Tribunals Ontario | **Tribunaux décisionnels Ontario**

Licence Appeal Tribunal | Tribunal d'appel en matière de permis

Citation: Automotive Wholesale Inc. (o/a Toronto Auto Group/2nd Chance Automotive/Need A Car Used Car Superstores) and Anil Puri v Registrar, *Motor Vehicle Dealers Act, 2002*, 2026 ONLAT MVDA 18164

File Number: 18164/MVDA

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

Between:

Automotive Wholesale Inc.
(o/a Toronto Auto Group / 2nd Chance Automotive /
Need A Car Used Car Superstore) and Anil Puri

Appellants

and

Registrar, *Motor Vehicle Dealers Act, 2002*

Respondent

DECISION AND ORDER

Adjudicator: Bernard Trottier, Member

Appearances:

For the Appellants: Brent Arnold, Counsel

For the Respondent: Rutumi Tank, Counsel

Heard: September 8 to 11, 2026, by videoconference

OVERVIEW

[1] The Registrar, *Motor Vehicle Dealer Act, 2002* (the "Registrar") proposes to revoke the registrations of Automotive Wholesale Inc. (operating as Toronto Auto Group/2nd Chance Automotive/Need A Car Used Car Superstores) as a motor vehicle dealer, and of Anil Puri as a motor vehicle salesperson, under the *Motor Vehicle Dealers Act, 2002*, S.O. 2002, c. 30, Sched. B (the "*Act*"), pursuant to the following notices:

a. A Notice of Proposal dated December 19, 2025;

b. A Notice of Further and Other Particulars, dated May 27, 2026; and

c. A Second Notice of Further and Other Particulars, dated August 4, 2026.

[2] Collectively, I refer to the Notice of Proposal and the two notices of further and other particulars as the "NOP". The appellants filed a Notice of Appeal (including Appendix A) on December 31, 2025, and an Appendix B – Response to Notice of Further and Other Particulars on September 8, 2026. Collectively, I refer to the Notice of Appeal and the two appendices as the "NOA".

[3] Anil Puri is the director and person-in-charge of Automotive Wholesale Inc. ("AWI") and, therefore, is responsible for overseeing the operations of the business. Puri has been registered as a motor vehicle salesperson since February 2, 1996, and AWI has been registered as a motor vehicle dealer since October 1, 1999. AWI sells motor vehicles under the banners of Toronto Auto Group and Need A Car Used Car Superstores, with six registered locations in Scarborough, Oshawa, Trenton, Sudbury, Thunder Bay and New Liskeard. 2nd Chance Automotive provides vehicle financing for vehicle buyers, in support of AWI's sales operations.

[4] The NOP proposed to revoke the registrations of AWI as a motor vehicle dealer, and the registrations of Puri and another salesperson ("KP") as motor vehicle salespersons under the *Act*. On August 31, 2026, the Registrar notified the Licence Appeal Tribunal (the "Tribunal") that KP and the Registrar resolved their dispute, and the

Registrar withdrew items in the NOP related to KP. The issues regarding AWI and Puri remained unresolved. Collectively, AWI and Puri are referred to as the "appellants" in this matter.

ISSUES IN DISPUTE

[5] The issues in dispute are:

a. Does Puri's past conduct afford reasonable grounds for belief that neither he nor AWI will carry on business in accordance with the law and with integrity and honesty, thereby disentitling him to registration as a motor vehicle salesperson under s. 6(1)(a)(ii) of the *Act*, and disentitling AWI to registration as a motor vehicle dealer under s. 6(1)(d)(iii) of the *Act*?

b. If I find that the appellants are disentitled to registration, then I must determine whether to direct the respondent to carry out its NOP or whether to substitute my opinion for that of the Registrar, which may include attaching conditions to my order and the registrations.

[6] The issue in the NOP related to the registration of KP as a salesperson is not in dispute before me.

RESULT

[7] I find that the Registrar has not satisfied its burden of proving that Puri's past conduct affords reasonable grounds for belief that he or AWI will not carry on business in accordance with the law and with integrity and honesty.

[8] I therefore direct the Registrar to not carry out its proposal to revoke the registrations of the appellants.

PROCEDURAL ISSUES

Late-filed bill of sale for 2020 Tesla Model 3

[9] On the second day of the hearing, during the direct examination of Jill Andrew, Investigator with the Ontario Motor Vehicle Industry Council ("OMVIC"), the appellants requested to introduce into evidence a bill of sale ("BOS") for a 2020 Tesla Model 3, Vehicle Identification Number ("VIN") ***5657 (the "Tesla"). The appellants claimed that their filing system was disorganized, following a flood in their document storage area, when Investigator Andrew executed a search warrant on June 6, 2024, resulting in the appellants' inability to locate the requested BOS at that time. The appellants submitted that Puri was able to find the BOS only after the start of the hearing. The Registrar opposed the late filing of this evidence into the record, because it was not submitted as part of an evidence brief to be submitted 10 days before the hearing, as ordered in the Case Conference Report and Order of May 28, 2026 (the "CCRO"). The Registrar argued that the late filing of this evidence would be prejudicial to its case, because neither Investigator Andrew nor the Registrar had time to review this document before the hearing.

[10] The *Licence Appeal Tribunal Rules, 2023* (the "Rules") apply to this proceeding. Under Rule 9.3, the Tribunal may admit a document into evidence if the document is potentially relevant, if the reason for non-compliance with the CCRO is reasonable, if the evidence is within the knowledge of the other party, and if prejudice to the other party can be mitigated. I find that BOSs are central documents in this matter, identifying who bought what from whom, when, and at what price, and that the document is potentially relevant. I find that the appellants' explanation for the late filing, though not entirely reasonable, allows me to consider means to minimize prejudice. As part of its evidence brief, the Registrar has produced Ministry of Transportation of Ontario ("MTO") information related to the Tesla's ownership, as well as an AWI financing application for the Tesla. I find that much of the information regarding the Tesla is already within the knowledge of the Registrar, and that Investigator Andrew could provide further information regarding the BOS during her testimony. I allowed the Tesla BOS into evidence, and I ordered a 20-minute recess to allow both Investigator Andrew and the Registrar time to review the Tesla BOS before continuing the witness examination.

Late-filed cheque and text message related to lien for 2022 Toyota Corolla

[11] At the start of the third day of the hearing, the appellants requested that a copy of a cancelled cheque, from AWI to National Bank of Canada, dated June 19, 2026, regarding the discharge of a lien for a 2022 Toyota Corolla, VIN ***4558 (the "Corolla"), be admitted into evidence, along with a text message from Steve Bell, General Manager at AWI, to "Tessa" at OMVIC, dated June 15, 2026, regarding particulars of the lien discharge. The appellants submitted that they had not found the cancelled cheque and the text message earlier, which was why they did not provide them as part of an evidence brief. The Registrar opposed the late filing of this evidence, as it did not comply with the CCRO, they did not have time to review it, and the late filing would be prejudicial to its case.

[12] I note that the Registrar has submitted, as part of its evidence brief, several documents related to the sale and financing of the Corolla, including lien reports. I find that much of the information regarding the lien is known to the Registrar, and the veracity of the cheque could be verified through another lien report. I find that the cheque is potentially relevant, and that the information regarding the date and amount of the cheque is within the knowledge of (or knowable by) the Registrar. I allowed the late-filed cancelled cheque into evidence.

[13] I denied the appellant's request to admit the text communication between Bell and Tessa at OMVIC. The appellant has not directed me to any evidence that Tessa forwarded this communication to anyone else at OMVIC, therefore it is not reasonably within the knowledge of the Registrar at the time of the hearing. The appellants intended to call Bell as a witness, where he could provide testimony regarding his communications with OMVIC. I find that the text message does not satisfy me that it meets the test of admissibility under Rule 9.3, and I denied the appellants' request to admit it into evidence.

ANALYSIS

The Law and the Onus

[14] The *Act* and Ontario Regulation 333/08 (the "Regulation") prescribe registration requirements for motor vehicle dealers and salespersons in Ontario, to ensure that the public receives honest, ethical and competent services. To achieve that, the *Act* prohibits anyone from acting as a dealer or salesperson unless that person holds a registration granted under the *Act* by the Registrar. Once registration is granted, the Registrar may suspend, revoke, or attach conditions to a registration in circumstances specified in the *Act*.

[15] Section 6 of the *Act* sets out a number of factors which may disentitle an applicant or registrant from registration. If the Registrar believes that a registrant is no longer entitled to registration under s. 6, the Registrar may propose to revoke the registrant's registration pursuant to s. 8 of the *Act*. The onus is on the Registrar to prove, on a balance of probabilities, the facts relied on in support of its position that the appellants are not entitled to registration.

[16] Under s. 6(1)(a)(ii) and s.6(1)(d)(iii) of the *Act*, the onus is on the Registrar to prove that the past conduct of the appellants affords reasonable grounds for belief that they 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.

[17] Under s. 9(5) of the *Act*, following a hearing I may by order direct the Registrar to carry out its proposal or substitute my opinion for that of the Registrar. In that regard, I may attach conditions to my order or to a registration. A hearing of a notice of proposal is a hearing *de novo* in which the Tribunal does not owe deference to the Registrar's decision. Thus, even if I find that the appellants are not entitled to registration for any of

the reasons set out in the entitlement provisions of the statute, I must still consider whether revocation is the appropriate remedy.

AWI Background

[18] Puri established AWI in 1999, with his first store, Toronto Auto Group ("TAG"), in Scarborough. He testified that AWI's focus is on selling used vehicles to customers who, often, have not established strong credit ratings and have other challenges related to insurance and licensing. He testified that the TAG location in Scarborough is AWI's largest, with 50 to 55 employees. In total, AWI has 100-110 full-time employees, and another 10-20 part-time employees, across AWI's six locations. He testified that AWI has sold about 45,000 vehicles since its inception, and currently the TAG location sells 100 to 200 vehicles per month.

AWI's relationship with Husseini Poonawalla

[19] The Registrar tendered into evidence an OMVIC Director's Certificate, dated September 2, 2026, indicating that Husseini Poonawalla was first registered as a motor vehicle salesperson in Ontario on September 13, 1994. Between September 16, 2019 and March 20, 2020, Poonawalla was registered as a salesperson at the TAG location in Scarborough. Between October 16, 2020 and February 11, 2021, Poonawalla was again registered as a salesperson with TAG. As of September 2, 2026, Poonawalla was not registered as a salesperson with any dealer in Ontario. Poonawalla is not a party in the proceeding before me, therefore I make no findings whether he personally contravened the *Act* and/or the Regulation.

[20] Poonawalla is associated with 2504558 Ontario Inc. ("2504558"), a company not registered under the *Act*, as a director. The Registrar alleges that AWI conducted trades with Poonawalla and 2504558 that were contrary to several sections of the *Act* and the Regulation.

[21] The appellants claim that Poonawalla's employment with AWI ended when his salesperson registration was terminated on February 11, 2021. The appellants claim

that Poonawalla continued to refer business to AWI thereafter, where he would collect a referral fee, typically $500 (not a sales commission), for referring a customer. Puri testified that about 25% of AWI's business comes from referrals. The appellants argue that most of the allegations in the NOP stem from the activities of Poonawalla, after his salesperson registration at TAG was not renewed.

[22] Puri testified that he has known Poonawalla since 1998, from when they both worked at a BMW dealership, before Puri established AWI. He testified that they also knew each other socially, as members of the South Asian community in the Toronto area. He testified that Poonawalla is older than he is, and that Poonawalla was a well-respected "elder" in the community, who projected an image of success with expensive suits, watches and vehicles. Puri testified that, in September 2019, Poonawalla was between jobs and was looking for work with a dealer, when Puri agreed to allow Poonawalla to "park" his salesperson registration with TAG. Puri testified that it is common in the industry to park a salesperson registration, so that the registrant can avoid having their licence expire, and avoid undertaking the cost and complexity of re-registering, which includes a mandatory course and additional OMVIC fees. Puri testified that Poonawalla's salesperson registration was not renewed in March 2020, following COVID lockdowns, and that his registration was parked with TAG again from October 16, 2020 to February 11, 2021.

[23] Puri testified that, although Poonawalla was registered with the TAG location during those two periods, he did not actively work the sales floor. Puri testified that Poonawalla's business experience was in selling late-model luxury vehicles, not the older "bread and butter" models that AWI sold. Puri testified that, during and after his registrations with TAG, Poonawalla came into the TAG dealership two or three times per week, and he would socialize with the staff. Puri testified that Poonawalla urged him to open a luxury vehicle dealership at a different location, with Puri's investment, which Puri countered was not a fit with his core business. Puri testified that Poonawalla often criticized AWI's vehicles as inferior, and that Poonawalla's typical customers expected pristine vehicles with factory warranties. For this reason, in February 2021, Puri decided to not sponsor Poonawalla's salesperson registration any further. Puri testified that, after

Poonawalla's salesperson registration with TAG was not renewed, if Poonawalla referred a customer, AWI would pay a referral fee, and that was the extent of their relationship. Puri testified that, after 2021, he heard through the community that Poonawalla was having financial difficulties.

[24] Puri testified that in May 2025, after it came to light that Poonawalla had collected funds from a customer to find a vehicle, and then referred that customer to AWI, he called Poonawalla to tell him to give the money back to the customer. Puri testified that Poonawalla appeared at TAG the next day, and that Puri escorted him out of the dealership. Puri testified that he has not spoken directly to Poonawalla since, and that he is engaged in a lawsuit against Poonawalla.

The particulars of the NOP

[25] Many of the particulars in the NOP were brought as charges against AWI and Puri in Provincial Offences Court. The Registrar directed me to information on the disposition of the Court charges, dated June 27, 2025. In this document, AWI and Puri pleaded guilty to charges of failure to maintain records under s. 53(1) of the Regulation, related to the sale of four vehicles, for a total of eight charges, and paid a fine of $12,500. The remaining charges were withdrawn by the Crown. The Registrar states that it need not prove the allegations in these eight charges any further. In their NOA, the appellants argue that these charges have been adjudicated, and further submissions on these allegations constitute a second hearing on charges that have been settled.

[26] Puri testified that he has operated AWI for about 27 years, and that he has been visited regularly by OMVIC inspectors, without incident. Regarding allegations of failure to maintain records of trades, Puri testified that, before he opened TAG in 1999, the property used to be a lumber yard, and that he used sheds at the back of the property for document storage. He testified that since the reported flood in the document storage area, AWI has migrated to a digital documentation system, hired a part-time trainer (a former OMVIC inspector) to train staff monthly on documentation procedures, and added security cameras throughout the TAG location.

[27] For allegations of past conduct under s. 6(1)(a)(ii) and s.6(1)(d)(iii) of the *Act*, it is appropriate for the Tribunal to examine the whole of the appellants' past conduct, both positive and negative, and whether or not issues have been settled in another forum (see, for example *Baxter v. Registrar (REBBA)*, 2011 ONSC 2497 (CanLII) ("*Baxter*") at para. 21, where the Court concluded that such an examination is in accordance with the statutory requirement). For this reason, I consider the charges that have been settled in Court in my analysis, as well as Puri's and AWI's business record.

[28] For all the allegations in the NOP, the Registrar alleges that Puri failed to take reasonable care to prevent AWI from committing various offences, pursuant to section 32(2) of the *Act*. Due to the number of transactions that form the basis of the NOP, and the different allegations of contraventions of the *Act* and the Regulation for each, I will analyze the allegations according to each vehicle transaction. For concision, I refer only to the last four digits of the VIN.

2008 BMW 328i (VIN 6919)

[29] According to the Ministry of Transportation of Ontario ("MTO") VIN History, the above vehicle was registered as follows:

a. On December 6, 2021, the vehicle was registered to AWI.

b. On January 4, 2022, the registration was transferred to Poonawalla.

c. On January 26, 2022, the registration was transferred back to AWI.

d. On September 6, 2022, the registration was transferred to Customer "LM".

[30] In the NOP, the Registrar alleges the following:

a. That on January 4, 2022 and January 26, 2022, Poonawalla facilitated the wholesale trade of the above vehicle between AWI and Poonawalla, when Poonawalla was unregistered, contrary to s. 4(3) of the *Act*.

b. That on January 31, 2022, Puri sold the vehicle and failed to ensure the contract was signed by both parties, contrary to s. 40(9) of the Regulation.

c. That on June 6, 2024 and June 10, 2024, Puri failed to produce the requested deal file for the vehicle on the execution of Investigator Andrew's search warrant, contrary to s. 53(1) of the Regulation.

[31] On June 27, 2025, AWI and Puri pleaded guilty in Court to the offence of failing to maintain records regarding the trade of the vehicle, contrary to s. 53(1) of the Regulation, and paid a fine.

[32] The Registrar directed me to a retail BOS, dated January 31, 2022, indicating that AWI sold the vehicle to 2504558, and that the salesperson was Puri. The BOS was signed by Puri as the seller and Poonawalla as the buyer. Puri testified that Poonawalla attempted to acquire the vehicle from AWI for his personal use. Puri testified that the anticipated sale was cancelled when Poonawalla indicated that he found a customer, "LM", for the vehicle. The vehicle was returned to AWI's inventory, which was then sold to LM several months later. The appellants claim that, despite their efforts, they could not locate the deal file for the sale to LM, and that it was either lost by administrative error or improperly removed from AWI's files without their knowledge.

[33] The appellants argue that, because the anticipated sale to Poonawalla/2504558 was for Poonawalla's personal use, there was no contravention of s. 4(3) of the *Act*. The appellants argue, further, that the sale to Poonawalla/2504558 was not completed, therefore there was no contravention of s. 40(9) of the Regulation for that transaction. The appellants argue that they acknowledged the missing BOS deal file for the sale to LM and already paid a penalty.

[34] I accept Puri's testimony that Poonawalla attempted to buy the vehicle for his personal use, absent any testimony from Poonawalla or LM that Poonawalla was acting as a wholesaler. The onus is on the Registrar to prove the facts relied on in support of its position, and I find that the Registrar has not proven that Poonawalla was acting as a

wholesaler for this vehicle. Therefore, I find there was no contravention of s. 4(3) of the *Act* related to this vehicle. For this vehicle, I find that Puri failed to produce the deal file for the end-customer sale, contrary to s. 53(1) of the Regulation.

2018 Mercedes-Benz C Class (VIN 8852)

[35] According to the MTO VIN History, the above vehicle was registered as follows:

a. On July 19, 2022, the vehicle was registered to AWI.

b. On July 28, 2022, the registration was transferred to Poonawalla.

c. On October 31, 2022, the registration was transferred back to AWI.

d. On February 13, 2023, the registration was transferred back to Poonawalla.

e. On May 13, 2024, the registration was transferred to another dealer who, in turn, transferred it to a retail customer that same day.

[36] In the NOP, the Registrar alleges the following:

a. That from July to October, 2022, the above vehicle was the subject of an anticipated sale by AWI to Poonawalla.

b. That on October 31, 2022, Puri sold the above vehicle and failed to ensure the contract was signed by both parties, contrary to s. 40(9) of the Regulation.

c. That on June 6, 2024 and June 10, 2024, pursuant to a search warrant, Puri was unable to produce a deal file, contrary to s. 53(1) of the Regulation.

[37] On June 27, 2025, AWI and Puri pleaded guilty in Court to the offence of failure to maintain records regarding the trade of the vehicle, contrary to s. 53(1) of the Regulation.

[38] The Registrar directed me to a retail BOS, dated October 31, 2022, indicating the vehicle would be sold by AWI, with Puri as the salesperson, to Poonawalla's wife. The BOS is unsigned by either party. The Registrar directed me, further, to a United Car Dealers Association ("UCDA") wholesale BOS, dated May 6, 2024, where Poonawalla sold the vehicle to another dealer.

[39] Puri testified that Poonawalla attempted to acquire the vehicle from AWI on October 31, 2022, intended for his wife's use. Puri testified that they had registered the vehicle in Poonawalla's name in anticipation of payment. Puri testified that the anticipated sale was cancelled when Poonawalla was unable to pay for the vehicle and the vehicle was then returned to AWI's inventory. The appellants claim that no retail BOS regarding this transaction was ever signed and that, despite their efforts, they could not locate any deal file, and that if one was created, it was either lost by administrative error or improperly removed from AWI's files without their knowledge. Puri testified that the missing documents for the vehicle, for all the sales/transfers, were due to Poonawalla's involvement with the file. The appellants argue that the record-keeping charge in Court was resolved by the appellants' guilty plea and fine.

[40] I accept Puri's testimony that Poonawalla attempted to acquire the vehicle between July 28, 2022 and October 31, 2022, but that the sale was never completed. The Registrar has not directed me to any section of the Regulation that states that records of attempted sales must be maintained by a dealer. Because there was no sale on October 31, 2022, I find there is no contravention of s. 40(9) of the Regulation for that attempted sale.

[41] I find that Puri and AWI failed to produce a deal file for the vehicle's transfer to Poonawalla on February 13, 2023, contrary to s. 53(1) of the Regulation. Poonawalla's subsequent sale of the vehicle to another dealer, before May 13, 2023, is not before me, and I make no finding regarding that transaction.

2022 BMW X7 (VIN 8018)

[42] According to the MTO VIN History, the above vehicle was registered as follows:

a. On November 10, 2022, the vehicle was registered to another dealer.

b. On December 22 2022, the registration was transferred to Poonawalla.

c. On October 28, 2023, the registration was transferred to AWI.

d. On October 28, 2023, the registration was transferred to another customer, 2392751 Ontario Ltd.

[43] In the NOP, the Registrar alleges the following:

a. That on October 28, 2023, AWI facilitated the wholesale trade of the above vehicle between Poonawalla and AWI, when Poonawalla was unregistered, contrary to s. 4(3) of the *Act*.

b. That on June 6, 2024, and June 10, 2024, pursuant to a search warrant, Puri was unable to a produce a deal file for the vehicle, as required under s. 53(1) of the Regulation.

[44] On June 27, 2025, AWI and Puri pleaded guilty in Court for failing to maintain records under s. 53(1) of the Regulation. The Registrar argues that, on October 28, 2023, the appellants engaged in a wholesale trade of the vehicle with Poonawalla as the facilitator, while he was unregistered.

[45] Puri testified that Poonawalla told him he was selling his personal vehicle to a friend who would register it under 2392751 Ontario Ltd. The appellants claim they registered the vehicle into that company on Poonawalla's instructions, but that the friend never attended with funds, and Poonawalla then asked that the ownership change be reversed. The appellants argue that Poonawalla then sold this vehicle directly to 2392751 Ontario Ltd., and that AWI was not involved in the sale. The appellants argue that no BOS was signed,

no funds flowed through AWI, and that the record-keeping charge was resolved by the guilty plea and fine.

[46] I do not accept Puri's testimony that AWI was not involved in the wholesale trade of this vehicle on October 28, 2023, because if Poonawalla was selling his personal vehicle directly to 2392751 Ontario Ltd, there would be no reason for AWI to register the vehicle on that day. Therefore, I find that there was a contravention of s. 4(3) of the *Act* in the sale of this vehicle.

[47] I find, also, that Puri and AWI failed to produce a deal file for the vehicle's registration transfer from Poonawalla to AWI, and then to 2392751 Ontario Ltd, on October 28, 2023, contrary to s. 53(1) of the Regulation.

2019 Toyota Sienna (VIN 8798)

[48] According to the MTO VIN History, the above vehicle was registered as follows:

a. On July 19, 2023, the vehicle was registered to another dealer in Guelph.

b. On August 8, 2023, the registration was transferred to Poonawalla.

c. On August 12, 2023, the registration was transferred to AWI, and then it was transferred to a retail customer "KK".

d. On September 21, 2023, the registration was transferred back to AWI, and then it was transferred to another retail customer "GG".

[49] In the NOP, the Registrar alleges the following:

a. That on August 8, 2023 and August 12, 2023, AWI facilitated the wholesale trade of the vehicle between Poonawalla and AWI, when Poonawalla was unregistered under s. 4(1)(a) of the *Act*.

b. That on June 6, 2024 and June 10, 2024, pursuant to a search warrant, Puri was unable to a produce a deal file for the vehicle, as required under s. 53(1) of the Regulation.

[50] On June 27, 2025, AWI and Puri pleaded guilty in Court for failing to maintain records for this vehicle under s. 53(1) of the Regulation.

[51] The Registrar directed me a retail BOS for the above vehicle, dated August 5, 2023, indicating that Poonawalla bought the vehicle for $36,995, not including warranty, fees, taxes and financing. The Registrar directed me further to a retail BOS, dated September 23, 2023, indicating that AWI sold the vehicle to Customer GG for $42,995. The Registrar argues that the sale of Poonawalla's vehicle to AWI, on August 12, 2023, demonstrates ongoing dealing between Poonawalla and AWI.

[52] Puri testified that Poonawalla offered to buy the vehicle as a "nominee", in which the transaction is not subject to taxation for both dealers. Puri testified that the deal fell through, and that AWI then purchased the vehicle for its inventory.

[53] The appellants argue that the record-keeping charge was resolved by the guilty plea and fine. I note that, for this vehicle, the Court charge of dealing in trades while unregistered, contrary to s. 4(1)(a) of the *Act*, was against Poonawalla, and not against AWI or Puri.

[54] I find that, given Poonawalla's unstable employment status at the time, it is unlikely that Poonawalla would have bought the vehicle without a pre-arranged customer, in this case KK, who it appears backed out of the purchase. Therefore, I find that the Registrar has demonstrated that AWI facilitated a wholesale trade involving Poonawalla, contrary to s. 4(1)(a) of the *Act*.

[55] In addition, I find that Puri and AWI failed to produce a deal file for the vehicle's registration transfer from Poonawalla to AWI on August 12, 2023, contrary to s. 53(1) of the Regulation.

2020 Mazda CX-9 (VIN 1927)

[56] According to the MTO VIN History, the above vehicle was registered as follows:

a. On September 27, 2022, the vehicle was registered to AWI.

b. On October 6, 2022, the vehicle's registration was transferred to Customer "MB".

[57] In the NOP, the Registrar alleges the following:

a. That in September 2022, Poonawalla offered to sell a vehicle to MB when his registration as a salesperson had expired, contrary to s. 4(3) of the *Act*.

b. That the appellants allowed Poonawalla to act as AWI's representative on its wholesale purchase of MB's actual trade-in (a 2018 Mazda CX-5, VIN 1191), contrary to s. 4(5) of the *Act*.

c. That the appellants engaged in trade for the vehicle other than at AWI's registered place of business, contrary to s. 28(4) of the Regulation.

d. That the appellants failed to ensure that the BOS for the vehicle was signed by both parties, contrary to s. 40(9)(a) of the Regulation.

e. That the appellants created and maintained a false BOS, in recording a trade-in vehicle that MB did not own, paid out the lien on that vehicle, and charged the resulting negative equity of $10,662.89 to MB.

f. That on August 18, 2023, AWI sold the 2018 Mazda CX-5 to a customer and that the retail BOS is not signed by both parties, contrary to s. 40(9)(a) of the Regulation.

[58] The Registrar directed me to several documents that were obtained during Investigator Andrew's execution of the search warrant on June 6, 2024. Firstly, the Registrar directed me to an email and attached financing application, dated September 21, 2022, that indicates that MB completed a financing application and provided it to Poonawalla via email, who then forwarded it to Francesco Mazzulla, an AWI-registered salesperson.

[59] Next, the Registrar directed me to a wholesale BOS, dated September 21, 2022, that indicates that AWI bought the vehicle from a wholesaler in Quebec for $35,500, excluding fees and taxes.

[60] The Registrar then directed me to a retail BOS, dated September 23, 2022, indicating that MB purchased the vehicle from AWI for $39,900 (excluding fees and taxes), signed by Mazzulla as the salesperson. The BOS is not signed by MB. The BOS recorded a 2020 Tesla Model 3 (VIN 9761) as MB's trade-in, with an allowance of $60,000 and a lien payout of $70,662.89. MB testified that he never owned a Tesla. He testified that his actual trade-in was the 2018 Mazda CX-5 (VIN 1191).

[61] The Registrar directed me to a second copy of a retail BOS, also dated September 23, 2022, which recorded no trade-in. This BOS was signed by Mazzulla, but it was not signed by MB.

[62] The Registrar directed me to a wholesale BOS, dated October 12, 2022, that indicates that AWI purchased MB's trade-in, the 2018 Mazda CX-5, from the lease-holding dealer, Prima Mazda. The wholesale BOS is signed by Poonawalla on behalf of AWI. The Registrar directed me to a cancelled cheque, dated October 13, 2022, from AWI to Prima Mazda, for the amount indicated on the wholesale BOS.

[63] The Registrar then directed me to AWI's General Ledger ("G/L") Update Sheet, dated October 19, 2022, that recorded the amounts shown on the BOS, including $39,900 received from MB, $60,000 for the trade-in allowance, $70,772.89 for the lien

payout, and a $42,931.35 receivable from MB. The Registrar directed me to a receipt, dated October 12, 2022, indicating that MB paid AWI $42,931.35 on that date.

[64] The Registrar argues that $10,662.89 (the lien payout minus the trade-in allowance) was charged to MB, producing an erroneous balance of $42,931.35 due on the vehicle. The Registrar directed me further to a cancelled cheque, dated November 10, 2022, indicating that AWI paid TD Auto Finance $70,356.48 to discharge the lien on the 2020 Tesla Model 3, referencing MB as the previous owner.

[65] Lastly, the Registrar directed me to retail BOS, dated August 18, 2023, where MB's trade-in, the 2018 Mazda CX-5, was sold to another customer. The BOS is not signed by either the customer or by the AWI salesperson.

[66] MB testified that he dealt with the sale through Poonawalla, and that he never attended AWI's premises. He testified that he spoke to Mazzulla once over the phone, who told him that he needed to speak to his sales representative, Poonawalla. MB made no submissions on whether he was charged negative equity, when AWI identified a Tesla rather than his 2018 Mazda CX-5 as his trade-in.

[67] In his testimony, Puri acknowledged that AWI made a book-keeping error in recording the Tesla as a trade-in on this transaction. He testified that, ultimately, MB arranged his own financing for the CX-9. He testified that the amount at the bottom of the G/L Update Sheet is the correct amount, and that there was no negative equity charged to MB. Puri testified that AWI has never heard from MB regarding any issues on the amount he paid for the vehicle, or on the amount he received for the trade-in. He testified that, if MB had an issue with negative equity charged on his trade-in, AWI would have heard from him over the last four years.

[68] I find that AWI facilitated the sale of a vehicle through Poonawalla, when Poonawalla's registration as a salesperson had expired, contrary to s. 4(3) of the *Act*. I find that Poonawalla's involvement in the sale of the vehicle went beyond that of

providing a referral, in that he forwarded the financing application, and Mazzulla indicated that each step of the transaction should go through Poonawalla.

[69] I find that AWI allowed Poonawalla to act as AWI's representative on its wholesale purchase of MB's CX-5 on October 12, 2022, when Poonawalla signed the wholesale BOS on behalf of AWI. I find that this is a contravention of s. 4(5) of the *Act*.

[70] I accept MB's testimony that he never attended AWI's location to see vehicles or to sign documents. I find that AWI facilitated Poonawalla's engagement in trade for the vehicle other than at AWI's registered place of business, contrary to s. 28(4) of the Regulation.

[71] The appellants did not direct me to a corrected BOS with the 2018 Mazda CX-5 as the trade-in, nor did they direct me to any accounting documents indicating that they corrected the error in recording the wrong vehicle on MB's trade-in, and that they re-imbursed MB for that error. I find that the appellants created and maintained a false BOS, in recording a trade-in vehicle that MB did not own, paid out the lien on that vehicle, and charged the resulting negative equity of $10,662.89 to MB.

[72] I find that on September 23, 2022, AWI produced two BOSs for the 2020 Mazda CX-9, neither of which were signed by MB. I find that on August 18, 2023, AWI produced a BOS for the 2018 Mazda CX-5 that was not signed by either the customer or by the AWI salesperson. I find that all three BOSs, for the two vehicles, contravened s. 40(9)(a) of the Regulation.

2020 Tesla Model 3 (VIN 5657)

[73] According to the MTO VIN History, the above vehicle was registered as follows:

a. On March 3, 2022, the vehicle was registered to another dealer.

b. On March 9, 2022 the registration was transferred to AWI.

c. On August 29, 2022, the registration was transferred to a Customer “MA”.

[74] In the NOP, the Registrar alleges the following:

a. That on March 3, 2022, AWI facilitated the trade of the vehicle through Poonawalla while he was unregistered, contrary to s. 4(3) of the *Act*.

b. That AWI failed to maintain records relating to the trade of the vehicle, contrary to s. 53(1) of the Regulation.

[75] MA testified that he was referred to Poonawalla by a cousin. He testified that Poonawalla told him he could acquire a Tesla Model 3 at auction, but that Poonawalla would require a deposit to do so.

[76] The Registrar directed me to an AWI credit application, dated March 3, 2022, and to a text message exchange between MA and Poonawalla, also dated March 3, 2022, authorizing Lindon King, an AWI-registered salesperson, to process the credit application. The Registrar then directed me to a WhatsApp exchange between MA and Poonawalla, dated March 5, 2022, where MA provided Poonawalla with the password for an electronic funds transfer (to Poonawalla) for the Tesla. The Registrar directed me, further in the WhatsApp exchange, where on March 7, 2022, Poonawalla provided MA with a screenshot of the TradeRev (a dealer-to-dealer wholesale trade system) listing for the vehicle, and where on March 10, 2022, Poonawalla showed MA an updated TradeRev screenshot and invited MA to come into the TAG dealership to pick up the vehicle. Investigator Andrew testified that TradeRev is only available to licensed dealers, and that Poonawalla, as an unregistered person, would not have access to TradeRev. She testified, also, that when she executed the search warrant, AWI was not able to produce a deal file, including the wholesale BOS or the retail BOS for the vehicle.

[77] MA testified that, on or about March 10, 2022, he went to the TAG dealership and sat with Poonawalla who appeared to have a desk with access to a computer. He testified that he met the person processing the credit application, who he thought was King, for about 5 minutes, but that it was Poonawalla who showed him the vehicle and

took him through the steps of the transaction. He testified that at no time did he meet with Puri. MA testified that he took ownership of the vehicle and still drives it as of the hearing. He testified that he does not recall receiving a BOS for the vehicle from AWI.

[78] The Registrar argues that AWI facilitated multiple steps of the trade of the vehicle through Poonawalla, who was not registered at the time, contrary to s. 4(3) of the *Act*, and that AWI failed to maintain records for both the purchase and the sale of the vehicle, contrary to s. 53(1) of the Regulation.

[79] The appellants directed me to a BOS for the vehicle, dated March 5, 2022, signed by MA and King, which included the trade-in allowance, fees, taxes and financing costs. The appellants submitted this BOS into evidence on the second day of the hearing. Puri testified that most of the steps related to sale of vehicles happen in the dealership, and that King was the registered salesperson for the vehicle.

[80] I find that AWI facilitated both the purchase and the sale of the vehicle through Poonawalla, who was not registered as a dealer or as a salesperson. I accept MA's testimony that Poonawalla facilitated the wholesale purchase of the vehicle on behalf of AWI, which is a contravention of s. 4(1)(a) of the *Act*, because AWI has not produced a wholesale BOS or any other evidence to controvert this testimony. I accept MA's testimony that Poonawalla's involvement went well beyond that of providing a referral to AWI. I find that Poonawalla facilitated almost the entire sale of the vehicle while unregistered, contrary to s. 4(3) of the *Act*.

[81] I find that AWI failed to produce a deal file for this vehicle, upon the execution of the search warrant, and that the late production of the retail BOS (but not the wholesale BOS) does not mitigate this omission. I find, also, that the vehicle registration was not transferred to MA until August 29, 2022, about 5.5 months after the vehicle was sold. I find that AWI failed to maintain adequate records relating to the trade of the vehicle, contrary to s. 53(1) of the Regulation.

2022 BMW X5 (VIN 6147)

[82] According to the MTO VIN History, the above vehicle was registered as follows:

a. On February 22, 2023, the vehicle was registered to AWI.

b. On May 18, 2023, the vehicle's registration was transferred to Poonawalla.

c. On May 26, 2023, the vehicle's registration was transferred to a dealer in Mississauga.

[83] In the NOP, the Registrar alleges the following:

a. That around May 18, 2023, 2504558 sold and was paid for the vehicle at a time when the vehicle was registered to AWI.

b. That the transaction demonstrated an ongoing business relationship between AWI, Puri and Poonawalla.

[84] The Registrar directed me to a retail BOS, dated May 16, 2023, indicating that the vehicle would be sold to a company called Eplone General Trading ("Eplone"), with its office located in Dubai. The listed AWI salesperson is Puri, but the BOS is not signed by him or by anyone from Eplone.

[85] The Registrar directed me, further, to a UCDA wholesale BOS which indicated that, on May 17, 2023, 2504558 sold the above vehicle to a Mississauga dealer. The BOS is signed by Poonawalla as the seller and by a representative of the Mississauga dealer as the buyer.

[86] The Registrar argues that the transactions for this vehicle through Poonawalla's company are evidence of an ongoing business relationship between AWI and Poonawalla, contrary to s. 4(1)(a) of the *Act*.

[87] Puri testified that AWI bought the vehicle at auction in early 2023, after Poonawalla referred his brother in Dubai who wanted to buy the vehicle. He testified that

AWI was expecting an e-transfer from Dubai, which took several weeks to materialize. In the NOA, the appellants claim that, once payment cleared around May 18, 2023, AWI generated the BOS to Eplone, but Eplone did not have an address in Canada. As a result, AWI released the vehicle to Poonawalla as the consignor. Puri testified that Poonawalla claimed he would be the consignor for export paperwork, which he would handle. Puri testified that they agreed to this arrangement because AWI did not want to release the vehicle without a Canadian ownership for insurance liability reasons.

[88] Puri testified that he learned, from a UCDA vehicle search history afterwards, that Poonawalla sold the vehicle to the Mississauga dealer on May 17, 2023. The appellants argue that they were misled by Poonawalla, and that they were not involved in a scheme with Poonawalla to sell the vehicle to the Mississauga dealer. Puri testified that he believed AWI was selling the vehicle to Poonawalla's brother in Dubai, for which Poonawalla would receive a referral fee.

[89] I accept Puri's testimony that Poonawalla led him to believe that he was going to sell the vehicle to his brother in Dubai, because the retail BOS indicates Eplone (with the Dubai address) as the customer. Neither party directed me to the retail BOS between AWI and Poonawalla. I note that the Registrar has not made any specific allegations in the NOP regarding a failure to maintain records relating to the trade of this vehicle, therefore I make no finding in that regard.

[90] I accept Puri's testimony that AWI created the BOS once the payment cleared in the period between May 16 and May 18, 2023. I find that Poonawalla/2504558 sold the vehicle to the Mississauga dealer on May 17, 2023. I find no wrongdoing on AWI's part in this apparent deception by Poonawalla. I find that the trade of this vehicle does not demonstrate an ongoing business relationship between AWI, Puri and Poonawalla, because AWI would have provided Poonawalla merely a referral fee.

2019 Mazda CX-5 (VIN 1501)

[91] According to the MTO VIN History, the above vehicle was registered as follows:

a. On February 27, 2024, the vehicle was registered to a wholesale vehicle dealer.

b. On March 6, 2024, the registration was transferred to AWI.

c. On March 8, 2024, the registration was transferred to Customer “FB”.

d. On March 27, 2024, the registration was transferred back to AWI.

e. On July 26, 2024, the registration was transferred to a numbered company, and then it was transferred to another customer.

[92] In the NOP, the Registrar alleges the following:

a. That from February 27, 2024 to March 8, 2024, AWI allowed Poonawalla to facilitate the trade of the vehicle, while unregistered as a salesperson, contrary to s. 4(3) of the *Act*.

b. That the retail sale of the vehicle to FB was carried out entirely away from AWI’s premises, contrary to s. 28(4) of the Regulation.

c. That AWI permitted the vehicle to be registered and subsequently deregistered without FB’s knowledge or consent. The Registrar alleges that AWI sold the vehicle and failed to ensure the contract was signed by both parties, and that it failed to ensure that a copy was provided to the purchaser, contrary to s. 40(9)(a) of the Regulation.

d. That, after March 28, 2024, Puri contacted FB’s brother, MB, and offered to reimburse the insurance cost if an OMVIC complaint were withdrawn. The Registrar alleges that AWI sought to induce the withdrawal of a complaint made to OMVIC.

[93] MB was the customer for the 2020 Mazda CX-9 (VIN 1927) mentioned previously, and MB is the brother of FB. MB testified that he and FB contacted Poonawalla in January, 2024, regarding the purchase of a Mazda CX-5, and that Poonawalla indicated that he had found one at auction. MB testified that Poonawalla requested funds to purchase the vehicle. The Registrar directed me to a cancelled bank draft, dated January 19, 2024, from the bank account of MB to 25045558, in the amount of $24,693.75.

[94] The Registrar directed me to WhatsApp exchanges between MB and Poonawalla, from January 17, 2024 to March 7, 2024, where Poonawalla indicated there were problems with the vehicle. In those exchanges, Poonawalla indicated that AWI was waiting on a part, and they would be putting on new tires. On March 7, 2024, Poonawalla messaged MB requesting a further $1,828.34 for an oil change, brake service and the new tires. On March 14, 2024, in a further WhatsApp exchange with MB, Poonawalla indicated that the vehicle was damaged in the TAG parking lot, that TAG would repair the vehicle, and that FB would receive the vehicle on March 18, 2024. MB testified that, on March 24, 2024, he and FB searched the VIN on-line, and they discovered that the vehicle was listed for sale at TAG, even though they had already provided payment to Poonawalla. On March 26, 2024, FB filed a complaint with OMVIC, indicating that (a) she never received a BOS for the vehicle even though she paid Poonawalla and she had insured the vehicle, (b) Poonawalla was asking for further funds without providing an invoice, and (c) she discovered that AWI was still selling the vehicle.

[95] The Registrar directed me to a retail BOS, dated February 27, 2024, indicating that AWI sold the vehicle to FB for $24,285.50, inclusive of a safety certification but not including fees and taxes. Puri is identified as the salesperson, but the BOS is not signed by either FB or Puri. MB testified that FB never received the BOS from Poonawalla or from Puri.

[96] MB testified that FB never went to the AWI premises and that she never met with any AWI salesperson. MB testified that he and his sister only discussed the sale of the

vehicle with Poonawalla. MB testified that neither he nor FB signed any documents related to the purchase of the vehicle.

[97] The Registrar directed me to a cancelled bank draft, dated March 28, 2024, from the bank account of 2504558 to MB, in the amount of $24,693.75. Investigator Andrew testified that Poonawalla returned the funds to FB, less approximately $880 FB had expended on insurance.

[98] Puri testified that, due to concerns about COVID, FB requested that two or three vehicles be brought to her residence for showings by an AWI employee, and the subject vehicle was subsequently brought to her place of worship for a showing, also by an AWI employee. Puri testified that FB never attended the TAG showroom to pursue or complete the transaction, and that when FB indicated she wanted to buy the vehicle, she requested paint and reconditioning work, requiring a delay of three to four weeks. Puri testified that when a customer provides either approved financing or a bank draft, and proof of insurance, AWI transfers the MTO registration ahead of time so that the customer can “sign and drive” when they come to the dealership.

[99] Steve Bell, AWI’s General Manager, testified that nobody at AWI had any knowledge that FB had paid Poonawalla in January 2024 to source a vehicle. Bell testified that, when FB indicated that she wanted to pick up the vehicle, he invited FB to come to the dealership and requested payment by bank draft, whereupon FB told him that she had already paid Poonawalla. Bell testified that AWI refused to release the vehicle without payment, and that he and Puri both advised FB to contact the police and OMVIC for assistance. The appellants claim that a BOS was never signed by both parties because the sale did not proceed, and no delivery occurred.

[100] Puri testified that as soon as FB made them aware that Poonawalla had taken funds from FB, he called Poonawalla to tell him to give the funds back to FB. He testified that he thought that both FB and AWI had been wronged by Poonawalla, and that by paying back the $880 FB had paid for insurance, it would keep her whole. He testified

that AWI offered to pay the $880 for customer service reasons, and that he would help her with her OMVIC complaint and any police charges.

[101] I accept Bell's testimony that he was unaware that Poonawalla had received funds from FB on January 19, 2024 to find her a used Mazda CX-5. However, I find that, on a balance of probabilities, AWI allowed Poonawalla to facilitate the trade of the vehicle between March 6, 2023 and March 8, 2024, while Poonawalla was unregistered, contrary to s. 4(3) of the *Act*. I find that AWI would not have purchased the vehicle from the other dealer on March 6, 2023 without having secured a customer first.

[102] I do not find that the retail sale of the vehicle to FB was carried out entirely away from AWI's premises. I find that AWI invited FB to come to the dealership to complete the transaction, and that, in the end, there was no sale to FB. I find no contravention of s. 28(4) of the Regulation for this vehicle. Also, because there was no sale of the vehicle to FB, I find that AWI did not contravene s. 40(9)(a) of the Regulation in failing to provide a signed BOS.

[103] I accept Puri's testimony that AWI offered to repay FB $880 for customer service reasons, and not as an inducement to withdraw her OMVIC complaint against Poonawalla, because Puri offered to assist her with her OMVIC complaint.

2019 BMW X5 (VIN 2431)

[104] According to the MTO VIN History, the above vehicle was registered as follows:

a. On August 2, 2024, the vehicle was registered to Stouffville Honda and then transferred to Customer "SM" the same day.

b. On December 5, 2024, the vehicle's registration was transferred back to Stouffville Honda and then transferred to AWI the same day.

c. On January 23, 2025, the vehicle's registration was transferred to another customer.

[105] In the NOP, the Registrar alleges the following:

a. That AWI acquired and financed a vehicle for the benefit of Poonawalla, thereby facilitating a trade by an unregistered salesperson, contrary to s. 4(3) of the *Act*.

[106] The Registrar directed me to a cancelled bank draft, dated June 17, 2024, indicating that 2504558 received $40,000 from Customer “LM” toward the above vehicle. The Registrar directed me, further, to an Application for Vehicle Transfer that indicates that Stouffville Honda registered the vehicle into the name of “SM”, LM’s wife, on August 2, 2024.

[107] SM testified that Poonawalla brought them the vehicle with the paperwork on August 2, 2024, and that she signed a BOS and the Application for Vehicle Transfer, but that Poonawalla never provided her with a copy of the BOS. She testified that Poonawalla told her he needed to take the vehicle back to Stouffville Honda for further repairs, including to the sunroof.

[108] The Registrar directed me to a UCDA wholesale BOS, dated December 4, 2024, where AWI bought the vehicle from Stouffville Honda for $42,940 (inclusive of HST). The BOS is signed by Puri and a representative of Stouffville Honda. The Registrar directed me to a cancelled cheque, dated December 4, 2024, from AWI to Stouffville Honda for that same amount.

[109] SM testified that she never consented to transfer the ownership of the vehicle back to Stouffville Honda on or about December 5, 2024. She testified that the signature on the Application for Vehicle Transfer (from SM to Stouffville Honda), dated December 5, 2024, is not her signature. She testified that she received no funds for the purported sale of that vehicle back to Stouffville Honda, and as of the hearing she was never reimbursed by Poonawalla nor has she received the vehicle. SM testified that she called Puri shortly after December 5, 2024, and spoke to Puri, who told her that Poonawalla was in debt and was “scamming” customers. She testified that Puri told her he was

suing Poonawalla to get money back, and that he advised her to talk to Stouffville Honda and to OMVIC.

[110] The Registrar argues that AWI purchased the vehicle from a party, on the face of the applicable registration records, that was not the vehicle's registered owner on the date of the transaction, and that AWI failed to take reasonable steps to verify title.

[111] Puri testified that when he received the call from SM, he was surprised she had paid Poonawalla for the vehicle. He testified that he called Poonawalla and told him to give the money back to SM. Puri testified, further, that Poonawalla tried to work out an arrangement through AWI, and that he refused. He testified that Poonawalla arrived unannounced at AWI the next day, and that Puri walked him out the door. He testified that he gave SM the information she would need to make a claim to OMVIC and to report Poonawalla to the police. The appellants argue that the allegations are against Poonawalla, and they deny that Poonawalla acted on behalf of AWI or Puri.

[112] I find that the Registrar has not demonstrated that Puri or anyone else at AWI had any knowledge that the vehicle they bought was not properly registered to Stouffville Honda on December 4, 2025. While the date of wholesale BOS, December 4, 2025, predates the MTO transfer by one day, I find that the information before me indicates that Poonawalla arranged the transactions through Stouffville Honda, unknown to Puri. I find no contraventions of s. 4(3) of the *Act*, on the part of Puri or AWI, related to the sale of this vehicle.

2020 Infiniti XTR (VIN 6350)

[113] According to the MTO VIN History, the above vehicle was registered as follows:

a. On April 14, 2025, the above vehicle was registered to another dealer.

b. On May 22, 2025, the registration was transferred to AWI.

c. On June 19, 2025, the registration was transferred to Customer SM.

d. On June 24, 2025, the registration was transferred back to AWI.

e. On June 26, 2025, the registration was transferred to another customer.

[114] In the NOP, the Registrar alleges the following:

a. That AWI conducted the retail sale of the vehicle entirely through Poonawalla while he was unregistered, contrary to s. 4(3) of the *Act*.

b. That AWI traded in a motor vehicle sale from a place not authorized by its registration, contrary to s. 28(4) of the Regulation.

c. That AWI failed to ensure that the BOS was properly executed and that a copy was delivered to the purchaser, contrary to s. 40(9) of the Regulation.

d. That on September 29, 2025, AWI failed produce a deal file and failed to maintain records relating to the trade of the vehicle, contrary to s. 53(1) of the Regulation.

[115] SM is the same customer who attempted to purchase the 2019 BMW X5 (VIN 2431) identified previously. SM testified that in the early 2025, Poonawalla advised her that AWI would sell her the above vehicle, and that it would be credited against monies Poonawalla owed her from the earlier transaction for the 2019 BMW X5. She testified that Poonawalla told her that he knew the owner of AWI, and that he had made an arrangement to pay AWI, over time, for the Infiniti. SM testified that Poonawalla brought the vehicle to her home for a showing and a test drive, and she added the Infiniti to her insurance and provided the policy number to Poonawalla to move the transaction forward.

[116] The Registrar directed me to an Application for Vehicle Transfer, dated June 19, 2025, indicating AWI as the seller and SM as the buyer of the vehicle. SM testified that she was unaware that this was done, and that it is not her signature on the transfer

document. The document is labelled “DAL”, or Dealer Authorization Letter, with AWI’s registration number, authorizing Service Ontario to process the transfer.

[117] The Registrar directed me, further, to an Application for Vehicle Transfer, dated June 25, 2025, indicating SM as the seller and TAG as the buyer of the vehicle. SM testified that it is not her signature on this document. The document is stamped with TAG’s official stamp as the buyer, and it is also labelled “DAL”.

[118] The Registrar argues that Poonawalla contacted AWI, indicating a prospective buyer, and a vehicle was prepared for delivery. The Registrar argues that Poonawalla borrowed the vehicle with a dealer plate, and that AWI attempted to conduct the sale of the vehicle through Poonawalla while he was unregistered.

[119] Puri testified that, in June 2025, he received a call from SM, who told him that Poonawalla told her that the Infiniti was ready be picked up. Puri testified that he never authorized any sale through Poonawalla. Puri testified that SM told him that she had already paid Poonawalla. Puri testified that AWI refused to release the vehicle in the absence of payment, no BOS was signed, and no vehicle was delivered. Puri testified that Investigator Andrew requested the deal file, but that there was no signed BOS, no delivery and no deal file, because no funds had ever been paid to AWI.

[120] Neither party made submissions on who signed the Applications for Vehicle Transfer on behalf of AWI, on June 19, 2025, and June 24, 2025, or who stamped the latter application with TAG’s stamp. I accept Puri’s testimony that he did not authorize these transactions, because by this time Puri had severed contact with Poonawalla, due to the previous bad transaction on the 2019 BMW X5. I find, however, that ultimately Puri is responsible for the use of TAG’s DAL stamp, and that Puri failed to take reasonable care to prevent misuse of AWI’s stamp, contrary to section 32(2) of the *Act*.

[121] Because the vehicle was not sold by AWI to SM, I find that AWI did not contravene s. 4(3) of the *Act*, or sections 28(4) and 40(9) of the Regulation, with respect to the sale of this vehicle.

2022 Toyota Corolla (VIN 4558)

[122] According to the MTO VIN History, the above vehicle was registered as follows:

a. On July 29, 2022, the vehicle was registered to a Customer “SN”.

b. On November 5, 2024, the vehicle was registered to 2443818 Ontario Ltd, o/a Babi Used Cars (“Babi”).

c. Also on November 5, 2024, the registration was transferred to AWI, who transferred it to Customer “LAF” the same day.

[123] In the NOP, the Registrar alleges the following:

a. That, on October 29, 2024, an AWI-registered salesperson sold the vehicle while subject to a previously registered lien, contrary to s. 42(25) of the Regulation.

[124] LAF testified that, in the fall of 2024, he moved to Toronto and he looked for a 2022 Toyota Corolla so that he could work as a ride-share driver. He testified that, on October 29, 2024, he went to the TAG dealership in person, met Erica Jabari, an AWI-registered salesperson, and bought the vehicle the same day. He testified that he had arranged financing through National Bank of Canada. He testified that he was told that AWI would take care of licensing and registration, and that he could pick up the vehicle three days later.

[125] LAF testified that his vehicle was repossessed on March 17, 2026, apparently for an outstanding lien that was not reported to him at the time of sale. The Registrar directed me to a Service Ontario lien search, dated March 22, 2026, indicating that, in addition to LAF’s loan with National Bank of Canada, there was an active lien claim from the vehicle’s previous owner, SN, to Toyota Credit Canada Inc. (“Toyota Credit”), with a lien expiry date of July 28, 2029.

[126] LAF testified that, after enquiring with the police and Toyota Credit to find out what happened, he went to the TAG dealership and spoke with Puri. He testified that Puri advised LAF to continue making car and insurance payments, as failure to do so would affect LAF's credit rating. LAF testified that AWI offered him a replacement vehicle while they sorted the matter out. LAF testified that he refused the offer because he wanted to be compensated for all vehicle payments he had made since acquiring the vehicle on October 29, 2024, a period of about 17 months.

[127] Crystal Johns, Manager of Complaints with OMVIC, testified that liens or encumbrances must be discharged before a dealer sells a vehicle to a customer, and that she advised LAF that he could apply for remedy from the OMVIC compensation fund for the apparent breach. She testified that, during her investigation of LAF's complaint, she spoke with Steve Bell, General Manager of AWI, who advised her that they had conducted wholesale trades with Babi in the past without any issues.

[128] Johns testified that paying off the outstanding lien does not necessarily resolve the matter from OMVIC's perspective. She testified that OMVIC's main concern is financial harm to consumers, and they seek to impose penalties and/or disciplinary measures to ensure that events like the repossession of LAF's vehicle do not occur in the future.

[129] The Registrar argues that AWI sold the vehicle while subject to a previously registered lien, contrary to s. 42(25) of the Regulation. The Registrar argues that Puri, as the sole director and person-in-charge of AWI, is ultimately responsible for the conduct of his salespersons, and that the sale of the vehicle with the outstanding lien is further evidence that neither he nor AWI will carry on business in accordance with the law and with integrity and honesty.

[130] Puri testified that AWI had conducted wholesale business with Babi in the past and never had any issues. The Registrar directed me to AWI's cancelled cheque to Babi that indicated "lien to be paid out by Babi immediately". Puri testified AWI attempted to engage with Toyota Credit to buy back the vehicle and return it to LAF, to keep the

customer whole, but that Toyota Credit was unresponsive. The appellants directed me, further, to a cancelled cheque from AWI to National Bank, dated June 19, 2026, in the amount of $30,372.59, where it indicates a loan payoff for the 2022 Toyota Corolla. Puri testified that the amount of the cheque was the outstanding amount of the loan plus six loan payments, from March 17, 2026 to the date of the cheque. Puri testified that AWI would pursue remedies with Babi after the matter was sorted out with LAF.

[131] The appellants argue that the transaction for this vehicle did not include an intentional failure to disclose or discharge a lien, that Babi failed in its obligation to discharge the lien, and that AWI undertook steps to obtain information and explore recovery options when they became aware of the problem.

[132] I find that AWI sold the vehicle while subject to a previously registered lien, contrary to s. 42(25) of the Regulation. However, I find that the measures taken by Puri and AWI to rectify the matter satisfy me that the single instance of the sale of this vehicle does not demonstrate a pattern of behaviour in selling vehicles with liens. I find that Puri and AWI trusted Babi to discharge the lien with the funds it received, and that Babi did not do so. Nevertheless, I find that it was AWI's responsibility to verify that the lien was discharged before releasing the vehicle to LAF three days after signing the BOS. While the sale of the vehicle with an undisclosed lien is a contravention of s. 42(25) of the Regulation, I do not find that it demonstrates that neither Puri nor AWI will carry on business in accordance with the law and with integrity and honesty.

Summary of findings regarding contraventions of the Act and the Regulation

[133] I summarize my findings on contraventions of the *Act* and the Regulation related to each vehicle as follows:

a. *2008 BMW 328i (VIN 6919)*: I find that the appellants failed to produce a deal file, contrary to s. 53(1) of the Regulation, for which they pleaded guilty in Court and paid a fine.

b. *2018 Mercedes-Benz C Class (VIN 8852)*: I find that the appellants failed to produce a deal file, contrary to s. 53(1) of the Regulation, for which they pleaded guilty in Court and paid a fine.

c. *2022 BMW X7 (VIN 8018)*: I find that the appellants engaged Poonawalla in the trade of the vehicle while unregistered as a salesperson, contrary to s. 4(3) of the *Act*. I find, also, that the appellants failed to produce a deal file, contrary to s. 53(1) of the Regulation, for which they pleaded guilty in Court and paid a fine.

d. *2019 Toyota Sienna (VIN 8798)*: I find that the appellants facilitated a wholesale trade involving Poonawalla, contrary to s. 4(1)(a) of the *Act*. I find, also, that the appellants failed to produce a deal file, contrary to s. 53(1) of the Regulation, for which they pleaded guilty in Court and paid a fine.

e. *2020 Mazda CX*-9 *(VIN 1927)*: I find that the appellants engaged Poonawalla in both the wholesale and retail trade of the vehicle, contrary to s. 4(5) and s. 4(3) of the *Act*, and the appellants engaged in trade for the vehicle other than at AWI's registered place of business, contrary to s. 28(4) of the Regulation. I find, also, that the appellants failed to ensure that the BOS for the vehicle and the BOS for the customer's trade-in were signed by both parties, contrary to s. 40(9)(a) of the Regulation.

f. *2020 Tesla Model 3 (VIN 5657)*: I find that the appellants engaged Poonawalla in the wholesale and retail trade of the vehicle, contrary to s. 4(1)(a) and s. 4(3) of the *Act*. I find that the appellants failed to maintain adequate records relating to the trade of the vehicle, contrary to s. 53(1) of the Regulation.

g. *2022 BMW X5 (VIN 6147)*: I find no contraventions by Puri or AWI.

h. *2019 Mazda CX-5 (VIN 1501)*: I find that the appellants engaged Poonawalla in the trade of the vehicle while unregistered as a salesperson, contrary to s. 4(3) of the *Act*.

i. *2019 BMW X5 (VIN 2431)*: I find no contraventions by Puri or AWI.

j. *2020 Infiniti XTR (VIN 6350)*: I find that Puri failed to take reasonable care to prevent misuse of AWI's stamp, contrary to s. 32(2) of the *Act*.

k. *2022 Toyota Corolla (VIN 4558)*: I find that the appellants sold the vehicle while subject to a previously registered lien, contrary to s. 42(25) of the Regulation.

These findings do not disentitle the appellants to registration

[134] The Registrar argues that Puri has demonstrated a pattern of behaviour that affords reasonable grounds for belief that neither he nor AWI will carry on business in accordance with the law and with integrity and honesty, thereby disentitling him to registration as a motor vehicle salesperson under s. 6(1)(a)(ii) of the *Act*, and disentitling AWI to registration as motor vehicle dealer under s. 6(1)(d)(iii) of the *Act*.

[135] The Registrar argues, citing *Prestige Toys Ltd. v. Registrar, Motor Vehicle Dealers Act*, 2009 CanLII 43657 (ON SCDC) ("*Prestige*") at para. 34, that:

> Conduct does not require evidence of deceit or even of wilful blindness. It encompasses any act or omission or course of behaviour that affords reasonable grounds to believe that the business will not be carried on in accordance with law, honesty and integrity.

[136] The Registrar argues that it does not have to prove what Puri intended in these transactions, only that the contraventions establish grounds for belief that the appellants will not conduct business with integrity and honesty in the future.

[137] The Registrar argues further, citing *Maceka v. Registrar, Motor Vehicle Dealers Act, 2002*, 2026 CanLII 39676 (ON LAT) at paras. 68 and 78, that Puri knew or ought to have known that Poonawalla was projecting himself as a salesperson while unregistered, contrary to the *Act*, and that the Registrar does not need to demonstrate an employment relationship.

[138] The Registrar argues also, citing *Prime One Auto Inc. and James Pournader v. Registrar, Motor Vehicle Dealers Act*, 2025 CanLII 1859 (ON LAT) ("*Prime One*") that a customer complaint is material, and that Puri's communications with Customer SM regarding the retraction of her OMVIC complaint lacked integrity and professionalism.

[139] The Registrar argues that, under s. 32(2) of the *Act*, Puri is ultimately responsible, as the director of AWI, to take reasonable care to prevent persons in the corporation from committing offences. The Registrar argues that not being aware of contraventions is insufficient to excuse bad behaviour. The Registrar argues that the *Act* does not set a number of contraventions to establish whether the actions are predictive of future behaviour, but that in the present matter there are so many contraventions across multiple transactions such that registration with conditions would be insufficient to protect future customers. The Registrar argues, citing *Leon's Fine Cars Inc. and Lev Babekov v. Registrar, Motor Vehicle Dealers Act*, 2026 CanLII 34296 (ON LAT) ("*Leon's*"), that conditions are not appropriate where integrity and honestly are at issue, and that revocation of the appellants' registrations is the only remedy.

[140] The appellants argue that the Registrar's case is one of guilt by association. For all but one of the vehicles put forward by the Registrar as evidence, the dishonest behaviour was that of Poonawalla. The appellants argue that this matter is a case of abused trust, rooted in cultural norms. The appellants argue that, for the unpaid lien, the appellants derived no benefit from the infraction. They argue, rather, that they paid the lien twice, first to Babi and then to National Bank of Canada.

[141] The appellants argue that in *Prestige*, the dealer asked the customer to lie to an investigator, which is not the case in the present matter. The appellants argue that Puri

tried to resolve the situation to SM's satisfaction, and then he communicated to SM that he would assist with any OMVIC or police investigations. The appellants argue that in *Prime One*, the dealer forged loan documents and attempted to coerce a customer into withdrawing a complaint, which is not the case in the present matter. The appellants argue that in *Leon's*, the appellants forged documents and attempted to thwart a police investigation, which are not analogous to the present matter. The appellants argue that, if the Tribunal makes findings of dishonesty in this case (which the appellants deny), that registration with conditions would be the commensurate remedy.

[142] I find that the appellants engaged Poonawalla in the trade of five of the vehicles in this matter, while Poonawalla was not registered. I find that Poonawalla's role in these trades went beyond that of providing referrals to the appellants, contrary to s. 4(1)(a), s. 4(3) and s. 4(5) of the *Act.* I find that, for one of these five vehicles, the appellants engaged in trade for the vehicle other than at AWI's registered place of business, contrary to s. 28(4) of the Regulation, and failed to properly execute BOSs, contrary to s. 40(9)(a) of the Regulation. I find that, for one other vehicle, Puri failed to take reasonable care to prevent misuse of AWI's DAL stamp. The evidence before me is that the appellants' contraventions for these six vehicles are limited to their interactions with one individual, Poonawalla. I find that the appellants have terminated their relationship with Poonawalla, which satisfies me that it would prevent these contraventions from occurring in the future.

[143] I find that the appellants failed to maintain records and produce deal files, contrary to s. 53(1) of the Regulation, for five of the vehicles in this matter. For four of the five vehicles, the contraventions have been adjudicated in Court, and the appellants have paid a fine. I am satisfied that the appellants submissions of newly implemented digital document storage, and new business procedures, will sufficiently prevent these contraventions from occurring in the future.

[144] I find that the appellants sold one vehicle while subject to a previously registered lien, contrary to s. 42(25) of the Regulation. While the appellants argued that Babi failed to uphold its responsibility to discharge the lien, ultimately the appellants were

responsible for ensuring that the lien was discharged before releasing the vehicle to Customer LAF. I find that the appellants took measures to remedy the situation for LAF when they became aware of the contravention. I do not find that this instance demonstrates that the appellants will not carry on business with integrity and honesty.

[145] The Registrar alleges that Puri failed to take reasonable care to prevent AWI from committing various offences, pursuant to s. 32(2) of the *Act*. I find that for all the vehicles except the 2022 Toyota Corolla, the contraventions were instigated by Poonawalla at the TAG location, over roughly 3.5 years, from January 2022 to June 2025. I find that the standard of "reasonable" in s. 32(2) of the *Act* does not require perfection, and it should be viewed in the context of AWI's overall business operations, per the direction in *Baxter*. Accepting Puri's testimony that the TAG location sold 100 to 200 vehicles per month, TAG would have sold between 4,200 and 8,400 vehicles over that period. I find that there are contraventions related to nine vehicles, but that the contraventions are isolated to dealings with Poonawalla and the single instance of the undischarged lien involving Babi. I find that the contraventions identified in this matter do not meet the threshold of unreasonable under s. 32(2) of the *Act*.

[146] For the reasons above, I find that the Registrar has not demonstrated that the appellants' past conduct affords reasonable grounds for belief that they will not carry on business in accordance with the law and with integrity and honesty, thereby disentitling them to registration as a motor vehicle salesperson and as a motor vehicle dealer.

ORDER

[147] I deny the Registrar's proposal to revoke the registration of Anil Puri as a motor vehicle salesperson under s. 6(1)(a)(ii) of the *Act*.

[148] I deny the Registrar's proposal to revoke the registration of Automotive Wholesale Inc. as a motor vehicle dealer under s. 6(1)(d)(iii) of the *Act*.

Released: October 8, 2026

Bernard Trotttier
Member