

Licence  
Appeal  
Tribunal

Tribunal  
d'appel en  
matière de permis



DATE: 2014-05-02  
FILE: 7096/MVDA  
CASE NAME: 7096 v. Registrar, *Motor Vehicle Dealers Act, 2002*

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An Appeal from a Notice of Proposal by the Registrar, *Motor Vehicle Dealers Act, 2002*,  
S.O. 2002, c. 30, Sch. B to Revoke Registrations

Dickson Motor Sales and Leasing Inc. and Cameron Scott Dickson  
Applicants

-and-

Registrar, *Motor Vehicle Dealers Act, 2002*  
Respondent

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## REASONS FOR DECISION AND ORDER

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**ADJUDICATOR:** Simon Dann, Member

### APPEARANCES:

**For the Applicants:** Cameron Scott Dickson, on his own behalf and as Agent for the corporate Applicant

**For the Respondent:** Brian Osler, Counsel

Heard in Toronto: June 3, 4, 10, 13, 14,  
July 3, 4, 15, 18, 19  
August 8,  
October 10, 18  
November 5, 7, 27, 2013

## DECISION AND ORDER

The Applicants appeal to this Tribunal from a decision of the Registrar under the *Motor Vehicle Dealers Act, 2002*, S.O. 2002, c. 30, Sch. B (the "Act") dated November 17, 2011, to revoke the registration of Dickson Motor Sales and Leasing Inc. ("Dickson Inc.") as a motor vehicle dealer and Cameron Scott Dickson ("Dickson") as a motor vehicle salesperson under the Act.

### Preliminary Matters

The Applicant requested the hearing be adjourned to September at which time he would have funds to retain counsel. The Registrar's Counsel, Mr. Osler opposed the adjournment due to the length of time since the Proposal was issued and given that there had already been a number of adjournments. The Tribunal ruled to proceed. Mr. Osler encouraged the Tribunal's active participation to assist the Applicant as much as possible.

The exhibits entered for the hearing, and referenced throughout this decision, can be found in the attached Schedule of Exhibits.

### Opening Statements

The Registrar has proposed to revoke the registration of the Applicant individually and the dealership registration of Dixon Inc. on the allegation of misappropriation of funds from Bernard Ferroni Enterprises Limited o/a Dickson Motor Sales and Leasing which is owned by Bernard Ferroni ("Dickson Sales/Dealership"), and is where the Applicant was previously employed.

Mr. Osler said he expected to present up to 17 or 18 witnesses with 11 or 12 of those witnesses being consumers.

In his opening statement, the Applicant said he intended to defend himself as a dealer and salesperson for 35 years without ever having had any problems. He claimed Mr. Ferroni ("Ferroni") was on a vendetta and the consumer complaints being brought forward have been fabricated.

### Registrar's Evidence

**Dave Place** ("Place") is a Detective with the Hamilton Police Unit and has been with the Major Fraud Unit for almost 3 years. He knows Dickson and conducted the investigation, making notes as events unfolded on a daily basis. He said he had typed out information prior to Dickson's arrest (Exhibit 4, Tab 40).

Place first met with Ferroni on January 24, 2011 and had frequent contact with him over the following months, as well as with customers and financial institutions.

Place testified that his investigation of Ferroni's alleged financial losses led him to believe he had reasonable grounds for arresting Dickson. Place concluded there were situations where vehicles were traded in by customers and not properly accounted for; that Dickson converted vehicles to his personal use or sold them privately; that there were customers who claimed they paid deposits directly to Dickson; there were deposit cheques with the deposit stamp altered; and bills of sale with different amounts on different copies for the same sale.

There were allegations that Dickson used, for personal benefit, sporting events tickets, credit cards, company vehicles to cover personal expenses and arranged repairs for personal vehicles and which were paid for by the company. There were also forged bills of sale and altered accounting records.

Place said Ferroni is the sole shareholder of the Dealership and he was focused on exporting cars through a company office in Niagara Falls, NY, while Dickson was left to run the Dealership in Hamilton.

A provincial sales tax ("PST") audit in 2009, revealed to Ferroni that PST had not been paid on vehicles for which he did not have any records. This led him to begin his own investigation.

Place said he knew Ferroni had presented a document (Exhibit 3, Tab 12) to Dickson by which Dickson would acknowledge his "wrong-doing". There was also a letter which Dickson supposedly left in Ferroni's mailbox (Exhibit 5, Tab1). Place said he received a copy of that letter from Ferroni on October 7, 2011.

At the time of Dickson's arrest on December 15, 2011, Place spoke with Dickson's secretary, Kathy Emberley-Wilton ("Wilton") and arrested her on the basis of alleged involvement with duplicating documents and maintaining a second set of books. She was released without charge.

Place said Dickson spoke of Ferroni and himself as partners but after checking the corporate records, shareholder register, and CRA records, Place could not find any evidence of Dickson as a partner or owner of the company. He also spoke with Dickson's wife and daughter who both told him that Dickson was a partner with Ferroni.

Place said he tried to match up payments of consumers who believed they were buying from the Dealership when they made payments which went into Dickson's own bank account.

Place was told by Ferroni that some vehicles which were traded in did not go into inventory and other vehicles were reportedly given to Wilton and two other employees.

Place said Dickson's release conditions were to stay away from Ferroni, his property and to have no contact with Ferroni.

During cross-examination, Dickson questioned Place about an article reprinted from the Stoney Creek News hanging on the office wall which referred to Ferroni and Dickson as co-owners and partners but Place said he was only searching corporate records. The business retained the Dickson name because Ferroni felt it was well known in the community.

Place said he did not remember if Ferroni's accountant ever said customers would write cheques to Dickson which would then be deposited to the Dealership. Place was sure such a specific conversation never occurred.

Place said he contacted customers by telephone and while they generally were not familiar with Ferroni Enterprises, they did know Scott Dickson. None of the people were derogatory in their comments and it seemed they were satisfied with how they had been treated. Place acknowledged that most were surprised to hear about the investigation. Some commented about not having a bill of sale.

Place did not know or inquire about what the operating authority of each person was at the dealership, though he understood Dickson's authority was limited after the PST audit.

**Jean Cameron** ("Cameron") is an Ontario Motor Vehicle Industry Council ("OMVIC") senior inspector and has been with OMVIC for about 15 years. She was conducting a routine inspection of Dickson Inc. on September 8, 2010 (Exhibit 3, Tab 9) when she arrived at the Dealership and met Ferroni. She learned Ferroni's intention had been to slow down due to his other business interests and Dickson should take over the retail business. This meant Dickson would have to get his own dealership. The 2009 PST audit changed all that when it emerged that PST of \$134,000 had not been paid on cars which had been sold and for which there were no accounting records.

Based on the results of his own investigation, Ferroni concluded Dickson was keeping funds from sales transactions and depositing money into his personal accounts. Ferroni claimed sales paperwork was not being submitted until a later date and then made to look like a more recent deal.

Cameron said she met with Ferroni on several occasions and was given documentation during those meetings (Exhibit 3, Tab 11).

Cameron said Ferroni referred to a transmission repair charge for \$945 and a corresponding charge to the customer for \$3,000 but the difference was not received by

the business (Exhibit 3, Tab 18, pg 107). Other examples Ferroni brought to her attention were:

Consumer JA (Exhibit 3, Tab 19, pgs 110, 111, 112)

JA was paying \$500 a month that was supposed to be deposited to the Dealership account but Dickson told JA he had free use of the car because he was doing the Dealership's mechanical work. JA did not have a bill of sale for the vehicle and as a result of the PST audit, Ferroni discovered PST had not been paid for that sale. Cameron was shown a cancelled cheque for a \$5,000 deposit as well as a bill of sale which was \$5,000 less than what JA said he paid.

Consumer DH (Exhibit 3, Tab 19, pgs 115 - 119, 125, 127)

Ferroni said he found 2 contracts, one noted there was a mileage issue and the customer was aware of it, but the second contract made no comment about mileage. The Ministry of Transportation ("MTO") vehicle ownership record showed odometer readings which raised the issue of document falsification.

Cameron said she could not determine whether the customer received a refund or how Ferroni calculated the adjustments he made for that consumer.

Consumer DH also financed his purchase of a motor home through the dealership. There is a cheque written by Dickson for \$33,000 but the promissory note is in the amount of \$66,000 and the lien amount is for \$72,000 - a difference Ferroni claims is unaccounted for.

Ferroni provided Cameron with 3 bills of sale for the DH deal - one is considered void because it has a line through it; another is dated a month later but has an odometer reading of 167,195 km versus the notation of "true distance travelled" of 369,176 km "or higher" (as written by Ferroni); a third bill was written by Ferroni.

There is no evidence of any complaints from DH about a mileage issue and Cameron acknowledged she did not know the order in which the bills of sale were written.

Consumer NL Exhibit 3, Tab 20, pgs 131, 132

Ferroni told Cameron that a customer arrived at the Dealership to make a payment but because he could not find any paperwork and the customer did not have a bill of sale, he did not take the payment.

Ferroni provided her with information that the customer was making 36 payments of \$200 but Cameron's notes reference a selling price of \$1,000 for the vehicle without any explanation about the gap between the selling price on the contract versus the payment schedule total of \$7,200.

Ferroni told Cameron that when Dickson learned of the customer's visit to the dealership, Dickson advised the customer he would come to their home for future

payments. Cameron said she saw no record of payments, for this customer, going through the Dealership's bank account.

Consumer SS Exhibit 3, Tab 21, pgs 137, 138, 140-144

Ferroni said this consumer purchased a vehicle in November 2008 but had no copies of the paperwork. There is a blank promissory note initialed by the consumer and a bill of sale which shows the price she paid but not the \$1,500 deposit the consumer claimed she made.

Cameron testified that she saw all copies of the bill of sale in the file and that the customer was told to pay in cash. The sale did not go through the Dealership until April 12, 2009 even though the vehicle was registered to the purchaser on November 6, 2008.

Ferroni told Cameron that payments on this sale did not go through the Dealership bank account until June 2009 and 8 payments are unaccounted for. Ferroni said he credited the customer's account.

Consumer BM Exhibit 3, Tab 22, pgs 154, 159, 160

Ferroni said BM told him she bought a pickup truck from Dickson. When it was stolen she brought the insurance cheque to Dickson and was asked to bring cash instead.

According to Cameron, the Dealership records showed a write-off of the balance due on BM's truck. Cameron said she reviewed a copy of the insurance company's cheque to BM but acknowledged she does not know anything other than what is in the documents Ferroni provided to her.

Consumer GJ Exhibit 3, Tab 23, pgs 164, 165, 167, 169, 183

Ferroni said he found a bill of sale dated December 5, 2009 showing a vehicle sale for the amount of \$1,800, plus fees and taxes but the consumer claimed he purchased the vehicle for \$4,000. The vehicle ownership history from MTO shows the vehicle was registered to GJ on Sept 21, 2009. Cameron said she never had direct contact with this consumer.

Consumer JMC Exhibit 3, Tab 24, pgs 188, 189

Ferroni told Cameron the consumer JMC claimed she had no bill of sale for the vehicle she purchased. Ferroni found a bill of sale in the files with no reference to the \$1,000 deposit the customer said she paid. Cameron acknowledged she had no direct contact with the consumer and had only what Ferroni provided to her.

Consumer MS Exhibit 3, Tab 15, pgs 93A, Tab 16, pgs 97, 98, 99

Ferroni gave a statement to the police about MS and the loan made to her by Dickson. MS also purchased a vehicle for which there are two different bills of sale. Cameron said she has no knowledge of why there are two bills of sale but she is aware of MS's complaint statement to the police and the letter from Dickson's lawyer to MS offering to reduce the payments.

Consumer EW Exhibit 3, Tab 14, pg 91

Ferroni said he found a copy of a retail contract for EW but no record of any monies paid. Cameron did not speak to EW directly but was told by Ferroni, the consumer's main concern was the possibility of identity theft.

Consumer AD Exhibit 3, Tab 13, pgs 81 - 83, 88 - 90, Tab 14, pg 91

Ferroni said there were two bills of sale, with different amounts for the same vehicle purchased by the consumer AD. The bills had different signatures and odometer readings. The MTO record was also different. Cameron never spoke to AD directly.

Dickson's 'Acknowledgement' statement Exhibit 3, Tab 12, pgs 79, 80

Cameron read the "Acknowledgement" statement which Ferroni had from Dickson but she was not personally aware of any other complaints against him. Cameron received no reply from Dickson to her letter of October 21, 2010 asking about the complaints against him. She acknowledged no one ever discussed the allegations with Dickson and he was only informed of them through the Notice of Proposal. (Exhibit 3, Tab 34, pg 400, Tab 35, pgs 407, 408).

**Consumer "SS"** purchased a Ford Escape from Dickson in 2009 or 2010 and only dealt with Dickson. She brought her payments to him at the dealership. When she picked up the vehicle, she was told her paperwork was in the glove box but she did not look for it until she had a call from Ferroni. What she did find was a photocopy of a document listing the Dealership as the owner. There was no leasing or financing paperwork and she only received a bill of sale from Ferroni "years" later.

Her memory of the purchase was limited to thinking she paid \$9,999 plus 10% tax. It was a financing agreement calling for payment of \$400 a month. At the outset, she gave Dickson, or "the girl in the office", 5 or 6 cheques payable to the Dealership. She could not remember the amount of her cash deposit, "maybe \$500 or \$800; it was such a fast deal, I don't remember".

She first saw documents when Ferroni showed them to her. While she recognized her signature and initials, she could not remember signing anything.

She had not wanted to lease and would never have signed a leasing agreement. She agreed she had signed a document but could not recall any numbers or what was on the document regarding the vehicle and price other than her name.

The witness acknowledged she might have missed some payments but also said that on one occasion she was told by Dickson "That if I had any issues making payments it could be covered by a sexual favour". She said that never happened again because she minimized her contact with the Dealership and made her payments with money orders delivered through a slot box at the Dealership.

SS said she had been asking for a statement to find out her balance and did not know Ferroni until he called her to discuss the sale. The statement she received (Exhibit 3, Tab 21, pg152) showed her first payment as having been made in June 2009 but she claimed the first payment was in September or October of 2008. When she asked Ferroni why her starting balance was \$21,000, because she bought the vehicle for less than \$10,000, Ferroni told her she could not have bought the vehicle for less than \$10,000 as he would not have priced it that low.

In cross-examination, SS acknowledged that when she bought her vehicle from Dickson, she still owed \$16,000 on an existing vehicle, which she returned to the finance company. She knew she could be sued for that debt and agreed there was discussion that it could be more advantageous for her to have a lease arrangement instead of ownership.

She could not recall if she was up to date with payments to October 2010 or whether her first six payments were in cash or by cheque. She was not sure how many times she made late payments or had NSF cheques in the first 15 months but acknowledged she could have been 8 months behind when Ferroni credited her account. This reduced her balance owing to \$3,000 and she is still making monthly payments of \$400.

When asked why she told the OMVIC Inspector she had made a \$1,500 deposit payment and testified to the Tribunal about a \$500 deposit, she explained that "Since this has been going on I have been diagnosed with an anxiety disorder and have become forgetful."

**Bernard Patrick Ferroni** said he imports and exports cars in the U.S. as Dickson Motor Sales Inc – New York and has been in the car business since 1979. He owns Bernard Ferroni Enterprises and is the sole shareholder and director. He operates as Dickson Motor Sales and Leasing in Hamilton and has known Dickson for about 50 years. He knew Dickson was setting up a corporation because he was planning to retire and let Dickson take the business.

The PST audit took place in 2009 and it did not disturb him because he had regular GST audits of his vehicle export business.

The first indication of any problems came in late 2009 when his accountant advised him there were some discrepancies found by the PST auditor and he should make some PST payments. He found cars were being sold and leased without sales tax being paid and there was no paperwork to provide information about those transactions.

Ferroni said that when he asked Dickson about PST monies owed (Exhibit 3, Tab 10, pg 75) Dickson told him not to go on any "witch hunt". Ferroni found this disturbing and decided to investigate.

Ferroni explained the paperwork for each month's purchases, sales, cheques and other documents were collected into a folder and taken to the accountant at the end of each



month. Before the PST audit, Dickson did this every month as well as the deposits and banking since he also had signing authority.

When Ferroni discovered Dickson was paying personal bills with Dealership funds and asked him about it, Dickson admitted to taking monies from as far back as 2004. Ferroni then spoke of Dickson's 'Acknowledgement' statement (Exhibit 3, Tab 12, pg79, 80) which Dickson signed, and initialed clause by clause. Ferroni specifically referred to the paragraphs:

- "I produced false invoices to the company's accountant, Ontario Provincial Sales Tax....."
- "abused my authority at the company, with the company's funds to benefit myself with other employees" .

Ferroni referred to a handwritten letter which contained an apology on the first page and was initialed "SD" on the second page. The document was delivered through the Dealership mail slot in August 2010 (Exhibit 5, Tab 1).

Ferroni said Consumer AD told him he made a \$1,000 deposit payment but Ferroni could not find it in the Dealership records. AD told Ferroni he signed a blank bill of sale but never received a copy though he knew he had to make 60 payments of \$273. Ferroni said he adjusted AD's account by allowing for the \$1,000 deposit, missing payments, and reducing the interest rate. Altogether, Ferroni said he reduced the amount owed by AD from \$7,371 to \$2,723 (Exhibit 3, Tab 13, pgs 81, 82, 83).

The original bill of sale signed by AD does not show the deposit, the date or kilometers. The yellow customer copy is still with the original form which Ferroni has in the file and shows a final price of \$16,380. This amount is on the lien registered in the Dealership's name. Ferroni said he was not clear if AD was present when he typed the 'To Whom It May Concern' statement and he could not recall whether he gave AD a new bill of sale.

Ferroni claimed Dickson hid information from the accountant, the customer, and the business but still registered a lien for the correct security amount. Ferroni found deleted files, that had been sent to Dickson, in Wilton's "SENT" email account (Exhibit 3, Tab 17, pg 100) which helped him with his audit.

Ferroni said that when he asked Dickson about the consumer JA's vehicle purchase, Dickson said he would look into it. When Ferroni went to ask JA for payments from the last 2 years, he learned JA had made a \$5,000 deposit payment and was making monthly payments of \$500 to Dickson (Exhibit 3, Tab 18, pgs 110 - 112).

A cheque dated June 29, 2007 in the amount of \$5,000 was shown as having been made out to "Dickson". It did not have the Dealership's deposit stamp on the reverse. There is also a bill of sale dated June 20, 2007 but the first payment on the dealership records is June 2009. Consumer JA did not have a copy of the bill of sale, promissory note or any reference to the missing amounts. Ferroni does not believe Consumer JA

received receipts for his payments and claims there are 30 missing payments plus the \$5,000 deposit cheque.

Ferroni found two bills of sale for Consumer DH with a mileage discrepancy. When Ferroni asked DH about the mileage on the vehicle, he was told it was 167,195 and that he had paid \$4,995 for the vehicle. DH said if he had known about the higher mileage, he would not have paid that much. DH told Ferroni he signed blank bills of sale but never received copies.

Ferroni said he did not recall how the vehicle was paid out, whether it was \$234 plus DH's vehicle trade and the \$1,000 deposit or just a single payment of \$1,234. He then wrote a third bill of sale to adjust for the higher mileage. Ferroni's file contained the complete original bills of sale with all 3 parts intact (Exhibit 3, Tab 19, pgs 115 - 118).

Ferroni said he found a copy of a \$33,000 promissory note signed by DH, for the loan to buy his mobile home. DH had agreed to make 110 payments of \$600 per month to pay back the loan and he is up to date with his payments (Exhibit 3, Tab 19, pgs 121, 125).

There is also a copy of a lien registered to the Dealership for \$72,000 payable at \$600 a month over 120 months. Ferroni said the loan was made on April 28, 2008 but there is no record of the loan until Sept 2009.

Ferroni said he only became aware of Consumer NL when NL came into the office to make a payment and Ferroni could not find a bill of sale. A vehicle had been sold to NL for \$1,000 plus taxes and it was to be paid out at the rate of \$200 per month for 36 months. Ferroni claimed the vehicle was sold to NL in October 2009 and only registered to NL on February 2010, five months later.

Ferroni confirmed he provided information and a credit based on what NL told him. He could not remember whether NL showed him the signed bill of sale NL said he received from Dickson. (Exhibit 3, Tab 20, pgs 131, 132, 135)

Ferroni said Consumer SS's bill of sale for her April 2009 purchase was found in the file without an odometer reading. The sale was in the amount of \$21,600 and was to be paid out at the rate of \$400 a month for 51 months. The lien document was for \$24,000 with a payout of \$400 a month for 60 months.

SS claimed she made a deposit payment of \$1,500 and additional payments for which there is no record until June 15, 2009. Ferroni also has a promissory note with SS's initials but no details and he is not receiving any lease payments. (Exhibit 3 Tab 21, pgs 137 - 140, 143, 146) The paperwork is incomplete because he has a vehicle lease agreement with SS's initials and nothing filled in. Ferroni discovered the ownership was retained by the Dealership but the licence plates were registered to SS.

Ferroni said he corrected the situation by changing the paperwork to put the vehicle into her name and crediting SS the deposit payment of \$1,500 as well as 8 payments of

\$400. Ferroni acknowledged he only had what SS gave him and while she is still paying for the vehicle, she went into arrears after testifying at the hearing. Ferroni has not been able to contact her since.

When Ferroni was asked about the 8 missing payments, he said accounting showed him another bill of sale with different numbers and SS told him it was not her signature on that bill.

Regarding Consumer BM, Ferroni said Dickson sent accounting a bill of sale for a vehicle purchase price of \$7,213.44 and a payment schedule of \$300.56 for 24 months. Ferroni said he found an accounting record which showed an opening balance on the BM vehicle sale of \$14,426.88.

When Ferroni spoke with BM, she told him the payment schedule was for 48 months but the vehicle was in an accident and had been written off. When BM brought the insurance cheque in to the dealership, Dickson asked her to bring cash instead. (Exhibit 3, Tab 22, pg 154)

Ferroni claims Consumer GJ told him about his purchase of a vehicle for \$4,000 cash all-inclusive, but Ferroni could only find a bill of sale for a total of \$2,316.84. The sale date was recorded as December 5, 2009 but the registration date for the vehicle was September 21, 2009.

Ferroni found the vehicle did not enter his inventory but went from the previous owner directly to GJ on Sept 21, 2009. The way the transaction occurred, it was not reported to the government and the necessary tax form was not completed. Ferroni said he has a record of a payment by the Dealership to the previous owner for \$700 and when he asked about that payment, he was told it was for "parts", not for a car or inventory. (Exhibit 3, Tab 23, pgs 164, 166, 167, 169, 183)

Regarding Consumer JMC, Ferroni was told she made a \$1,000 deposit, which is not listed on the bill of sale. JMC said she did not have a bill of sale but she had a receipt for a \$500 payment. Ferroni found a loan application in Dickson's handwriting which noted \$1,000 had been paid as a deposit and vehicle had been purchased for \$7,995, not \$6,995 as written on the bill. Ferroni credited her for the \$1,000. (Exhibit 3, Tab 24, pgs 188, 189)

AC was another consumer who claimed he did not get a bill of sale. A bill was provided to accounting without AC's signature. Ferroni said he found a bill of sale with a signature which AC said was his, but the bill did not list the deposit payment.

Ferroni referred to two different bills of sale with different odometer readings - one odometer read 123,712 km and the other read 164,290. The bills have different sale prices and different dates - September 28, 2006 and November 1, 2006 and the vehicle registration date is October 2, 2006. The bills of sale are also distinguished by the fact that one has the Bernard Ferroni logo name on top of the Dealership name while the

other one does not have Ferroni's business name. There is also a promissory note signed by Consumer AC but it shows no details. (Exhibit 3, Tab 25, pgs 190, 192, 193, 198 - 201)

For Consumer MB, Ferroni said he found three bills of sale, each one different. The only bill of sale found by the accountant had a selling price of \$9,750 and the total was \$16,568.28. There was also a blank promissory note with the consumer's signature.

MB confirmed to Ferroni that she made a \$5,000 deposit payment and paid an additional \$9,000 but could not get a statement. She was eventually told the payout was \$1,094.97. The accounting record showed the Dealership received 36 monthly payments of \$460.32. Ferroni said the bill of sale received for MB did not show the \$5,000 deposit payment. (Exhibit 3, Tab 26, pgs 208 - 211, 213, 214)

Consumer BJSM claimed she never received a bill of sale. She said the signature on the bill of sale which accounting gave Ferroni was not hers. There was another bill of sale and BJSM acknowledged it had her signature though the sale numbers were incorrect. Ferroni confirmed he recovered a bill of sale for BJSM with all 3 copies intact.

BJSM told Ferroni she bought a car for \$10,000 all included and gave Dickson a certified cheque of \$5,000 dated January 11, 2008. She also made 23 payments of \$225. Ferroni does not know where the deposit funds went but Dickson's endorsement signature is on the reverse of the cheque as a deposit to a CIBC account 7378238 on January 14, 2008. While BJSM said she paid a total of \$13,550, the Dealership record shows that only \$8,550 went to the business account.

Ferroni said he reimbursed BJSM \$3,550 which he believed was the difference between what she paid and what she thought she was paying. (Exhibit 3, Tab 27, pgs 226, 229, 237, 242)

Ferroni said that when Consumer MM came to inquire about a lien on her vehicle, he found there was no record of any monthly payments but there was a record of a sale and full payment. When he looked into the lien record, he found a lien in the amount of \$15,408 registered to the Dealership.

Ferroni said he found email records showing MM was making monthly payments against an opening balance that matched the lien amount. MM told Ferroni she made a \$1,000 deposit payment and 48 payments of \$321.

The Dealership records showed a payment of \$7,599.25 was received from MM and deposited to the business account on August 31, 2009. This amount matched the bill of sale amount and it closed the account for that sale. A bank record copy showed the deposited cheque was written by Rebecca Dickson and the memo line on the cheque had MM's last name on it.

Ferroni pointed to a copy of a cancelled cheque (Exhibit 5, Vol 6 of 8, Tab12, chq serial# 31) saying it was payable to Scott Dickson and had Dickson's signature on the back. That cheque was deposited to account #7378238 which Ferroni believed to be Dickson's own account, not the Dealership's. He found several other cheque copies for the same amount of \$321, with the same information.

According to Ferroni, MM did not have a bill of sale and Ferroni could not remember if he asked her to stop making payments. (Exhibit 3, Tab, 26, pgs 246, 252, 260, 262, 272)

Consumer TW's purchase was described as being similar to the MM situation. The TW bill of sale, dated August 27, 2009, and the record of payment match a cheque deposited on September 9, 2009 for that bill of sale amount. The cheque is from Rebecca Dickson and the memo line has TW's last name written in.

Ferroni said when he found a lien for \$22,260 on that vehicle, he called TW to ask about the fact he had no record of TW making any payments. TW said he did not have a copy of the bill of sale or the promissory note but claimed he paid \$18,350, which was more than the total of \$16,096.85 shown on the bill of sale Ferroni had.

There is proof of TW's payments in the multiple cheque copies of \$530. One cheque copy shows the Dickson Motor Sales & Leasing Inc. endorsement, payable to S. Dickson. Another cheque copy shows the stamp for the Dealership is crossed out and "S Dickson" is written in. The back side of the cheque shows it was deposited to account #7378238.

Ferroni said TW's vehicle purchase was another deal he found in a deleted email folder. Ferroni said he received no monies from TW and while he acknowledged receipt of the Rebecca Dickson cheque, he claimed the company was short-changed by \$3,000 or more because Dickson did the financing by himself (Exhibit 3, Tab 29, pgs 297, 305 - 307, 309, 313 - 319, 325, 344, 346).

Consumer BD's purchase in March 2008 involved a \$300 deposit and a trade-in for which BD was supposed to get \$1,000 credit. BD said he had no financing paperwork and did not get a bill of sale or receipt for the \$300 deposit. Ferroni claimed he has never seen the vehicle BD traded in.

Ferroni said he found blank documents and a bill of sale with all 3 copies intact. The bill of sale noted there was a trade-in but showed no value or details. When Ferroni did a vehicle record search in November 2010, he found the vehicle traded in was still registered to BD. (Exhibit 3, Tab 31, pgs 379 - 381, 386-7)

Ferroni said State Farm called him about a lien on a vehicle purchased by Consumer LAG. Ferroni did not have a record for that consumer but when he checked with accounting he received a copy of a bill of sale for a total of \$4,237. There was no financing information.

Ferroni spoke to LAG and learned he had paid \$7,440 for the vehicle in 2009 and paid it out with a number of payments: (1) \$3,000 cash deposit payment, (2) \$1,000 payment on April 14, \$2,000 on May 12, (3) \$700 on June 9, and a final payment of (4) \$740 on July 7, 2009. LAG had some receipts for cash payments but no bill of sale.

When Consumer LAG told Ferroni he purchased another vehicle without receiving a bill of sale, Ferroni found a copy of that bill of sale, dated September 21, 2009. There was no detail about how the \$12,995 purchase price was financed. LAG did not remember the numbers on the bill of sale and while accounting had a record of the sale and a bank deposit of \$12,995 was made on October 23, 2009, there was no record of monthly payments.

The lien record Ferroni found showed LAG owed \$15,360. LAG told Ferroni he was making monthly payments of \$320 for 48 months to Dickson. Ferroni obtained a copy of the cheque deposited to the Dealership's bank account and found it had been written by Rebecca Dickson, with LAG's last name written on the memo line. (Exhibit 3, Tab 32, pg 387 and Exhibit 5, Vol 6, Tab 9, pgs 23, 25, 26, 39)

Ferroni said he found an undated and a completed bill of sale for Consumer RTH, who said he had not received a bill of sale. RTH verified his signature on the completed and blank bills of sale. RTH said he had agreed to a finance plan of \$300 a month for 24 months. (Exhibit 3, Tab 33, pgs 394, 396)

Ferroni said the provincial auditor obtained records of transfers for vehicles which came into the Dealership and were then transferred to another owner without any tax being remitted. He suspended Dickson in March 2010 and Dickson left the Dealership permanently in July.

Regarding Consumer MS's letter of October 5, 2010, Ferroni confirmed he typed her statement and witnessed her signature based on what she told him. Ferroni said MS went to the Hamilton Wentworth Police to file a complaint, but they decided not to proceed due to the existing investigation of Dickson.

Ferroni acknowledged he did not know when MS received the \$1,000 loan from Dickson or where the funds came from, whether from the company, Dickson, or through payments on a vehicle financing arrangement. (Exhibit 3, Tab 15, pgs 93A, 97)

Ferroni agreed there were similarities in how the deals of Consumers LAG, TW, MM unfolded but said "this is not how you do business with the consumer and when consumers come into my place of business that is different than them going to your home and asking you to do private financing – you must disclose everything to the consumer and to me".

When asked about the Dickson 'Acknowledgement' letter, Ferroni said it was prepared in collaboration between himself and John Cvetkovic, a lawyer. Ferroni did not

remember how many drafts the 'Acknowledgement' letter went through but it took over 3 weeks to produce. He confirmed he asked Dickson to initial each paragraph.

Ferroni stated he had no arrangements with Rebecca Dickson to lend money to customers or to provide private financing for vehicle purchases. It was only after receiving copies of cheques from the CIBC that he discovered she had made cheque payments for the MM, LAG and TW vehicle purchases.

Ferroni said the Dealership's policy regarding the 3-part bill of sale was to give the customer the yellow copy and if they were going to get outside financing the pink copy would be given to the finance company. There should only be 2 copies of a bill of sale on file if the sale was not financed externally or only one copy if the purchase was externally financed.

**Consumer MM** purchased a Lexus on a financing deal, from Dickson in August 2009. She did not have any financing documents and the only document she had was an envelope with a photocopy of the registration showing the vehicle was owned by Ferroni Enterprises. She did not receive a bill of sale and did not search for it until she was contacted for her documentation.

MM said she paid \$6,995 which was financed by monthly payments of \$321. She was asked for a \$1,000 deposit but was only certain of paying \$500. She gave Dickson post-dated cheques and was told not to worry about filling in the Dealership's name as they had a stamp. She wrote the first cheque to Dickson Sales and left the rest blank.

Ferroni showed her a bill of sale for \$500 less than what she paid. She confirmed her signature but said she would not have signed for an amount less than what she paid. She learned about the \$17,000 lien on the vehicle when she tried to have a mortgage application pre-approved. When she called Dickson about the lien, she was told they only update the credit bureau annually but would do so now. She did not think any further about it until Ferroni called her.

Her next contact with Dickson was when he called to say his partnership was not going well and since he had personally financed her purchase, she should deliver the remaining cheque payments to him. The witness said she received a demand letter from Dickson's lawyer asking her to make payments but she claimed the police had told her to stop making payments while the investigation was going on because it was unclear who owned the vehicle.

When Dickson showed MM a signed copy of a promissory note she agreed it was her signature but said she had never seen it as complete as it was then presented to her.

When questioned about signing the blank promissory note, MM was adamant in saying she would not have accepted that or signed without asking about the scratched out business name and change to a personal name.

**Blake Smiley** ("Smiley") is an investigator with OMVIC who became involved in this case through OMVIC's intake system and started his investigation on April 6, 2011. His background includes 31 years with the Halton Police Force.

In his investigative summary (Exhibit 3, Tab 30, pg 372), Smiley noted the materials he collected had been prepared by Ferroni. He confirmed he interviewed Ferroni and also carried out his own Ministry of Transportation ("MTO") record searches regarding individual transactions. He spoke with 5 consumers, BD, RTH, LAG, SS, in person and contacted Consumer MS by telephone. He learned that none of these consumers had a copy of the bill of sale to provide to him.

Smiley said his investigation took about a month and he reported back to the OMVIC Intake System about May 2011.

In cross-examination, Smiley replied he was not licensed as a salesperson but he had completed the Georgian College course. He had never met or spoken with Dickson before.

Smiley's replies to specific cross-examination questions about several customers were as follows.

- Consumer BD did not know he had not received a \$1,000 credit for his trade-in on the bill of sale until Ferroni contacted him; both Ferroni and BD told Smiley that BD was credited by Ferroni; Smiley never heard any further on that matter; BD told Smiley that it was Ferroni who suggested he should complain to OMVIC;
- Smiley's understanding of the LAG situation was that they did not understand what was going on and simply "wanted it to go away".

**Consumer RTH** purchased a Jeep from Dickson 7 or 8 years ago and only had it for a couple of months. He returned the vehicle because he thought he was going to be laid off and he recalled it was a voluntary return. He believes he signed off on the ownership. He did not remember Ferroni.

He thought the bill of sale looked familiar and seemed to be in order. He identified his signature and agreed with the balance at the bottom. The blank bill of sale was not familiar to him and he thought the signature was very similar to his own but did not remember signing it. (Exhibit 3, Tab 33, pgs 394, 396)

**Consumer BJSJ** bought two cars from Dickson and only testified about the second purchase in 2008, which was a 2000 Pontiac Montana. She only dealt with Dickson and while she has talked with Ferroni about the car, she does not believe he was involved with the sale. She believes she received a sales contract but cannot find it. She did receive the ownership papers.

BJSJ said she paid \$10,000 for the vehicle, including tax and registration. The financing was arranged by Dickson and she gave a \$5,000 cheque deposit payment.



She also gave Dickson a series of \$225 post-dated cheques, payable to Dickson Sales, some of which she wrote out but not all because Dickson told her he had a stamp for the others.

BJSM said she had not previously seen the bill of sale shown to her and said the signature was not hers. She acknowledged the address and vehicle information were correct but did not recognize the handwriting and had never seen the information on the pricing and costs.

She agreed she signed a blank form after she bought the car but did not see it before or when she was buying it. Dickson asked her to sign the second one because he said he made a mistake on the first copy but did not say what the mistake was and she did not ask. She did not see the bill of sale with the \$10,000 price.

In cross-examination, she said she had no recollection of the numbers on one bill of sale. She made payments to 2010 and paid out early. Ferroni told her she had overpaid and he would let her know what was going on. Around Christmas 2011 she received an overpayment refund of about \$3,000.

In response to a question about when BJSM received the refund, she said it was after she had written a statement for the police. BJSM said she dictated the statement and Ferroni typed it in his office. He was the one who presented it to the police. (Exhibit 3, Tab 27, pgs 229, 237, 244, Exhibit 5, Vol 7, Tab 2, pg 3)

**Consumer MB** bought a vehicle from Dickson, in April 2007. The only document she received was a yellow piece of paper with various items listed and a price of \$14,000 before taxes. Monthly payments were \$650. She did not have a trade allowance but made a \$5,000 cash down payment. She was shown a sales agreement and said she had never seen it before. She did not recognize the signature. The monthly payment on the form is \$460.23 for 36 months, but she said she paid \$650 a month.

MB said she signed several documents and thought the signatures on the two bills of sale looked like her own. She did not have any knowledge of the numbers on the forms and was not exactly sure of the payout amount but thought it was \$2,500. She said the signature on the promissory note appeared to be her own but she did not recognize the document and did not have a copy.

In July 2008, she called OMVIC because she was unable to get any information about her payout. She said Dickson told her there was about \$15,000 owing but she disputed it because she had been paying for a year and paid out another \$9,000 in September 2007. In a second conversation, Dickson told her there was \$10,000 remaining but she did not believe that either because of how much she had paid. She called the Better Business Bureau who referred her to OMVIC.

In August 2008, BM said she paid out \$1,100 after Dickson's secretary told her they had installed a new accounting program and figured out the actual amount owing. She made no further payments after that.

In cross-examination, BM said she did not renegotiate the deal for a lower interest rate after making an additional \$9,000 payment but she did say "yes" when asked if she paid \$460 per month. She also said she did not remember the Ferroni name unless it was the person who had contacted her about a year ago. (Exhibit 3, Tab 26, pgs 206, 208 - 210, 213-14)

**Consumer JA** has purchased 3 vehicles from Dickson, but only testified about the Pontiac Avalanche he bought in late June 2007. At the time of the purchase, he gave Dickson a \$5,000 cheque as a downpayment, which Dickson filled out.

JA's recollection is that the balance remaining was \$9,000 with monthly payments of \$500. The payments were made every month, in cash, because "that's what he (Dickson) wanted". JA did not have any receipts for the payments and could not remember if he signed a bill of sale for \$14,000, but he did get one when Ferroni came to see him about "3-4 years ago".

JA confirmed he never got a bill of sale or any paperwork other than the ownership document from Dickson. When Ferroni told him there was no record of his payments for the vehicle, he got copies of the cancelled cheques. Ferroni calculated what the remaining amount due would be and JA paid that to him.

JA was shown two bills of sale and said the signature on one was not his, but agreed the other bill of sale had his signature.

In cross-examination, it was learned that JA has done business with the Dealership for about 10 years, mostly general mechanical labour for about \$4,000 - \$5,000 per month. JA had not previously met Ferroni and he did not have the bill of sale Ferroni gave him. JA thought Dickson owned the Dealership and agreed his vehicle is paid for and everything was sorted out by Ferroni. (Exhibit 3, Tab 18, pgs 111-12)

**Paul Francis Kwiatkoski** ("PFK") is a chartered accountant and has been in practice in Hamilton since 1988. He does the books and annual tax returns for both Ferroni Enterprises and the Dealership. He said he also does Ferroni's personal tax returns.

PFK said he has been doing monthly bookkeeping for Ferroni since the early 1990s and completing the Schedule 50 of the tax return, which lists the corporation's shareholders. As far as he is concerned, there is only one shareholder for the company and it is only Ferroni who gives him instructions.

On a monthly basis, he receives bank statements, cancelled cheques, deposit slips, invoices for vehicles purchased and sold, and documentation for rent-to-own deals. His assistant, who has been with him for about 10 years, does all the data entry, including

allocations to accounts. He described the rent-to-own program, which is the Dealership's financing program, as one where the purchaser would agree to the price, make a deposit payment and then make monthly payments until the vehicle was fully paid out.

PFK said Ferroni looked after the export to US business and Dickson looked after the retail sales business in Hamilton. If he was missing information or needed to know something additional, he would contact Wilton for help. Dickson delivered monthly banking information or the accountant would pick it up. Deposit slips would come with the bank statements and if not, his office would call Wilton or Dickson who would then fax the information. He also did the T4 and employment record tax forms and payroll administration.

PFK said he had in the past been the accountant for a Dickson corporation that had operated as JD Motors – the last time was 5 years ago. He also prepared Dickson's personal tax returns from the early 1990s to 2009. To the best of his knowledge, Dickson has never been a shareholder of Ferroni's company. Over the years, there were occasional record problems, but around 2008 it became a regular occurrence. In his opinion, the PST audit which occurred in 2009 was simply a rotating audit.

The PST filings were prepared by Dickson and when the auditor compared the sales based on his findings with what Dickson had submitted, the auditor found vehicles had been sold by the dealership and not recorded on the books. Therefore no remittances had been made. In other instances, there were recorded sales with remittances substantially less than what should have been remitted. PFK said he reviewed the findings and thought that other than a few adjustments, the auditor was correct.

PFK said the auditor had provided him with a list of all the vehicles that had been transferred into the dealership, and sold, but were not in their records. He met with Dickson on several occasions and Dickson explained examples of where vehicles were scrapped or a sale was cancelled. There was one vehicle for which a bill of sale had not been received.

PFK said that where a bill of sale was not provided, Dickson told him it was because he had not collected any funds for those vehicles. PFK gave Dickson's explanations to the PST auditor who then determined the final amount due.

PFK said he had seen the Acknowledgement from Dickson and the duplicate invoices Ferroni had found in the files. Ferroni had also shown him records of rent-to-own vehicles where payments had not been deposited in the Dealership's bank account. PFK said he only knew what Ferroni told him as he never spoke to anyone directly.

The sale to Consumer JA was one of the deals in the auditor's report and one for which PFK had no sales record. Dickson had told PFK that JA had not made any payments and because JA still owed on the vehicle, an invoice had not been supplied to the office.

PFK said he was not familiar with the JA cheque for \$5,000 and he did not know how the JA account record originated.

In cross-examination, PFK confirmed it was Ferroni who first showed him Dickson's 'Acknowledgement' statement but he was not aware of paragraphs 10 and 11 which referred to credit card use. He only saw cancelled cheques for payment of the credit cards.

PFK confirmed that if there were overpayments on accounts and they did not know where to apply the overpayment, they would check with Dickson to find out the background and get answers to any questions they had about a payment.

He was aware Ferroni was giving out credits to consumers because Ferroni would advise him that a credit had been given and he would place a credit notation on the account sheet to reduce the balance.

PFK had not previously seen Consumer TW's bill of sale and this was the first time he had seen the cheque from Rebecca Dickson for that purchase. If the cheque by Rebecca Dickson was deposited, it would have been recorded as a sale, but since there was no monthly payment plan, no account was set up.

**Laura Halbert** ("Halbert") is the OMVIC Director of Compliance. She stated that Dickson was registered in 1988 and attached to Ferroni's Dealership in 1998. The registration was removed from Ferroni in June 2010 and attached to Dickson Inc. in July 2010.

Halbert described the Motor Vehicle Dealers Act as consumer protection legislation. The dealer registration process has been delegated to OMVIC which has a code of ethics, a discipline process and an investigation component. Inspectors from OMVIC visit registered dealers to ensure compliance with the Act and Regulations.

Halbert said she receives problem files for review and consideration to determine whether a registrant is in compliance. The Compensation Fund provided for by the Act changed in 2010 and is a consumer's 'court of last resort' for complaints, offering a maximum payment of \$45,000.

Halbert said that in this matter, there were numerous cases where all 3 copies of the bill of sale for vehicle sales were intact. It is a breach not to provide the consumer with an original copy at the time of sale. There were also numerous examples of consumers not having copies of documents detailing interest rates.

She said the vehicle sale to Consumer JA had a cheque payment that was not reflected on the bill of sale and if JA had complained to the Fund, he would not have a bill of sale to prove the deposit payment. The fact the bill of sale does not reflect a deposit is a concern to OMVIC and it is a violation of the legislation.

There are also concerns about the lien registrations as there are different amounts indicated between bills of sale and the actual liens registered to Ferroni Enterprises. When asked about specific OMVIC concerns, Halbert referred to:

the BJSJ transaction:

- 2 bills of sale for the same vehicle with different terms, dollars, signatures, and approximately the same date;
- the consumer saying the signature was not their own;
- the consumer did not know the interest rate or cost of borrowing;
- the consumer's deposit payment is not deposited to the dealer and this would cause a problem for the consumer if they had to turn to the compensation fund;
- the bills of sale do not accurately reflect the consumer's understanding of the transaction.

the MM transaction:

- the bill of sale with no information about the terms of financing and no indication of a down payment or deposit;
- sale is to the consumer but the payment is made with a cheque by Rebecca Dickson but deposited under the MM name - there is no documentation to show the consumer they are being financed by Dickson;
- contradictory information about the monthly payments and what the consumer understood;
- the consumer says the signatures are not hers and she does not have a copy of the documents drawn up by Dickson.

the MB transaction:

- all documents including 3 separate bills of sale are signed by Dickson but are not consistent with the numbers written on the bills;
- the documents do not reflect the transaction as the consumer remembered;
- obtaining a buyout figure from a dealer is a basic and fundamental issue which OMVIC should not have had to become involved with, but MB had to contact OMVIC before she could get the information.

Halbert says there should never be a circumstance where a consumer signs a blank document, especially a promissory note, or where a professional sales person asks a consumer to sign a blank document.

the RTH transaction:

- Dickson had the consumer sign a blank document and there are no dates on the bills of sale;

- one bill of sale shows the transfer of the Jeep vehicle from Wills Chevrolet to the consumer instead of to the Dealership which bought it from Wills Chevrolet and then sold it to RTH;
- the MTO record does not show the vehicle going back into the Dealership ownership when the consumer returned it.

Halbert said it is a requirement of the Highway Traffic Act to register a vehicle to every owner regardless of how short that term of ownership may be.

the SS transaction:

- the bill of sale suggests the vehicle was financed, but with a blank vehicle leasing agreement there would be no idea of knowing what the deal was for the vehicle ;
- there is a blank promissory note.

Halbert spoke of concern when there are bills of sale with different details, different signatures and no indication of a deposit payment. It is a requirement that bills of sale are accurate but in this case copies of bills of sale were found with all three copies still together.

the AD transaction:

- no date and no odometer reading on bill of sale;
- different bills;
- signatures appear different while Dickson's signature is the same;
- the details of the two bills are different.

the NL transaction:

- there are different details on the bills of sale - one bill of sale shows the vehicle registered to NL in February 2010 and the other bill of sale is dated October 2009

the AC transaction:

- two bills of sale with the same VINs but the dates of the bills are different;
- the earlier bill of sale shows a higher odometer reading than the later bill of sale;
- the consumer's name is misspelled, the address is different, and the signatures on the two bills of sale are different.

Halbert said that very early on, she sent Dickson a letter asking him to tell his side of the story. The only reply she received was from Dickson's lawyer advising that there was really nothing to say at the time. She described the case as "unique" and there was nothing similar in her 15 years of experience.

## **APPLICANT'S EVIDENCE**

**Consumer JG** met Dickson during the summer of 2009 and said he was unable to get financing. When Dickson offered to finance him personally, JG accepted and got a 2001 pick-up truck.

JG said he received all the documents including the bill of sale and ownership. He does not remember who called him about the purchase and asked him to come to the office with the truck and paper work. The caller asked JG to make future payments to him directly, otherwise the vehicle would be taken back.

JG said he went to see Dickson because he did not want to get involved in any dispute with Dickson and his partner. To settle JG's concerns, Dickson sold him a 2004 SUV on the same terms. JG said he was happy with that and he received a clear bill of sale for the new vehicle.

The MTO record of ownership for the 2001 vehicle JG bought from the Dealership shows the ownership chain from Wills Chevrolet to JG (Exhibit 5, Vol 6, Tab 1). He agreed Dickson loaned him the money to buy the vehicle and it was his understanding that Dickson paid the Dealership in full and he did not owe the Dealership any money.

JG confirmed that while it was his signature on the bill of sale, he could not recall if he got a financing document from Dickson.

### **Scott Cameron Dickson**

Dickson claimed the tax audit was the beginning of the end of his relationship with Ferroni though he felt it began to wane in 2009 when Ferroni said that he did not want to do the financing portfolio anymore.

In January 2010, Ferroni asked Dickson to pay \$36,387.18 as his half of interest and penalty following the PST audit, but it was not until later when Dickson saw the Ministry letter that he realized he had paid the full interest and penalty.

Dickson said that between the Spring and Summer of 2009 there were customers who needed financing. He suggested he would sell them the car and provide personal financing. There were a number who accepted and one was MM who needed financing because she was a previous bankrupt.

The price of the vehicle MM purchased, with tax, was \$7,599.25. Dickson said he paid the Dealership this amount and also provided the business with a profit.

Dickson said that when he ran out of post-dated cheques from MM, he asked her to come by his home with additional cheques. In February 2011, MM was contacted by Ferroni who told her he had a right to the vehicle and she should stop paying Dickson.

He (Dickson) only found out about this when the next cheque came back as a stopped payment.

Dickson said there were four similar cases: these were for MM, LAG, TW, and JG. He put a lien on each car in the Dealership's name and then learned about Ferroni's contact with each when he deposited postdated cheques and they came back as stopped payment.

Dickson said the Dealership was paid for each vehicle, though in some instances he did not pay right away because he thought there could be the possibility of Dealership financing but it always turned out that Ferroni did not want to do financing.

Dickson claims there is no question the vehicles were paid for by him and he has not recouped all of the money he paid to the Dealership because of interference by Ferroni. Dickson believes Ferroni's claim is only about the profits.

Dickson said he catered to people in difficult circumstances, with an inability to get financing so they knew they were paying high interest rates and they were happy to get a car.

Dickson provided his testimony regarding the following:

- Consumer AD had credit problems as his house had been repossessed and he needed a vehicle. The bill of sale showed a price that reflected the deposit credit and the actual interest rate was 21.5% not 26% as testified to by Ferroni.

Dickson believes AD was misled and he was happy with the deal, but when Ferroni offered AD a \$4,600 credit and shortened payment period, AD took it. Dickson claimed AD had missed payments and was late 10 times. He claimed Ferroni and PFK knew about the bill of sale with the lower price which was submitted for tax purposes. (Exhibit 3, Tab 13, pgs 82-3)

- Consumer MM had purchased a vehicle on a payment plan and when they came to return the vehicle, Dickson was not present. Dickson claimed Ferroni knew cash was not always recorded on a deal and that he (Ferroni) benefited from cash receipts.
- Dickson stated that Consumer MS had financial problems and called to see if he could help her. When she told him she needed \$1,000, he offered her the loan and she offered him rings as security for the loan. Since MS also had a car loan with him, Dickson told her to first pay out the car purchase and then the loan.

Dickson claimed Ferroni created havoc by telling MS she was being charged an illegal interest rate. Dickson said no one was considering that she could not pay the loan and her vehicle together. She had the loan for 13 months.



- Consumer BJSJ did get a bill of sale, but in her testimony she said she had misplaced it - she knew the purchase was more than \$10,000 with financing charges. It is Dickson's belief that Ferroni has exploited customers by compensating them in one form or another.

Dickson stated that BJSJ never complained and was a satisfied customer because she wanted to know about another vehicle for her son and whether she could make payments to him.

- Consumer RTH purchased his vehicle on a payment plan but returned it because he was unsure of his job and whether he would be able to keep up with his payment obligations. Since there was no penalty to RTH, he was happy to get out of it.

Dickson said Ferroni purchased the vehicle from Wills Chevrolet and he should have got the registration done. A lost registration was applied for from the Ministry and for the transfer to RTH, but the transfer through the Dealership to RTH was missed and it was "simply an error". He did not know about the missed registration until this appeal.

- The JG ownership registration went from Wills Chevrolet directly to JG and not through the Dealership. This was another vehicle which Ferroni had purchased. Dickson claimed the Ministry of Revenue did get their tax through the consumer.
- Consumer BD claimed a Cavalier was traded in for a \$1,000 credit, but the bill of sale only listed a Cavalier without any money or credit value being noted. Dickson said he did not remember the vehicle and the only thing he could think of was that the vehicle went to the scrap yard which also would have got the registration. Since Ferroni's brother is in the scrap business, Ferroni could have given the vehicle to his brother and the \$1,000 credit could have been taken off the top price.

Regarding the consumer complaint to OMVIC, Dickson said he was puzzled by fact they made payments for 3 years and never had a problem until after Ferroni contacted them. (Exhibit 3, Tab 31, pgs 379, 380)

- Consumer SS's purchase was set up as a lease because she had to return a vehicle she had from a different source. Dickson said it is not clear how much she put down as she said in her testimony that she was unsure and it could have been \$500 to \$800.

Dickson said SS became notorious for delayed payments, excuses and the account required "high management". He denied her testimony of asking for a sexual favour, claiming he never threatened her or tried to exploit his role as debt holder.

- Consumer JA was told by Ferroni there was no record of the vehicle sale or payments. Dickson stated the payments were in cash and Ferroni was a co-beneficiary. He said the vehicle sale price was \$19,000 and the \$14,000 on the bill of sale reflected there had been a \$5,000 deposit payment in cash which was split between Dickson and Ferroni.

Dickson said the explanation for there being no record of the sale was that there was a side deal with Ferroni's brother whose cars were set up on lease. The \$500 payments from JA were cycled around, meaning the cash from JA was given to Ferroni's brother to cover his cheque of \$500.

Dickson claimed that at no time was JA "in jeopardy of loss" because he is also a mechanic who works on cars for the Dealership and benefits from the relationship as the Dealership is his largest customer.

- Dickson believed BM's impression was that Ferroni and Dickson were partners and they would split the monies he received from the insurance company for the stolen vehicle. Dickson had no complaints from BM. Ferroni knew BM from a business the two had together in the past. (Exhibit 3, Tab 22, pgs 154,157)
- Consumer GJ is an alarm system installer and has looked after the system at Ferroni's home. The vehicle GJ purchased was not registered at the dealership, but Dickson says the taxes would have been paid at the Ministry through transfer from one person to another. He could not recall whether there was a \$4,000 payment, but stated if it was cash, Ferroni would have benefitted from that sale. (Exhibit 3, Tab 23, pgs 166-7)
- Consumer NL was described as needing a vehicle since he was a single father with two children and unable to get normal bank financing. Dickson held the vehicle for a period of time because NL had difficulty getting insurance.

Dickson says that any money claimed by Ferroni is "not true" as any cash would have been split between them. He does not know where the \$7,200 value comes from because it was a 1997 Taurus wagon with over 400,000 kilometers so that number does not fit with what the value of the vehicle would have been. (Exhibit 3, Tab 20, pg 131)

- Consumer AC cannot find his bill of sale and does not recall whether he received one, but the vehicle was paid out. While there are different bills of sale, one is the actual sale price and record and the other was supplied for the PST audit. Dickson said the bills of sale had been requested by Ferroni and Krakowski. (Exhibit 3, Tab 25, pgs 190, 192-3)

Dickson stated that sale documents always went into a folder that then went to the accountant. Sometimes 'sold' documents would not go to accounting until financing monies were received. It was afterwards that tax money was remitted. He

acknowledged he is not administratively “strong”. Over the years, some deals were missed and any administrative issues were just that - there was nothing underhanded as Ferroni suggested.

- For Consumer MB, Dickson explained there were multiple bills of sale because she was expecting to come into some money and wanted to pay out early. Dickson said he told her if that happened, he would adjust the interest rate. The exhibit document on page 210 should be seen as the original bill of sale because the circled "P" noted the bill was posted by the accountant. One bill of sale reflected MB's additional \$9,000 payment and amended the first bill. The third bill of sale reflects the last adjusted price and also has the accountant's "P" notation to indicate the bill was posted. Dickson acknowledged he delayed in replying to MB's request for a payout number after she made an additional payment because he did not have a program to calculate the interest and tax reductions.

### **Cross-examination of Mr. Dickson**

Regarding JA's deposit not reflected on a bill of sale, Dickson claimed the \$5,000 deposit was credited to JA as he was also often credited for work done for the Dealership and for customer referrals.

Regarding AD's transaction, Dickson said the bill of sale at Exhibit 3, Tab 13, page 83 was the “real bill of sale” the other bill is “something else”. Dickson acknowledged he wrote and signed both bills of sale, but does not know who signed AD's name.

When he was questioned about cheating on taxes, Dickson replied that the “Company” did that and claimed it was what he was asked to do.

Mr. Osler questioned Dickson on other consumer transactions:

- Dickson had no explanation about why the DH did not get a copy of his bill of sale.
- Dickson agreed he set up SS's purchase as a lease to protect the Dealership from her debt obligation on a vehicle to another dealer. The late date of the bill of sale was due to the issues with her previous vehicle and the uncertainty of what actions could be taken against the Dealership. He did not recall giving her a leasing agreement and was not sure about what was in the envelope in the glove compartment.

When asked if he had the consumer sign a blank promissory note, Dickson replied "yes". He explained the blank lease agreement SS signed was done that way because it was dependent on whether the deal was to be a sale or a lease. Regarding the down payment by SS and whether Dickson himself kept the deposit because it was not in the company bank deposit record, Dickson replied “I don't recall”.

- Regarding GJ's purchase, Dickson replied he did not recall doing the registration, but it was not uncommon to 'sell' a car and not complete the sale document because of work to be done. In this case, GJ did alarm system work at Ferroni's home, as well as some dealership work and once the work was finalized the bill could reflect the reduced amount.
- Regarding the bills of sale for AC's purchase, Dickson replied he did not know who signed AC's name and did not recall having AC sign a blank; he said that registering the lien was something anyone could have done.

Regarding the notes by Detective Place for the deposit of AC's down payment cheque of \$3,000 into Dickson's personal account, and Ferroni's statement that the cheque was never deposited to the Dealership bank account, Dickson referred to Ferroni's testimony that payments of \$312.71 were deposited to the Dealership account for 36 months (Exhibit 4, Tab 40, pg 432, Exhibit 3, Tab 25, pg 190). He further stated the deposit would have been reflected in a reduction of the top sell price amount and the deposit would have been converted to cash to split with Ferroni "because that's how we did business".

- Regarding the sale to MB, Dickson replied that he had no recollection about the \$5,000 deposit and repeated there was the practice of cash payments being split with Ferroni.
- Regarding BJSM, Dickson replied he could not recall asking her to sign blank documents. There was no explanation for the bill of sale that went to accounting without her signature even though all of the documents have the same Dickson signature. Dickson stated that he and Wilton never falsified any consumer signatures.
- Regarding MM, Dickson replied he could not recall if he gave MM a bill of sale or asked her to leave the 'Pay To' line blank because he had a stamp to place on the cheque. He does not know where the \$5,000 down payment went, but he financed the vehicle personally even though MM said she had no knowledge of that. When asked about the cheque that was made out to his name and another to the Dealership, he said he did that "inadvertently".
- Regarding TW, Dickson said he personally paid the Dealership the full amount noted on the bill of sale. When he used the Dealership stamp on the 'Pay To' line of a TW cheque, Dickson said he did so "inadvertently".

Dickson agreed that to his knowledge, Ferroni has been the only officer, director and shareholder of the Dealership corporation. He also confirmed that he initialed every paragraph of the 'Acknowledgement' statement as well as writing and dropping off the apology letter that was delivered to Ferroni.

Dickson provided evidence in reply as follows:

- The sales to consumers whose vehicle purchases were paid for by cheques written by Rebecca Dickson all happened around the time when Ferroni no longer wanted to do any financing.

- Regarding the LAG vehicle purchase and difference in dating between registration of the vehicle in the LAG name and the bill of sale, Dickson said they did not have the money at the time of purchase and it took two months for them to gather the funds, "much like a lay-away";
- Regarding the Dealership sale to JG, Dickson 'swapped' JG into another vehicle but the first one is still in Dickson's possession as Ferroni has renewed the lien on it.

### **The Registrar's Submissions**

Mr. Osler submitted that the case will ultimately be based on one issue: whether Dickson, individually or in his own dealership, meets the test for registration under section 6 of the Motor Vehicle Dealers Act, being the honesty and integrity test.

It is the Registrar's contention that Dickson was able to hide his actions, violate consumer trust, create fake bills of sale, forge signatures, expose consumers to potential liability and other problems. The allegations are that Dickson took money from the dealer, had his daughter write cheques to hide his conduct and that he asked for sexual favors to forgive a loan payment.

On specific points, Mr. Osler submitted the following:

#### Dickson withheld bills of sale from consumers

While there is a standard procedure to give a bill of sale to consumers from a 3-part bill of sale form, Ferroni showed originals were still in the file for a number of sales to the consumers AD, DH, BD, JA, SS. In addition, the consumers SS and MM never got a copy of any documents. This presents potential hardship when consumers don't get their bills of sale as it would impact a possible claim to the Protection Fund if they have no record of what they agreed to pay.

#### Signing blank bills of sale

Consumers BJSM and SS testified they were asked to sign a blank bill of sale and bills of sale were later filled in by Dickson. Consumer RTH also testified he signed a blank bill of sale.

#### Consumers signed blank promissory notes

These forms are standard and there is no information except that the consumer owes money. Consumers AC and MB signed blank promissory notes.

#### Fake bills of sale

Dickson conceded he created fake bills of sale. While Dickson's signature is found on bills of sale with forged consumer signatures, Dickson said he did not know how the signatures got there or who did it. There are multiple bills of sale with

different information on the bills of sale for Consumers AC, MB, BJSM, AD. Dickson's explanation for fake bills was to cheat the government out of taxes and that he did it with Ferroni because account bills with lower prices meant lower taxes. Mr Osler submitted that this was not believable but if it were fact, it would fail the honesty and integrity test.

The Acknowledgement statement

Dickson did not contradict the Acknowledgement statement he signed and even if given benefit of the doubt, Dickson still fails the honesty test.

Dickson wanted to take money from the company

Money from sales which were not deposited to the Dealership ended up in Dickson's personal account or in his pocket when cash was paid. Mr.Osler drew the Tribunal's attention to the evidence relating to the transactions involving JA, SS, AD and BJSM in particular.

Dickson had his daughter write cheques to hide conduct

Dickson wanted the interest payments so he created a fake bill of sale to show an outright purchase and supplied financing personally. The deals with MM, TW, LAG and JG were set up that way.

Ferroni and PFK said they never got out of the financing business even though Dickson stated that Ferroni wanted out of it. Mr.Osler submitted that based on the evidence, Dickson's claim is not credible.

Dickson also claimed he has a financial interest in the Dealership but he has no evidence or proof to that effect – he has never been a shareholder. He acknowledged in his own testimony that Ferroni was the only shareholder.

Everything goes to the heart of the honesty and integrity test and the only issue is whether Dickson's past conduct affords reasonable grounds that he will not carry on the business with honesty and integrity.

In closing, the Registrar's Counsel referred to *Re: Allright Automotive Repair Inc. and Bruce Anderson*, S.C.J. 06-DV001219 dated April 15, 2008 in which the Court of Appeal confirmed the Tribunal's decision to revoke Allright's dealer licence and Anderson's sales person licence in stating:

[8] The conduct of Anderson, in this context, reflects not only upon the corporate dealership but as well upon him personally.

[9] While no doubt the Board's reasons are not couched in the applicable statutory language, we interpret the Board's reasons to be a finding that the past conduct of the Appellant Anderson as an officer and director of the corporation and as an individual, affords reasonable grounds for the belief that he would not conduct himself in accordance with the law, with integrity and honesty.

## The Applicant's Submissions

Mr. Dickson submitted that there are two reasons why he believes the Registrar has not proven his case. The first is that he has been in business for 34 years and has a complaint free record. He also claimed that he and Ferroni were partners.

Regarding the evidence of the consumer witnesses, Mr. Dickson submitted the following:

SS changed her story when she told Ferroni the deposit was \$1,500, the police \$1,000 to \$1,500 and at the Tribunal she said \$800. The sexual proposition allegation is not in the police statement. Her evidence varied from statement records, payments made, to the testimony at the hearing. Ferroni testified he credited SS \$4,700 but the accounting records show two different balances and there is no credit for \$4,700. Ferroni supplied no evidence about SS's allegations or the credit to SS. The only thing SS seemed sure of was that she still owed money and she is making payments.

MM did know the vehicle was financed by him. There was a real bill of sale and MM came to his house to drop off cheques and wish him well with the outcome of his business.

MB claimed he committed to renegotiate the deal if she made a large principal repayment within 6 months and he did that to the consumer's satisfaction. Dickson acknowledged he should have done all the adjustments on the bill of sale.

BJSM was contacted by Ferroni after her vehicle had been paid off. She also testified she had a bill of sale and misplaced it. Dickson noted that Ferroni wrote the statement which BJSM signed and yet accounting records show the monies paid went into her account. She claimed she bought the vehicle for \$10,000 everything included and it was afterwards that Ferroni gave her \$3,500. He questioned BJSM's credibility and suggested maybe the compensation was her motivation.

RTH did not know why he signed a blank bill of sale but acknowledged it was his signature. He also remembered the bill of sale and agreed with it. RTH testified he was not sure why he was at the hearing but it worked out for him.

JA said Ferroni told him there was no record of payments for his purchase and he could not understand why but JA never spoke to Dickson about it.

The bills of sale for AD had one signature that matched and one which did not. Dickson noted that while AD allegedly claimed his \$1,000 deposit was not recorded, he (AD) was not at the hearing to testify.

Regarding the issue of a blank promissory note, he has not done anything to cheat anyone, but felt the promissory note was the way to protect the company in case “we should need the promissory note”.

Mr. Dickson disagreed that he was taking advantage of consumers saying that his customers were repeat and referred customers. He claimed that he never put any one in harm’s way and if the compensation fund was mentioned as an issue, he would always resolve a problem because reliance on the Fund would end a dealer’s business.

With regard to his daughter Rebecca making payments for purchases by the consumers MM, TW, LAG and JG, and the allegation that these were done to hide something, Dickson argued Ferroni did not want to participate in financing. Therefore, he offered to help the customers who could not get personal financing. The Dealership made a profit when it was paid for the vehicles.

## **The Law**

The applicable provisions of the Act regarding registration state in part as follows:

### **Registration**

- 6.(1) An applicant that meets the prescribed requirements is entitled to registration or renewal of registration by the registrar unless,
- (ii) the past conduct of the applicant or of an interested person in respect of the applicant affords reasonable grounds for belief that the applicant will not carry on business in accordance with law and with integrity and honesty, or
  - (iii) the past conduct of its officers or directors or of an interested person in respect of its officers or directors or of an interested person in respect of the corporation affords reasonable grounds for belief that its business will not be carried on in accordance with the law and with integrity and honesty, or

### **Refusal to register, etc.**

- 8.(1) Subject to section 9, the registrar may refuse to register an applicant or may suspend or revoke a registration or refuse to renew a registration if, in his or her opinion, the applicant or registrant is not entitled to registration under section 6. 2004, c. 19, s. 16 (10).

## **ANALYSIS AND REASONS**

Based on the evidence and facts found, the Tribunal confirms the Registrar's proposal to revoke the registrations of Dickson Motor Sales and Leasing Inc. as a motor vehicle dealer and Cameron Scott Dickson as a salesperson under the Act. The reasons are as follows.



A great deal of evidence and testimony was presented, all of which was noted and considered. There was much evidence which dealt with situations, conversations, and claimed facts, which were not supported by either referenced individuals appearing as witnesses or by relevant documents. There were approximately 21 consumers referenced and only eight appeared to testify – two of whom testified for the Applicant.

For those who appeared, the Tribunal considered the passage of time between the hearing and the events examined in testimony (generally 5 to 7 years ago) as having an influence in instances of forgetfulness and uncertainty on the part of the consumer witnesses. The Tribunal does not consider this to be an explanation for forgetfulness on the part of Ferroni and Dickson who have both had in-depth involvement in this matter since the relationship between the two came apart.

Of the 6 consumer witnesses who appeared for the Respondent, it was alleged by the Applicant that the testimony of a number of them was influenced by the fact they received credits in the form of cash refunds or reductions in balances owing after Ferroni contacted them. The Tribunal was not blind to the point, however, its decision is based on the numerous documents before it and the fact the Applicant acknowledged certain of the evidence.

Despite the volume of testimony and evidence presented, this matter is seen as straight-forward and dealing with one issue only: *based on past conduct, can the Registrants be relied upon to carry on business in accordance with the law and with integrity and honesty.*

The Tribunal finds most compelling the fact the Applicant did not deny the Acknowledgement letter, which he signed and initialed every paragraph. In part it stated:

*I further acknowledge that in the course of my duties with the business I produced false invoices to the company's accountant, Ontario Provincial Sales tax, Goods and Services Taxes.*

*I further acknowledge that I did not declare or disclose benefits received on behalf of Bernard Ferroni Enterprises Limited from third parties.*

*I further acknowledge that I took monies (cash) from the business without accounting for same.*

*I further acknowledge that I deposited cheques from customers of Dickson Motor Sales and leasing to my personal account.*

In addition, the Tribunal noted the hand-written letter of apology delivered to Ferroni and the multiple bills of sale, blank documents and signatures which consumers said were not their own. The Applicant's forgetfulness about consumers' payments and what happened to those payments was also disturbing, raising questions about the credibility of the Applicant.

For a registrant to be in compliance, their past conduct would have to show (1) transparency in the sale process; (2) that consumers were provided with copies of all individual documents involved in the purchase and sale transaction; (3) that all consumer payments appear on the bill of sale; (4) there are no discrepancies between registered liens and final amounts on bills of sale; (5) there are no circumstances where consumers have been asked to sign a blank document; and (6) that the Registrant has properly registered a vehicle in its name before selling it to a consumer.

The Acknowledgement statement alone confirms the Applicant's conduct has not been in compliance on repeated occasions and therefore disentitles him to registration.

The Applicant has submitted that he has never had a consumer complaint against him during his 34 years of experience in the industry, but it does not excuse the conduct confirmed in the Acknowledgement statement.

It is also because of this length of experience that the Applicant is expected to have developed practices regarding the sequence and procedures to properly complete bills of sale, promissory notes, arrange vehicle registrations, and record deposit payments in the manner in which these things are required to be done. His claim to be weak on administrative procedures does not overcome what should be a benefit of his lengthy experience.

When the Applicant was asked about cheating on taxes, he said the company did that and he was asked to do it. There is no evidence to support his claim about the company's complicity, but his reply suggests complicity on his part because it also relates to the manner in which bills of sale were completed – where deposits and trade-in credits were not recorded and applicable taxes were only applied to a reduced vehicle sale value. The only form of denial offered by the Applicant was forgetfulness or lack of knowledge about who would have done that. On a balance of probabilities, the Tribunal does not accept that. The Applicant is found to have had full control of the dealings with the consumers and the documentation. It was only when documents were passed on to accounting that control of the documents changed. There is no reason to believe, based on the evidence before the Tribunal, that accounting would have changed any documents.

While the purchaser may not suffer when the bill of sale's final price reflects the reduced price they believe they are getting (after any downpayment and/or trade in value), it does leave them vulnerable to loss if they should ever need to prove the amount they have truly paid. This action fails the test of honesty and conduct in accordance with law.

Regarding cheque payments by Rebecca Dickson, the Applicant's reply was that he did not need to hide anything because Ferroni did not want to participate in financing. Yet, the Tribunal finds Dickson provided no evidence to show that there was any kind of agreement between himself and his employer to allow him to offer or provide their customers with his own personal financing.

In the absence of evidence of any such agreement, or even discussion, between Dickson and Ferroni on this issue, it is not unreasonable to conclude that Dickson did, in fact, act to hide his personal financing activity with consumers who thought they were doing business with the Dealership, such as MM, LAG, TW, JG. The evidence which confirms this is in the accounting records which show that the amounts received from Rebecca Dickson for specific sales are lower than what consumers believed they were paying.

Dickson claimed the business made a profit from the amount paid by Rebecca Dickson, but there is no evidence to support his claim and it is at least put into question by the difference in the amount of the Dickson cheque versus the lien registered against the vehicle (i.e., MM's lien was \$15,408 vs Rebecca Dickson cheque of \$7,599.25; TW's lien was \$22,260 vs Rebecca Dickson cheque of \$16,096.85; LAG's lien was \$15,360 vs Rebecca Dickson cheque of \$12,995).

While it is not clear why Dickson would register a lien in favour of the Ferroni business, against a vehicle he personally financed, instead of to himself, it appears there is a profit to Dickson.

The fact that Dickson did not properly record consumer downpayments or provide consumers with a bill of sale or copy of any/all documents, aside from his own acknowledgements, was confirmed in testimony – examples being:

- SS received no paperwork; signed blank documents and was not sure of a signature on documents; there was no bill of sale with record of cash down payment.
- MB's purchase had different bills of sale with different numbers which Dickson explained as changes reflecting additional payments. MB did not recognize one form information and signature; she had to complain to OMVIC to obtain a pay-out statement; the paperwork is confusing and should have been adjusted as credit payments were made - not doing that left the consumer vulnerable to being short-changed.
- BJSM acknowledged signing blank documents and did not recognize the signature or writing on another form; the deposit was not recorded;
- JA confirmed he did not receive a bill of sale or any other paperwork, only registration. The bill of sale price is less than what he said he paid. There was no record of deposit payment; he paid monthly by cash and received no receipts except when he paid by cheque. He looked at 2 bills of sale and confirmed one signed by him but the other was not his signature.
- MM received no bill of sale and no financing documents. The Dealership did not have record of her payments.

The Tribunal has also considered the uncontested evidence of OMVIC Inspector Smiley who testified he had in-person contact with BD, RTH, LAG, SS and telephone contact with MS who individually told him they did not have a bill of sale to provide to him.

There was documentary evidence about other consumers who were referred to as not having received documents and or who stated that signatures on documents were not their own. These consumers did not appear as witnesses, and therefore the specifics of that evidence is not included in these reasons.

However, in a number of instances where named consumers did not appear, the Tribunal notes the Applicant acknowledged writing and signing bills of sale, but claimed to not know who might have written in the consumer's signature. As well, he acknowledged asking consumers to sign blank bills of sale and promissory notes. He stated he was not able to recall who registered a vehicle lien. Dickson also identified the 'real bill of sale' for the AD sale and described the other as "something else" submitted for tax purposes; he acknowledged writing and signing both bills but does not know who signed AD's name on another copy.

Dickson also did not specifically deny that there were consumer cheques which went into his own bank account instead of to the Dealership, from whom the consumers purchased their vehicles. The only reason he provided was that cash and cheque deposits were split with Ferroni "because that's how we did business".

The Applicant did not provide any evidence to confirm that was indeed the way he and Ferroni did business but simply alleging of that possibility suggests the Applicant may have perspectives which would lead him to fail the test of honesty, integrity, and acting in accordance with the law.

On the other hand, if Dickson and Ferroni were partners in the business, as the Applicant attempted to show at the outset of the hearing, they would, as business owners, be able to manage their revenues as they saw fit, but only after the sale, and proper documentation of the sale details, had been completed.

Regarding the registration of every vehicle a dealer acquires for resale, Dickson claimed that in the RTH sale, it was Ferroni who made the registration error because he was the one who purchased it from Wills Chevrolet. While Dickson calls it "simply an error", it does not seem credible that Dickson or Ferroni, with the length of their individual experience in business would make such an error.

In the JG sale, Dickson claimed that the applicable tax went to the government anyway because the consumer had to register the vehicle through MTO for licensing, but this misses the point of dealers having to register vehicles to their business, regardless of how briefly it may be in their possession. It is a requirement of the legislation and failure to do so is indicative of a failure in compliance.

There is no evidence to support Dickson's claim that Ferroni shared cash deposits. However, by his assertion, Dickson seems to be acknowledging there was improper paperwork which did not show the true selling price.

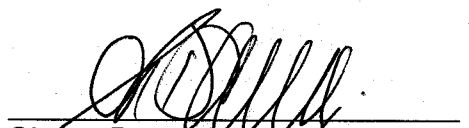
**Conclusion**

Considering all the evidence, the Tribunal finds that the Registrar has, on a balance of probabilities, proved its case and that the past conduct of the Applicants affords reasonable grounds for belief that Scott Cameron Dickson and Dickson Motor Sales and Leasing Inc. will not carry on business in accordance with law and with honesty and integrity.

**ORDER**

Pursuant to the authority vested in it under the provisions of the Act, the Tribunal directs the Registrar to carry out the Proposal to revoke the registration of Dickson Motor Sales and Leasing Inc., as a motor vehicle dealer and to revoke the registration of Scott Cameron Dickson as a motor vehicle salesperson.

Licence Appeal Tribunal



Simon Dann, Presiding Member

*Released: May 2, 2014*

EXHIBIT	TAB	PAGE	Exhibit Description
3	10	75	Ontario Min of Revenue Tax & Interest Summary (Dec.24/09)
3	12	79	copy of Scott Dickson 2page "Acknowledgement"
3	13	81	copy of statement signed by consumer "AD" stating deposit not recorded (Nov. 17/10)
3	13	82	copy of Bill of Sale full name signed by consumer "AD" (02/29/08) with \$3,495 selling price
3	13	83	copy of Bill of Sale to consumer "AD" with different signature (no date) with \$8,000 selling price
3	13	86	copy of consumer "AD" chq#238 deposit payment to Dickson Motors \$1,000 (01/28/08)
3	13	88	copy of MTO vehicle record register to consumer "AD" 01/23/08
3	14	91	copy of notes by OMVIC's Jean Cameron re mtg with Ferroni (Nov. 18/10)
3	15	93 A	copy of statement by Ferroni to Hamilton Police about Dickson & consumer "MS" loan complaint
3	15	97	copy of consumer "MS" statement dated Oct. 6/10 about \$1,000 loan to her by Dickson
3	16	99	copy of letter by Dickson lawyer to consumer "MS" requesting post dated chqs for loan
3	17	100	copy of Ferroni complaint about auto repair paid for by dealership and payments from vehicle owner not received by dealership
3	18	107	copy of OMVIC notes re Ferroni claim Dickson paid transmission repair shop and charged vehicle owner but did not deposit consumer payments to dealership
3	18	109	copy of chq paid to transmission repair shop
3	18	110	copy of OMVIC notes re consumer "JA" cash payments to Dickson
3	18	111	copy of Bill of Sale signed by consumer "JA" (06/20/07) with \$14,000 selling price & no deposit notation
3	18	112	copy of consumer "JA" chq of \$5,000 deposit payment on vehicle purchase
3	18	113	copy of account record balance & payments for consumer "JA"
3	18	114	copy of notes for amounts of a purchase of \$19,000 less \$5,000 deposit payment to save tax & add'l 24 payments of \$500
3	19	115	copy of OMVIC notes from Ferroni re consumer "DH" differences in bills of sale
3	19	116	copy of Bill of Sale for vehicle sold to consumer "DH" dated 07/30/10 w/sell price\$4,995 & mileage of 167,195km & sidenote of 369,176km - signed by consumer
3	19	117	duplicate bill of sale excluding ref to 369,176km; signed by consumer; notation bill of sale "Void Renegotiated Sale Price because of mileage discrepancy"
3	19	118	copy of Bill of Sale for vehicle sold to consumer "DH" dated 07/30/10 w/sell price\$1,500 & mileage of 369,176km - signed by consumer
3	19	121	copy of undated Promissory note for \$66,000 loan signed only by consumer "DH"
3	19	125	copy of dealership cancelled chq dated 04/28/08 for \$33,000 to consumer "DH" & memo for mobile home purchase
3	19	127	copy of MTO vehicle record register to consumer "DH" on 07/30/10 with 187,000km and registerd to dealership 04/21/10 with 364,640km
3	20	131	copy of OMVIC notes re consumer "NL" & Ferroni claim no paperwork on file for vehicle purchased by consumer and payments being made to Dickson
3	20	132	copy of Bill of Sale to consumer "NL" (10/11/09) with \$1,000 selling price - consumer signature not readable
3	20	135	copy of vehicle registration document to consumer "NL", plate portion with handwritten notes about \$200 cash payments without receipts
3	21	137	copy of OMVIC notes re consumer "SS" & Ferroni claim no paperwork on file for vehicle purchased by consumer and payments being made to Dickson

3	21	138	copy of Bill of Sale initialed by consumer "SS" (04/12/09) with \$14,995 selling price
3	21	139	copy of registration vehicle portion to dealership & plate portion with expiry date 08/06/08 to consumer "SS"
3	21	140	copy of registration vehicle portion to dealership & plate portion with expiry date 09/06/08 to consumer "SS" & handwritten notes for payment calculations
3	21	141	copy of Safety Standards Certificate for 2005 Ford-odometer of 147,491km dated 11/04/08
3	21	142	copy of vehicle insurance coverage for consumer "SS" dated 11/03/08
3	21	143	copy of blank promissory note (2pgs) initialed by consumer "SS"
3	21	145	copy of blank Notice of Assignment initialed by consumer "SS"
3	21	146	copy of blank Vehicle Leasing Agreement (5pgs) initialed by consumer "SS"
3	21	151	copy of insurance coverage assignment re a lien on vehicle; initialed by consumer "SS"; undated & no vehicle details
3	21	152	copy of accounting record for consumer "SS" loan payments
3	22	154	copy of OMVIC notes from Ferroni re consumer "BM" who brought insurance money for his stolen vehicle to Dickson
3	22	155	copy of accounting record for consumer "BM" vehicle and showing write off of loan balance
3	22	157	copy of handwritten note by consumer "BM" explaining his vehicle purchase from Dickson & later cash payment of balance after it was stolen & he had received insurance money
3	22	159	copy of insurance chq to consumer "BM"
3	22	160	copy of MTO vehicle record register to consumer "BM" then to insurance company on 04/29/09
3	23	164	copy of OMVIC notes re Ferroni claim consumer "GJ" had no bill of sale for vehicle & registration went from original owner to consumer GJ
3	23	165	copy of Ferroni complaint re consumer "GJ" purchase with dealership records bill of sale amount less than what JG claimed he paid
3	23	166	copy of Bill of Sale to consumer "GJ" (12/05/09) with \$1,800 selling price - consumer signed
3	23	167	copy of vehicle registration document to consumer "GJ", vehicle & plate portions with handwritten note about \$4,000 payment question
3	23	169	copy of MTO vehicle record register to show registration from owner before consumer "GJ" to GJ directly on 09/21/09
3	23	174	copy of dealership CIBC deposit slip with name of "G Mazda" and \$1,000 dated 01/21/10
3	23	177	copy of dealership CIBC deposit slip with name of "GJ" and \$1,320 dated 04/19/10
3	23	183	copy of dealership cancelled chq payable to "IB" who was MTO registered as previous owner of "GJ" vehicle dated 03/13/09 for \$700 & no memo information
3	24	188	copy of agreement between consumer "JMC" and Ferroni dealership for return of vehicle and penalty payment (09/28/10)
3	24	189	copy of Bill of Sale for vehicle sold to consumer "JMC" dated 06/19/09 w/sell price \$6,995 signed by consumer
3	25	190	unsigned copy of note to Hamilton Fraud Dept re consumer "AC" vehicle purchase with claim of no bill of sale record & no record of \$3,000 deposit payment
3	25	192	copy of Bill of Sale for vehicle sold to consumer "AC" dated 11/01/06 w/sell price \$2,750 & consumer claim not his signature
3	25	193	copy of Bill of Sale for vehicle sold to consumer "AC" dated 09/28/06 w/sell price \$7,000 - consumer agrees his signature
3	25	197	copy of note signed by Dickson to confirm consumer "AC" vehicle paid out, dated 11/16/09

3	25	198	copy of blank promissory note (2pgs) signed by consumer "AC"
3	25	201	copy to confirm lien on consumer "AC" vehicle for amount of \$\$11,300
3	26	206	unsigned copy of note to Hamilton Fraud Dept re consumer "MB" vehicle purchase describing bills of sale used & no record of claimed \$5,000 deposit payment
3	26	208	copy of Bill of Sale for vehicle sold to consumer "MB" dated 05/02/07 w/sell price \$9,750
3	26	209	copy of Bill of Sale for vehicle sold to consumer "MB" dated 05/02/07 w/sell price \$12,995
3	26	210	copy of Bill of Sale for vehicle sold to consumer "MB" dated 05/02/07 w/sell price \$13,995
3	26	211	copy of account record balance & payments for consumer "MB" - opening balance of \$16,568.28
3	26	213	copy of blank promissory note (2pgs) signed by consumer "MB"
3	27	226	copy of note to Hamilton Fraud Dept signed by consumer "BJSJ" re vehicle purchase & bill of sale provided to her not the details of her deal
3	27	227	notes describing payments received by dealership but not \$5,000 chq from "BJSJ"
3	27	229	copy of Bill of Sale for vehicle sold to consumer "BJSJ" dated 01/15/08 w/sell price \$3,995
3	27	230	copies (3pgs) of account record balance & payments for consumer "BJSJ" - date of 01/12/07 to 30/11/10 opening balance of \$6,750
3	27	232	copy of account record for consumer "BJSJ" opening balance of \$8,550 on 15-Feb-08
3	27	237	copy of Bill of Sale for vehicle sold to consumer "BJSJ" dated 01/11/08 w/sell price \$4,400
3	27	242	copy of cancelled chq from consumer "BJSJ" payable to Dickson for amount of \$5,000 dated 01/11/08
3	27	244	copy of BJSJ letter re "To Whom It May Concern" (dated Feb. 16, 2011) to Hamilton Fraud Dept confirming she had no bill of sale & bill Ferroni showed her did not reflect her purchase details
3	28	246	copy of notes by Bernie Ferroni describing payment details of vehicle sale to consumer "MM"
3	28	252	copy of lien on consumer "MM" vehicle registered to dealership for amount of \$15,408
3	28	253	copy of #078 cancelled chq in amount of \$7,599.25 from Rebecca Dickson to dealership with "MM" name on written on memo line
3	28	260	copy of Bill of Sale for vehicle sold to consumer "MM" dated 08/22/09 w/sell price \$6,475
3	28	262	copy of account record balance & payments for consumer "MM" - opening balance of \$15,408 with hand written notes for "Deposit \$1,000" and "Deleted file Record"
3	28	273	copy of dealership CIBC deposit slip with name of "MM" and \$7,599.25 dated 08/31/09
3	28	288	copy of MTO vehicle record register to consumer "MM" dated 08/11/09
3	29	297	unsigned notes describing vehicle sale to consumer "TW" who claimed no bill of sale but had an envelope with handwritten note of monthly payment amount of \$530 for 42 months, \$6,000 cash and \$1,000 nissan
3	29	305	copy of Bill of Sale for vehicle sold to consumer "TW" dated 08/27/09 w/sell price \$14,995 and total amount due of \$16,096.85
3	29	306	copy of dealership CIBC deposit slip with name of "TW" and \$16,096.85 dated 09/09/09
3	29	307	copy of cancelled chq \$16,096.85 by Rebecca Dickson & memo name "W" for consumer name "TW" (09/09/09) to Dickson Motors



3	29	309	copy of lien on consumer "TW" vehicle & registered to dealership for amount of \$22,260
3	29	310	copy of handwritten note reading "TW \$530@ mon 42 mon \$6,000 cash and \$1,000 Nissan"
3	29	313	(pgs 313 to 319 incl & pg 325) copies of cancelled chqs to Dickson Motor Sales & Leasing in amount of \$530 each from consumer "TW"; 3 chqs have S Dickson name written into 'Pay To' line
3	29	337	copy of vehicle history search for "TW" Nissan shows ownership transfer to Ferroni dealership 10/26/09 and then to consumer "SMD" on same date, to consumer "VC" on 12/10/09 and back to Ferroni dealership on 04/21/10
3	30	372	copy of Investigative Summary notes of OMVIC Investigator Blake Smiley
3	31	379	copy of OMVIC letter to Ferroni regarding consumer "BD" complaint (05/27/11)
3	31	380	copy of Bill of Sale for vehicle sold to consumer "BD/KL" dated 03/13/08 w/sell price \$7,995
3	31	381	copy of MTO vehicle record register to consumer "BD" on 03/14/08
3	32	388	copy of letter "To Whom It May Concern" advising Dickson Motor Sales & Leasing Inc. at 366 Barton St., Hamilton has no interest in 2001 Pontiac Aztek vehicle; handwritten note refers to consumer "LAG" name
3	32	390	copy of MTO vehicle record register to consumer "LAG" 04/06/09
3	33	394	copy of Bill of Sale for vehicle sold to consumer "RTH" undated w/sell price \$5,995
3	33	396	blank Bill of Sale with consumer "RTH" signature only
3	33	397	copy of MTO vehicle record register to consumer "RTH" on 09/19/08
3	34	400	copy of OMVIC letter to Dickson requesting reply to allegations (10/21/10)
3	35	407	copy of OMVIC contacts with Dickson
3	9		copy of handwritten notes by Jean Cameron describing her first meeting with Ferroni the dealership location and allegations by Ferroni regarding Dickson
3	11		copy of "To Whom It May Concern" description of Ferroni allegations/signed Ferroni
3	1		copy of Notice of Proposal to Revoke registration of Cameron Scott Dickson and Dickson Motor Sales and Leasing Inc.
3	5		profile Cameron Scott Dickson registration with OMVIC
4	40	429	(paragraph 2) police charge note that "Dickson sold some of these vehicles for cash or had the cheque made payable to himself with the proceeds not going into the company account..."
4	40	432	police charge note describing consumer "AC" experience with Dickson
5	3	6	copy of chq \$12,995 by Rebecca Dickson & memo name "LAG" (Nov 23/09) to Dickson Motors
5	5	9	copy of email from Kathy Emberley to Scott Dickson re paid out loans deleted (Mar 25/10)
5	1		copy of personal handwritten note addressed to "Bernie" and signed "S.D."
7			copy of completed Promissory Note describing loan details to consumer "MM" for her vehicle purchase - dated 08/06/09
8		49	copy of Bill of Sale for vehicle sold to consumer "TEH" dted Sept.09/97
10		4	copy of ltr from Ferroni to Mr. "B" re lien on consumer "TW" purchased vehicle (Apr 15/11)
5-vol 5	7	2	Consumer "AC" copy of cancelled chq \$1,500
5-vol 6	12	9	copy of #31 chq \$321 from consumer "MM" to Dickson (May 20/10)
5-vol 6	12	10	copy of #33 chq \$321 from consumer "MM" to Dickson July 20/10)
5-vol 6	12	10	copy of #99 chq \$321 from consumer "MM" to Dickson Oct 20/10)
5-vol 6	12	11	copy of #2 chq \$321 from consumer "MM" to Dickson Dec 20/10)
5-vol 6	12	11	copy of #3 chq \$321 from consumer "MM" to Dickson Jan 20/11)
5-vol 6	9	17	copy of Bill of Sale with signature of consumer "LAG" (06/06/09) with \$3,500 selling price

5-vol 6	9	18	copies handwritten notes on Dickson notepaper dated May 12/09 and Apr 14/09
5-vol 6	9	19	repeat of May 12/09 note with add'l note "Paid in Full, July 7/09"
5-vol 6	9	21	CIBC deposit slip of May 12/09 with consumer "LAG" name showing \$12,995
5-vol 6	9	23	copy of Bill of Sale reads signature of consumer "LAG" (09/21/09) with \$11,250 selling price
5-vol 6	9	24	copy of handwritten notes July 29/09-\$1,000, Sept/09 of \$4,000 & \$320/mo for 48 months
5-vol 6	9	25	CIBC deposit slip of Oct.23/09 with consumer "LAG" name showing \$500
5-vol 6	9	28	website page showing finance calculator for interest on \$12,995 at 8.4503%
5-vol 6	9	39	copy of lien on consumer "LAG" vehicle for amount of \$15,360
5-vol 6	2	3	Consumer "BJSJ" copy of cancelled chq \$5,000
5-vol 6	5	10	copy of Bill of Sale initialed by consumer "SS" (04/12/09) with \$14,995 selling price
5-vol 6	5	11	copy of Bill of Sale full name signed by consumer "SS" (04/10/09) with \$7,695 selling price
5-vol 6	5	13	copy of account record payments by consumer "SS" with opening bal \$23,600 on Dec. 15/08
5-vol 6	5	14	notations re missed payments by consumer "SS"
5-vol 6	5	15	copy of account record payments #32 thru #59 by consumer "SS"
5-vol 6	5	16	handwritten note of 15 plus 1 payments for total of \$6,351
5-vol 6	12		copies of notes and documents for consumer "MM" vehicle purchase
5-vol 6	1		copies of notes and documents for consumer "JG" vehicle purchase