regulator. "I heard about it on the news when OMVIC ordered the dealer closed." Shortly after, Kelly received a call from an OMVIC representative.

**HOW OMVIC HELPED**  
Following an inspection of Personal Touch Auto, OMVIC suspended and then revoked the dealership's (and Burzese's) licence alleging they:

- did not deliver vehicles for which payment had been received
- did not pay, or only made partial payments, to consumers whose vehicles were sold by the dealer on a consignment basis
- did not remove liens from vehicles traded in, leaving consumers potentially responsible for the debts
- did not submit contracts and/or payments for extended warranties customers had purchased

When Kelly got a call from OMVIC she learned that because the dealership was a registered dealer at the time she bought the truck, she was entitled to make a claim to

OMVIC's Compensation Fund. "The Compensation Fund reimburses eligible consumers who have suffered a proven loss related to a vehicle purchase or lease," explained Laura Halbert, OMVIC's Deputy Registrar and Manager of the Compensation Fund. "It's very unfortunate that this situation arose, but ultimately, because Kelly dealt with a registered dealer, she was protected." For Kelly, that meant receiving \$12,288.05 from the Fund; \$10,029.18 to pay off the loan on the car she traded-in and \$2,258.87 for the cost of the "free" warranty that OMVIC discovered she'd actually been billed for, after a copy of her documentation was obtained from a financial institution. "I was able to pay my car off. Knowing that I don't need to keep paying it and have the extra \$200 and some a month to put toward other bills – is great. I don't have to stress about it."

OMVIC's Compensation Fund. "The Compensation Fund reimburses eligible consumers who have suffered a proven loss related to a vehicle purchase or lease" who have suffered a proven loss related to a vehicle purchase or lease

Kelly is not the only Personal Touch customer to file a claim with OMVIC. "Since revoking the dealer's registration we have processed and approved 16 claims totalling more than \$262,000." Another Personal Touch customer who received more than \$20,000 from the Compensation Fund said, "It feels like a huge

weight off my shoulders knowing this has been cleared and taken care of through OMVIC." According to Halbert there are nine additional claims pending, and even more anticipated.

**MOVING ON**  
As for Kelly, she's putting the ordeal behind her and is focused on the imminent arrival of her third child. But she did offer one bit of advice to any car buyer: "Get your contract and paper work right away, so you know what you're paying for, and read reviews on the company." That's sound advice. And one place to search for information is the regulator's website, [www.omvic.ca](http://www.omvic.ca). There, car buyers can learn if a dealer or salesperson is registered, or has been charged, convicted or disciplined (the latter for breaches of the Code of Ethics). "It is a valuable resource," said Halbert, "because ultimately, a better educated and informed consumer is a better protected consumer."



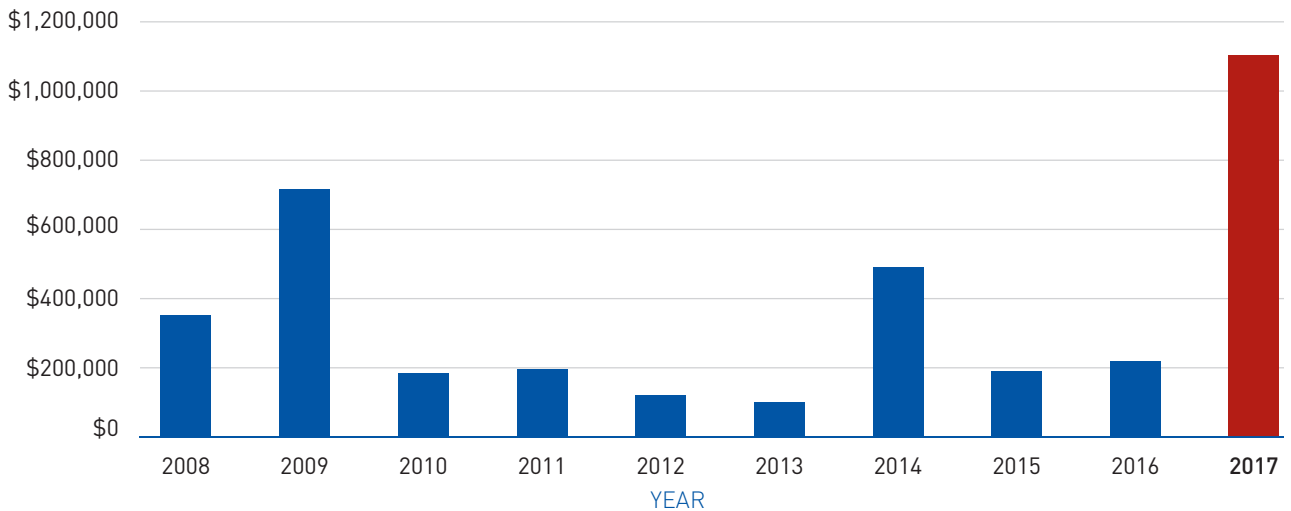
**OMVIC**  
Ontario's Vehicle Sales Regulator

ON the GO  
magazine spread

# PERFORMANCE OVERVIEW

## MOTOR VEHICLE DEALERS COMPENSATION FUND

### COMPENSATION FUND – ANNUAL CLAIMS



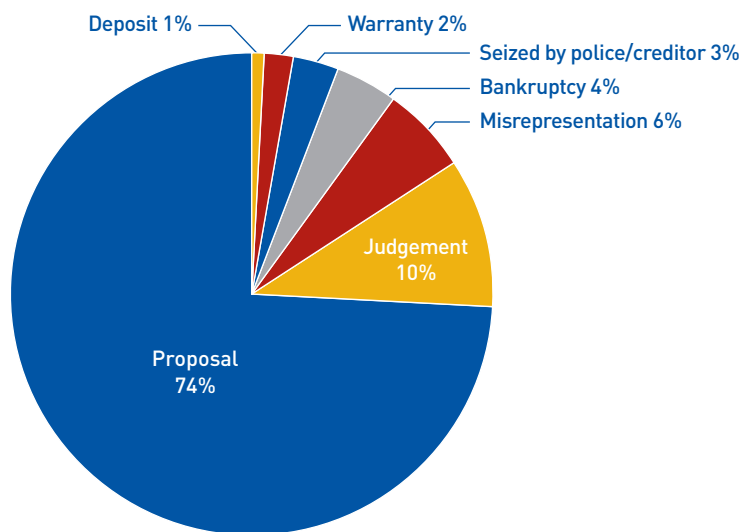
In 2017, the Compensation Fund reimbursed \$1,111,673 to 69 consumer claimants.

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Average Claim	\$2,537	\$4,068	\$4,125	\$6,301	\$4,303	\$5,015	\$16,411	\$8,363	\$5,944	\$16,111
Number	138	176	44	31	29	20	30	22	37	69
Paid	350,083	716,044	181,485	195,342	124,792	100,307	492,334	183,976	219,920	\$1,111,673

# PERFORMANCE OVERVIEW

## MOTOR VEHICLE DEALERS COMPENSATION FUND

### ELIGIBILITY CRITERIA FOR CLAIMS RECEIVED IN 2017



The criteria for filing a claim to the Compensation Fund are set out in the MVDA. Claims related to Proposals, which means consumers can avoid pursuing a judgement in many cases, were higher than at any other time in the Compensation Fund's history.

### MEMBERS OF THE COMPENSATION FUND BOARD OF TRUSTEES

**Larry Lantz, Chair**

Dealer Representative

**Paul Dray, Vice Chair**

Consumer Representative

**Jason Bennett, Secretary-Treasurer**

Consumer Representative

**Kevin Bavelaar**

Dealer Representative

**Jeffrey Newhouse**

Dealer Representative

**Larry Pringle**

Dealer Representative

**Mohamed Bouchama**

Consumer Representative

**Janet Feasby**

Consumer Representative

**Dan Fleming**

Consumer Representative

# BUSINESS ACCOMPLISHMENTS

## INVESTIGATIONS

### INVESTIGATION

OMVIC's Investigation Department is staffed by 15 highly skilled former police officers. Deployed across Ontario, OMVIC Investigators are appointed as Provincial Offences Officers and are empowered to conduct investigations, obtain search warrants and lay charges under several statutes, including the MVDA and CPA.

Investigations fall into two broad categories: those involving unregistered dealers (curbsiders) and those involving industry misconduct. Investigations are initiated as a result of information received from various sources, including referrals from OMVIC staff, consumers, police, registrants and trade associations. If substantiated, complaints against a registrant can result in referral to the Discipline Committee, prosecution in Provincial Offences Court and/or issuance of a Proposal to Revoke or Suspend Registration. Curbsider enforcement is conducted through POA prosecution.

### Curbsiders

Curbsiders are illegal, unlicensed vehicle dealers. They often pose as private sellers, though some operate from small automotive businesses (repair shops, rental companies, etc.). Curbsiders not only misrepresent themselves, they often misrepresent the vehicles they sell: many are previous write-offs with undisclosed accident repairs or are odometer-tampered.

Curbsiding investigations are typically initiated as a result of tips from consumers, dealers or trade associations.

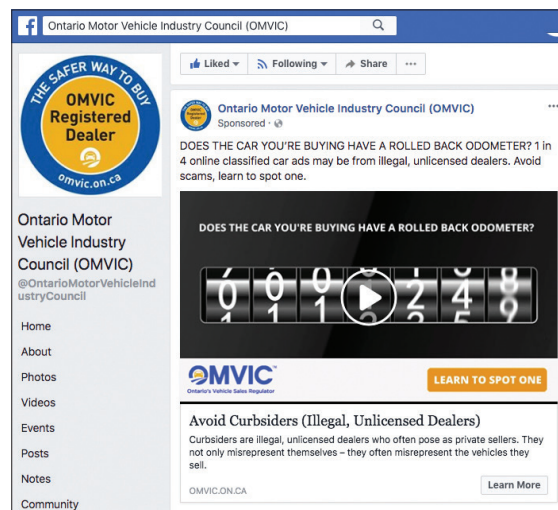
Curbsiding can be reported anonymously to OMVIC's Investigations Team through a toll-free number (1 888 NO-CURBS) or via email (nocurbs@omvic.on.ca).

### Assistance to Other Law Enforcement Agencies

OMVIC Investigators educate and support other law enforcement agencies by delivering educational presentations at training conferences and through partnerships in joint law enforcement projects. In 2014, OMVIC entered into a special partnership with the Canadian Police College in Ottawa to deliver training in auto theft investigation to police officers. The course is offered annually. In 2017, 24 police officers from across Canada completed the course. By virtue of their expertise, OMVIC's Investigators are uniquely positioned to provide this one-of-a-kind training to combat automotive crime.

OMVIC monitors the infiltration of organized criminal activity into the vehicle sales industry. In furtherance of that role, OMVIC is a member of the Criminal Intelligence Service Ontario. Investigators are members of the International Association of Auto Theft Investigators and Provincial Auto Theft Network.

OMVIC's Director of Investigations sits on the Board of Directors of the Regulators Compliance and Enforcement Council (Investigations and Enforcement Directors Council), which provides training and is made up of similar regulatory agencies.



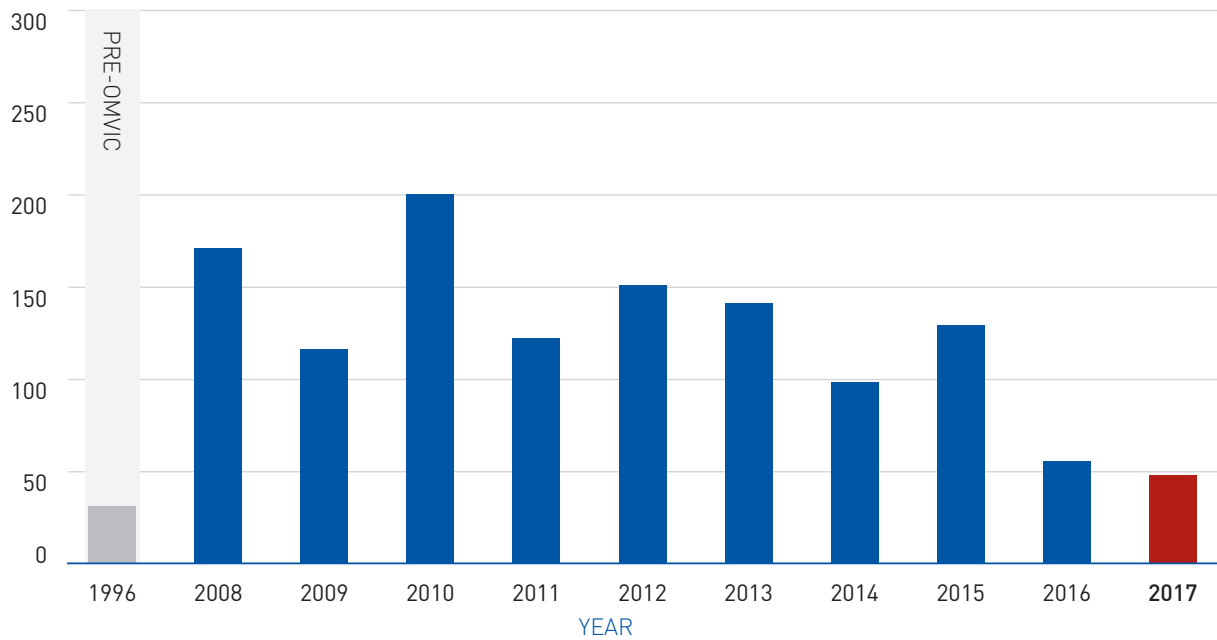
Consumer awareness Facebook post



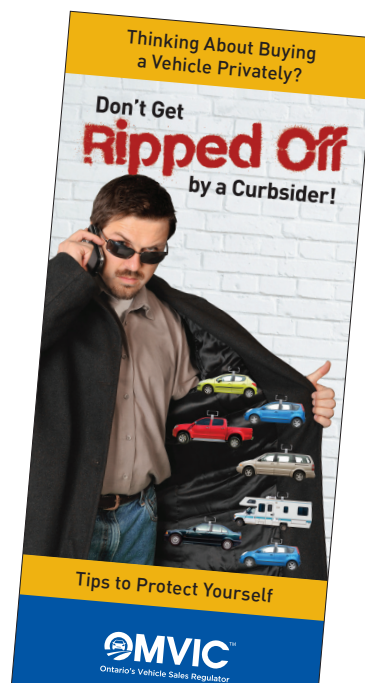
# PERFORMANCE OVERVIEW

## INVESTIGATIONS

### ENTITIES CHARGED 2017



48 entities were charged in 2017 (includes curbsiders and registrants).



Consumer awareness curbsiders brochure

# BUSINESS ACCOMPLISHMENTS

## INVESTIGATIONS

### PROVINCIAL OFFENCES INVESTIGATIONS AND PROSECUTIONS

OMVIC enforces the MVDA and other consumer protection legislation on behalf of the Ministry of Government and Consumer Services. Should an OMVIC Investigator believe a dealer or salesperson has breached the MVDA, the Investigator can charge the individual or corporation. Once the accused has been served a summons, a trial will take place before a Justice of the Peace in provincial court.

OMVIC prosecutors represent the Crown; the accused normally appears with his or her own legal representation.

The maximum penalties for a conviction under the MVDA are as follows:

- for an individual: \$50,000 fine and/or two years less a day in provincial jail
- for a corporation: \$250,000 fine

In 2017, 15 registrants were charged.

### NOTABLE PROVINCIAL OFFENCES INVESTIGATIONS/PROSECUTIONS

1. **Ahmad Moussa**, sole director of Quality Motors, 1417 Cyrville Road, Ottawa, was convicted on 36 counts of illegally selling motor vehicles (curbsiding), many with missing airbags.

OMVIC's investigation showed Moussa purchased vehicles that had been written off by insurance companies from a salvage auction between January 2013 and September 2016. In many instances the vehicles' airbags had deployed. In at least seven of

these vehicles, Moussa did not replace the airbags – typically an expensive repair – before selling the “repaired” vehicles to consumers. As a result of its investigation, OMVIC was able to notify 50 purchasers who had bought vehicles from Moussa of the potential safety concern so they could have their vehicles' airbags inspected.

Moussa was fined \$40,000 and sentenced to two years' probation.

# PERFORMANCE OVERVIEW

## INVESTIGATIONS

### NOTABLE PROVINCIAL OFFENCES INVESTIGATIONS/PROSECUTIONS (CONT'D)

2. **Sajid Hussain**, was sentenced to 35 days in jail and ordered to pay \$12,000 in restitution after being found guilty of unfair practices under the *Consumer Protection Act*.

OMVIC charged Hussain after an investigation uncovered that he, working with three others – Steven Sykes, Houssam Dib and Samer Dib – was involved in an unusual curbsiding scheme that victimized eight consumers.

The court heard that Hussain advertised vehicles for sale on Kijiji and potential customers were invited to meet him at various coffee shops across the GTA or at an outdoor compound used by Sykes and 404 Towing and Recovery in Oshawa. There they were shown photographs of used vehicles for sale.

Once the customers selected and paid for a vehicle, which was supposedly being readied for use, Hussain provided them with “loaner” vehicles, many of which had significant accident/rebuild histories. Some of these vehicles were provided by the Dibs and Sykes.

When the consumers returned to take possession of the vehicles they thought they had purchased, they discovered those vehicles were not actually available and that the registrations of the loaner cars had been transferred into their names without their knowledge.

In the end, the consumers, many of whom were newcomers to Canada, were left with poor-quality vehicles they did not want and for which they had paid more than the cars were worth. The monetary losses ranged from \$2,000 to \$16,000. At the time of Hussain’s sentencing, he was already in custody on other criminal charges.

For his role in the scheme, Houssam Dib, who was a registered wholesale dealer operating as A&H Auto Trading, was convicted of two counts of trading outside of his class of registration and one count of supplying vehicles to Hussain and Sykes, contrary to the MVDA.

The court fined Houssam Dib \$5,000. A&H Auto Trading is no longer registered with OMVIC.

Sykes, who operates 404 Towing and Recovery, also pled guilty and was convicted of two counts of curbsiding, contrary to the MVDA; he was fined \$10,000.

Charges against Samer Dib were withdrawn.

3. **George Chan**, 44, of Maple was found guilty of falsifying information and furnishing false documentation contrary to the MVDA. He was fined \$5,000 and received one year’s probation.

While employed as a business manager at a Markham BMW dealership, Chan certified false insurance information and provided it to the Ministry of Transportation (MTO) to complete vehicle transactions. For the MTO to register and plate vehicles there must be proof of valid insurance. These vehicles were then registered and delivered to “nominees,” driven on Ontario roads without insurance and then exported.

OMVIC’s investigation found that Chan created fictitious bills of sale in the names of previous customers of the dealership, without their knowledge, to retrieve new BMW inventory. Chan would eventually cancel those deals and instead sell the vehicles to exporter nominees at full cash price.

In passing sentence, Justice of the Peace Malik found that “in the absence of independent collaboration of his claim, Mr. Chan’s testimony is not considered to be trustworthy and credible.... The court is also aware of the fact that the general manager at [the dealership] said in her testimony that Mr. Chan admitted to her that he was involved....”

# BUSINESS ACCOMPLISHMENTS

## LEGAL AND PROSECUTIONS

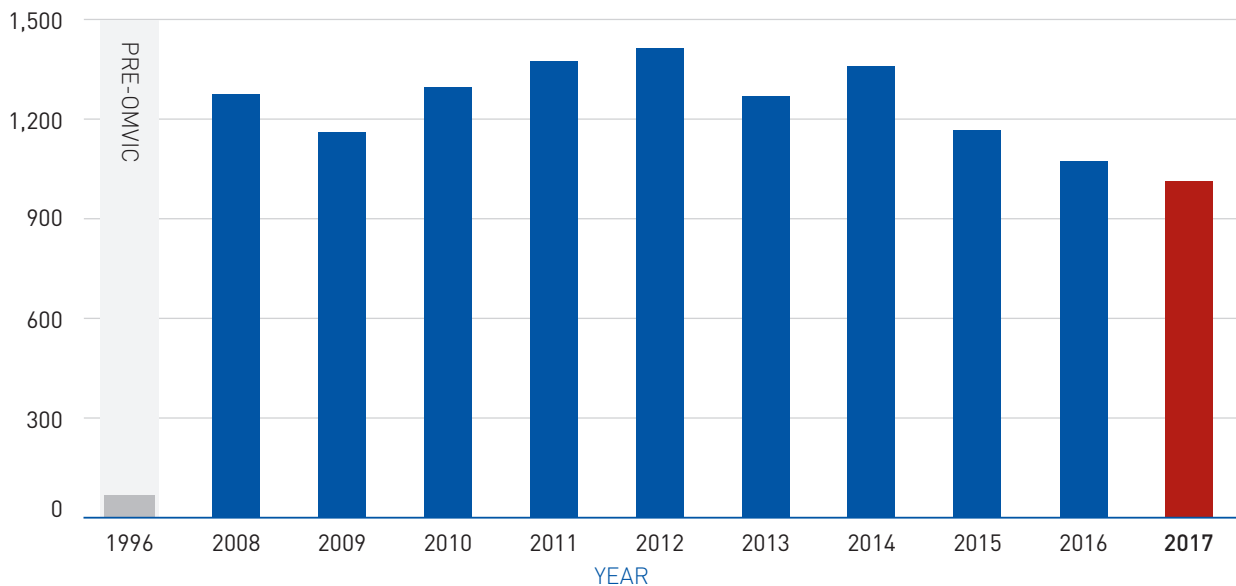
### LEGAL AND PROSECUTIONS

The Legal Department is responsible for both civil and enforcement litigation. The department also provides legal and strategic advice to the Board, Registrar, Chief Executive Officer, Compensation Fund, Senior Management and staff.

Enforcement of the MVDA requires a multifaceted approach by OMVIC to ensure compliance. The Registrar's authority to issue a Proposal to Refuse,

Suspend, Revoke or Refuse to Renew Registration is a primary component of OMVIC's enforcement activities. These Proposals are reserved for the most serious compliance and enforcement concerns. OMVIC's Legal Department litigates before the Licence Appeal Tribunal, OMVIC's Discipline and Appeals Committees and all levels of court. The department issued 61 Proposals in 2017.

### REGISTRAR'S ACTIONS 2017



Registrar actions include issuing Proposals to Refuse, Suspend, Revoke or Refuse to Renew Registration. In 2017, there were 1,011 Registrar actions, of which 61 involved issuing a Proposal.

# PERFORMANCE OVERVIEW

## LEGAL AND PROSECUTIONS

### LICENCE APPEAL TRIBUNAL (LAT)

Dealers or salespeople may appeal Proposals to Refuse, Revoke, Suspend or apply Terms and Conditions to their registration to LAT, an independent adjudicative agency that hears appeals of licensing and administrative matters. In 2017, there were 25 days of LAT hearings related to OMVIC matters. For more information on LAT, visit [www.lat.gov.on.ca](http://www.lat.gov.on.ca).

### NOTABLE LICENCE APPEAL TRIBUNAL CASES

#### **Sief Kassab o/a Fast Lane Auto Sales and Sief Kassab**

LAT upheld OMVIC's Proposal to Refuse the registration of Sief Kassab as a motor vehicle dealer and salesperson. Section 6(1) of the MVDA permits registrations to be refused based on the past conduct of an "interested person." The Tribunal found that Mohamed Kassab, Sief Kassab's father, was an interested person who may have had a beneficial interest in Sief Kassab's business and control over it and may have provided financing to it.

Mohamed Kassab previously operated a dealership that was refused renewal because of outstanding payments under the *Retail Sales Tax Act*. The Registrar also alleged that Mohamed Kassab subsequently went to work for another dealer without the benefit of registration and sold vehicles from a salvage auction without providing proper disclosure.

In refusing Sief Kassab, the Tribunal found that Mohamed Kassab's past conduct and his possible interest in and control of Sief Kassab's dealership justified refusal. In finding that Mohamed Kassab was an interested person in his son's business, the Tribunal considered Sief Kassab's employment history since graduating from university and the lack of his own resources for financing the start-up of his business. The Tribunal also considered his unwillingness to provide banking records to establish the source of his start-up funding.

#### **6442765 Canada Corporation o/a AM Auto and Abdul Majeed**

LAT upheld OMVIC's Proposal to Refuse the registration 6442765 Canada Corporation o/a AM Auto as a motor vehicle dealer and revoked the registration of Abdul Majeed as a salesperson. AM Auto was registered as a dealer, but it allowed its registration to lapse and did not renew on time. AM Auto has been unregistered since it missed the renewal deadline.

Concerns about AM Auto and Majeed arose following a routine OMVIC inspection. In that inspection, 17 of 20 dealer files revealed nondisclosure concerns. Some vehicles had been in accidents with damage exceeding \$3,000 and some were declared a total loss, without proper disclosure on the bill of sale. Majeed was the salesperson on only one of these deals.

In testifying at the Tribunal, Majeed acknowledged his mistake in not disclosing vehicle histories and stated that he was prepared to compensate the purchasers affected. However, he did not contact any of the consumers until shortly before the hearing date.

The Tribunal upheld the Registrar's refusal and revocation. The Tribunal found that the pattern of nondisclosure at Majeed's dealership suggests at best an ignorance of his obligations under the MVDA and at worst, intentional nondisclosure.

# BUSINESS ACCOMPLISHMENTS

## LEGAL AND PROSECUTIONS

### DISCIPLINARY PROCESS

The MVDA imposes an obligation on dealers and salespersons to conduct business with honesty, integrity and financial responsibility and in accordance with the law. The CoE under the MVDA and the Standards of Business Practice apply to all registrants and impose obligations of integrity, accountability, compliance and professionalism.

Conduct that does not comply with the CoE may result in the Registrar issuing a Notice of Discipline (formerly Notice of Complaint). If a Notice of Discipline is issued, the Chair of the Discipline Committee appoints an independent, impartial Panel to consider the allegations. The Panel consists of dealer and salesperson peer representatives, along with at least one member of the public.

Hearings are held to determine whether there have been breaches of the CoE. Persons accused of breaching the CoE are given the opportunity to testify, submit documents and provide other evidence in support of their position on the allegations set out in the Notice of Discipline. Parties before the Panel may be represented by a lawyer or agent. A record is made of each hearing.

Following a hearing, and after due consideration, the Discipline Committee issues a formal decision stating the reasons that led the committee to reach its conclusions.

If the Discipline Committee finds there has been a breach of the CoE, the committee may order dealers and salespersons to take further educational courses, may require dealers to fund educational courses for their registrants and may impose fines of up to \$25,000 per party. The committee can also order recovery of costs.

Decisions of the Discipline Committee are published as a matter of public record and may be appealed to the Appeals Committee. Appeals must be requested by submitting the proper form within 30 days of the Discipline Committee's decision. Appeals are limited to issues of law or mixed fact and are not a rehearing of the matter.

During 2017, 15 Discipline matters were completed, nine education orders were issued and \$33,000 in fines was collected.

# PERFORMANCE OVERVIEW

## LEGAL AND PROSECUTIONS

### NOTABLE DISCIPLINE CASES

#### **Erin Dodge Chrysler Ltd.**

Erin Dodge Chrysler Ltd. was fined \$4,500 for failing to comply with the all-in advertising requirements of the MVDA. In an agreed statement of facts, the dealer admitted to selling three vehicles with additional charges added to the advertised price.

The MVDA requires a dealer's advertised price to include all fees and charges the dealer intends to collect, except for HST and licensing fees. Failing to do so misleads consumers and gives the offending dealer an unfair advantage over compliant dealers. The dealership was also ordered to offer the OMVIC Certification Course to its staff.

#### **RND Auto Service Inc. and Romio Youkhanna**

RND Auto Service was fined \$3,600 and the Dealer Principal was ordered to complete the OMVIC Certification Course. In an agreed statement of facts, the dealer admitted to failing to properly disclose accident histories on four vehicles.

Dealers have an obligation to disclose accident histories on bills of sale, even if their customers are aware of the history. For three of the four vehicles in question, OMVIC received confirmation that the purchasers of the vehicles were aware of their vehicle's accident history. However, the required information was not recorded on the bill of sale.

# BUSINESS ACCOMPLISHMENTS

## INFORMATION TECHNOLOGY

### INFORMATION TECHNOLOGY

The IT department is responsible for the acquisition, integration and delivery of OMVIC's technical and information infrastructure. Components of this infrastructure include technical support, hardware, software, applications, data, telephony, networks, system services and cyber security.

IT builds new function into OMVIC's applications and integrates components to facilitate optimal workflow and allow effective interaction and delivery of processes in all business functions. Key results of IT efforts include

- keeping OMVIC applications current to meet the needs of the business
- ensuring the availability of OMVIC's IT resources



# PERFORMANCE OVERVIEW

## INFORMATION TECHNOLOGY

### HIGHLIGHTS – CURRENCY OF BUSINESS APPLICATIONS

OMVIC's IT Department delivered and deployed 40 enhancements to OMVIC's applications portfolio, including 20 enhancements to online services and 20 to the CARL system, including these:

Major additions to online services:

- enabling sales change applications
- allowing dealerships to have multiple dealer administrators
- expanding who can be removed during a sales cancellation application
- allowing users to update contact information as part of their short-form renewal application

Other highlights:

- implementing refunds to credit cards
- launching LAT decision and Discipline decision web reports

### HIGHLIGHTS – AVAILABILITY AND SECURITY OF SYSTEMS

In 2017, scheduled uptime of OMVIC's internal- and external-facing systems (website and online services) continued to be significantly better than 99.9 per cent on a 24/7 basis.

Operating and application software was regularly patched to current levels. Security appliances and cyber-threat mitigation signatures continued to be updated daily to include the most current signatures.

Where necessary for currency of internal function and/or security, hardware was refreshed.

Disaster recovery of systems was tested against the requirement of the organization's Business Continuity Plan.

# BUSINESS ACCOMPLISHMENTS

## CORPORATE SERVICES

### CORPORATE SERVICES

The Corporate Services Department acquires, manages and allocates resources to optimally enable OMVIC to meet its mandate. These resources include people (Human Resources), money (Finance) and facilities (Administration). Administration also extends to providing Board and committee support and managing OMVIC's internal disciplinary process.

During 2017, Corporate Services

- facilitated recruitment and ongoing staff training and development
- worked with the Board of Directors to revise the Board Nominations Package, particularly the Board selection criteria, including the definition of Dealer Principal
- implemented a Board Portal
- managed the efficiency study project



**OMVIC'S BOARD OF DIRECTORS IT'S DRIVEN**

**Serving on OMVIC's Board of Directors is for dealers:**

- Driven to share their knowledge and expertise
- Driven to improve professionalism industry-wide
- Driven to overcome present and future challenges
- Driven to achieve a fair and open marketplace for dealers and consumers alike

**Are You Driven?**  
OMVIC is seeking driven and talented candidates to fill three important leadership positions on the Board of Directors in 2018. The following seats become vacant at OMVIC's Annual General Meeting (AGM) in May 2018:

- One Director who is not a Franchised Dealer and who may or may not be a member of UCDA
- One Director who is a Franchised Dealer and who may or may not be a member of FADA
- One Director who is a member of both UCDA and TADA

**Role of OMVIC's Board of Directors**  
OMVIC administers and enforces the Motor Vehicle Dealers Act on behalf of the Ministry of Government and Consumer Services. Members of the Board work with the Executive Director to:

- Develop strategic plans and budgets
- Ensure OMVIC has the needed resources to carry out its mandate
- Develop policies and set objectives that contribute to consumer protection and foster industry professionalism

**Note:** Board members are not involved in day-to-day activities and are prohibited from involvement in areas such as registrations, complaints, inspections, investigations or staffing.

**Commitment and Remuneration**  
Board members are elected to a three-year term beginning at OMVIC's AGM and meet 8 to 10 times per year, predominantly in Toronto.  
Board members receive a per diem for attending meetings and reimbursement for expenses.

**Deadline**  
If you are driven to share, improve, overcome and achieve, download the nominations package (including the full selection criteria) at [www.omvic.on.ca](http://www.omvic.on.ca). Applications must be received by the OMVIC Nomination Committee before February 23, 2018.

**For More Information Contact**

<b>John Carmichael</b> Chief Executive Officer <a href="mailto:john.carmichael@omvic.on.ca">john.carmichael@omvic.on.ca</a> 416-226-6150	<b>Nazreen Ali</b> Board Chair <a href="mailto:nazreen@omvic.on.ca">nazreen@omvic.on.ca</a> 416-371-5867
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**OMVIC**  
Ontario's Vehicle Sales Regulator

Call for Board nominations

# OVERVIEW

## CUSTOMER SERVICE

### CUSTOMER SERVICE PERFORMANCE MEASURES

OMVIC prides itself on delivering superior customer service to dealers and consumers alike. These initiatives are reflected in the following customer service survey and service delivery time results.

CUSTOMER SERVICE SURVEY RESULTS	Registration	Complaints (Dealers)	Complaints (Consumers)	Inspections
Number of responses	1,763	173	459	582
Courtesy*	4.7	4.4	3.9	4.9
Knowledge*	4.7	4.1	3.7	4.9
Efficiency*	4.6	4.3	3.4	4.9

\*On a scale of 1 (lowest) to 5 (highest)

### CALL CENTRE – AUTOMATIC CALL DISTRIBUTOR (ACD) CALL RESPONSE

ACD CALLS	Target	Registration	Complaints
Average wait time in seconds	60	13	44

### SERVICE DELIVERY TIMES

AVERAGE TURNAROUND TIME (DAYS)	Target	Actual
Complaints and inquiries	45	28.8
New salesperson applications*	3	2.8
New dealer applications*	42	34.7

\*Registration service times reflect properly completed applications; incomplete applications are not included and may take longer depending on responsiveness of applicant.

### FRENCH-LANGUAGE SERVICES

In 2017, OMVIC received 120 telephone requests for service in French.

OMVIC responds to all French inquiries. Bilingual staff members are sought for key positions to ensure that French-language services are always available for dealers, consumers or the media. As well, all correspondence received in French receives a response in French.

An equivalent level of service is provided in both English and French for all constituents.

OMVIC's consumer Car-Buying Seminar and Automotive Certification Course are available in both official languages.

# 2017 FINANCIAL OVERVIEW

The following financial overview is based on the audited financial statements of Ontario Motor Vehicle Industry Council (OMVIC) for the year ended December 31, 2017, with comparative information for 2016.

OMVIC had a strong financial result in 2017 with net income of \$5,194,470, compared with \$3,217,773 in 2016.

Overall revenues were \$19,915,243, an 18 per cent increase from 2016's revenues of \$16,839,367. Registration Fees, which represent 93 per cent of total revenues, rose by 20 per cent to \$18,480,340 (2016, \$15,414,765). The fee for annual renewal of dealer registration has two components: a basic fee of \$250 plus a \$10 transaction fee for every retail vehicle sold during the prior 12-month period. Registration fees are summarized below:

Fee Type	2017	2016	Difference \$	Difference %
<b>Transaction fees</b>	\$ 13,088,390	\$ 10,072,465	+\$ 3,015,925	+30%
<b>Registration fees</b>	5,391,950	5,342,300	+49,650	+1%
	<b>\$ 18,480,340</b>	<b>\$ 15,414,765</b>	<b>+\$ 3,065,575</b>	<b>+20%</b>

While revenues from basic dealer registration fees rose slightly in 2017, transaction fees were substantially higher.

*Note: The transaction fee was increased from \$5 to \$10 in October 2015. Because remittance is based on sales during a prior 12-month period, the impact of the fee change was far greater in 2017 than in 2016 as shown here:*

Transaction Fee	Transactions 2017	Revenue 2017	Transactions 2016	Revenue 2016
<b>Transactions @ \$10</b>	1,308,799	\$ 13,087,990	714,318	\$ 7,143,180
<b>Transactions @ \$ 5</b>	80	400	585,857	2,929,285
	<b>1,308,879</b>	<b>\$ 13,088,390</b>	<b>1,300,175</b>	<b>\$ 10,072,465</b>

Investment and Other Income increased by \$242,429, largely because of market conditions as investments are marked to market. Investment Income recorded on an accrual basis includes interest, dividends, net realized gains (losses) on sale of investments and net unrealized gains (losses).

Administrative Penalties were down by \$145,050. During 2017, 15 Discipline matters were completed, compared with 52 in 2016.

Expense Recovery declined by \$90,993 in 2017. This revenue includes recovery on a cost basis from the Motor Vehicle Dealers Compensation Fund (the Fund) for space and administrative services provided by OMVIC. In September 2017, OMVIC suspended indefinitely recovery of such expenses to provide some financial relief to the Fund, which has in recent years experienced higher claims.

*Note: Investment Income and Administrative Penalties are not part of the operating budget.*

# 2017 FINANCIAL OVERVIEW

Total expenses rose by about 8 per cent, from \$13,621,594 in 2016 to \$14,720,773. Main contributors to this were

- a) higher payroll costs resulting from annual merit increases and year-end accruals;
- b) increased spending on the public awareness campaign focused on all-in pricing (this campaign increased consumer awareness of all-in pricing to 42 per cent from 33 per cent last year);
- c) expenses related to a comprehensive organizational efficiency and effectiveness study by outside consultants (\$101,700, representing 50 per cent of the project cost, was paid in 2017; the balance is payable in 2018 at the completion of the study);
- d) increased spending on industry awareness that includes training videos for registrants on selected topics.

At the end of fiscal 2017, net assets were \$15,241,270, compared with \$10,046,800 in 2016, reflecting a surplus of \$5,194,470 for the year.

The 2017 expenses by service areas were as follows:

Service Area	2017	2016
Investigations	\$ 2,435,332	\$ 2,412,477
Registration	2,288,864	2,203,767
Legal Services	2,028,591	2,120,770
Compliance	2,030,993	1,979,615
Communications	2,605,879	1,773,250
Information Technology	1,234,563	1,180,924
Inquiries and Complaint Handling	928,453	913,959
Governance	950,325	759,795
Compensation Fund	159,486	176,905
Discipline	58,287	100,132
	<b>\$ 14,720,773</b>	<b>\$13,621,594</b>

Cash available at the end of December 2017 was \$9,210,849. OMVIC also held investments of \$8,638,232.

Based on cash flows provided by its operations and the current investment portfolio, OMVIC has sufficient liquidity to fund its short-term business plans and obligations.

# 2017 FINANCIAL STATEMENTS

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

FINANCIAL STATEMENTS

DECEMBER 31, 2017

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

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DECEMBER 31, 2017

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## INDEPENDENT AUDITORS' REPORT

To the Members of Ontario Motor Vehicle Industry Council

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Ontario Motor Vehicle Industry Council, which comprise the statement of financial position as at December 31, 2017, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion of these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of Ontario Motor Vehicle Industry Council as at December 31, 2017, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

April 23, 2018

*Sloan Partners LLP*  
Chartered Professional Accountants  
Licensed Public Accountants

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**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL  
STATEMENT OF FINANCIAL POSITION**

As at December 31	2017	2016
<b>ASSETS</b>		
Current		
Cash	\$ 9,210,849	\$ 5,050,676
Accounts receivable	17,820	53,920
Prepaid expenses	119,775	116,536
	9,348,444	5,221,132
Investments (note 2)	8,638,232	7,284,526
Capital assets (note 3)	986,091	1,116,049
	\$ 18,972,767	\$ 13,621,707
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 1,240,907	\$ 1,060,315
Deferred revenue (note 4)	1,619,088	1,563,863
	2,859,995	2,624,178
Deferred contributions - capital assets (note 5)	581,002	660,229
Deferred lease inducement	290,500	290,500
	3,731,497	3,574,907
<b>NET ASSETS</b>		
Invested in capital assets (note 6)	405,089	455,820
Internally restricted operating reserve	7,500,000	7,500,000
Unrestricted	7,336,181	2,090,980
	15,241,270	10,046,800
	\$ 18,972,767	\$ 13,621,707

Approved by:

Director: \_\_\_\_\_

Director: \_\_\_\_\_

See accompanying notes to the financial statements

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**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL  
STATEMENT OF CHANGES IN NET ASSETS**

<b>Year ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>NET ASSETS CONSIST OF:</b>		
<b>Invested in capital assets (note 6)</b>		
Balance, beginning of the year	\$ 455,820	\$ 518,752
Excess of expenses over revenue	(117,488)	(104,961)
Purchase of capital assets	66,757	42,029
	<u>405,089</u>	<u>455,820</u>
<b>Internally restricted operating reserve (note 8)</b>		
Balance, beginning of the year	7,500,000	3,638,000
Transfer from unrestricted	-	3,862,000
	<u>7,500,000</u>	<u>7,500,000</u>
<b>Unrestricted</b>		
Balance, beginning of the year	2,090,980	2,672,275
Excess of revenue over expenses (expenses over revenue)	5,311,958	3,322,734
Transfer to internally restricted operating reserve	-	(3,862,000)
Purchase of capital assets	(66,757)	(42,029)
	<u>7,336,181</u>	<u>2,090,980</u>
<b>NET ASSETS, end of the year</b>	<u><u>\$ 15,241,270</u></u>	<u><u>\$ 10,046,800</u></u>

See accompanying notes to the financial statements

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**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL  
STATEMENT OF OPERATIONS**

<b>Year ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>		
Registration fees	<b>\$ 18,480,340</b>	\$ 15,414,765
Transfer fees	<b>469,725</b>	490,650
Investment and other income	<b>391,329</b>	148,900
Certification course fees	<b>349,730</b>	324,890
Expense recoveries (note 7)	<b>111,892</b>	202,885
Administrative penalties	<b>33,000</b>	178,050
Amortization of deferred contributions	<b>79,227</b>	79,227
	<b>19,915,243</b>	16,839,367
<b>EXPENSES</b>		
Salaries and benefits (note7)	<b>8,605,494</b>	8,491,193
Public awareness	<b>1,826,204</b>	1,225,742
Occupancy	<b>792,173</b>	798,749
Professional services	<b>775,219</b>	667,361
Travel	<b>691,402</b>	707,052
General and administrative (note 7)	<b>656,127</b>	643,949
Per diem allowances	<b>428,282</b>	338,677
Industry awareness	<b>277,873</b>	78,943
Telecommunications	<b>272,577</b>	287,033
Government oversight fees	<b>198,707</b>	198,707
Amortization of capital assets	<b>196,715</b>	184,188
	<b>14,720,773</b>	13,621,594
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 5,194,470</b>	<b>\$ 3,217,773</b>

See accompanying notes to the financial statements

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**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL  
STATEMENT OF CASH FLOWS**

<b>Year ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>OPERATING</b>		
Excess of revenue over expenses	\$ 5,194,470	\$ 3,217,773
Items not affecting cash:		
Unrealized loss/(gain) on investments	(259,354)	56,442
Realized loss on investments	112,274	11,799
Amortization of capital assets	196,715	184,188
Amortization of deferred contributions	(79,227)	(79,227)
Changes in non-cash working capital:		
Accounts receivable	36,100	741
Prepaid expenses	(3,239)	102,956
Accounts payable and accrued liabilities	180,592	27,112
Deferred revenue	55,225	42,175
	<u>5,433,556</u>	<u>3,563,959</u>
<b>INVESTING</b>		
Purchase of capital assets	(66,757)	(42,029)
Purchase of investments, net	(1,206,626)	(190,137)
	<u>(1,273,383)</u>	<u>(232,166)</u>
<b>NET INCREASE IN CASH</b>	<b>4,160,173</b>	<b>3,331,793</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>	<u><b>5,050,676</b></u>	<u><b>1,718,883</b></u>
<b>CASH AT THE END OF THE YEAR</b>	<u><u><b>\$ 9,210,849</b></u></u>	<u><u><b>\$ 5,050,676</b></u></u>

See accompanying notes to the financial statements

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**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**PURPOSE OF THE ORGANIZATION**

Ontario Motor Vehicle Industry Council (the "Council") is Ontario's first administrative authority created pursuant to the Safety and Consumer Statutes Administration Act. The Council is a not-for-profit organization with the mandate to administer the Ontario Motor Vehicle Dealers Act. This authority was delegated to the Council by the Minister of Consumer and Commercial Relations (the "Ministry") on January 7, 1997 through an Administrative Agreement (the "Agreement") with the Ministry.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Revenue Recognition

(i) Registration fees:

Fees charged for registration as a salesperson are for a two-year period and are recognized evenly over two years. Unearned fees are recorded as deferred revenue.

Fees charged for registration as a dealer are paid annually and are recognized on a monthly basis as received. Dealers are also required to remit \$10 for every sale (excluding wholesale transactions), lease, fleet or "as is" transaction for the prior twelve month period as a component of their registration renewal fee. Dealers are responsible for reporting sales accurately to the Council and to remit the amount due when renewing their registration. Transaction fees are included in registration fees and recorded as revenue when received.

(ii) Transfer fees:

A transfer fee is charged when a registered salesperson moves from one dealership to another. Transfer fees are recognized upon written notice and when the Council receives payment.

(iii) Administrative penalties:

Administrative penalties are imposed on registrants through an internal Council disciplinary process. These penalties are recognized as revenue when the Council receives payment.

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(iv) Certification course fees:

New applicants for registration must pass a certification course run by the Automotive Business School of Canada on behalf of the Council through Georgian College. Certification course fees are recognized when a new applicant registers for the course.

(v) Investment income

Investment income, which is recorded on an accrual basis, includes interest income, dividends, net realized gains (losses) on sale of investments and net unrealized gains (losses).

Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Council has elected to carry its investments at fair value. Transaction costs are expensed as incurred.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Leasehold improvements	Term of lease
Furniture and fixtures	5 years
Computer hardware	3 years
Office equipment	5 years
Computer software	3 years

When a capital asset no longer contributes to the Council's ability to provide services, its carrying amount is written down to its residual value.

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Deferred Lease Inducement

The Council moved into a new office in 2014 and the lease agreement included a free rent period from May 1, 2014 to April 30, 2015. The benefit of this rent inducement is recognized on a straight-line basis over the term of the lease. Total rent expense is based on the entire cash cost over the term of the lease amortized evenly over the term of the lease.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from these estimates. Significant estimates are comprised of prepaid expenses, accruals for accounts payable and accrued liabilities, deferral of revenues, deferral of contributions, and deferred lease inducement.

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized above.

**2. INVESTMENTS**

	2017	2016
Fixed income	<b>\$ 3,618,251</b>	\$ 5,810,423
Other	<b>750,792</b>	535,792
Cash	<b>190,085</b>	513,983
Equities	<b>4,079,104</b>	424,328
	<b>\$ 8,638,232</b>	\$ 7,284,526

The Council manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by The Board. The Council is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**2. INVESTMENTS (CONTINUED)**

The Council believes that it is not exposed to significant interest-rate, market, credit or cash flow risk arising from its financial instruments.

Additionally, the Council believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments. The fixed income securities yield interest between 1.25% and 7.10% and have maturities ranging from February 2018 to December 2048.

**3. CAPITAL ASSETS**

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Leasehold improvements	\$ 1,337,315	\$ (445,772)	\$ 891,543	\$ 1,013,117
Furniture and fixtures	121,927	(97,542)	24,385	48,772
Computer hardware	102,078	(55,067)	47,011	30,099
Office equipment	57,280	(44,675)	12,605	24,061
Computer software	15,820	(5,273)	10,547	-
	<u>\$ 1,634,420</u>	<u>\$ (648,329)</u>	<u>\$ 986,091</u>	<u>\$ 1,116,049</u>

**4. DEFERRED REVENUE**

	2017	2016
Registration fees received in advance	<u>\$ 1,619,088</u>	<u>\$ 1,563,863</u>



**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**5. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS**

	<u>2017</u>	<u>2016</u>
Balance, beginning of the year	\$ 660,229	\$ 739,456
Amortization of deferred contributions	<u>(79,227)</u>	<u>(79,227)</u>
Balance, end of year	<u>\$ 581,002</u>	<u>\$ 660,229</u>

The amounts received in the 2014 fiscal year related to the cash due under the terms of the lease for the new premises to pay for leasehold improvements. It is amortized into income on the same basis as the related leasehold improvements which is the term of the lease.

**6. INVESTED IN CAPITAL ASSETS**

a) Net assets invested in capital assets, which represents internally financed capital assets, are calculated as follows:

	<u>2017</u>	<u>2016</u>
Capital assets, net	\$ 986,091	\$ 1,116,049
Less unamortized deferred contributions - capital assets	<u>(581,002)</u>	<u>(660,229)</u>
	<u>\$ 405,089</u>	<u>\$ 455,820</u>

b) The net change in net assets invested in capital assets is calculated as follows:

	<u>2017</u>	<u>2016</u>
Amortization of deferred contributions	\$ 79,227	\$ 79,227
Less amortization of capital assets	<u>(196,715)</u>	<u>(184,188)</u>
	<u>\$ (117,488)</u>	<u>\$ (104,961)</u>

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**7. RELATED PARTY TRANSACTIONS**

The Council provides office space and administrative services to the Motor Vehicle Dealers' Compensation Fund (the "Fund"). The two organizations are related parties because the Council has representation on the Fund's Board of Trustees. Included in the Council's statement of operations are recoveries from the Fund of \$104,091 (2016 - \$166,183) relating to salaries and benefits and \$7,801 (2016 - \$36,702) relating to general and administrative expenses. At year end \$nil (2016 - \$33,430) was receivable from the Fund. Amounts received from the Fund are determined on a cost recovery basis.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As of September 2017, the board has decided to suspend indefinitely expense recoveries from the Fund.

**8. INTERNALLY RESTRICTED OPERATING RESERVE**

During fiscal 2010, the Council created an operating reserve equivalent to six months of annual operating expenses, excluding amortization of capital assets, for the purposes of maintaining funds for winding down operations in the event the Council's designation as a Delegated Administrative Authority under the SCSAA is revoked in accordance with the Termination Plan, and for accumulating funds that are available when needed due to unforeseen operating shortfalls.

An initial reserve target of \$4,730,000 was established. On October 25, 2016, the Board approved the reserve to be increased to \$7,500,000 effective immediately in recognition of Council's expanded budget.

**9. COMMITMENTS**

The Council has commitments for its leased premises and equipment. The future minimum annual lease payments are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2018	815,593
2019	827,994
2020	879,418
2021	910,175
2022 and thereafter	<u>3,157,719</u>
	<u>\$ 6,590,899</u>

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**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**10. CONTINGENCIES**

Claims have been made against the Council in the normal course of operations. The Council believes these claims are without merit. The outcome of these actions is not presently determinable and, accordingly, no provision for these claims has been made in these financial statements.

# 2017 FINANCIAL STATEMENTS

## MOTOR VEHICLE DEALERS COMPENSATION FUND

### MOTOR VEHICLE DEALERS COMPENSATION FUND

### FINANCIAL STATEMENTS

OCTOBER 31, 2017

**MOTOR VEHICLE DEALERS  
COMPENSATION FUND  
FINANCIAL STATEMENTS  
OCTOBER 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Participants in the  
**Motor Vehicle Dealers Compensation Fund**

We have audited the accompanying financial statements of the Motor Vehicle Dealers Compensation Fund, which comprise the statement of financial position as at October 31, 2017, and the statement of changes in net assets, statement of operations, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

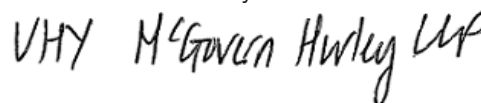
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Motor Vehicle Dealers Compensation Fund as at October 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

UHY McGovern Hurley LLP



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
April 18, 2018

MOTOR VEHICLE DEALERS COMPENSATION FUND  
**STATEMENTS OF FINANCIAL POSITION**  
AS AT OCTOBER 31, 2017

	October 31, 2017 \$	October 31, 2016 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash - operating	185,216	20,299
- investment	21,222	110,779
Accrued interest receivable	5,674	17,982
Prepaid expenses	<u>6,343</u>	<u>6,343</u>
<b>TOTAL CURRENT ASSETS</b>	218,455	155,403
<b>INVESTMENTS</b> (Note 8)	<u>6,142,107</u>	<u>7,035,986</u>
<b>TOTAL ASSETS</b>	<u><u>6,360,562</u></u>	<u><u>7,191,389</u></u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 4)	31,200	73,471
Claims payable	-	54,900
<b>TOTAL LIABILITIES</b>	<u>31,200</u>	<u>128,371</u>
<b>NET ASSETS</b>		
<b>UNRESTRICTED NET ASSETS</b> (Note 2)	<u>6,329,362</u>	<u>7,063,018</u>
<b>TOTAL NET ASSETS AND LIABILITIES</b>	<u><u>6,360,562</u></u>	<u><u>7,191,389</u></u>

Contingent Liabilities (Note 3)

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES:

\_\_\_\_\_, Chair

\_\_\_\_\_, Vice Chair

MOTOR VEHICLE DEALERS COMPENSATION FUND  
**STATEMENTS OF CHANGES IN UNRESTRICTED NET ASSETS**  
FOR THE YEAR ENDED OCTOBER 31, 2017

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	2017	2016
	\$	\$
<b>BALANCE, beginning of the year</b>	7,063,018	7,486,991
Excess of expenses over revenues	<u>(733,656)</u>	<u>(423,973)</u>
<b>BALANCE, end of the year</b>	<u>6,329,362</u>	<u>7,063,018</u>



MOTOR VEHICLE DEALERS COMPENSATION FUND  
**STATEMENTS OF OPERATIONS**  
 FOR THE YEAR ENDED OCTOBER 31, 2017

Page 4

	2017	2016
	\$	\$
<b>REVENUES</b>		
Participant fees	139,500	153,600
Recoveries	234,987	22,726
Other Contributions (Note 4)	22,844	
<b>TOTAL REVENUES</b>	<b>397,331</b>	<b>176,326</b>
<b>EXPENSES</b>		
Claims	1,111,673	219,920
Salaries and benefits (Note 4)	151,979	164,998
Governance	83,531	82,499
Consumer Awareness	70,343	78,543
Legal Fees	54,247	-
Investment Management fees	37,534	40,784
Statutory trustee fees	10,800	11,525
Occupancy (Note 4)	10,722	10,722
Professional Fees	7,684	16,066
Office and General	6,467	5,062
Insurance	5,778	10,692
<b>TOTAL EXPENSES</b>	<b>1,550,758</b>	<b>640,811</b>
Excess of expenses over revenue	(1,153,427)	(464,485)
<b>OTHER INCOME</b>		
Investment and other income	239,827	322,511
Fair value change in investments	179,944	(281,999)
<b>TOTAL OTHER INCOME</b>	<b>419,771</b>	<b>40,512</b>
<b>EXCESS OF EXPENSES OVER REVENUES</b>	<b>(733,656)</b>	<b>(423,973)</b>

	2017	2016
	\$	\$
<b>CASH PROVIDED BY:</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of expenses over revenues, for the year	(733,656)	(423,973)
Non-cash items		
Change in fair value of investments	(333,218)	101,602
<b>Change in non-cash working capital</b>		
Accrued interest receivable	12,308	2,705
Prepaid expenses	-	4,914
Accounts payable and accrued liabilities	(42,271)	14,579
Claims payable	(54,900)	54,900
Cash used in operating activities	<u>(1,151,737)</u>	<u>(245,273)</u>
<b>INVESTING ACTIVITIES</b>		
Cash provided by investing activities (net)	<u>1,227,097</u>	<u>339,319</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	75,360	94,046
Cash, beginning of the year	<u>131,078</u>	<u>37,032</u>
<b>CASH, end of the year</b>	<u>206,438</u>	<u>131,078</u>
<b>CASH consists of:</b>		
Operating	185,216	20,299
Investment	21,222	110,779
	<u>206,438</u>	<u>131,078</u>

The Motor Vehicle Dealers Compensation Fund (the "Fund") was established July 1, 1986 under the Motor Vehicle Dealers Act (the "Act"), which was replaced by the Motor Vehicle Dealers Act 2002. The Fund was established to stand in place of registered motor vehicle dealers (the "Participants") where a Participant has refused, failed or been unable to pay a claim registered against that Participant. Claims are submitted by consumers and approved by the Board of Trustees (the "Board"). The Fund pays claims to consumers up to a maximum of \$45,000 per claim.

The affairs of the Fund are overseen by the Board and the Fund is managed by a trust corporation appointed by the Board to act as the Trustee (the "Trustee").

In accordance with the Act, it is compulsory for motor vehicle dealers to pay an initial payment to the Fund in order to obtain registration in Ontario.

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### Basis of Presentation:

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Outlined below are those accounting policies considered particularly significant.

### Claims:

Claims are recognized in the accounts at the time of approval by the Board. Amounts recoverable to offset claims paid are recorded when received.

### Revenue Recognition:

The Fund follows the deferral method of accounting for contributions. Restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other Contributions represent the fair value of shared services and occupancy costs received from a related entity whereby the Fund has not been requested to pay for such services. Fair value has been determined based on an allocation of cost as incurred by the related entity. See note 4.

Investment income is recognized on an accrual basis.

### Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those reported. The Fund's estimates and judgments subject to the most uncertainty are related to the estimated fair value of certain pooled fund investments, and contingent liabilities (Note 3).

### Financial Instruments:

The Fund has designated its cash and accrued interest receivable as loans and receivables recorded at amortized cost. Investments are classified as held-for-trading financial instruments and are measured at their estimated fair value, with changes in fair value recognized in excess (deficiency) of revenues over expenses for the year. Accounts payable and accrued liabilities and claims payable are classified as other financial liabilities and are recorded at amortized cost.

Continued...

**2. UNRESTRICTED NET ASSETS**

The capital of the Fund is comprised of contributions by Participants and income earned on investments. Where at any time the net assets of the Fund are less, or are anticipated to be less than \$3,000,000 due to payments or proposed payments to claimants, the board may require each Participant to pay such additional amounts as is considered necessary to bring the net assets of the Fund up to at least \$3,000,000.

**3. CONTINGENT LIABILITIES**

(ii) As at October 31, 2017, there was one claim for \$50,779 denied by the board in which legal advice has been or is currently being sought from in-house counsel for the Ontario Motor Vehicle Industry Council.

(ii) Several motor vehicle dealers declare bankruptcy, become insolvent, or otherwise end their operations each year. The Fund's liability related to such bankruptcies, if any, cannot be reasonably estimated and no related provision has been made in the financial statements.

**4. RELATED PARTY TRANSACTIONS**

The Fund shares office space and administrative services with the Ontario Motor Vehicle Industry Council (the "Council"). The Fund and the Council are related parties as the Council has representation on the Fund's Board. Included in the Fund's expenses are shared expenses with the Council of \$151,979 (2016 – \$164,998) relating to salaries and benefits and \$10,722 (2016 - \$10,722) relating to occupancy expenses. At October 31, 2017, \$0 (2016 - \$48,225) was included in accounts payable, due to the Council. Payable amounts are unsecured, non-interest bearing, and due on demand. Amounts paid to the Council are determined on a cost recovery basis.

Effective September 1, 2017, the Council suspended billings of shared expenses to the Fund. The suspension of billings to the Fund will remain effective until further notice from the Council. During 2017, shared expenses with an estimated fair value of \$22,844, \$19,986 relating to salaries and benefits, \$1,072 relating to office and general, and \$1,787 relating to occupancy (2016 - \$nil) have been included in the Fund's expenses at their estimated fair values and recorded as "Other contributions" within revenue.

All transactions with related parties have occurred in the normal course of operations and were measured at the exchange amount, unless otherwise noted, which was the amount of consideration established and agreed to by the related parties.

**5. DONATED PROPERTY AND SERVICES**

On an annual basis, the Fund receives donated services. As similar services are not normally purchased by the Fund and due to the difficulty in determining their fair value, donated services are not recognized in these statements.

**6. INCOME TAXES**

The Fund is a trust within the meaning of Section 149(1)(w) of the Income Tax Act (Canada) and as such, is exempt from income taxes.

Continued...

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**7. FINANCIAL INSTRUMENTS**

**Financial Risk Factors**

The Fund is exposed to various risks through its financial instruments.

(a) Interest rate risk

The Fund has cash balances, investments and no interest-bearing debt. The Fund's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions in accordance with its policy. The Fund periodically monitors the investments it makes and is satisfied with the creditworthiness of its financial institutions. Included in investments are fixed income securities with interest rates ranging from 0.75% to 11% with maturity dates ranging from 2018 to 2020.

(b) Price risk

Market price risk arises as a result of investing in equity securities and fixed income securities. Fluctuations in market prices expose the Fund to a risk of loss. The Fund manages market price risk by substantially investing in equities and fixed income pooled mutual funds that meet specific investment criteria established and approved by the Board of Directors and designed to adequately diversify the Fund's investments to reduce exposure to market price risk. Professional investment managers invest and manage the investment portfolio in accordance with the Fund's investment policy statement. Investments are recorded at estimated fair value or quoted market value, as applicable. Fair value estimates are made at a specific point in time and may not be reflective of future value. See Note 6.

The Fund's investments are subject to fair value fluctuations. As at October 31, 2017, if the fair value of the investments had decreased/increased by 10% with all other variables held constant, excess of expenses over revenues for the year ended October 31, 2017 would have been approximately \$614,211 higher/lower. Similarly, as at October 31, 2017, reported unrestricted net assets would have been approximately \$614,211 lower/higher as a result of a 10% decrease /increase in the fair value of investments.

(c) Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. The Fund manages its liquidity risk by monitoring forecasted and actual cash flows and by holding financial assets that can be readily converted into cash. All the Funds' investments are expected to be readily realizable as they can be quickly liquidated at amounts close to their fair value. There has been no significant change to risk exposure during 2017 and 2016.

(d) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Fund is exposed to credit risk with respect to the financial institutions with which it transacts. The Fund believes its credit risk is minimal.

Continued...

**8. INVESTMENTS**

Investments, recorded at their estimated fair value, are comprised of the following:

	2017		2016	
	Cost \$	Estimated Fair Value \$	Cost \$	Estimated Fair Value \$
Mutual Funds	3,351,858	4,951,142	3,753,863	5,162,688
Other Funds	425,822	560,039	325,000	335,045
Fixed Income	521,233	511,429	1,375,910	1,403,332
Other	119,497	119,497	134,856	134,922
<b>Total</b>	<b>4,418,410</b>	<b>6,142,107</b>	<b>5,589,629</b>	<b>7,035,987</b>

Fixed income investments bear interest at rates ranging from 0.75% to 11%.

The unrealized gain on investments at October 31, 2017 is \$1,723,697 (2016 - \$1,446,357).

Other funds represent amounts invested in the Yorkville Long Term Healthcare fund (the Fund). The Fund invests in Southbridge Healthcare LP which focuses on the operation, acquisition and re-development of long-term care facilities in Ontario. This is a private pooled investment (not publicly traded) and the fair market value of the Fund is estimated by the fund's management (Southbridge Group). Since the Fund trades on a monthly basis there is a timeline for the redemption of units; a 30-day notice period for redemption is required, the trade is submitted in the following month, and funds are remitted within 4-6 weeks of the trade date.

Mutual funds represent public mutual funds which are traded on a daily basis. The fair market value of these funds are estimated based on their book value per share.

**2018–19 BUSINESS PLAN**



Ontario's Vehicle Sales Regulator



**CELEBRATING 20 YEARS**  
**PROMOTING A FAIR AND INFORMED VEHICLE**  
**SALES MARKETPLACE IN ONTARIO**

**CONSUMER PROTECTION | DEALER PROFESSIONALISM | CUSTOMER SERVICE**

# 2018-19 BUSINESS PLAN

## GOAL 1: INCREASE CONSUMER AWARENESS

**Strategic Direction: Increase consumer awareness and education and be a trusted source of information for the public on motor vehicle sales**

STRATEGY	2018-19 Performance Measure
<b>Offer information and advice to consumers engaged in motor vehicle transactions</b>	<ul style="list-style-type: none"><li>Provide free translation services to consumers</li><li>Provide free information and where appropriate conciliation service to consumers engaged in disputes with registered dealers</li><li>Achieve ratings of 4 or greater on a scale of 1 to 5 for knowledge and courtesy from both consumers and dealers</li><li>Provide assistance to claimants to the Compensation Fund</li></ul>
STRATEGY	2018-19 Performance Measure
<b>Increase outreach to consumers through various communications initiatives</b>	<ul style="list-style-type: none"><li>Conduct annual consumer awareness campaign</li><li>Use ad hoc advertising opportunities</li><li>Conduct direct outreach via seminars and tradeshow/event participation</li><li>Engage with mainstream media</li><li>Engage consumers via social media and e-newsletters</li></ul>

## GOAL 1: INCREASE CONSUMER AWARENESS (CONT'D)

**Strategic Direction: Provide tools and information to consumers to prevent or resolve problems in motor vehicle transactions**

STRATEGY	2018-19 Performance Measure
<b>Examine practical viability of remedies available to consumers</b>	<ul style="list-style-type: none"><li>Review and evaluate remedies available to consumers to resolve vehicle purchase disputes with third parties</li></ul>



# 2018-19 BUSINESS PLAN

## GOAL 2: INCREASE REGISTRANT PROFESSIONALISM

Strategic Direction: Ensure a fair marketplace for our registrants

STRATEGY	2018-19 Performance Measure
Identify and monitor the impact of new and emerging business models	Engage Board, stakeholders, other jurisdictions and experts in discussions regarding the impact of various online or non-traditional dealer business models  Report to the ministry on industry or regulatory impact
Ensure persons who have (or may) put the public at risk do not get or maintain registration as dealers or salespersons	Continue to process applications in accordance with the Registrar's authority under the MVDA
Review and update processes and resources to encourage registrant financial responsibility	Update and publish <i>Financial Management Best Practices</i> document  Update required forms and procedures  Identify appropriate financial management educational courses and opportunities for dealers
STRATEGY	2018-19 Performance Measure
Continue to monitor advertising during inspections, complaints and reviews by Business Standards Team	Review advertisements, including all-in price advertising compliance, during all books and records inspection visits for retail dealers  Conduct undercover shopping at retail dealers to monitor compliance
Monitor manufacturer advertising issues	Continue to refer issues related to manufacturer advertising concerns to Competition Bureau or appropriate government agency as required

# 2018-19 BUSINESS PLAN

## GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Ensure a fair marketplace for our registrants

STRATEGY	2018-19 Performance Measure
Use risk-based inspection program to mitigate risk to the public, Compensation Fund and marketplace	Review risk-based inspection criteria as required
Identify and monitor indicators of consumer harm to provide early detection of possible compliance issues	<p>Encourage new dealer registrants to monitor finances with professional assistance as required</p> <p>Monitor weekly reports issued based on risk criteria and take appropriate action</p> <p>Communicate importance of financial oversight to avoid consumer harm and ensure success of dealers' businesses</p> <p>Review <i>Financial Management Best Practices</i> document when appropriate</p> <p>Make <i>Financial Management Best Practices</i> document available</p>
STRATEGY	2018-19 Performance Measure
Ensure a robust inspection program is in place to encourage compliance with the MVDA and CoE	Conduct 50 per cent or more of inspections from risk-based inspection lists

## GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Provide educational opportunities for registrants

STRATEGY	2018-19 Performance Measure
Monitor success of OMVIC Certification Course	Conduct periodic review of Certification Course outcomes
Assist registrants in complying with the MVDA	Create information and messaging to encourage registrants to use OMVIC resources

# 2018-19 BUSINESS PLAN

## GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Apply right-touch enforcement

STRATEGY	2018-19 Performance Measure
Ensure responsible and measured enforcement of the MVDA and other consumer protection legislation	Review processes to identify and prioritize non-compliant activity and report on actions taken Implement priority-setting processes

## GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Communicate with registrants efficiently and effectively

STRATEGY	2018-19 Performance Measure
Review, revise or develop advertising toolkit, decal and messaging, and CALE acknowledgement for dealers and salespeople	Provide advertising toolkit, revised decal and messaging, and CALE resources

## GOAL 2: INCREASE REGISTRANT PROFESSIONALISM (CONT'D)

Strategic Direction: Use technology to increase and improve service to registrants

STRATEGY	2018-19 Performance Measure
Continue adding registrant self-serve functions/capabilities to online services	Implement new self-service kiosk in the OMVIC lobby and system-guided online new registration form

# 2018-19 BUSINESS PLAN

## GOAL 3: BE A TRUSTED AND RESPECTED PARTNER

Strategic Direction: Position OMVIC as a trusted and respected partner with governments and other regulators and partners

STRATEGY	2018-19 Performance Measure
Educate consumers on the risks associated with long-term and subprime credit agreements for vehicle transactions	<ul style="list-style-type: none"> <li>Make information available to consumers</li> <li>Provide updates to ministry</li> </ul>
Use data visualization tools such as dashboards to provide real-time measurement of OMVIC's business processes	<ul style="list-style-type: none"> <li>Create live dashboard for Key Operational Indicators</li> </ul>
Report <i>Provincial Offences Act</i> and Discipline decisions to publicly available case law databases	<ul style="list-style-type: none"> <li>Continue to make OMVIC POA and Discipline decisions available to the public through case law reporting services</li> </ul>

## GOAL 3: BE A TRUSTED AND RESPECTED PARTNER (CONT'D)

Strategic Direction: Partner and collaborate with stakeholders with shared objectives

STRATEGY	2018-19 Performance Measure
Increase awareness of OMVIC and the MVDA among stakeholders, including law enforcement and industry personnel	<ul style="list-style-type: none"> <li>Continue to deliver auto theft investigative training and expertise through the Canadian Police College</li> <li>Engage frontline officers</li> </ul>
Engage law enforcement partners	<ul style="list-style-type: none"> <li>Report on engagement and assistance provided to law enforcement partners</li> </ul>

# 2018-19 BUSINESS PLAN

## GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY

Strategic Direction: Optimize services and processes and their delivery through technology

STRATEGY	2018-19 Performance Measure
Optimize services and processes and their delivery through technology	Expand Board Portal availability
STRATEGY	2018-19 Performance Measure
Identify opportunities to better use OMVIC's online membership functions	Improve collaboration between online membership users and OMVIC
Identify additional online services for registrants	Introduce new services

## GOAL 4: IMPROVE ORGANIZATIONAL CAPACITY (CONT'D)

Strategic Direction: Continue to be fiscally prudent

STRATEGY	2018-19 Performance Measure
Review sustainability of the Motor Vehicle Dealers Compensation Fund	Conduct an actuarial study and consider options for implementation
Review Deloitte efficiency study	Review efficiency study and implement recommendations as appropriate with organizational restructuring a priority <i>Note: To minimize disruption from restructuring, the Chief Executive Officer will continue to act as the Interim Registrar. The separation of these functions will be reviewed as part of the planning cycle.</i>

# THREE-YEAR FINANCIAL FORECAST

FISCAL YEARS 2018 TO 2020

(\$ THOUSANDS)

Revenues	2018	2019	2020
Registration fees	18,391	18,421	18,391
Transfer fees	458	458	458
Certification fees	305	305	305
Amortization of deferred contribution	79	79	79
Interest and other	60	65	70
	<b>19,293</b>	<b>19,328</b>	<b>19,303</b>

(\$ THOUSANDS)

Expenses	2018	2019	2020
Salaries and benefits	9,152	9,335	9,522
Public awareness	2,000	2,000	2,000
Professional services	864	883	901
Occupancy	814	824	874
Travel	721	735	750
General and administrative	692	706	720
Per diem allowances	500	510	520
Industry awareness	400	400	400
Telecommunications	314	320	327
Amortization of capital assets	204	321	306
Government oversight fees	199	199	199
	<b>15,860</b>	<b>16,233</b>	<b>16,518</b>
<b>Net</b>	<b>\$3,433</b>	<b>\$3,095</b>	<b>\$2,785</b>

Note: Costs associated with implementation of recommendations from the efficiency study are not included in these financial forecasts.

# ORGANIZATIONAL STRUCTURE

## BOARD OF DIRECTORS



## BOARD OF DIRECTORS

The Board comprises nine dealers from different segments of the industry, including large and small dealerships in both the new and used market sectors. These industry representatives are joined by three public representatives appointed by the Minister of Government and Consumer Services. Dealer members are elected by dealers across the province.

The Chief Executive Officer leads the overall management and administration of OMVIC and reports to the Board of Directors. The CEO has seven direct senior management reports; key accountabilities are as follows:

- 1) Strategic and organizational leadership
- 2) Stakeholder relations
- 3) Board relations
- 4) Fiscal planning and risk management

The 2017 Board of Directors and Officers are listed on the following pages.

# ORGANIZATIONAL STRUCTURE

## BOARD OF DIRECTORS

### 2017 BOARD MEMBERS

#### **Nazreen Ali**

##### **President and Chair**

*Ministerial Appointee*

*Term expires December 2018*

Nazreen earned a Master of Business Administration degree from Queen's University and is executive vice president of Riavera Corporation, a mobile e-commerce technology incubator. She has assisted a number of Canadian firms in developing socially responsible international initiatives. Previous to that, Nazreen served in a business development capacity at Trimark Investment Management (International) and at the Canadian Soccer Association, with overall responsibility for financial administration. She led the development of the successful first-ever Canadian Businesswomen's Trade Mission to the United Arab Emirates, Egypt and Jordan, led by the former Ontario Minister of Small Business and Entrepreneurship.

Nazreen has served on many boards, including the United Way of Ottawa, and has been honoured by business and community groups. She served as OMVIC's Secretary-Treasurer from 2011 to 2013 and was OMVIC's President and Chair of the Board in 2014.

#### **Matt Rispin**

##### **Vice President**

*North Toronto Auction, Innisfil*

*Term expires May 2018*

The automotive remarketing business has helped satisfy Matt's entrepreneurial passion for the past 20 years. In 2003, Matt and his partners opened North Toronto Auction (NTA) and have succeeded in developing it into the largest independent auction in Canada. NTA is recognized as a pioneer of the hybrid auction model, specializing in both wholesale and public auctions. Matt and his partners have enjoyed the journey as NTA has grown from a small business with seven employees to an operation supported by over one hundred valued personnel. The growth of NTA

was substantiated when *Canadian Business Magazine* recognized it as one of Canada's Fastest Growing Companies for three consecutive years.

In 2017 Matt and his partners launched TireKicker Inspections, an innovative vehicle inspection company and application as they continually look to complement their existing business portfolios.

Matt is a proud Varsity Blue alumnus and gives back to the automotive industry by serving dealer members on the OMVIC Board of Directors. Matt was President and Chair of the OMVIC Board from 2010 to 2012.

#### **Kevin Bavelaar**

##### **Vice President**

*Auto Showplace, North York*

*Term expires May 2019*

Kevin started in the used-car business in 1989 as a salesperson in a medium-sized independent dealership. He was promoted to general manager in 1990. In 1993, Kevin started Auto Showplace and has since been involved in all aspects of automotive remarketing. As owner of Auto Showplace, he is familiar with the challenges of running a medium-sized independent car dealership, including marketing, strategic planning, risk management and financial responsibility.

During his first term on OMVIC's Board of Directors (1999–2004), Kevin chaired several committees, including Ethics and Discipline and Industry Professionalism. His current term began in May 2007 and he has served as Secretary-Treasurer, Vice President, and President and Chair of the Board. Kevin was President and Chair of OMVIC's Board of Directors in 2015 and also currently serves as a member of the Motor Vehicle Dealers Compensation Fund's Board of Trustees.



# ORGANIZATIONAL STRUCTURE

## BOARD OF DIRECTORS

### Denis Ayotte

#### Secretary-Treasurer

*Gus Brown Pontiac Buick GMC Ltd., Whitby;  
Gus Brown Pontiac Buick GMC Ltd., Port Perry  
Term expires May 2018*

Denis is a partner in and vice president of Gus Brown Pontiac Buick GMC Ltd. in Whitby and Port Perry, Ontario. He graduated with a Bachelor of Science degree from Trent University with a joint major in computer studies and psychology. He worked in the information technology field for more than 20 years as a department manager, project manager and program manager, leading major implementations across Canada, the United States and parts of Europe.

Denis moved to the automotive industry in 2003 and became a partner in the Gus Brown Group in 2006. He is a hands-on operator who led the top General Motors New Vehicle Retail Sales Operation for six years, from 2004 to 2009.

Denis has been an OMVIC Board member since May 2009. He is the past president of the Central Ontario Dealers Association, sits on the Board of Directors of the Lakeridge Health Foundation and is the vice chair of the Finance and Audit Committee for the Foundation.

Denis and his business partner, Gus Brown, are active members of the community and are involved in community sports, arts, entertainment and the Chamber of Commerce. Denis has been the co-chair of the Annual Gus Brown Golf Classic, raising more than \$850,000 for the R.S. McLaughlin Durham Regional Cancer Centre and the Lakeridge Health Foundation. The Gus Brown Group of dealerships supports numerous charities in and around Durham Region.

### David Cooke

#### Ministerial Appointee

*Term expires November 2019*

David started practising law in Ontario in 1968, primarily in litigation. As a member of the Ontario legislature from 1985 to 1990, he chaired the Select Committee on Free Trade and played a major role in determining the terms of the auto industry's inclusion in the Free Trade Agreement. Following that, David chaired the first Finance Committee in the Ontario legislature. He has spent a lifetime as an active member of various non-profit boards and commissions in the Kitchener-Waterloo area.

More recently, David served 10 years as a full-time member of a federal tribunal.

David has served on the Board as a consumer representative since November 2010 and has served as Vice President in the past.

# ORGANIZATIONAL STRUCTURE

## BOARD OF DIRECTORS

### **Meredith Morris**

*Sudbury Hyundai, Sudbury*

*Term expires May 2020*

Meredith was born into an automotive family in Sudbury, Ontario. Growing up, she worked in all aspects of her family's automotive dealerships, starting in the wash bay. She is a graduate of the Automotive Marketing and Business Administration Program at both the Canadian Automotive Institute (now the Automotive Business School of Canada) and Northwood University. Following her studies, Meredith began working as the general manager of Sudbury Hyundai in 2002. In 2009 she purchased Sudbury Hyundai, which is currently undergoing a massive expansion and renovation. She has grown her dealership from a staff of four to a team of 40. She has been a Board member of OMVIC since 2004, has been on the executive four times and has served two terms as the President and Chair.

Meredith has also served on the Board of Directors for the Sudbury Community Foundation, Sudbury Chamber of Commerce and Canadian Red Cross Sudbury branch and was the President of the Ladies of Harley. When Meredith isn't working she is an avid downhill skier and loves spending time at her cottage on Manitoulin Island.

### **Harbans Pawan**

*Ministerial Appointee*

*Term expires May 2020*

Harbans joined the Indian Air Force Technical College in 1954. He served in the Indian Air Force in Avionics at various locations all over India. Harbans also has an Honours Bachelor of Arts degree in English and Punjabi from the University of the Punjab.

He immigrated to Canada in 1971 and worked in different companies in the electrical field. He served as policy chair and vice president of the Etobicoke-Lakeshore Federal and Provincial Liberal Riding Associations from 1979 to 2000.

While employed at ABB, Harbans introduced a pay for skills program (paid for what you know, not what you do)

in 1988, which proved to be quite successful. He also served as union president for the salaried employees from 1986 until 1997, when he retired. He is currently involved in not-for-profit organizations such as various senior citizen clubs and the Ontario Khalsa Darbar.

### **Ken Peterson**

*Ken Peterson Sales & Leasing, Thunder Bay*

*Term expires May 2020*

Ken has been in the automobile business most of his life and operated Ken Peterson Sales and Leasing for 20 years, building a solid reputation for integrity and outstanding customer service. Ken is involved in his community and was elected to the Thunder Bay Hydro Commission, serving two terms, including three years as Chair. He was also a director of Northwest Energy and a member of the Municipal Electric Association of Ontario.

Ken brings a strong analytical and proactive problem-solving approach to the business of OMVIC. He served as OMVIC's President for two years, providing consistent use of leading governance practices, innovative solutions and a commitment to getting the job done.

Ken is actively engaged in effective and focused advocacy with the government to gain support for initiatives and address issues that are important to automobile dealers.

# ORGANIZATIONAL STRUCTURE

## BOARD OF DIRECTORS

### **Cliff Pilon**

*Gold Fleet Subaru/Suzuki, North Bay*

*Term expires May 2018*

Cliff Pilon entered the automotive industry in 1981. He has been the Dealer Principal of Gold Fleet Subaru in North Bay for over 30 years.

His hands-on approach, coupled with daily interaction with his businesses, helps keep him in tune with the constant changes in the industry.

Cliff's goal is to give back to the community and mentor young men and women by introducing them to the automotive field.

Strong automotive, mechanical and financial knowledge, coupled with his sales expertise and interpersonal skills, makes Cliff a valuable asset to OMVIC's Board of Directors. Cliff has served on the Board since May 2006.

### **Frank Romeo**

*Pine View Hyundai, Vaughan*

*Term expires May 2019*

Frank started working full time at Pine View Pontiac Buick GMC, his family business, in 1978. Having had the opportunity to work in all departments, Frank gained valuable experience in and knowledge of the automotive industry. In 1988 Frank became general manager and business partner alongside his father, Dom Romeo. In 2001 he became president and dealer owner-operator. He opened Pine View Hyundai in 2010, where he currently serves as president and dealer owner-operator.

Frank has served on numerous boards throughout his career, including as past president and director with the Vaughan Chamber of Commerce (1988-95), past president and director with the General Motors Dealers Association of Toronto (1996-2006), past chair and director of Co-Auto Co-Operative Inc. (2003-10), past president and director of Trillium Automobile Dealers Association (2005-15) and past president and director of the Canadian International AutoShow (2010-15).

Frank has also served on a number of charitable organizations in the Vaughan community and enjoyed coaching rep hockey for more than 20 years.

Frank has been married to his wife, Rosemary, for over 35 years. They have three children, two of whom work in the family business. Frank and Rosemary also have one wonderful grandchild. In his spare time Frank enjoys gardening, golfing and breeding and racing thoroughbred horses.

### **Griffith Slaughter**

*Hyundai Pembroke, Pembroke*

*Term expires May 2019*

Griffith has been involved in his family's automotive business from an early age: he was washing cars when he was 11 years old! A graduate of Lakehead University with an honours Bachelor's degree in outdoor recreation, parks and tourism and a degree in geography, Griffith spent seven years in northwestern Ontario operating a fishing resort in the summers and working at a ski hill in the winters. Returning home in 2005, Griffith has been managing Hyundai Pembroke for the past 13 years.

Griffith has served on the board of Mountain Equipment Co-op and PSSC. He is currently on the board of Carefor in Pembroke.

# SENIOR MANAGEMENT

## SENIOR MANAGEMENT

**John Carmichael**

*Chief Executive Officer and Registrar*

**Laura Halbert**

*Deputy Registrar and Director, Compliance*

**Chandar Singh**

*Director, Corporate Services*

**Joe Scarfo**

*Director, Information Technology*

**Terry O'Keefe**

*Director, Communications, Media Relations and Education*

**Tom Girling**

*Director, Investigations*

**Brian Osler**

*Director, Legal Services*

# COMMITTEES

## COMMITTEES

### APPEALS COMMITTEE

**Members:** Harbans Pawan (Chair), David Cooke, Meredith Morris, Ken Peterson, Cliff Pilon, Frank Romeo and Griffith Slaughter (A minimum of three members comprise a panel to hear a case.)

The Appeals Committee provides a forum to review complaints from consumers regarding OMVIC's handling of consumer complaints about dealers and, if appropriate, makes recommendations to staff to ensure that subsequent complaints are handled as effectively and expeditiously as possible. The committee met twice in 2017 to hear one case.

### AUDIT, FINANCE AND RISK COMMITTEE

**Members:** Denis Ayotte (Chair), Nazreen Ali, Kevin Bavelaar and Matt Rispin

The Audit, Finance and Risk Committee assists management in ensuring appropriate financial and operational controls are in place, requests and reviews reports from management regarding select financial and operational controls, reviews terms of reference of the annual audit with the external auditors and reviews annual audited financial statements and audit findings with the external auditors. The committee reviews the performance of the auditors and recommends appointment of auditors for the coming year.

The committee also reviews OMVIC's enterprise risk management processes, including insurance policies.

The committee held four meetings in 2017.

### COMMUNICATIONS COMMITTEE

**Members:** Griffith Slaughter (Chair), David Cooke, Meredith Morris, Ken Peterson and Cliff Pilon

Working with staff, the Communications Committee provides guidance in developing strategies to communicate and market OMVIC's goals, accomplishments, services and values to key stakeholder groups: consumers, dealers,

salespeople, government, media, interested associations and related industries.

The committee held three meetings in 2017.

### CONSUMER PROTECTION ADVISORY COMMITTEE

**Members:** David Cooke (Chair), Nazreen Ali, Kevin Bavelaar, Meredith Morris, Harbans Pawan, Cliff Pilon and Griffith Slaughter

The Consumer Protection Advisory Committee was established to provide both the Ministry of Government and Consumer Services and the OMVIC Board with expert advice on consumer issues. At least half of its members are non-industry consumer representatives.

The committee held three meetings in 2017 and discussed issues including extended warranties and the illusion of protection, and the proposed changes to the Drive Clean program and their potential impact on consumers. The committee provided advice to the Communications Team about future consumer-centric topics of interest.

### EXECUTIVE COMMITTEE

**Members:** Nazreen Ali (Chair), Denis Ayotte, Kevin Bavelaar, Matt Rispin and Ron Marostica (Immediate Past President, ex-officio)

The Executive Committee assists the Board of Directors in fulfilling its governance role. Responsibilities include providing guidance and direction to the Executive Director and the Director of Corporate Services as needed; helping management ensure appropriate financial and operational controls are in place; liaising with the provincial government, trade associations and consumer groups on industry matters; reviewing management reports regarding statutory and ethical compliance; reviewing quarterly and annual financial statements; through the chair, periodically briefing the Minister of Government and Consumer Services on OMVIC's activities; and reviewing the annual report and business plan.

The committee met nine times in 2017 and held five teleconferences.

# COMMITTEES

## GOVERNANCE COMMITTEE

**Members: Meredith Morris (Chair), Denis Ayotte, Kevin Bavelaar, Harbans Pawan, Ken Peterson, Matt Rispin and Frank Romeo**

The Governance Committee regularly reviews the governance of the Board of Directors. This includes reviewing the effectiveness of Board committees and their chairs; determining whether committees should be merged, disbanded or created; and thoroughly examining all procedures related to the effective operation of meetings. The committee also ensures the Board has an annual governance refresher.

The committee held two meetings in 2017.

## HUMAN RESOURCES AND COMPENSATION COMMITTEE

**Members: Matt Rispin (Chair), Nazreen Ali, Denis Ayotte, Kevin Bavelaar, Meredith Morris and Harbans Pawan**

The HR and Compensation Committee makes recommendations to the Board for its consideration on matters relating to OMVIC's HR and compensation philosophies and policies, including Board remuneration. Responsibilities include developing total compensation guidelines and philosophies covering salary and benefits for all staff and periodically reviewing market comparators, and ensuring that effective HR policies and strategies that support OMVIC's values, vision, mission and strategic directions are in place.

The committee held five meetings in 2017 and one teleconference.

## NOMINATING COMMITTEE

**Members: Kevin Bavelaar (Chair), Denis Ayotte, Harbans Pawan, Matt Rispin, Frank Romeo and Ron Marostica (Immediate Past president; ex-officio)**

The Nominating Committee carries out duties assigned in the OMVIC bylaws and by the Board of Directors. Responsibilities include developing and recommending selection criteria for new Board members, seeking nominees for vacancies on the Board and developing

selection criteria for membership on committees of the Board and for the Motor Vehicle Dealers Compensation Fund Board of Trustees.

The committee held four meetings and three teleconferences in 2017.

## REGULATORY AFFAIRS COMMITTEE

**Members: All Board members with Cliff Pilon as Chair**

From time to time, the Regulatory Affairs Committee develops recommendations concerning potential changes to the MVDA and its regulations, as well as to other relevant legislation. The committee ensures that, whenever possible, those recommendations provide a Regulatory Impact Assessment and appropriately documented consultation.

The committee did not meet in 2017.

## STAKEHOLDER RELATIONS COMMITTEE

**Members: Frank Romeo (Chair), David Cooke, Meredith Morris, Ken Peterson, Cliff Pilon and Griffith Slaughter.**

The committee also has representatives from

- Used Car Dealers Association
- Trillium Automobile Dealers Association
- Automobile Protection Association
- Car Help Canada
- Consumers Council of Canada
- Georgian College Automotive Business School of Canada
- ADESA Canada (wholesale auction)
- Vehicle manufacturer associations (declined participation)

The Stakeholder Relations Committee provides a forum for stakeholder groups and OMVIC to share points of view on various issues relevant to the sector. The committee meets on an ad hoc basis but not less than twice annually.

The committee held three meetings in 2017.

# CONTACTING OMVIC

## CONTACTING OMVIC

### Registration Services

Email: [registration@omvic.on.ca](mailto:registration@omvic.on.ca)

Telephone: 416-226-4500 ext. 3941

Registration kits can be downloaded from [omvic.on.ca](http://omvic.on.ca).

### Complaints and Inquiries

Email: [consumers@omvic.on.ca](mailto:consumers@omvic.on.ca)

Telephone: 416-226-4500 ext. 3942

Complaints can also be submitted online at [omvic.on.ca](http://omvic.on.ca).

### Reporting Curbsider Activity

Email: [nocurbs@omvic.on.ca](mailto:nocurbs@omvic.on.ca)

Telephone: 1-888-NO-CURBS (662-8727)

### Motor Vehicle Dealers Compensation Fund

Email: [compfund@omvic.on.ca](mailto:compfund@omvic.on.ca)

Telephone: 416-226-3661

### Media Relations

Terry O'Keefe

Email: [terry.okeefe@omvic.on.ca](mailto:terry.okeefe@omvic.on.ca)

Telephone: 416-512-3525

### Privacy Officer

Brian Osler

Email: [privacy@omvic.on.ca](mailto:privacy@omvic.on.ca)

Telephone: 416-512-3165

OMVIC's privacy policy is available at [omvic.on.ca](http://omvic.on.ca).

### Complaints Officer (complaints against OMVIC)

Brian Osler

Email: [brian.osler@omvic.on.ca](mailto:brian.osler@omvic.on.ca)

Telephone: 416-512-3165

OMVIC's complaint policy is available at [omvic.on.ca](http://omvic.on.ca).

### Address

65 Overlea Blvd., Suite 300

Toronto, ON M4H 1P1

**Telephone:** 416-226-4500

**Toll-free:** 1-800-943-6002

**Website:** [omvic.on.ca](http://omvic.on.ca)

**Email:** [omvic@omvic.on.ca](mailto:omvic@omvic.on.ca)

# APPENDICES

## APPENDIX A

### SELECTION CRITERIA

#### A. Definitions

As used in these Selection Criteria, the following terms have the meanings specified or referred to below:

- (a) "Act" means the *Motor Vehicle Dealers Act, 2002*, S.O. 2002, c. 30, Sched. B, including any regulations made thereunder, as amended from time to time;
- (b) "Dealer Principal" means, in respect of a registered motor vehicle dealer, either (1) a registered salesperson who has an Ownership Interest in such registered motor vehicle dealer, or (2) a sole proprietor who is a registered motor vehicle dealer;
- (c) "motor vehicle dealer" shall have the meaning ascribed thereto pursuant to the Act;
- (d) "nomination" means nomination of an individual as a candidate for election as a director of the Ontario Motor Vehicle Industry Council (OMVIC);
- (e) "Ownership Interest" means, in respect of a registered motor vehicle dealer, the beneficial ownership, held directly or indirectly (including through any holding company), of at least 15 per cent of the share capital or at least 15 per cent of any other equity interest in such registered motor vehicle dealer, as determined by the Nominating Committee, acting reasonably;
- (f) "Proposal of the Registrar" means a Proposal by the Registrar to suspend, revoke, apply conditions to, or refuse to renew a registration; or an order of the Registrar under the Act in respect of false, misleading, or deceptive statements by registrants;
- (g) "registered motor vehicle dealer" means a person who is registered as a motor vehicle dealer under the Act and whose registration is not suspended;
- (h) "registered salesperson" means a person who is registered as a salesperson under the Act and whose registration is not suspended;
- (i) "regulated industry" means the industry regulated by the Act;

- (j) "salesperson" shall have the meaning ascribed thereto pursuant to the Act; and
- (k) "trade" shall have the meaning ascribed thereto pursuant to the Act.

#### B. Criteria

In order to be considered by the Nominating Committee to be a candidate for election to the OMVIC Board of Directors, an individual shall:

1. be a Dealer Principal of a registered motor vehicle dealer and meet the following additional criteria:
  - 1.1 neither the candidate's registration as a salesperson (if applicable), nor that of the registered motor vehicle dealer of which he or she is a Dealer Principal, has been the subject of an order from the Licence Appeal Tribunal regarding conditions of registration within the two-year period prior to the deadline for submitting nominations;
  - 1.2 neither the candidate's registration as a salesperson (if applicable), nor that of the registered motor vehicle dealer of which he or she is a Dealer Principal, is currently the subject of a Proposal of the Registrar under the Act or subject to conditions applied by the Registrar under s. 9 of the Act;
  - 1.3 the candidate has been the Dealer Principal of a registered motor vehicle dealer that has been registered continuously under the Act for at least two years prior to the deadline for submitting nominations;
  - 1.4 the candidate has participated actively in the management of such registered motor vehicle dealer for at least two years prior to the deadline for submitting nominations;
  - 1.5 the candidate has participated actively in the trading in motor vehicles on behalf of such registered motor vehicle dealer for at least two years prior to the deadline for submitting nominations; and



# APPENDICES

- 1.6 if the candidate is a Dealer Principal who is a registered salesperson (and is not a sole proprietor), he or she has been continuously registered as a salesperson under the Act for at least two years prior to the deadline for submitting nominations;
2. sign and commit to abiding by the attached agreements entitled “Responsibilities of a Director of OMVIC” and “Director Confidentiality”;
3. agree to completion of any background checks, inspections, inquiries, and/or a Canada-wide criminal record check, as required at the sole discretion of the Nominating Committee;
4. agree to permit OMVIC to share with the members of the Nominating Committee the results of the background checks, inspections, and inquiries referred to above in paragraph 3;
5. be at least eighteen (18) years of age;
6. not be a person who has the status of bankrupt;
7. not be a person who has been found to be incapable by any court in Canada or elsewhere or who has been found under the *Substitute Decisions Act, 1992* or under the *Mental Health Act* to be incapable of managing property;
8. be a Director member of OMVIC or agree to become a Director member of OMVIC within ten (10) days of his or her election as a director;
9. not be an employee of a trade association representing the interests of the regulated industry;
10. have his or her nomination supported by two other current registered motor vehicle dealers who have endorsed the attached Nomination Form by affixing their signatures where noted;
11. be a current member of the group or trade association for which the seat he or she seeks is designated under paragraph 13(b) of OMVIC’s General By-Law;
12. if required, attend an information exchange session with the Nominating Committee; and
13. satisfy such other qualifications or criteria that are established by the Nominating Committee from time to time.

## APPENDIX B

### BOARD OF DIRECTORS SKILLS PROFILE

#### Board Skills and Experience

The Ontario Motor Vehicle Industry Council (OMVIC) has a mandate to protect and serve the public interest. OMVIC’s Board of Directors must therefore comprise a range of members whose collective experience and skills are best suited to accomplish this mandate. Each member of the Board brings unique skills and experience to the task. This document sets out some of these skills and experiences and serves as a guide to OMVIC in developing its Board nomination and election process. Through the establishment of formal Selection Criteria and the Board Member Skills Profile, the Nominating Committee attempts to ensure that OMVIC’s Directors are respected members of the community with a high level of integrity who collectively possess a mix of skills and experience that add strategic value to OMVIC.

Board members should:

- Demonstrate a positive attitude toward the public interest
- Actively participate when they have something to offer
- Listen to other points of view and support consensus-building
- Promote consumer protection and industry professionalism
- Possess diverse perspectives, including those of business, government and consumers
- Be strategic thinkers
- Understand the governance role of a Board member, its responsibilities and its limitations
- Demonstrate a willingness to actively support OMVIC’s mandate and vision
- Be sensitive to the economic and ethnic diversity of the retail automotive sector

The Board will seek to achieve diversity in its membership.

# APPENDICES

## Individual Knowledge and Experience

To enable it to provide strategic direction and fulfill its oversight responsibilities, the Board should include members with some of the following skills, knowledge and experience:

- Knowledge of the retail automotive sector: new, used, leasing
- Membership on Boards, including not-for-profit Boards
- Public policy and regulatory environments, especially pertaining to consumer law
- Customer service delivery
- Financial literacy
- Marketing, public relations and communications
- Executive management and compensation
- Technical training and public education
- Risk management and analysis
- Strategic planning

The Governance Committee of the Board reviews and updates this profile periodically to ensure that it reflects the current needs of the Board, consistent with the achievement of OMVIC's mandate and vision.

## APPENDIX C

### RESPONSIBILITIES OF A DIRECTOR OF OMVIC

By accepting my election to the Board of Directors of the Ontario Motor Vehicle Industry Council (OMVIC), I agree to adhere to certain standards, outlined below. I understand it is my responsibility to:

- Remain well informed about the work of OMVIC and its stated objectives.
  - Understand the role of OMVIC, its goals, and its services.
  - Be thoughtful and objective in all deliberations.
  - Make decisions in consideration of OMVIC and its stated objectives.
  - Comply with the Code of Conduct and Conflict of Interest Guidelines, as they exist from time to time.
- As a Board member I hereby agree to:**
- Place regulation of the motor vehicle industry and protection of the public above any special interest or geographic or personal constituency.
  - Be prepared to accept at least one Board committee assignment and actively participate in the committee meetings.
  - Attend and participate in, at minimum, three-quarters of the Board meetings, committee meetings and subcommittees (if applicable). I understand that failure to consistently attend meetings will result in a request for my resignation.
  - Complete tasks and projects assigned and accepted.
  - Inform the Board of the needs and concerns of stakeholders.
  - Self-evaluate my performance as a director each year.
  - Recognize the role of the CEO, Registrar, and OMVIC staff and refrain from involving myself in administrative decision-making or program implementation.
- As a Board member I hereby agree NOT to:**
- Authorize the use of, or use for the benefit or advantage of any person, the name, emblem, endorsement, services, or property of OMVIC except in conformance with OMVIC policy.
  - Accept, or seek on behalf of myself or any related parties, any financial advantage or gain of other than nominal value offered as a result of my OMVIC affiliation.
  - Utilize any OMVIC affiliation in connection with the promotion of partisan politics, religious matters, or positions on any issue not in conformity with the position of OMVIC.
  - Disclose any information available to me solely because of my Board membership to any person not authorized by law or the bylaws of OMVIC to receive such information.

# APPENDICES

- Knowingly take any action or make any statement intended to influence the conduct of OMVIC in such a way as to confer any financial benefit on myself or any corporation or entity in which I have a significant interest or affiliation.
- Operate in any manner that is contrary to the best interests of OMVIC or the public.
- Make public statements about OMVIC and its policies, the Board or other Board members or about OMVIC or Board administrative matters, without the express authorization of OMVIC.

## **I furthermore understand and agree to support the following major functions of the Board:**

- Maintain and perpetuate OMVIC as a viable, relevant, effective and legal entity by working with other Directors in overseeing and reviewing the conduct and operation of OMVIC.
- Act as a trustee of stakeholder interests and recognize my fiduciary duty to OMVIC.
- Review and approve plans and financial objectives for OMVIC's future role and scope of activities.
- Ensure the integrity of internal controls of financial management.
- Measure progress toward stated goals (consumer protection and education, industry regulation, customer service) and review management input on resource allocation.
- Assess the performance and results of management and OMVIC, including the Board of Directors.
- Exercise due diligence.
- Along with other Directors, act as steward of the Council's assets.

## **APPENDIX D**

### **BOARD OF DIRECTORS – CODE OF CONDUCT**

Board members agree that in order to exercise their fiduciary responsibilities as OMVIC Board members, they must:

1. Review materials provided for Board and committee meetings
2. Arrive prepared to discuss issues, ask questions and challenge staff
3. Consult others (stakeholders) without violating confidentiality
4. Provide informed viewpoints
5. Encourage fellow Board members to participate
6. Respect views of fellow Board members even if those views vary significantly from their own
7. Respect the officers of the corporation and adhere to rules of decorum to ensure productive meetings
8. Make decisions that support OMVIC's objects and priorities
9. At all times, demonstrate respect for human rights
10. Make decisions that serve the best interests of OMVIC rather than their own or those of any particular group or association
11. Avoid or declare real or perceived conflicts of interest
12. Conduct themselves in accordance with the law, this Code of Conduct, and the Confidentiality and Conflict of Interests policies
13. Conduct their businesses in accordance with the *Motor Vehicle Dealers Act, 2002*, and other laws that apply to their businesses
14. Ensure sound fiscal management of OMVIC

## APPENDIX E

### BOARD OF DIRECTORS – CONFLICT OF INTEREST GUIDELINES

A director of the corporation must act scrupulously to avoid actual, perceived and potential conflicts of interest. Conflicts may arise where a director's personal, professional or business interests conflict with those of the corporation.

An actual conflict of interest arises when the director derives a personal, professional or business benefit from his/her position as director.

A perceived conflict arises when there is the perception that the director could derive a benefit from his/her position.

A potential conflict of interest exists solely if there is a perception that the director could derive a benefit from his/her position.

If a director believes that an actual, perceived or potential conflict of interest may exist, the director must immediately disclose the conflict and the nature of the conflict to the other directors.

Following the disclosure of the conflict of interest, the director with the declared conflict shall not be involved in any Board discussion giving rise to the conflict and the director with the declared conflict must abstain from any vote of the directors on the issue. In the director's best interests, as well as those of the corporation, the director with the declared conflict should leave the Board meeting during any discussion of the issue giving rise to the conflict.

If, following the disclosure by the director of a conflict, the majority of the other directors believe that it is in the best interests of the corporation for the director with the declared conflict to leave the Board meeting during any discussion of the issue giving rise to the conflict, the director with the declared conflict shall leave the meeting.

If a director is unsure of whether he or she has a conflict of interest on an issue, he/she may wish to obtain independent legal advice on the matter, or he or she may wish to put the matter before the Board for its

consideration. If the majority of the Board believes that the director has an actual, perceived or potential conflict of interest, the Board will request that the director declare a conflict of interest.

A director should be mindful of the need to treat as confidential all information that comes to his/her attention as a result of his/her appointment as a Board member, particularly if such information would be of personal, professional or business benefit to the individual.







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Ontario Motor  
Vehicle Industry  
Council

Conseil ontarien  
du commerce des  
véhicules automobiles