



news

Motor
Vehicle Sales Authority
of British Columbia

FOR IMMEDIATE RELEASE

RV dealer suspended and "freeze order" issued

(BURNABY B.C. 23 July, 2008) - Southwest R.V. and Sport Ltd., with Vancouver Island locations at Sidney, Chemainus and Duncan has been suspended from doing business by the Registrar of Motor Dealers. A "freeze order" was issued July 15, 2008 on all of the dealership's assets and bank accounts and the salesperson licence of the company's dealer principal, Kersti Clark, has also been suspended.

Southwest and Ms. Clark have been a subject of concern for the Motor Vehicle Sales Authority of B.C. (VSA) since they were first denied permission to conduct consignment sales, shortly after the company obtained a dealer licence in 2006. The recent action concerns multiple complaints involving consignment sales.

Complaints since March 2008 involved consigned recreation vehicles worth approximately \$225,000, subsequently sold by Southwest, but the complainants reported difficulty tracking either their vehicles or their money. A portion of the proceeds were paid to the consignees after the VSA commenced its investigations, but there is still an outstanding amount of approximately \$100,000 yet to be accounted.

"Consignment issues cause our investigators a great deal of concern, which is why the regulations award the privilege only to experienced, established dealers with an impeccable track record," said Denis Savidan, the VSA's Manager of Compliance and Investigations. "In this case, there is an allegation that one of these RVs was rented to another customer by Southwest with no remittance of cash to the rightful owner."

Consignment sales are frequently approved for established dealers who have a documented history of professional conduct, no consumer complaints or compensation fund claims, subject to letter of credit requirements and the dealer complying with the Motor Dealer Consignment Sales Regulation under the Motor Dealer Act.

Southwest RV & Sport Ltd. had been denied such permission because they lacked the obligatory three years of experience and demonstrable credibility.

A Judicial Review to appeal the Registrar's ruling was filed by Southwest RV & Sport Ltd. in the British Columbia Supreme Court in early 2007. That was ultimately rejected by Justice Wong, who ruled that the Legislation empowers the Registrar to establish appropriate criteria before consideration of an application to accept and sell vehicles on consignment and, if those conditions are met, to then decide each case on its own merit.

The company subsequently filed an appeal of this ruling in the B.C. Court of Appeal, a case which is to be heard in September. This is a completely separate issue from the alleged egregious matters that have led to the suspension of both the company's dealer license and Ms. Clark's salesperson licence.

Consumers who have had consignment dealings with Southwest RV & Sport Ltd. are encouraged to call the following number.

- 30 -

FOR MORE INFORMATION, PLEASE CONTACT:

Bruce Forbes, Senior Compliance Officer, VSA at 604-293-3531.