



**Citation: First Motors Inc. and Ravneet Bhangu v. Registrar under the *Motor Vehicle Dealers Act, 2002*, 2025 ONLAT MVDA 16997 and 16998**

**Licence Appeal Tribunal File Numbers: 16997/MVDA and 16998/MVDA**

In the matter of appeals 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:

**First Motors Inc. o/a First Motors and Ravneet Bhangu**

**Appellants**

and

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

**Respondent**

## **DECISION**

**ADJUDICATOR: Bruce Stanton**

### **APPEARANCES:**

For the Appellants: Jonathan Gross, Counsel

For the Respondent: Zachary Kowalsky, Counsel

**Heard by videoconference: August 7, 2025**

## OVERVIEW

- [1] First Motors Inc. (“First Motors”) and Ravneet Bhangu (“Bhangu”) (collectively the “appellants” or 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” or “MVDA”) on April 6, 2025.
- [2] On August 23, 2022, First Motors was first registered as a motor vehicle dealer under the Act; and Bhangu registered as a motor vehicle salesperson under the Act.
- [3] On April 17, 2025, the Registrants individually filed Notices of Appeal to the Licence Appeal Tribunal (“Tribunal”).

## ISSUE

- [4] The issue to be determined is:
  - i. Whether the Registrar had reasonable grounds for revoking the appellants’ registrations.

## RESULT

- [5] 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

- [1] I find that it is appropriate to impose conditions on the registrations of the Registrants.
- [2] 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.
- [3] 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.

- [4] The dispute on the issues of this proceeding has been resolved by the parties' agreement that conditions be imposed on the Registrants' registrations. The parties seek an order from the Tribunal, under its authority set out in s. 9(5), to impose the conditions on the registrations.
- [5] 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 the interest of protecting consumers and bolstering confidence and integrity in Ontario's motor vehicle sales sector.
- [6] 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.
- [7] The respondent submits it is satisfied that the conditions will address the grounds of the NOP relating to the financial position of First Motors and the financial responsibility expected of registrants. It submits that while the NOP identified allegations of potential harm or risk to consumers, the Registrants' non-compliance in respect of the financial responsibility provisions of the *Act* and the regulations caused no direct consumer harm. The respondent submits that the letter-of-credit provisions of the proposed conditions provide appropriate consumer protections in this case.
- [8] The appellants submit that they concur with the respondent's comments on the suitability of the conditions under these circumstances and that the Tribunal's imposition of conditions on consent ensures an efficient resolution of the merits of the proceeding.

### ***The Notice of Proposal***

- [9] 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*, among them:

1. the Registrants did not disclose sources of financing pursuant to s. 31 of the Regulation;
2. payments and documents to warranty providers were not made within the 30-day limit pursuant to s. 47(7) of the Regulation; and
3. First Motors was behind in its remittances for unpaid HST/GST.

- [10] The Registrants acknowledged that they inadvertently neglected to advise the respondent of the financing arrangements and have since undertaken to ensure this violation will not re-occur.
- [11] The Registrants acknowledged that some warranty payments were not completed within the required 30-day limit, but the warranty provider was, itself, responsible to initiate these transactions by way of an automatic withdrawal format, *i.e.*, the timing of the payments was in the warranty provider's control; not the Registrants'.
- [12] The Registrants acknowledge that they got behind in their HST remittances to the Canada Revenue Agency ("CRA") and submit that the delays were occasioned by a change in accounting services. They submit that steps have since been taken to clear up the HST arrears and be financially responsible in these obligations in the future.
- [13] 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

- [14] 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 terms and conditions be applied to the registrations of the Registrants, which I order:
1. The Registrants shall comply with all requirements of the MVDA and Ontario Regulation 333/08, 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.
  2. In the event of a breach of any of the terms and conditions contained

herein, the Registrar shall be permitted to rely on the contents of the Registrar's April 6, 2025, Notice of Proposal to Revoke Registration in support of any future administrative proceedings, including, without limitation, any Proposal to Refuse to Renew, Suspend or Revoke Registration.

3. First Motors shall provide the Registrar with notice in writing, within five days, of any substantive changes to their business plan or information provided in obtaining their registration, pursuant to section 31 of Ontario Regulation 333/08.
4. First Motors will provide the Registrar with notice in writing, within five days of any change in the officers or directors of the corporation, pursuant to section 24 of the MVDA. First Motors further agrees to notify the Registrar of any change in partners or owner(s), person(s) in charge, and signing authority for the dealership. The Registrants further agree not to effect such changes without first obtaining the Registrar's prior approval, in writing, which shall not be unreasonably withheld.
5. The Registrants acknowledge that "trade" refers to buying, selling, leasing, advertising or exchanging an interest in a motor vehicle or negotiating or inducing or attempting to induce the buying, selling, leasing or exchanging of an interest in a motor vehicle as defined in the MVDA and pursuant to section 36 through to and including section 51 of Ontario Regulation 333/08; and is not limited to the signing of contracts. The Registrants further acknowledge that this includes attendance at auction on behalf of the Registrant and positions commonly referred to as Sales Manager, Finance and Insurance Manager, Branch Manager, Business Manager, General Manager or any individual who has supervisory authority over salespersons.
6. The Registrants shall ensure that all personnel, agents, assignees or anyone acting on behalf of the Registrants are informed of the Terms and Conditions contained in this document to the extent necessary to ensure compliance with these Terms and Conditions.
7. First Motors will ensure that all personnel, agents, assignees or anyone acting on behalf of First Motors to trade motor vehicles will be registered as a salesperson to First Motors.
8. The Registrants shall not conduct business with any person acting as a motor vehicle dealer and trading in motor vehicles without first confirming that the person is registered as a motor vehicle dealer in accordance with the MVDA.

9. Bhangu shall successfully complete the Automotive Certification Course at Georgian College within sixty (60) days of the date of the Consent Order and report his test results to OMVIC.

### **Letter of Credit**

10. First Motors shall provide an irrevocable Letter of Credit in the amount of \$30,000 in favour of the Motor Vehicle Dealers Compensation Fund from a financial institution under the Loan and Trust Corporations Act.
11. The Letter of Credit shall be in the form set out by the Registrar and will be submitted to the Registrar within ninety (90) days of the date of this order.
12. Should the financial institution give notice that the Letter of Credit is to be rescinded, First Motors shall provide a replacement Letter of Credit before the expiry of the notice period.
13. First Motors understands that 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 First Motors;
  - (c) The request must be made no less than two (2) years after the Letter of Credit was deposited with the Registrar;
  - (d) The Registrar shall hold back the minimum holdback amount of \$5,000, until the Closure of Business; and
  - (e) First Motors consents that 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.

### **Financial Responsibility**

14. First Motors agrees not to receive any new private sources of financing without the prior approval of the Registrar. This does not apply where First Motors has applied on its own account and has 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*, as may be amended from time to time.

15. First Motors shall provide written notification to the Registrar, within five (5) days, of obtaining new financing from a financial institution where there is a guarantor added, who is not an officer, director, shareholder, partner or person in charge, approved by the Registrar. This requirement includes financing obtained from a corporation registered under the *Loan and Trust Corporations Act*, *The Bank Act* or from a credit union or league that is subject to the *Credit Unions and Caisses Populaires Act*, as may be amended from time to time.
16. First Motors confirms that Lalit Ahuja will not be financing the dealership, either directly or indirectly. First Motors will make reasonable efforts to determine the source of financing received to ensure compliance with these Terms and Conditions.
17. First Motors will maintain bank accounts that are compliant with section 59 of Ontario Regulation 333/08.
18. First Motors will maintain a trust account, in respect of 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 section 58 of Ontario Regulation 333/08. First Motors agrees to provide written confirmation to the Registrar, within five days, that a trust account has been established in First Motors business name at its financial/banking institution.
19. First Motors will ensure that any funds received in the purchase or lease of a motor vehicle prior to delivery; and any funds received in the purchase of a motor vehicle that has been consigned to First Motors; and any funds received in the purchase of third-party warranty or service plan, that the entire amount of funds will be deemed to be trust funds.
20. First Motors will maintain a ledger account listing the names and addresses of all persons that provided First Motors with trust funds. First Motors will ensure that the ledger account contains the details of the amounts retained and a record of all disbursements.
21. First Motors will ensure that bank account transactions relate exclusively to the operation or financing of the business. First Motors agrees to notify the Registrar of any change in any business banking accounts.
22. First Motors will ensure that all remittances to third party warranty

providers will be provided directly from First Motors' bank accounts.

23. First Motors will ensure that the Motor Vehicle Dealers Compensation Fund (the "*Fund*") is reimbursed for any monies paid in relation to any consumer claim made to the *Fund* in relation to First Motors if the *Fund* determines entitlement to compensation of the claim pursuant to section 42 of the MVDA.
24. The Registrants agree to pay any outstanding judgments or court orders against the Registrants without delay.
25. 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.

## **Disclosure**

26. The Registrants shall ensure that all trades in motor vehicles are completed in accordance with section 30 of the MVDA and pursuant to sections 39, 40, 41, 42 and 43 of Ontario Regulation 333/08 and sections 4 and 5 of Ontario Regulation 332/08, where applicable.
27. The Registrants will disclose all material facts about the motor vehicles for purchase or lease to consumers. The Registrants further agree that notwithstanding whether or not the Registrants considers a fact to be material, the Registrants will comply with the disclosure obligation. The Registrants further agree to disclose all material facts on the Bill of Sale, in writing. The Registrants will ensure compliance with the disclosure obligation notwithstanding whether or not the vehicle has been branded through MTO. For greater certainty, a material fact is one that if disclosed could affect the decision of a reasonable person to purchase or lease the vehicle or affect the purchase price. In the case of damaged vehicles, the Registrants further agree to disclose as much detail as possible regarding the nature and severity of the damage. The Registrants undertake to research the history of all the motor vehicles under trade to ensure all material facts are disclosed.
28. The Registrants agree not to represent any charges or fees on a Bill of Sale as being required by law where the charges or fees are not required by law. For greater clarity, this includes charges or fees such as tax, registration fee or certification.
29. First Motors agrees to accept full responsibility for the quality of any

repairs or alterations to a motor vehicle completed by the First Motors' personnel agents, assignees, affiliated repair facilities or anyone acting on behalf of the Registrant.

- [15] The parties agreed to the above terms and conditions based the appellants' acknowledgements and undertakings that:
- (a) the Registrar is relying on the accuracy and completeness of all documents, statements or information provided by the Registrant.
  - (b) the Registrar may take further administrative action, including a Proposal to Refuse to Renew, Suspend or Revoke Registration, arising from any matters that have occurred or may occur related to honesty and integrity, financial responsibility or compliance with these terms and conditions.
  - (c) Independent legal advice has been obtained, or the Registrants have had the opportunity to obtain independent legal advice respecting consent to the Terms and Conditions contained in this order.

**Released:** August 18, 2025



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**Bruce Stanton**  
**Adjudicator**