



**Citation: McKee Technology Inc. o/a Auto Auto Group, BBA Auto Inc o/a BBA Auto Group, Lifeng Wang and Jingwen Zhang v. Registrar, *Motor Vehicle Dealers Act, 2002*, 2023 ONLAT 14792**

**Licence Appeal Tribunal File Number: 14792/MVDA**

In the matter of an Appeal from a Notice of Proposal to Refuse Registrations issued by the Registrar pursuant to the *Motor Vehicle Dealers Act, 2002*, c. 30, Sch. B

Between:

**McKee Technology Inc. o/a Auto Auto Group, BBA Auto Inc o/a BBA Auto Group,  
Lifeng Wang and Jingwen Zhang**

**Appellants**

and

**Registrar, *Motor Vehicle Dealers Act, 2002***

**Respondent**

**DECISION**

**ADJUDICATOR:**

**Rebecca Hines**

**APPEARANCES:**

For the Appellants:

Samuel Eng, Counsel

For the Respondent:

Jane Samler, Counsel

**Held by videoconference:**

**November 28, 29 and 30, 2023**

## BACKGROUND

- [1] This is an appeal of the Notice of Proposal (“NOP”) issued by the Registrar, *Motor Vehicle Dealers Act, 2002* (the “respondent”) on March 15, 2023, to revoke the registrations of McKee Technology Inc. o/a Auto Auto Group (“Auto Auto”) and BBA Auto Inc. o/a BBA Auto Group (“BBA”) (collectively the “corporate appellants”) as motor vehicle dealers. The NOP also proposes to revoke the registrations of Lifeng Wang (“Wang”) and Jingwen Zhang (“Zhang”) (the “appellants”) as motor vehicle salespersons.
- [2] Wang and Zhang are spouses to one another. The respondent alleges that as Wang and Zhang are the only shareholders and are the sole directors of the corporate appellants, they are “interested persons” in the corporate appellants within the meaning of s.6(4)(a-c) of the Act: As shareholders, each has a beneficial interest in the other’s business. Further, as the two directors each may exercise control (directly or indirectly) over the other person and the other person’s business, each of their past conduct must be considered when determining the other’s entitlement to registration under s. 6(1)(a)(ii) of the *Act*.
- [3] The respondent submits that the past conduct of Wang and/or Zhang affords reasonable grounds for belief that both they, along with the corporate appellants, will not carry on business in accordance with the law and with integrity and honesty and are therefore disentitled to registration as motor vehicle salespersons and dealers pursuant to s. 6(1) (a) (ii) and (d)(iii) of the Act.
- [4] The respondent also argues that all four appellants are in breach of a condition of their registrations and are disentitled to registration pursuant to s. 6(1)(f) of the *Act*. The onus is on the respondent to prove that the NOP should be carried out.
- [5] The appellants submit that this appeal arises from two isolated incidents and that the Tribunal should consider their past history when determining whether they meet the test for registration.

## ISSUES IN DISPUTE

- [6] The issues are:
  - i) Are Wang and Zhang and the corporate appellants interested persons in respect to one another?
  - ii) Whether the past conduct of Wang and/or Zhang affords reasonable grounds for belief that they will not carry on business in accordance with

the law and with integrity and honesty, thereby disentitling either of them or both of them to registration pursuant to s. 6(1)(a)(ii) of the *Act*?

- iii) Whether the past conduct of Wang and/or Zhang affords reasonable grounds for belief that both corporate appellants businesses will not be carried out in accordance with the law and with integrity and honesty thereby disentitling the corporate appellants to registration pursuant to s.6(1)(d)(iii) of the *Act*.
- iv) Whether the appellants and/or the corporate appellants are in breach of a condition of registration and are thereby disentitled to registration pursuant to s. 6(1)(f) of the *Act*.
- v) If I find that the appellants and/or corporate appellants are disentitled to registration then I must determine whether registrations should nonetheless be ordered in the circumstances and whether conditions should be attached.

## RESULT

- [7] The respondent has established that the past conduct of Wang and Zhang affords reasonable grounds for belief that the appellants and the corporate appellants will not carry on business in accordance with the law and act with honesty and integrity. The public interest cannot be adequately protected by attaching terms, or conditions to the licence. I therefore direct the Registrar to carry out its NOP to revoke the registrations of the appellants under the *Act*.

## ANALYSIS

**Wang and Zhang and both corporate appellants are interested persons in respect to one another.**

- [8] Under s. 6(4) of the *Act*, a person is deemed to be an interested person in respect of another if the person is associated with the other person or if the person exercises or may exercise control either directly or indirectly over the other person. The respondent submits that pursuant to s. 6(4) of the *Act*, Wang, Zhang and both corporate appellants are interested persons in respect of one another because they:
- a) are associated with each other, pursuant to s. 1(2) of the *Act*;
  - b) have or may have a beneficial interest in each other's business;
  - c) exercise or may exercise control either directly or indirectly over the other person; and

- d) have provided or may have provided financing either directly or indirectly to each other's business.

- [9] The respondent argues that the appellants meet the definition of an interested persons because Wang and Zhang were both directors and shareholders of both Auto Auto and BBA when the Registrar issued its NOP proposing to revoke their registrations. Second, the appellants are spouses of one another and have a beneficial financial interest in the success of both businesses. Third, although the incidents which led to the NOP involved Auto Auto, BBA is controlled directly or indirectly by both appellants. Finally, the appellants have provided financing either directly or indirectly to each other's business. As a result, the respondent maintains that the fact they changed who ran the businesses on paper after the NOP was issued is not a free pass and both appellants and corporate appellants should be held accountable.
- [10] The appellants submit that although they were both listed as directors of both companies at the time the NOP was issued, in reality the businesses were run separately and independently by each spouse. For example, Wang has always been responsible for running the day-to-day operations of Auto Auto and Zhang has always been responsible for running the day-to-day operations of BBA. Furthermore, Zhang and BBA should not be penalized for Wang or Auto Auto's conduct as BBA has a clean record and was not in any way involved in the transactions that are the subject matter of this appeal. Finally, since the NOP was issued, they have each resigned from being a director involving the other company.
- [11] I agree with the respondent and find that Wang, Zhang, and both corporate appellants are interested persons pursuant to the definition in s.1(2) of the *Act*. As set out above, according to s. 6(4) of the *Act*, a person is an "interested person" in respect of another person if they are "associated with" the other person or if they have, or may have, a beneficial interest in the other person's business. Even if, as the appellants argue, Auto Auto and BBA were run separately and independently by each spouse, Wang and Zhang are interested persons in both corporate appellants by virtue of the fact that they were both officers, and directors in both corporate appellants at the time the NOP was issued and are therefore "associated" with the corporate appellants pursuant to s. 1(2) of the *Act*. Further, I find they each "may have a beneficial interest" in both corporate appellants' businesses since they are shareholders in those businesses. As a result, I agree with the respondent that the fact that they both resigned as director from the other corporation after the NOP was issued does little to challenge whether they meet the definition of being interested persons. For these reasons, I find that Wang, Zhang, Auto Auto, and BBA are all interested persons in one another for the purposes of s. 6 of the *Act*.

***The past conduct of Wang affords reasonable grounds for belief that he will not carry on business in accordance with the law and with integrity and honesty.***

- [12] Under s. 6(1)(a)(ii) and s. 6(1)(d)(iii), the onus is on the respondent to prove that the past conduct of Wang affords reasonable grounds for belief that he or Auto Auto will not carry on business in accordance with the law and with integrity and honesty. The standard of “reasonable grounds for belief” was set out by the Court of Appeal in *Ontario Alcohol and Gaming Commission of Ontario v. 751809 Ontario Inc. (Famous Flesh Gordon’s)*, 2013 ONCA 157 (CanLII). The respondent does not have to show that the appellants’ past conduct makes it more likely than not that the business will not be carried out as required, but only that its belief to that effect is based on more than mere suspicion and on compelling and credible information. Further, the respondent must also show that there is a nexus between the past conduct and the appellants’ ability to conduct business under the *Act* serving the interests of the public.
- [13] The respondent argues that it has shown reasonable grounds for belief based on Wang’s involvement in two transactions involving two motor vehicles: a 2017 Bentley Betayga (“Bentley”) and a 2015 Mercedes-Benz Sprinter (“Mercedes”). For ease of reference, I will discuss each transaction and my findings regarding Wang’s conduct in turn.

***Bentley Transaction***

***Failure to Complete Consignment Contract***

- [14] Section 45 of Ontario Regulation 333/08 (the “Regulation”) requires motor vehicle dealerships to complete a consignment contract setting out the terms in writing, signed by both the consumer and the dealer, and there is a requirement to provide a copy to the consumer and keep a copy on file at the dealership.
- [15] Both parties agree that on June 5, 2021, Jianyu Zhao (“Consumer A”) contacted Wang about selling his Bentley on a consignment basis, because he recently returned to China because of the COVID-19 pandemic. Their communication took place on a mobile communication app known as WeChat. Consumer A and Wang agreed that prior to the sale, the vehicle needed an inspection to identify any repairs.
- [16] On June 11, 2021, Wang retrieved the vehicle from Consumer A’s friend and provided him with information about the necessary repairs. WeChat records support that Wang provided the consumer with links for comparable vehicles which had sold between the range of \$189,000.00 to \$192,000.00, and Consumer A expressed that he was not happy with these price ranges. Consumer A testified that he never signed a consignment contract. Further, no

consignment contract was submitted into evidence by Wang. Therefore, I conclude that Wang breached s. 45 of the regulation because no consignment contract was completed, signed, provided to the consumer, and filed with the dealership. I find this conduct is but one example of how Wang has not conducted business in accordance with the law.

*Falsifying and Forging Information or Documents*

- [17] Sections 26 and 27 of the *Act* supports that no registrant shall falsify or induce another person to falsify or furnish any deceptive information or document relating to a trade in motor vehicles. Both parties agree that both appellants pleaded guilty to falsifying and furnishing information contrary to s.26 and 27 of the *Act*.
- [18] It is also agreed that on June 30, 2021, a representative from Auto Auto attended Service Ontario and transferred the vehicle's ownership from Consumer A to Auto Auto. On the same date Auto Auto sold the Bentley through Adesa Auto Action to another dealer.
- [19] Consumer A testified that he was not informed of the Bentley's transfer or sale until July 24, 2021, when Wang told him it had been sold the previous week. He also testified that he did not consent to the sale and was not aware of it until after the fact. Further, he expected that Wang would provide him with offers from buyers and he would provide acceptance depending on the terms. He trusted Wang because he had previously sold his girlfriend's Audi without issue. He also testified that he did not sign the application for registration, the letter of authorization to the Ministry of Transportation ("MTO") authorizing the sale, the vehicle permit, or the customer appraisal and disclosure form. Instead, Wang forged his signature on all of the documents, and unlawfully transferred the vehicle into Auto Auto's name, sold the vehicle without his permission and then failed to promptly remit the proceeds of the sale.
- [20] I find Consumer A to be a credible witness and believe his version of events because there is no motive for him to be dishonest because the outcome of this decision will not benefit him. In addition, his testimony was also consistent with what he reported to OMVIC, the WeChat texts, e-transfers from Wang and the correspondence and statement of claim issued by his lawyer.
- [21] Wang acknowledged during his testimony that he forged Consumer A's signature on the above-noted documents and that he also pled guilty to the provincial offence charges. However, he submits that he forged the signature and sold the vehicle with the consumer's consent or implied consent. In addition, the consumer allowed him access to certain documents such as his driver's licence

which allowed him to transfer the vehicle. He also maintains that he had verbal conversations with the consumer over WeChat and was given permission to sign the documents on his behalf, transfer the vehicle to Auto Auto and sell the vehicle through auction. Wang testified that he should not have trusted the consumer's verbal instructions.

- [22] I find Wang's version of events not credible because other than his oral testimony the evidentiary record does not support it. Further, his testimony is inconsistent with the fact that he pleaded guilty to falsifying and furnishing documents and the documents submitted on behalf of Auto Auto in response to the OMVIC investigation, which will be discussed later. I also find it concerning that Wang placed the blame on the consumer because there was no written contract in place because he trusted his verbal instructions. On a balance of probabilities, I am not convinced that any verbal instructions or consent was given by Consumer A in relation to this transaction. I find that Wang sold the vehicle without the consumer's permission and forged documents to do so. I find this conduct is another example of Wang conducting business that is not in accordance with the law and that he did not act with honesty and integrity. Further, I find the fact that Wang failed to remit payment to the consumer after the sale further calls his honesty and credibility into question which I will discuss now.

*Failure to Remit Payment from Proceeds of Sale*

- [23] Section 25 of the *Act* states that every motor vehicle dealer shall deposit any money from a transaction into a trust account and disburse money in accordance with any prescribed condition.
- [24] Both parties agree that Wang, on behalf of Auto Auto, received a payment in the amount of \$160,000 plus taxes and fees for the sale of the vehicle on July 2, 2021. It is also agreed that Wang did not promptly remit payment to the consumer.
- [25] Consumer A testified that between July and September 2021, he repeatedly tried to get paid for the sale the of the vehicle, to which Wang either ignored or responded with an excuse. These communication attempts were supported by the WeChat records. Eventually, he had to retain counsel and issue a statement of claim against Wang and Auto Auto in order to be paid for the sale, which was paid off in sporadic installments into 2023.
- [26] Wang acknowledged during his testimony that his failure to remit payment to Consumer A immediately following the sale was wrong; however, he was in bad health and his business was struggling because of the COVID-19 pandemic. I am

not satisfied with his explanation for not immediately remitting payment to the consumer after the sale because business was slow because of the COVID-19 pandemic. I find his explanation does not justify his actions. Nor was any medical evidence before me to support that Wang had any health issues to explain the significant delay in paying the consumer. Although Wang eventually paid him, I find the fact that it took him two years to do so did little to mitigate his conduct. Further, the consumer had to retain counsel and commence legal proceedings to get paid.

[27] In my view, Wang's conduct was unprofessional, dishonest, and self-serving. In addition, I find he showed limited insight into the impact of his actions on the consumer who had communicated to him that he needed the money from the sale to pay for his university tuition. The severity of Wang's conduct in relation to this transaction has also resulted in criminal charges being laid against him, which are currently before the courts.

[28] I find that Wang on behalf of Auto Auto violated the aforementioned sections of the *Act* by failing to complete a consignment contract, by forging and falsifying information in order to sell the vehicle without the owner's permission, and by failing to put the proceeds from the sale into a trust fund and promptly remit payment. I conclude that Wang demonstrated a pattern of non-compliance with the law regarding this transaction which supports that there are reasonable grounds for belief that he will not carry on business in accordance with the law and with honesty and integrity. This impugned conduct directly relates to the motor vehicle sales industry that Wang wishes to continue participating in. I will now address Wang's conduct in relation to the Mercedes transaction.

### ***Mercedes Transaction***

#### ***Failure to Complete Consignment Contract***

[29] In July 2020, Boqing He ("Consumer B") contacted Wang about selling his Mercedes on a consignment basis because he was returning to China. At the time, there was an outstanding loan and a lien with Scotiabank. He purportedly completed an online consignment agreement, in which Auto Auto agreed to remit any sale proceeds towards his outstanding loan with the bank. Neither party produced a copy of the consignment contract at the hearing. Consumer B testified that he expected that Wang would provide him with offers from buyers and he would provide acceptance depending on the terms. It was also agreed that if the sale price was insufficient to discharge the lien with the bank, then the consumer would be responsible to pay the difference. Their communication also took place through WeChat.

- [30] WeChat texts confirm that on February 20, 2021, Wang contacted the consumer and communicated that he received an offer from a buyer to purchase the Mercedes in the amount of \$29,500.00. Consumer B asked Wang if he could check with the bank to find out the balance on the loan. However, he testified that he did not hear back from Wang, so he assumed that the deal had not gone through.
- [31] Consumer B also tried to communicate with Wang on WeChat up until May 7, 2021, about the status of the sale of the vehicle but did not receive a response.
- [32] Even if I were to accept that an online consignment contract was completed, I find that Wang once again violated s.45 of the Regulation by failing to provide a copy of the contract to the consumer and filing same with the dealership. I find Wang's inaction another example of him conducting business that is not in accordance with the law.

#### *Falsifying and Forging Information or Documents*

- [33] As highlighted above, both appellants acknowledged that they pleaded guilty to falsifying and forging information and documents. Consumer B testified that when he returned to Canada in October 2022, he contacted Auto Auto about the status of the Mercedes and was told that the vehicle could not be located. He attended Service Ontario and learned that on February 23, 2021, someone from Auto Auto had transferred the ownership registration out of his name over to Auto Auto. He also discovered that on March 3, 2021, Auto Auto leased out the vehicle to a company by the name of Extreme Environmental, who made a downpayment of \$8,000 and made monthly payments of \$600.00. He then filed a complaint with OMVIC and the police.
- [34] Consumer B testified that he did not consent to Wang or Auto Auto to transfer his vehicle into Auto Auto's name, nor did he agree to lease his vehicle and he was not aware of it until he followed up with Service Ontario. He acknowledged that he signed a UCDA Customer Disclosure and Appraisal Form in order for Wang to sell the vehicle; however, he was not suspicious because Wang had sold a previous vehicle for him, and they had built up trust.
- [35] Wang testified that he had verbal conversations with Consumer B on WeChat and that he agreed to sell the vehicle to the buyer for \$29,500.00, and he would then pay the balance of the loan to the bank, which would be reimbursed by the consumer. However, Wang submits that he was unsuccessful in getting information from the bank about the outstanding loan. He also maintains that the Consumer B agreed to contact his bank and e-transfer the balance of the loan to him, but he never did. Wang asserts that Consumer B breached the contract so he leased out the vehicle because it could not be sold with an outstanding lien.

[36] I find Consumer B to be a credible witness and believe his version of events that Wang and Auto Auto transferred the ownership and leased his vehicle without his knowledge or consent. I do not find Wang's explanations about what transpired convincing as his testimony was not supported by the evidentiary record. Further, as highlighted above, I do not find Wang to be a credible witness. In my view, if the consumer agreed to and was aware of what had transpired it does not make logical sense that he would continue to make biweekly payments on the loan to his bank for such a long period of time which I will discuss now.

*Failure to Remit Payment from Proceeds of Sale*

[37] I find that Wang once again failed to put the proceeds of the sale of the vehicle into a trust account and remit funds to the consumer contrary to s. 25 of the Act. Consumer B testified that he had no reason to suspect that the sale had gone through because he continued to pay \$416 biweekly on the outstanding loan up until April 2023 which was confirmed by his bank statements. Nor did he receive any money from the \$8,000 downpayment made by Extreme Environmental. In April 2023, without notice Wang paid Scotiabank for the balance on the outstanding loan for the vehicle. Prior to that, Consumer B did not receive any money from Wang for the lease of his vehicle and to date he has not been paid in full.

[38] Wang acknowledged during his testimony that in April 2023, he paid off the balance of Consumer B's loan with the bank because he did not want to get into trouble with OMVIC. Further, he provided a cheque in the amount of \$16,000.00 which is being held in trust by his lawyer so that Consumer B would not be further impacted.

[39] I find that Wang did not provide a reasonable explanation for why he did not provide any payment to the consumer between February 2021 and April 2023, when Auto Auto received a downpayment from Extreme Environmental to lease the vehicle and was receiving regular monthly payments for same.

[40] I find Wang's conduct in relation to this transaction to be deceitful, dishonest, and part of a pattern of non-compliance with the law. In my view, Wang did not pay the outstanding loan to the bank in April 2023 because it was the right thing to do. Instead, he admitted that he did so because he was afraid of getting into trouble. In addition, I find Wang attempted to blame Consumer B for his transgressions as he justified his actions by claiming that the consumer breached the contract. However, I find there was no contract to be breached because neither party has a record of it.

[41] I find the past conduct of Wang consists of provincial offences of dishonesty in the conduct of his business, for which he has pled guilty. Further, I find his conduct was harmful to the interests of his customers. I agree with the respondent that in considering Wang and Auto Auto's past history he showed a complete disregard for compliance with the law in the two years which he held registration. In this case, Wang and Auto Auto did not have a clean record to consider when considering his past history. I find the respondent has satisfied its onus in proving that Wang's past conduct affords reasonable grounds for belief that Wang will not carry on business in accordance with the law and with integrity and honesty. As a result, I find Wang is disentitled to registration pursuant to s.6 (1) (a) (ii) of the *Act*.

**There are reasonable grounds for belief that Auto Auto's business will not be carried out in accordance with the law.**

[42] Pursuant to s. 6(1)(d)(iii) of the *Act*, Auto Auto will be disentitled to registration if the past conduct of Wang affords reasonable grounds for belief that its business will not be carried on in accordance with the law and with integrity and honesty.

[43] Wang is the Director and Business Manager of Auto Auto and is currently responsible for overseeing its day-to-day operations. I find Wang's conduct is, for all material purposes, the conduct of Auto Auto. There is no reason that Wang's conduct cannot be attributed to Auto Auto, nor is there any evidence (nor could it be possible) that Wang's actions were unknown to Auto Auto given his position at Auto Auto. As set out above, I have found that Wang's past conduct affords reasonable grounds for belief that he will not carry on business in accordance with law and with integrity and honesty. It follows by necessity that his past conduct affords reasonable grounds for belief that Auto Auto's business will not be carried on in accordance with the law and with integrity and honesty.

[44] For these reasons, I find that Auto Auto is disentitled to registration in accordance with s. 6(1)(d)(iii) of the *Act*.

***The past conduct of Zhang affords reasonable grounds for belief that she will not carry on business in accordance with the law and with integrity and honesty.***

[45] It is agreed that Zhang was not involved in either of the above transactions. Instead, her involvement stems from her response to the OMVIC investigation. On December 21, 2021, Consumer A filed a complaint with OMVIC who contacted Auto Auto and requested information and documents about the trade of the Bentley. In response, Zhang sent an email dated March 2, 2022, to a resolution support specialist at OMVIC stating that the transaction was not a consignment sale and that they had purchased the Bentley from the customer last year and provided a cheque in the amount of \$135,000.00. Further, she did not know why the cheque had not been cashed and they have no problems

paying the customer. Zhang followed up by submitting various documents to the Registrar including the Appraisal and Disclosure for Trade-In-Vehicles form which contained Consumer A's false signature.

- [46] Zhang testified that the sole reason she was responding to the OMVIC complaint was that her husband required assistance with translating things into English. She testified that prior to responding to OMVIC she reviewed the deal file and communicated what had transpired regarding the Bentley transaction from the documents in the file and what was communicated to her by her husband. She also maintains that she did not discuss the specific allegations involving the Bentley transaction with her husband prior to responding to OMVIC and had she known that the information was not accurate she would not have provided it.
- [47] I do not find Zhang's testimony convincing because the dates on the various documents in the deal file are inconsistent with what she reported to OMVIC and the chronology of events. For example, Zhang submitted a cheque dated June 8, 2021, addressed to Consumer A from Auto Auto to OMVIC in the amount of \$135,000.00. However, the vehicle was not sold until June 30, 2021, and it sold for \$160,000.00. No explanation was provided by Zhang for why the cheque was for a lesser amount. In addition, the respondent submitted a stub for Auto Auto's cheque book and the cheque number did not align with any cheques issued between June and December 2021. Further, the other documents including the letter of authorization to MTO authorizing the transfer of ownership was dated June 30, 2021, and the customer appraisal and disclosure form was dated July 4, 2021, which post-dated the sale of the vehicle. In my view, Zhang should have picked up on these inconsistencies prior to responding to OMVIC and at the very least have had a conversation with her husband about what had transpired. In my view, as one of the registered Directors and Business Manager with Auto Auto, Zhang had a responsibility to ensure that the information provided to OMVIC was accurate.
- [48] Zhang relied on the Tribunal's decision in *7622 v. Registrar, Motor Vehicle Dealers Act*, 2013 CanLII 13718 (ON LAT) where the Tribunal considered whether an appellant deliberately intended to deceive the Registrar in respect to material facts in order to advance his own interest in an application. The respondent relies on the Divisional Court's decision in *Registrar, Motor Vehicle Dealers Act v. Vernon*, 2016 ONSC 304 where the court clarified that the *Act* does not speak to intent or motive, and the real issue to be decided is whether an individual knowingly made false statements. It is important to point out that I am not bound by this Tribunal's decisions, but I am bound by the decisions of the Divisional Court.

- [49] As highlighted above, I find Zhang had an obligation to provide accurate information in response to the OMVIC investigation. Further, after reviewing the information in the deal file she ought to have known that the information she was providing to OMVIC was not accurate because the dates of the documents did not align. Further, she pleaded guilty to provincial offences in relation to her response to the OMVIC complaint, which in my view is an admission of same.
- [50] Although I acknowledge that Zhang's conduct was not as bad as her husband's, I find she also adopted his position and placed blame on the consumers for what had transpired. She disregarded the fact that it took almost two years for her husband to pay Consumer A back for the sale of the Bentley and also blamed Consumer B for breach of contract in justifying the Mercedes transaction. She also submits that she was somehow forced to plead guilty to the provincial offences because she was the owner of the company. In my view, I find that she also lacked insight into the consequence of Wang and Auto Auto's actions on its consumers which I find concerning.
- [51] I find the past conduct of Zhang consists of provincial offences of dishonesty in the conduct of her business, for which she has pled guilty. Further, I find her conduct interfered with the respondent's investigation. In considering Zhang's past history, I find BBA has only been registered since 2022, and as a result there is no past history to consider. I find the respondent has satisfied its onus in proving that Zhang's past conduct affords reasonable grounds for belief that she will not carry on business in accordance with the law and with integrity and honesty. As a result, I find Zhang is disentitled to registration pursuant to s.6 (1) (a) (ii) of the *Act*.

**I find there is reasonable grounds for belief that BBA's business will not be carried out in accordance with the law.**

- [52] Pursuant to s. 6(1)(d)(iii) of the *Act*, if the past conduct of Zhang affords reasonable grounds for belief that BBA's business will not be carried on in accordance with the law and with integrity and honesty, then BBA will be disentitled to registration.
- [53] Zhang is the Director and Business Manager of BBA and is currently responsible for overseeing its day-to-day operations. I find Zhang's conduct is, for all material purposes, the conduct of BBA. As set out above, I have found that Zhang's past conduct affords reasonable grounds for belief that she will not carry on business in accordance with law and with integrity and honesty. It follows by necessity that her past conduct affords reasonable grounds for belief that BBA's business will not be carried on in accordance with the law and with integrity and honesty.

[54] In addition, as already noted above, I also find that Wang, Zhang, Auto Auto and BBA meet the definition of interested persons pursuant to the *Act*. Therefore, since I have found Wang and Auto Auto are disentitled to registration, it follows that Zhang and BBA are also disentitled to registration.

**I find registration should not be ordered with conditions attached.**

[55] The Tribunal has the statutory discretion to consider an appellant's circumstances and determine whether the public interest requires outright refusal to register or whether the purpose of the *Act* can be adequately protected through granting registration with conditions. I find that registration should not be ordered.

[56] The *Act* has two broad purposes: first, to provide protection to consumers; and second, to promote professionalism amongst dealers and salespeople within the automobile industry.

[57] The conduct of the appellants consists of failing to ensure consignment contracts were prepared setting out the terms of the contract and providing a copy to the consumer, falsifying documents transferring the ownership of vehicles without the consumer's consent or knowledge, failing to promptly remit the proceeds of the sales back to the consumers, and trying to cover up their conduct by providing false information about the transactions to the respondent.

[58] The appellants argue that a decision to not grant registration should only be considered in the most severe circumstances. Both Wang and Zhang testified that if the Tribunal decides not to grant them registration it would have devastating financial consequences on them personally as well as their businesses. It will also impact their employees and make their businesses vulnerable to lawsuits for breach of contract. The appellants argue that these two transactions were isolated incidents and they have taken steps to mitigate their conduct by paying the consumers back and they regret their actions. Further, they are willing to abide by any terms or conditions the Tribunal deems necessary.

[59] The appellants submit that I should consider imposing terms and conditions as opposed to upholding the NOP revoking their registration. However, I disagree with the appellants that their conduct was not severe in this case. The appellants' series of actions relating to each transaction are fundamentally connected to a core function of their industry, namely, to conduct vehicle sales with the public in a responsible way. Further, I find there to be several aggravating factors present in this matter such as the failure of the appellants to take responsibility for their actions. They acknowledged that they pled guilty. Rather than leaving the matter there, they attempted to justify their actions by blaming the consumers for what transpired. The clear implication is that even though they pled guilty to the conduct, they did not actually engage in the conduct. They were neither remorseful, nor do I find that they meaningfully accepted responsibility for their actions. In my view, this showed a lack of awareness of the seriousness of their

transgressions, which I find were accurately described by the respondent as “severe”.

- [60] For these reasons, I am not satisfied that the purposes of the *Act*, or the public interest, would be served by registering the appellants, or any of them, with conditions.

**ORDER**

- [61] For the reasons set out above, pursuant to s. 9(5) of the *Act*, I direct the Registrar to carry out the NOP and revoke the registrations of the appellants.

**LICENCE APPEAL TRIBUNAL**



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**Rebecca Hines  
Adjudicator**

**Released: January 12, 2024**