



**Claims may total \$350,000**

## Four dealership failures impact Compensation Fund

The VSA is currently dealing with the repercussions of two franchise dealers - Langley Suzuki and Bay City Kia - being petitioned into bankruptcy by HSBC Bank Canada, and now administered by a court-appointed receiver. These two dealers represent at least \$150,000 in claims against the Motor Dealer Customer Compensation Fund for failure to pay out liens on consumers' vehicles.

Last week, the VSA learned that two independent dealers closed down, literally "overnight." These dealers cannot yet be named because investigations are just starting. Early indications are that these two failures may generate \$200,000 of Compensation Fund claims for unpaid liens.

### **VSA "General Guidelines" concerning sales practices**

The VSA has just released a comprehensive new publication which will serve as a useful handbook for the motor vehicle sales industry. The guidelines explain the provisions of the law and related regulations governing the retail sale of vehicles, and what the VSA and the industry do to encourage best practices.

The document is now available on the VSA website, [www.vehiclesalesauthority.com](http://www.vehiclesalesauthority.com)

VSA Deputy Registrar Ian Christman said:

***"Two franchise and two independent dealers have created a potential \$350,000 liability for the Compensation Fund - an amount similar to that caused by Southwest RV.***

***"A motor dealer agreeing to pay out a consumer's lien creates a significant trust issue. If a dealer fails to pay out the lien, the consumer's vehicle may be seized. When a dealer agrees to pay out a consumer's lien, it should do so immediately or place those funds into a general trust account, segregating that money from its general account."***

## **Dealer issued conditional licence**

The Registrar of Motor Dealers, who had refused to grant a Motor Dealer Licence to Key Track Auto Sales and Detailing Ltd. of Abbotsford, has now agreed to issue a conditional licence. The licence was granted after the company's management structure was fully disclosed, along with secured financial guarantees to resolve all prior issues involving the dealer principals.

The previous licence refusal followed an April 16 hearing. Evidence demonstrated that the "named" dealer principal of Key Track, Sukvir Kaur Sidhu, is the sister-in-law of Gurtej Sidhu and the wife of Jastej Singh Sidhu, both of whom were disciplined in 2008 for deceptive practices.

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## **Key Track.... /2**

The focus of the 2008 investigation related to the sale of an unsafe used truck, was Massive Truck Sales Ltd., owned by Gurtej Sidhu and managed by Jastej Singh Sidhu, They were ordered to:

1. make full restitution to the consumer involved;
2. pay an administrative assessment of \$20,000 against the dealership;
3. pay \$2,250 levied against the two salesperson licences; and,
4. pay full compensation to the Motor Vehicle Sales Authority (VSA) for the costs of the proceedings.

Other conditions were attached to the dealer and salesperson licences. One salesperson was suspended for three days for giving a false statement to investigators.

Deputy Registrar Ian Christman, who made the 2008 ruling and conducted the Key Track hearing as well, reported that Massive Truck had failed to meet its overdue obligations. Denying the licence to the new company Key Track and citing the relationship of the alleged principal to those responsible for the former issues, Christman said the application "was a colourable attempt to circumvent the Registrar's and B.C. Supreme Court's Orders against Massive Truck."

Subsequent to that ruling, with the full disclosure of Key Track management, commitments and financial security in place to resolve Massive Truck's obligations and an agreement for the services of a suitable repair facility, a conditional dealer licence was issued recently. The Registrar warned, however, if any of these issues remain unresolved, the licence will be rescinded.