VIA COURIER & EMAIL

IN THE MATTER OF the Motor Vehicle Dealers Act, 2002, S.O. 2002, Chapter 30. Schedule B and Regulations, as amended

- and -
IN THE MATTER OF the registration of 2728391 ONTARIO INC. o/a CARIZMA AUTO GROUP

- and -

IN THE MATTER OF the registration of JOSEPH HANNA

TO: **2728391 ONTARIO INC.**
o/a CARIZMA AUTO GROUP
2196 Highway 2
Bowmanville ON L1C 6C3

AND TO: **JOSEPH HANNA**

NOTICE OF PROPOSAL TO REVOKE REGISTRATION

Take notice that pursuant to Section 9 of the *Motor Vehicle Dealers Act, 2002* (the "Act") the Registrar is proposing to revoke the registration of 2728391 Ontario Inc. o/a Carizma Auto Group (the "Dealer") as a motor vehicle dealer and Josph Hanna as a motor vehicle salesperson under the Act.

REASONS

The intention and objective of the Act is to protect the public interest. In doing so, the Act prohibits the making of false statements in an application for registration or renewal and requires that Registrants be financially responsible in the conduct of business and that they carry on business in accordance with the law and with integrity and honesty. In light of the financial position and past conduct of the Dealer and the financial position and past conduct of Joseph Hanna as described below in this Proposal, the Registrar proposes the revocation/ of their respective registrations under the Act and has issued an immediate temporary suspension of their registrations.

NOTICE OF IMMEDIATE TEMPORARY SUSPENSION

TAKE NOTICE THAT PURSUANT TO SECTION 10 OF THE ACT THE REGISTRAR IS ORDERING AN IMMEDIATE TEMPORARY SUSPENSION OF REGISTRATION AS A MATTER OF PUBLIC INTEREST AGAINST THE FOLLOWING PARTIES: 2728391 ONTARIO INC. o/a CARIZMA AUTO GROUP AND JOSEPH HANNA.

PARTICULARS

The reasons for this proposal are set out below:

BACKGROUND

1. The Dealer is registered as a motor vehicle dealer under the Act. The Dealer was originally registered on or about March 6, 2020.

2. Joseph Hanna ("Hanna") is registered as a motor vehicle salesperson under the Act. Hanna was originally registered on or about August 27, 2014.

3. At all relevant times, Hanna has been an officer, director, person-in-charge and sole financial signing authority for the Dealer.

PAST CONDUCT

Vehicles Sold Out of Trust

4. Automotive Finance Canada ("AFC") provides floorplan financing to motor vehicle dealers. Under a floorplan arrangement, a dealer obtains financing to acquire vehicle inventory and is required to repay the financing when the vehicle is sold.

5. At various times, the Dealer acquired vehicles using floorplan financing provided by AFC. The Dealer was required to repay AFC following the sale of a floorplan financed vehicle.

6. On or about September 3, 2026, a representative of AFC contacted a person designated by the Registrar to conduct inspections (the "Inspector") to advise that the Dealer had sold vehicles financed by AFP without remitting the proceeds required to satisfy the floorplan obligations.

7. The Inspector spoke with the AFC representative and discovered that the Dealer had 43 vehicles financed through AFC, 26 of which had been sold without the Dealer repaying AFC.

8. The AFC representative further advised that, in or around August 2026, it delivered to the Dealer a Notice of Intent to Repossess ("NOIR") vehicles financed through its floorplan and directed the Dealer not to sell any further AFC-financed vehicles.

9. Despite receiving the NOIR, the Dealer and Hanna sold an additional 10 AFC-financed vehicles and therefore sold vehicles out of trust.

10. The remaining 6 vehicles were repossessed by AFC from the Dealer's premises.

11. Following this information, the Inspector conducted an inspection of the Dealer. The review identified at least 36 vehicles that had been sold while subject to AFC floorplan financing. Many of those vehicles had been transferred to consumers despite AFC's security interest remaining unsatisfied.

12. As a result of the Dealer's conduct, AFC experienced or will experience an estimated loss of $470,000.

New Sources of Financing Not Declared to the Registrar

13. On or about March 6, 2020, Hanna, acting on behalf of the Dealer, agreed to terms and conditions on its registration, which stipulated the following at clause 22:

> The Registrant agrees not to receive any new private sources of financing without the prior approval of the Registrar. This does not apply where the Registrant has applied on his 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 Popularies Act*, as may be amended from time to time.

14. On or about September 17, 2026, following an inspection of the Dealer, Hanna advised the Inspector that he had obtained multiple loans to support the Dealer's operations and maintain cashflow.

15. Hanna advised that the Dealer had obtained financing from the following sources within approximately the preceding three months:

    a. Driven Financial: $100,000;
    b. Vault: $60,000 - $70,000;
    c. CanaCap: $60,000 - $70,000;
    d. 2M7: $20,000;
    e. Merchant Capital: $25,000; and
    f. An additional lender, the name of which Hanna could not recall: $25,000 - $30,000.

16. The Inspector's review of the Dealer's banking records also identified transactions involving additional financing sources, including Rook Bristol Financial, Elect Capital, Sheaves Capital and Merch Pad.

17. Hanna and the Dealer failed to obtain the prior approval of the Registrar for these financing arrangements, contrary to the terms and conditions of the Dealer's registration.

Failure to Remit Warranty and GAP Insurance Payments

18. During the inspection, the Inspector determined that the Dealer had sold warranty and GAP insurance products to consumers and failed to remit the required payments to the applicable providers.

19. On or about September 15, 2026, Guarantee VC ("GVC") advised the Inspector that the Dealer had failed to remit warranty payments and was in arrears of approximately $24,759.44, including approximately $5,000 in unpaid GAP insurance premiums. GVC further advised that approximately 20 to 25 consumers had been affected by the Dealer's failure to remit payments.

20. On or about September 15, 2026, A-Protect Warranty Corporation ("A-Protect") advised the Inspector that the Dealer owed approximately $22,928.83 in unpaid mechanical

warranty remittances. A-Protect further advised that approximately 19 consumers had been affected by the Dealer's failure to remit payments.

21. The Inspector identified:

    a. 19 unpaid GVC warranty contracts;
    b. 7 unpaid GVC GAP insurance contracts; and
    c. 19 unpaid A-Protect warranty contracts.

22. Hanna admitted to the Inspector during the inspection that remittances owing to GVC and A-Protect remained outstanding.

23. As a result of the Dealer's failure to remit payments collected from consumers:

    a. Numerous consumers were left without coverage they had paid the Dealer for;
    b. Warranty contracts were cancelled or never activated; and
    c. GAP insurance coverage was not in force despite payment having been collected by the Dealer.

24. By collecting payment from consumers for warranty and GAP insurance products and failing to remit those payments to the applicable providers, the Dealer accepted funds for products that were not ultimately provided to consumers. The Dealer's conduct left consumers without the benefit of the coverage they had purchased, deprived them of the funds paid for that coverage, and exposed them to potentially significant out-of-pocket repair costs and other uninsured financial losses.

Failure to Discharge Lien Obligations

25. During the inspection, the Inspector identified a 2017 Chrysler 300 (VIN #: ***7716) acquired by the Dealer through a trade-in transaction. Hanna failed to transfer the ownership of the vehicle to the Dealer, leaving the vehicle registered in the previous owner's name.

26. The vehicle remained subject to an active lien in the approximate amount of $8,320.

27. Hanna advised the Inspector that the Dealer did not have sufficient funds to satisfy the lien.

28. The Dealer's failure to discharge lien obligations exposed consumers and creditors to financial risk.

FINANCIAL POSITION

NSF Transactions and Overdrawn Accounts

29. During the inspection, the Inspector reviewed the Dealer's banking records.

30. The review identified at least 68 non-sufficient fund ("NSF") transactions. Numerous payments owing to lenders and creditors were returned for insufficient funds.

31. The Dealer's banking records disclosed substantial overdraft balances, including balances exceeding negative $55,000, negative $59,000 and negative $60,000.

32. In a review of the financial bank records of the Dealer, the Inspector requested an explanation for following debit memos:

    a. July 7, 2026 – Debit Memo: $33,900; and
    b. August 11, 2026 – Debit Memo: $13,141.90.

33. In response to the request for an explanation from the Inspector, Hanna advised the Inspector that due to financial hardship, the Dealer owed approximately $60,000 - $70,000 to Mina Auto Service Inc., a mechanic that the Dealer had a relationship with for the last five years ("Mina Auto Service"). Mina Auto Service became aware that the Dealer was facing financial hardship and closing business and advised the Dealer that liens would be registered against vehicles for which repair invoices remained unpaid.

34. In response to these concerns, Hanna obtained the two bank drafts payable to Mina Auto Service on July 7, 2026, and August 11, 2026.

35. The Dealer repeatedly took on debts, accepted payment from consumers, and accepted services/products from suppliers that it lacked the financial ability to satisfy.

36. The Dealer's inability to meet routine financial obligations demonstrates an ongoing lack of financial responsibility.

37. By issuing multiple cheques without the requisite funds to satisfy them, the Dealer and Hanna failed to carry on business with financial responsibility.

Financial Responsibility

38. During an inspection conducted on or about September 8, 2026, the Inspector asked Hanna whether the Dealer intended to file for bankruptcy. Hanna responded: "I have no choice but to." Hanna further advised that the Dealer was experiencing financial distress and acknowledged that the Dealer had become unable to satisfy its financial obligations.

39. In a written response on or about September 11, 2026, Hanna stated that he decided to close the Dealer because "its financial position had deteriorated to the point where it could no longer continue operating responsibly." Hanna further stated that the combination of AFC debt, merchant cash advance obligations, vehicle losses and other business expenses left the Dealer without sufficient cash flow to meet its ongoing obligations.

40. In the same written response, Hanna admitted that the Dealer's financial position had deteriorated to the point that "there is no viable alternative to bankruptcy." Hanna further advised that he was taking steps to retain a licensed insolvency trustee and expected that both corporate and personal bankruptcy filings would be made shortly. Hanna expressly advised that "the business debts and my personal guarantees have also left me with no realistic alternative but to file for personal bankruptcy."

41. Hanna's admissions that the Dealer could no longer operate responsibly, had no viable alternative to bankruptcy, was insolvent, and that he personally had no realistic alternative but to file for personal bankruptcy, together with the Dealer's outstanding debts, NSF transactions, overdrawn accounts, unpaid lien obligations and unpaid

consumer-related obligations, demonstrate that neither the Dealer nor Hanna can reasonably be expected to be financially responsible in the conduct of business.

GENERALLY

42. Hanna's past conduct disentitles him to registration pursuant to section 6(1)(a)(ii) of the Act.

43. Having regard to Hanna's financial position, Hanna cannot reasonably be expected to be financially responsible in the conduct of business and is therefore disentitled to registration pursuant to section 6(1)(a)(i) of the Act.

44. Hanna's past conduct disentitles the Dealer to registration pursuant to section 6(1)(d)(iii) of the Act.

45. Having regard to Hanna's financial position, as an officer and director, the Dealer cannot reasonably be expected to be financially responsible in the conduct of its business and is therefore disentitled to registration pursuant to section 6(1)(d)(ii) of the Act.

46. Having regard to the Dealer's financial position, the Dealer cannot reasonably be expected to be financially responsible in the conduct of its business and is therefore disentitled to registration pursuant to section 6(1)(d)(i) of the Act.

RIGHT TO A HEARING

Section 9(2) of the Act provides that an Applicant/Registrant is entitled to a hearing by the Licence Appeal Tribunal in respect of this proposal, if **WITHIN 15 DAYS** after service of this proposal, the Applicant/Registrant mails or delivers a written request for a hearing to the following parties:

Licence Appeal Tribunal
Tribunals Ontario
General Services
15 Grosvenor Street, Ground Floor
Toronto, ON M7A 2G6
Email: LATRegistrar@ontario.ca

- AND TO -

Ontario Motor Vehicle Industry Council (OMVIC)
Registrar, *Motor Vehicle Dealers Act, 2002*
65 Overlea Blvd., Suite 300
Toronto, ON M4H 1P1
Email: Legal_Dept@omvic.on.ca

Note that Section 9(4) of the Act provides that where the Applicant/Registrant does not require a hearing by the Tribunal in accordance with subsection 9(2), the Registrar may carry out the proposal to refuse/revoke/suspend the registration, without further notice to you.

Section 9 (5) of the Act provides that where an Applicant/Registrant requires a hearing, the Tribunal shall schedule a hearing. At that time, the Tribunal may order the Registrar to carry out, or refrain from carrying out this proposal, or may order that the Registrar take such action as the Tribunal considers appropriate, in accordance with the Act and the regulations.

Section 9 (5) of the Act also provides that the Tribunal may attach such terms and conditions to its Order or to the registration, as it considers proper to give effect to the purposes of the Act.

APPLICATION OF THE *STATUTORY POWERS PROCEDURE ACT*

The *Statutory Powers Procedure Act*, R.S.O. 1990, Chapter S.22, as amended, applies to the hearing to be held by this Tribunal. A party to a proceeding may be represented by counsel or an agent.

The Registrar states that the good character, propriety of conduct or competence of the Applicant/Registrant shall be an issue in any hearing before the Tribunal and the Registrar has, therefore, furnished herein reasonable information of allegations with respect thereto.

APPLICATION OF THE COMMON RULES OF PRACTICE AND PROCEDURE FOR THE LICENCE APPEAL TRIBUNAL, ANIMAL CARE REVIEW BOARD, and FIRE SAFETY COMMISSION

This is to serve as notice that the Registrar shall make application for its costs pursuant to Rule 19 of the Common Rules of Practice.

FURTHER PARTICULARS/SUPPLEMENTAL NOTICE

The Registrar may provide further and other particulars in respect of any other matters herein or in respect to any other matter including further grounds for refusal/revocation/suspension of registration.

DATED at Toronto, this 14th day of October, 2026.

Maureen Harquail, KC, MPA, ICD.D.
Registrar
Motor Vehicle Dealers Act, 2002