

## DISCIPLINE DECISION

REVIEWING PANEL: Sherry Darvish, Public Member  
Anne French, Registrant Member  
Jon Lemaire, Registrant Member

IN THE MATTER OF A DISCIPLINE HEARING HELD PURSUANT TO THE MOTOR  
VEHICLE DEALERS ACT, 2002, S.O. 2002, c.30, Sch. B

B E T W E E N :

ONTARIO MOTOR VEHICLE )  
INDUSTRY COUNCIL )  
- and - )  
CARLOANMASTERS INC. o/a )  
CAR LOAN MASTERS )  
- and - )  
SUMUGHAN SOTHINATHAN )  
)

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This matter proceeded by way of Rule 1.07 of the Rules of Practice before the Discipline Tribunal and the Appeals Tribunal. This Reviewing Panel has reviewed and considered written materials from the Parties together with a waiver of the requirement for an oral hearing and hereby makes the following Order:

**Date of Decision:** December 11, 2025

**Findings:** **Carloanmasters Inc. o/a Car Loan Masters (the “Dealer”) has breached the following:**

- Sections 3(1), 4(2), 5(18), 5(21), 7(1), 9(1) and 9(3) of the Code of Ethics, O. Reg. 332/08

**Sumughan Sothinathan (“Sothinathan”) has breached the following:**

- Sections 6(2) and 9(1) of the Code of Ethics, O. Reg. 332/08

## **Order:**

1. The Dealer shall pay a fine in the amount of **\$4,000** no later than one hundred eighty (180) calendar days from the date of the Discipline Tribunal's Order.
2. Sothinathan shall pay a fine in the amount of **\$250** no later than one hundred eighty (180) calendar days from the date of the Discipline Tribunal's Order.
3. Sothinathan shall successfully complete the MVDA Key Elements Course no later than one hundred eighty (180) calendar days from the date of the Discipline Tribunal's Order.
4. The Dealer shall **offer** to all current and future salespersons, employed by the Dealer, to **fund** their completion of the MVDA Key Elements Course no later than one hundred eighty (180) calendar days from the date of the Discipline Tribunal's Order.

## **Overview**

This matter proceeded on the basis of an Agreed Statement of Facts, dated November 10, 2025, a jointly proposed disposition and a waiver of oral hearing, pursuant to Rule 1.07 of the Rules of Practice before the Discipline Tribunal and the Appeals Tribunal. The Agreed Statement of Facts states in relevant part as follows:

## **Withdrawals**

The allegations contained in paragraphs 4, 5, 6 and 13 of the Notice of Referral to Discipline ("NORD") dated January 10, 2025, are withdrawn.

## **Background**

1. The On or about November 5, 2021, the Dealer was first registered as a motor vehicle dealer under the Act. It is currently registered as a General Dealer of used vehicles.
2. On or about January 19, 2016, Sothinathan (also known as Sam) was first registered as a motor vehicle salesperson under the Act. At all materials times to this matter, Sothinathan has been the Officer, Person in Charge, bank signing authority and Finance Manager for the Dealer.

## **Dealer's Non-Compliance:**

3. On or about October 9, 2024, a representative of the Registrar (the "Inspector") attended the Dealer's premises to conduct a books and records inspection. The Inspector met with Sothinathan. The following contraventions were discovered as a result of the inspection, as particularized and explained below.

## **Advertising Non-Disclosure**

4. On or before October 9, 2024, the Dealer advertised a 2021 Audi Q5 (VIN: \* 090393) for sale. The Dealer failed to indicate in its advertisement that the vehicle was a previous daily rental, as required pursuant to s. 36(5) of O. Reg. 333/08. The Dealer thereby breached

ss. 4(2) and 9(3) of the Code of Ethics. On or about September 4, 2024, the Dealer sold the 2021 Audi Q5 to a consumer and disclosed, in writing on the bill of sale, that the vehicle was a previous daily rental.

#### Failure to Disclose on Wholesale Trade

5. On or about September 8, 2024, the Dealer sold a 2020 Hyundai Elantra (VIN: \*928968) to another dealership. The Dealer failed to disclose in writing on the bill of sale, that the vehicle was previously reported stolen and declared by an insurer to be a total loss, and thereby breached ss. 5(18) and 5(21) as well as ss. 7(1) and 9(3) of the Code of Ethics.

#### Failure to Pay Existing Loan

6. On or about October 26, 2023, the Dealer sold a 2021 Audi Q5 (VIN: \*006529) to a consumer and acquired the consumer's trade-in vehicle, a 2017 Audi A4 (VIN: \*052872) with an existing loan. The Dealer arranged the financing for the new vehicle and rolled in the negative equity of the trade-in into the financing. The Dealer was responsible for paying off the existing \$26,000 loan and ensuring the lien was promptly discharged for the 2017 Audi A4; however, the Dealer failed to do so.
7. The Dealer explained to the Inspector that an arrangement was made and the Dealer was instead making bi-weekly payments of \$328 to the consumer. Approximately one year later in October 2024, the consumer's loan remained outstanding and the lien undischarged. By January 2025, the loan was paid in full and the lien was discharged.
8. The Dealer failed to act in a financially responsible manner and thereby breached ss. 3(1) and 9(1) of the Code of Ethics.

#### Failure to Remit HST

9. As of September 2024, the Dealer owed the Canada Revenue Agency ("CRA") for HST returns in the amount of approximately \$60,000. The Dealer thereby failed to comply with its HST remittance obligations in a financially responsible manner. The Dealer thereby breached ss. 3(1) and 9(1) of the Code of Ethics. On or around January 2025, the Dealer paid all outstanding amounts owed to the CRA.

#### **Sothinathan's Non-Compliance:**

10. In regards to the above, Sothinathan failed to ensure that the Dealer conducted its business in compliance with the Act, its regulations, and the Code of Ethics, and thus Sothinathan personally contravened ss. 6(2) and 9(1) of the Code of Ethics.

#### **Code of Ethics Violations**

11. As particularized above, the Dealer has violated the following sections of the Code of Ethics:

##### *Integrity*

3(1) A registrant shall be financially responsible in carrying on business.

*Disclosure and marketing*

4(2) A registrant shall ensure that all representations, including advertising, made by or on behalf of the registrant in connection with trading in motor vehicles, are legal, decent, ethical and truthful.

*Disclosure of Information*

5. A registered motor vehicle dealer who enters into a contract to sell or lease a motor vehicle to a person who is also a registered motor vehicle dealer shall ensure that the following information is disclosed in the contract:

(18) If the vehicle was declared by an insurer to be a total loss, regardless of whether the vehicle was classified as irreparable or as salvage under section 199.1 of the *Highway Traffic Act*, a statement to that effect.

(21) If the vehicle had been recovered after being reported stolen, a statement to that effect.

*Compliance*

7(1) A registrant shall ensure that all documents used by the registrant in the course of a trade in a motor vehicle are current and comply with the law

*Professionalism*

9(3) A registrant shall use the registrant's best efforts to prevent error, misrepresentation, fraud or any unethical practice in respect of a trade in a motor vehicle.

12. As particularized above, the Dealer and Sothinathan have violated the following section of the Code of Ethics:

*Professionalism*

9(1) In carrying on business, a registrant shall not engage in any act or omission that, having regard to all of the circumstances, would reasonably be regarded as disgraceful, dishonourable, unprofessional or unbecoming of a registrant.

13. As particularized above, Sothinathan has violated the following section of the Code of Ethics:

*Accountability*

s. 6(2) A registered salesperson shall not do or omit to do anything that causes the registered motor vehicle dealer who employs or retains the salesperson to contravene this Regulation or any applicable law with respect to trading in motor vehicles

**Decision of the Reviewing Panel**

Having reviewed and considered the Agreed Statement of Facts and written submissions provided by the Parties, the Reviewing Panel is satisfied that the evidence contained in the Agreed Statement of Facts substantiates the allegations that the Dealer breached sections 3(1), 4(2), 5(18), 5(21), 7(1), 9(1) and 9(3) of the Code of Ethics and that Sothinathan breached sections 6(2) and 9(1) of the Code of Ethics.

The Reviewing Panel accepted the parties' proposed resolution for the reasons below.

## **Reasons for Decision**

In arriving at its decision, the Panel reviewed the facts of this case, submitted case law and decisions of the Discipline and Appeals Tribunal.

The Panel accepted as mitigating factors that this is the Respondents' first time before the Discipline Tribunal. The Panel also acknowledges the diligent efforts on the part of the parties to reach a settlement agreement, saving the time and expense of a contested hearing. The Panel accepted the submission that the Respondents have taken responsibility for the misconduct, admitted their breach of the Code of Ethics and will undertake to avoid any future non-compliance.

Overall, the Panel is satisfied that the agreed upon penalty satisfies the sentencing principles of specific and general deterrence, maintains public trust, meets the objectives of rehabilitation and remedial action, and that the proposed penalty is in the public interest.

Ontario Motor Vehicle Industry Council  
Discipline Tribunal

Dated: December 11, 2025

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S. Darvish

Sherry Darvish, Public Member

On behalf of:  
Anne French, Registrant Member  
Jon Lemaire, Registrant Member