



Citation: Port Whitby Village Inc. o/a Richmond Hill Chrysler, Dodge, Jeep, Ram and Sorbara v. Registrar, *Motor Vehicle Dealers Act, 2002*, 2025 ONLAT MVDA 17796

Licence Appeal Tribunal File Number: 17796/MVDA

In the matter of an appeal from a Notice of Proposal to Revoke Registration under section 9 of the *Motor Vehicle Dealers Act, 2002*, S.O. 2002, c. 30, Sch. B (the "Act"), and an Immediate Temporary Suspension Order Issued under section 10 of the *Act*.

Between:

Port Whitby Village Inc. o/a Richmond Hill Chrysler, Dodge, Jeep, Ram and Joseph Anthony Sorbara

Appellants

and

Registrar, *Motor Vehicle Dealers Act, 2002*

Respondent

DECISION and ORDER

ADJUDICATORS:

Bruce Stanton, Member

Dagmar Boettcher, Member

APPEARANCES:

For the Appellant:

Joseph Sorbara, Appellant

Blair McRadu, Counsel

For the Respondent:

Rishi Nageshar, Counsel

Held by videoconference:

October 15, 2025

OVERVIEW

- [1] On September 18, 2025, the Registrar under the Act, (the “Registrar”) issued a Notice of Proposal to Revoke Registration (“NOP”) under s. 9 of the *Motor Vehicle Dealers Act, 2002*, S.O. 2002, c. 30, Sch. B (the “Act”), and an Immediate Temporary Suspension Order (“ITSO”) under s. 10 of the Act to the appellants, Port Whitby Village Inc. o/a Richmond Hill Chrysler, Dodge, Jeep, Ram (“RHC”) with respect to its registration as a motor vehicle dealer, and to Joseph Sorbara, in respect of his registration as a motor vehicle salesperson.
- [2] The appellants appealed the NOP to the Licence Appeal Tribunal (“the Tribunal”) on September 30, 2025.
- [3] Joseph Sorbara is a director, and a Person-In-Charge of the day-to-day activities of RHC. Joseph Sorbara and RHC are interested persons of each other pursuant to s. 6(4) of the Act.
- [4] Under section 10(3) of the Act, an ITSO expires 15 days after the Tribunal receives a written request for a hearing under section 9 of the Act, unless the Tribunal extends the time of expiration until the hearing is concluded. Section 10(3)(b) stipulates that the Tribunal may extend the expiration time of an ITSO if a hearing on the associated NOP has commenced within the 15-day period. Only then would the Tribunal have the authority to order an extension of the ITSO until the hearing is concluded.
- [5] As the Notice of Appeal was filed on September 30, 2025, the ITSO is scheduled to expire on October 15, 2025, which is the date of the hearing that is the subject of this Order.
- [6] The hearing commenced on October 15, 2025 at 9:30 a.m. and after discussions, the parties agreed that today’s hearing would allow the parties to present their submissions and evidence on the first issue; whether the Tribunal should extend the expiry of the ITSO until the completion of the hearing on the NOP, and also to discuss procedural elements of the continuation of the hearing on the remaining issues.
- [7] At the conclusion of the hearing pertaining to the ITSO, and for clarity, we orally ordered that the ITSO continue until the hearing for the NOP is concluded.

ISSUES

- [8] As noted above, the parties agreed that issue 1 would be heard today and the balance of the substantive issues will be heard at a resumption of the hearing at a later date. The scope of substantive issues 2 through 4 was on consent.

[9] The issues to be determined are:

1. Whether the expiry date of immediate temporary suspension order on the appellants' registrations should be extended until the conclusion of the hearing;
2. Whether Port Whitby Village Inc. is disentitled to registration as a motor vehicle dealer because:
 - a) having regard to its financial position or the financial position of an interested person in respect of the corporation, it cannot reasonably be expected to be financially responsible in the conduct of its business; and
 - b) it is in breach of a condition of its registration.
3. Whether Joseph Sorbara is disentitled to registration as a motor vehicle salesperson because:
 - a) having regard to his financial position or the financial position of an interested person in respect of him, he cannot reasonably be expected to be financially responsible in the conduct of his business.
4. If one or both of the appellants are disentitled to registration, whether the Tribunal should direct the Registrar to carry out the proposal, or substitute its opinion for that of the Registrar, or attach conditions to its order or to a registration.

RESULT

[10] The expiry date of the immediate temporary suspension order is extended to the conclusion of the hearing. A case conference will be scheduled for the parties to discuss further procedural elements of the continuation of the hearing. The hearing is adjourned and will be resumed at a future date determined by the Tribunal.

Procedural Issues

[11] At the commencement of the hearing, the Registrar requested permission to record the audio portion of the hearing using Windows Sound Recorder in Windows 11. Pursuant to the Rules 13.1, 13.3, and the Tribunal's Practice Direction on Recording Hearings, a party may record a hearing on an audio recording device in order to supplement their notes, on the understanding that the Tribunal must give permission to record, and that the party who self-records provides copies to the other parties and, upon request, to the Tribunal. The parties acknowledged that they understand that the recording does not become part of the

record of the hearing. The appellants had no objection to the recording of the hearing by the Registrar and the Tribunal allowed the Registrar to record the hearing.

ANALYSIS

Extension of the ITSO

- [12] We find that the ITSO should be extended pursuant to section 10(3) of the Act until the conclusion of the hearing for the NOP.
- [13] The Registrar bears the onus to establish that it is in the public interest that the ITSO be extended pending the outcome of the hearing of the appeal of the NOP. To satisfy its onus, the Registrar must establish that the conduct on which it relies occurred and forms a reasonable basis for the NOP and that the nature of the conduct and the circumstances are such that it is a matter of public interest that the registration remain suspended pending the outcome of the NOP hearing.
- [14] The respondent requests an extension of the ITSO until the hearing is concluded.
- [15] The appellants oppose the extension of the ITSO.
- [16] We heard evidence from Emma Didier, an Ontario Motor Vehicles Industry Council (“OMVIC”) investigator, Erica Bursey, an OMVIC Manager of Inspections, and the appellant, Joseph Sorbara.
- [17] At the hearing, the Registrar raised the three issues which it submits establishes that it is in the public interest that the ITSO remain in effect until the conclusion of the hearing of the appeal, as follows:
1. having regard to the appellants’ financial position, the appellants cannot reasonably be expected to be financially responsible in the conduct of their business;
 2. RHC’s Notice of Intention to make a proposal on July 30, 2025, pursuant to section 50 of the *Bankruptcy and Insolvency Act*, indicates further financial instability; and
 3. the appellants did not comply with the Terms and Conditions of a previous Consent Order dated April 26, 2023, in that:
 - a) The appellants failed to comply with paragraph 8 regarding the requirement to provide a copy of the financial statements to the

Registrar annually no later than 120 days after completion of its fiscal year end; and

- b) The appellants failed to comply with paragraph 17 regarding the requirement to comply with federal and provincial tax obligations in a timely manner.

Financial Position

- [18] The evidence presented at the hearing was that Joseph Sorbara has been registered as a salesperson under the Act since October 9, 1987 and that RHC was first registered as a dealer under the Act on November 3, 2014.
- [19] During the course of Ms. Didier's inspection, it was determined that since January 2025, the dealer had been operating at the top of its \$500,000 overdraft limit and the indebtedness had been increasing monthly, as detailed below:
1. January overdraft \$233,888.75
 2. February overdraft \$331,350.46
 3. March overdraft \$380,927.19
 4. April overdraft \$320,876.52
 5. May overdraft \$412,504.13
 6. June overdraft \$412,632.38
 7. July overdraft \$452,405.62
- [20] Ms. Didier's review of RHC's HST records revealed that some HST payments in 2025 had been filed late as detailed below:
1. April HST due May 31, 2025; filed June 4, 2025
 2. June HST due July 31, 2025; filed August 26, 2025
- [21] Ms. Didier also testified there was no indication the appellant's financial statements were filed with the Registrar as required by the Consent Order dated April 26, 2023.
- [22] The respondent argued that the appellant's financial obligations significantly exceeded its current assets in the form of inventory. For example, Ms. Didier testified that, as of March 2024, it owed the \$8,114,187 for vehicles available for

sale (“Floor Plan Liability”) but only reported \$6,254,380 in new and used car inventory.

- [23] One of the appellant’s, Joseph Sorbara (“Sorbara”), testified that the dealership had not been profitable since he arrived in approximately 2020, that the liabilities of the dealership could not be met without an injection of cash, that the obligations to the creditors could not be satisfied without liquidating, and that the dealership could not continue without an injection of cash. He also testified under cross-examination that HST, in the amount of approximately \$560,000, had not been paid and that lease payments to the landlord were outstanding. Sorbara was also not able to confirm if RHC met its sales projections for August.
- [24] Sorbara testified that that the dealership was in the process of negotiating the sale of the business.
- [25] The appellants submit that the landlord is supportive of the sale of the dealership and understands the sale will allow RHC to resolve all of its debt obligations, The two major creditors have been supportive of the appellants’ decision to sell. Sorbara testified that RHC is insolvent. The appellants did not direct us to any documentary evidence regarding the landlord’s or the two major creditors’ support for an impending sale.
- [26] The appellant directed us to RHC’s forecasted cash flow for a 10-day period from October 15 to 24, 2025, which showed cash outflows of \$154,000 and sales (inflows) of \$109,000. To balance the cash requirements, a shareholder injection of \$45,000 would be required. The appellants submit that without the ability to continue in business beyond October 15, 2025, the dealership’s financial position will become worse.
- [27] We find the respondent meets its burden in demonstrating that there is a public interest in extending the expiry of the ITSO on the basis of the appellants’ financial position because RHC is unable to meet its current financial obligations to its creditors, the Receiver General for Canada, and landlord, without cash injections from shareholders and the appellants have not demonstrated a source of cash for those purposes is available. In the current state of RHC’s finances, we are not satisfied that RHC could uphold its obligations to meet customer financing requirements (pay out liens, premiums on warranties, apply deposits). As the respondent points out, RHC’s liabilities exceed its inventory and Sorbara confirms that the dealership is insolvent.
- [28] We find that the respondent has demonstrated there is a reasonable basis for the NOP and the conduct of the appellants occurred such that there is a public interest in extending the expiry of the ITSO until the conclusion of the hearing.

Notice of Intention to make a proposal

- [29] The Registrar submits that the financial position of RHC had been deteriorating between 2024 to 2025 and that this financial instability, in conjunction with the Notice of Intention (“Notice of Intention”) to make a proposal on July 30, 2025 pursuant to section 50 under the *Bankruptcy and Insolvency Act* (“BIA”), constitutes significant risk to consumers and other dealerships and suppliers who might do business with the appellants, in terms of the security of any customer deposits, the ability of the dealership to meet its business liabilities (payables, payroll) and the ability to comply with other financial obligations to consumers such as warranty premiums and paying out liens on vehicles being traded in.
- [30] Sorbara testified that the dealership filed the Notice of Intention to put pressure on the current landlord to reduce the monthly lease rate for a new prospective buyer of the dealership.
- [31] The appellants testified that an Extension Order dated October 14, 2025 from the Ontario Supreme Court of Justice (Commercial List) pursuant to subsection 50.4(9) of the BIA, which provides for a stay of bankruptcy proceedings up to and including October 27, 2025, was to allow for negotiations between the companies, the prospective purchaser, and the landlord. The appellants submit that the stay of bankruptcy ordered by the Court represents an endorsement of the appellants’ position.
- [32] The appellants submit that the ITSO should be permitted to expire to allow RHC the opportunity to commence sales of its inventory pending a sale. Sorbara testified that it would not be adding new inventory, just selling its existing vehicles “on the floor”, thereby not incurring additional liabilities.
- [33] We are persuaded by the respondent’s evidence and submissions that the Notice of Intention, despite any strategic negotiating value it may give RHC, raises considerable risk to the public by virtue of customer deposits, warranty premiums, and the paying out of liens on used vehicles, potentially being put in jeopardy.
- [34] We acknowledge that a pending sale of RHC could alleviate the risk to the public interest but we must decide the issue on the basis of the evidence before us. Given the current state of RHC’s finances, together with the Notice of Intention, we find the respondent has reasonable basis for the NOP and the conduct of the appellants that has occurred provides no confidence that the public interest would be protected if the ITSO were permitted to expire.

Failure to Comply with Consent Orders

- [35] The Registrar also submits that the appellants failed to comply with the Tribunal's Consent Orders dated August 5, 2021 and April 26, 2023, and argues that the appellant's failure to comply with the Consent Orders is evidence of their inability to adhere to orders and legislation, and inattention to important consumer protections in a regulated industry. The Registrar submits that this failure to comply is concerning, given the potential harm to consumers that could arise from a dealer's financial instability.
- [36] With respect to the above, the Registrar testified that the appellants had not complied with the requirement to provide annual financial statements to the Registrar no later than 120 days after completion of its fiscal year end. The Registrar argues that it requires compliance with requests for information in order to carry out its mandate to protect the public and the appellants' failure to comply with the terms and conditions prevents it from carrying out the scrutiny that is required in protecting the public interest. The Registrar submits that is why the ITSO must be extended until the conclusion of the hearing.
- [37] Ms. Didier also testified that there was no confirmation in the files that the financial statements had been provided to the Registrar as required by the Consent Order dated April 26, 2023. Additionally, Ms. Didier testified that the controller, Ms. Tas Osman, advised that she was not aware that the financial statements were to be filed annually with the Registrar as a condition in the Consent Order.
- [38] The appellants submitted they were aware that they were required to provide the financial statements to the Registrar no later than 120 days after completion of its fiscal year as per the Consent Order, however Sorbara, on behalf of the appellants, testified that they did not provide them to the Controller, Tas Osman.
- [39] The Registrar also testified that the appellants had not complied with the federal and provincial tax obligations and the appellants agreed that that CRA was owed \$560,000 for HST.
- [40] We accept that a failure by the registrants to comply with requests for documentation and other information is likely to prevent a regulator, in this case OMVIC, from carrying out its mandate and protecting the public interest.
- [41] We find that the appellants' record of non-compliance with the terms of its registration support the necessity of keeping the ITSO in force until the completion of the hearing.

Conclusion

- [42] Based on the evidence and testimony presented, we find that the appellants are currently not able to stabilize their financial position, RHC's debts exceed their ability to meet their financial obligations, including tax remittances, and the appellants have a record of non-compliance with terms and conditions imposed on their registrations. We find that RHC's failure to comply with its tax obligations supports an extension of the ITSO and find further that the Registrar has met its burden to establish that it is in the public interest to extend the expiry of the ITSO until the conclusion of the hearing,
- [43] Accordingly, we find that it is in the public interest to extend the expiry date of the ITSO to the conclusion of the hearing on the Notice of Proposal.
- [44] A case conference shall be scheduled to permit the parties to disclose documents, receive any new information on the progress of the intended purchase and sale of the dealership, discuss settlement of the issues in dispute, and, if necessary, the further procedural elements of the resumption of the hearing.
- [45] The hearing will be resumed at a later date(s) pursuant to this order.

ORDERS

- [46] The ITSO is extended pursuant to section 10(3) of the Act until the conclusion of the hearing.
- [47] A 2-hour case conference shall be scheduled on one of either:
1. **November 4, 2025, commencing at 11:00 a.m., or**
 2. **November 10, 2025, commencing at 11:00a.m., or**
 3. **November 14, 2025, commencing at 1:00 p.m.**
- [48] The Tribunal will issue a Notice of Case Conference to the parties to confirm the specific date and time.
- [49] The hearing is adjourned and will resume with a 2-day videoconference hearing on one of either:
1. **January 26, 2026 and January 27, 2026, or**
 2. **January 27, 2026 and January 28, 2026, or**
 3. **January 28, 2026 and January 30, 2026.**

[50] The Tribunal will issue a Notice of Hearing to the parties.

Other Procedural Issues

[51] The Licence Appeal Tribunal Rules 2023 apply to this appeal, except where varied by an order of the Tribunal.

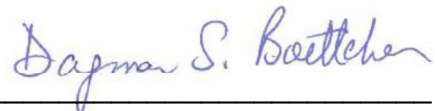
[52] If the parties reach an agreement on the issues in dispute prior to the scheduled case conference, they shall immediately advise the Tribunal. The appellants must then file a Notice of Withdrawal with the Tribunal and serve a copy of that Notice to the respondent. the Tribunal will thereafter cancel the case conference and hearing and close the file.

[53] Nothing in this Order affects any requirement under the Act.

Released: October 28, 2025



Bruce Stanton
Adjudicator



Dagmar Boettcher
Adjudicator