



**Citation: M.T.M. Autohaus Inc., Kaveh Kafei-Yahyavi, Hossein Farjam v.
Registrar under the *Motor Vehicle Dealers Act, 2002*, 2025 ONLAT MVDA 16626**

Licence Appeal Tribunal File Number: 16626/MVDA

In the matter of an appeal from a Notice of Proposal to revoke registrations
under s. 9(1) of the *Motor Vehicle Dealers Act, 2002*, S.O. 2002, c. 30, Sch. B.

Between:

M.T.M. Autohaus Inc., Kaveh Kafei-Yahyavi, and Hossein Farjam
Appellants

and

Registrar under the *Motor Vehicle Dealers Act, 2002*
Respondent

DECISION

ADJUDICATOR: Bruce Stanton

APPEARANCES:

For the Appellants: Justin Jakubiak, Counsel

For the Respondent: Shivali Vig, Counsel

Heard by videoconference: July 23, 2025

OVERVIEW

- [1] M.T.M. Autohaus Inc. (the “Dealer”), Kaveh Kafaee-Yahyavi and Hossein Farjam (collectively the “Registrants”) appeal from the Notice of Proposal to Revoke Registration (“NOP”) issued by the respondent, the Registrar under the *Motor Vehicle Dealers Act, 2002*, S.O. 2002, c. 30, Sch. B (the “Act”) on December 24, 2024.
- [2] The Dealer was first registered as a motor vehicle dealer under the *Act* on or about October 4, 2001.
- [3] Kaveh Kafaee-Yahyavi has been registered as a motor vehicle sales manager and the person in charge of the day-to-day operation of the Dealer since about November 8, 2016.
- [4] Hossein Farjam is an officer/director of the Dealer and has been registered as a motor vehicle salesperson at the Dealer since May 14, 2015.
- [5] The Registrants individually filed Notices of Appeal to the Licence Appeal Tribunal (“Tribunal”) January 8, 2025.

ISSUES

- [6] The issues in dispute are:
 - i. Is M.T.M. Autohaus Inc. disentitled to registration as a dealer under the *Act* pursuant to ss. 6(1)(d) and (f);
 - ii. Is Kaveh Kafaee-Yahyavi disentitled to registration as a salesperson under the *Act* pursuant to s. 6(1)(a)(ii); and
 - iii. Is Hossein Farjam disentitled to registration as a salesperson under the *Act* pursuant to s. 6(1)(a)(ii)?

RESULT

- [7] The parties reached a resolution of the disputed issues based on the Registrants’ acceptance of conditions proposed by the respondent and which are the basis of the conditions contained in this order.

ANALYSIS

Conditions of Registration

- [8] I find that it is appropriate to impose conditions on the registrations of the Registrants.

- [9] Pursuant to s. 9(2) of the *Act*, a notice of a proposal to revoke registration pursuant to s. 9(1) must state that the registrant is entitled to a hearing by the Tribunal, if the registrant mails or delivers the notice of appeal within 15 days to the Tribunal. There is no dispute that the notice issued by the respondent met the requirements of s. 9(2) and the appeals were filed within the time limit.
- [10] Section 9(5) of the *Act* stipulates that if a hearing is so requested, the Tribunal must hold a hearing and may by order direct the Registrar to carry out its proposal, or substitute its opinion for that of the Registrar, and the Tribunal may attach conditions to its order or to a registration.
- [11] The dispute on the issues of this proceeding has been resolved by the parties' agreement that conditions be imposed on the Registrants' registration. The parties seek an order from the Tribunal, under its authority set out in s. 9(5), to impose the conditions on the registrations.
- [12] To impose conditions, I must be satisfied that the conditions are appropriate under the circumstances and that they support the purposes of the *Act* and the regulations which together, regulate the activities of motor vehicle dealers and sellers in interest of protecting consumers and bolstering confidence and integrity in Ontario's motor vehicle sales sector.
- [13] Section 6(1) of the *Act* sets out the thresholds for registration, both for individuals and corporations, below which an applicant or registrant would become disentitled to registration. For example, it establishes that registrants are expected to be financially responsible and must carry on business in accordance with the law and with integrity and honesty.
- [14] The respondent submits that financial responsibility requirements of registrants are rigorous for good reason. It submits that the potential financial harm to consumers that could be caused from wayward registrants is high. Dealers and registrants must have the financial means to uphold warranties, transfer funds and make payments.
- [15] The respondent submits that consumers rely on a high level of financial security from vehicle sellers. Consumers must know, for example, that when they trade a vehicle in on a new vehicle, and the trade-in requires that a lien be retired by the vehicle dealer, that the dealer has the financial resources to ensure the lien is properly discharged as part of the transaction.

- [16] The same can be said of deposits on new purchases. Customers leaving cash deposits with dealers must have confidence that their deposit will be held in trust to be applied to the future transaction.
- [17] The respondent submits that revocation was the appropriate action in the NOP because financial issues were at the centre of the Registrants' violations. There was potential of harm to consumers and the resulting undermining of confidence in the integrity of the motor vehicle dealer sector.
- [18] Much of the NOP arose from the Registrants' inattention to its financial responsibilities and discipline.

The Notice of Proposal

- [19] The NOP alleges that the Registrants contravened various provisions of the *Act* and O. Reg. 333/08 under the *Act* (the "Regulation"), and breached terms and conditions which they had consented to as registrants under the *Act*, as follows:
- i. the Dealer failed to provide notice to the respondent, as required by s. 31(1)(a) of the Regulation, within 5 days of receiving new financing from a private source. The acceptance of private financing was also a violation of condition U of the terms and conditions the Dealer agreed to as part of its registration on or about May 23, 2023;
 - ii. the Dealer issued several cheque payments on, and authorized an automatic debit from, its bank account between March and July 2024 when there were insufficient funds to satisfy them;
 - iii. the Dealer failed to meet its financial obligations in remitting HST to the Canada Revenue Agency ("CRA") on time;
 - iv. the Dealer failed to provide a trust account for cash deposits in accordance with s. 58(4) of the Regulation which stipulates that a trust account must be available for customer deposits greater than \$10,000.00.
- [20] The NOP alleges that, Mr. Farjam, as the sole director of the Dealer, and Mr. Kafaei-Yahyavi, as the person-in-charge of the Dealer, each failed to take reasonable care to prevent the Dealer's contraventions of the *Act* and the Regulation.
- [21] The Registrants submit and acknowledge that they neglected to advise the respondent of the new financing arrangements and have since undertaken to ensure this violation will not re-occur.

- [22] The Registrants submit that they erred in issuing the cheques and authorizing the payments between March and July 2024 and upon discovering the errors, ensured there would be sufficient funds to successfully reissue the payments. The respondent acknowledges the documentation filed by the Registrants demonstrates the resolution of these payments.
- [23] The Registrants submit that they recently undertook a change in their business model that resulted in taking cash deposits of over \$10,000.00 and for the sale of vehicles on consignment. However, they acknowledge that they neglected to provide a trust account for these purposes pursuant to s. 58 of the Regulation. They have since established a trust account for these purposes.
- [24] The Registrants acknowledge that they got behind in their HST remittances to CRA and have entered into an agreement with CRA, effective June 19, 2025, to address the HST arrears with monthly payments over 8 months, commencing July 18, 2025. The respondent confirms it has a copy of the payment arrangements with CRA.
- [25] The Registrants submit that they took steps immediately after receiving the NOP to provide information to the Registrar, retain legal counsel, and begin the steps toward addressing the allegations in the NOP. They submit that until the NOP, they had operated many years in the regulated industry without issue and Mr. Kafei-Yahyavi and Mr. Farjam each had an unblemished record with the Registrar over their years since first becoming registered.
- [26] For the reasons described above, I am of the opinion that the conditions proposed by the parties are appropriate under the circumstances because they reinforce the mandate of the *Act* and Regulation in protecting consumers and ensuring the financial integrity of the motor vehicle sales sector.

ORDER

- [27] The parties agree that the NOP shall not be carried out and rather, that, pursuant to s. 9(5) of the *Act*, I order the following conditions be applied to the registrations of the Registrants:
- i. The Registrants will comply with all requirements of the *Act*, the Regulation, the Code of Ethics in Ontario Regulation 332/08, the Ontario Motor Vehicle Industry Council (“OMVIC”) Standards of Business Practice, 2010 and OMVIC Guidelines, as may be amended from time to time. The Registrants further agree to read all correspondence and bulletins from OMVIC as released;

- ii. The Registrants will provide the Registrar with notice in writing, within five (5) days of any substantive changes to their business plan or information provided in obtaining their registration, pursuant to section 31 of the Regulation;
- iii. Mr. Farjam and Mr. Kafaiei-Yahyavi agree to enroll in the Ontario Motor Vehicle Industry Council's MVDA Key Elements Course ("Course") and to be responsible for all enrolment fees. The Course exam must be completed within 90 days of the date of this order and test results must be reported to OMVIC within 10 days of receipt. If Mr. Farjam or Mr. Kafaiei-Yahyavi fail to achieve a passing grade of 80% on the Certification Course exam, they must complete the exam again within 90 days of the date of this Consent Order and report all results to OMVIC;
- iv. The Registrants will maintain all books and records at the Registrants' registered premises in accordance with the *Act* and pursuant to section 52 through to and including section 60 of Ontario Regulation 333/08;
- v. The Registrants will maintain books and records, which accurately records the true nature of transactions involving the trade of a motor vehicle. The Registrants will not be involved in the creation of books and records, which are false or misleading as to the true nature of a transaction involving the trade of a motor vehicle;
- vi. The Registrants will provide free access to their books and records to an authorized representative of the Registrar in accordance with section 15 of the *Act*;
- vii. The Registrants will maintain a garage register in accordance with section 60(1) of the *Highway Traffic Act*, R.S.O. 1990, c. H.8 (the "HTA") and pursuant to section 57 of the Regulation;
- viii. The Registrants will not purchase a vehicle without first ensuring that the vehicle is registered to the seller, as per the records of the Ontario Ministry of Transportation (MTO);
- ix. The Registrants will ensure that all vehicles purchased will be registered to the Dealer at the MTO within 6 days in accordance with section 11 of the HTA;
- x. The Registrants will maintain bank accounts that are compliant with section 59 of the Regulation;

- xi. The Registrants will maintain a trust account, in respect to any deposits made in excess of \$10,000.00 or any funds in relation to motor vehicles sold on consignment on the behalf of a consumer, pursuant to s. 58 of the Regulation. The Registrants agree to provide written confirmation to the Registrar, within five days of receipt of this order, that a trust account has been established in the Registrants' business name at its financial/banking institution;
- xii. The Registrants will provide the Registrar with notice in writing, within five (5) days of any future collections, judgements, consumer proposal or bankruptcy proceedings involving the Registrant(s) or Dealer;
- xiii. The Registrants shall provide the Registrar with written notice of any new sources of financing or guarantors within ten (10) days of having arranged for or received the financing, whichever comes first. It further agrees not to accept any new sources of financing or guarantors without the Registrar's prior approval, in writing. This does not apply where the Dealer has applied on its own account and obtained financing from a corporation registered under the *Loan and Trust Corporations Act*, *The Bank Act* or from a credit union or league to which the *Credit Unions and Caisses Populaires Act* applies, as may be amended from time to time;
- xiv. The Registrants will comply with all federal, provincial and municipal tax obligations. The Registrants will ensure all required filings are current and submitted with required payments. All taxes collected are deemed to be trust funds and will not be used for any other purpose other than remittances to the federal, provincial and municipal government;
- xv. The Registrants shall submit a written report to the Registrar, detailing the status of the Dealer's arrears to the Canada Revenue Agency ("CRA"). The report must include the outstanding balance owed to the CRA, along with a summary of the payments made during the reporting period, specifying the amounts and dates of each payment. The Registrants will also provide proof of the payments made and outstanding balance in a format approved by the Registrar, including but not limited to, the production of official CRA documentation confirming the contents of the report. The Registrants agree to submit this report to the Registrar in accordance with the following schedule:
 - (a) Q3 (Third Quarter): July 1, 2025 to September 30, 2025 = Letter due October 10, 2025

(b) Q4 (Fourth Quarter): October 1, 2025 to December 31, 2025 =
Letter due January 10, 2026

(c) Q1 (First Quarter): January 1, 2026 to March 31, 2026 = Letter
due April 10, 2026

- xvi. The Dealer agrees to provide any further reports as directed by the Registrar to aid in her review of the Dealer's financial viability;
- xvii. The Dealer shall provide an irrevocable Letter of Credit in the amount of \$50,000 within 90 days of this order, in favour of the Motor Vehicle Dealers Compensation Fund from a financial institution under the *Loan and Trust Corporations Act*, which will remain in place for two (2) years from either the date of registration or the last retail transaction of the Registrant (the "Closure of Business"), whichever is earlier;
- xviii. The Letter of Credit shall be in the form set out by the Registrar and will be submitted to the Registrar within 90 days of the date of this order;
- xix. Should the financial institution give notice that the Letter of Credit is to be rescinded, the Registrant shall provide a replacement Letter of Credit before the expiry of the notice period;
- xx. The Registrar may release a portion of the funds held by the Letter of Credit before the Closure of Business, subject to the following:
 - (a) The request must be made in writing to the Registrar;
 - (b) The request must be made by all the owners, partners, officers, directors, and shareholders registered with the Registrant;
 - (c) The request must be made no less than 2 (two) years after the Letter of Credit was deposited with the Registrar, and
 - (d) The Registrar shall hold back the minimum holdback amount of \$5,000, until the Closure of Business;

- xxi. The Registrar has the discretion to approve the release of the Letter of Credit based on the Registrant's compliance record and other risk considerations that the Registrar deems appropriate at the time of the request.

Released: August 1, 2025



Bruce Stanton
Adjudicator