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CONSUMER PROTECTION
DEALER PROFESSIONALISM
CUSTOMER SERVICE

2014 ANNUAL REPORT | **2015** BUSINESS PLAN

Promoting a Fair and Informed Vehicle Sales Marketplace in Ontario

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OMVIC'S MISSION STATEMENT

We will take pride in the results of our commitment to a fair marketplace, achieved through innovation, enforcement and excellence in service.

OMVIC's creation on January 7, 1997, marked the first regulated business sector to move to self-management. Previously, Ontario's motor vehicle dealer industry was regulated by the Ministry of Consumer and Commercial Relations (now the Ministry of Government and Consumer Services). OMVIC is a not-for-profit corporation governed by a 12-member Board of Directors.

Registration with OMVIC is mandatory for all Ontario motor vehicle dealers and salespeople.

OMVIC'S ONGOING OBJECTIVES

- Consumer protection through pursuit of those who would prey on an unwary public
- Increased consumer confidence through compliance and complaint handling
- Consumer awareness through dissemination of information concerning consumer rights via media and outreach and public information and awareness programs
- Dealer professionalism through certification programs for new dealers and salespeople and ongoing information/education initiatives
- Increased accountability through administration of a Code of Ethics, Standards of Business Practice and an open disciplinary process

OMVIC (Ontario Motor Vehicle Industry Council) administers and enforces the *Motor Vehicle Dealers Act* (MVDA) – a public protection statute – on behalf of the Ministry of Government and Consumer Services. OMVIC's mandate is to maintain a fair and informed marketplace in Ontario by protecting the rights of consumers, enhancing industry professionalism and ensuring fair, honest and open competition for registered motor vehicle dealers. OMVIC's adherence to these ideals is reflected in its mission statement.

OMVIC'S PRIORITIES

- CONSUMER PROTECTION
- DEALER PROFESSIONALISM
- CUSTOMER SERVICE

PROTECTION FOR ONTARIANS

Ontario car buyers continue to benefit from excellent consumer protection legislation and a vigilant and dedicated regulator. In 2010, the then Ministry of Consumer Services introduced the MVDA. Administered and enforced by OMVIC, this legislation not only protects consumers but also promotes a level playing field for all registered dealers. The MVDA introduced a new Code of Ethics (CoE) and Discipline Process as well as increased penalties for dealers or salespeople who breach the Act or CoE; these include maximum fines/penalties of \$50,000 and/or up to two years less a day in jail for individuals found in breach of the MVDA, maximum fines of \$250,000 for corporations found in breach of the MVDA and maximum fines of \$25,000 for breaches of the CoE.

Key features of the MVDA introduced in 2010 include:

Disclosure. Dealers must disclose in writing specified information (as well as all material facts) related to a vehicle's past use, history and condition.

All-In Price Advertising. If a dealer advertises a price for a vehicle, that price must include all fees and charges the dealer intends to collect; there can be no hidden fees. *Note: HST and licensing do not have to be included in the all-in price as long as the advertisement clearly and prominently indicates they are not included.*

Rescission Rights. Should a dealer fail to properly disclose that a vehicle was previously used as a taxi, limousine, police cruiser, emergency service vehicle or daily rental (if the daily rental was not owned by someone other than a rental company or registered dealer), fail to disclose that a vehicle was branded (irreparable, salvage or rebuilt), fail to disclose the proper model year or fail to disclose the true distance a vehicle has been driven (or the designated statement when the mileage is not known), the purchaser may cancel the contract within 90 days of delivery and have all monies paid refunded.

Access to the Motor Vehicle Dealers Compensation

Fund. Consumers who suffer a financial loss as a result of a trade with a registered dealer may be entitled to compensation. The Compensation Fund will reimburse consumers up to \$45,000 per valid claim.

Ontario consumers are further protected by the *Consumer Protection Act* (CPA), legislation that prohibits unfair business practices, including false, misleading, deceptive or unconscionable representations.

It is vital, however, that consumers understand that their rights and protections as car buyers depend entirely on whom they buy from. Only when consumers buy from a registered dealer are they protected by OMVIC and Ontario's consumer protection laws. Consumers who choose to buy privately are not protected. Should something go wrong in a private transaction, the consumer is essentially on his or her own.

2014 SUMMARY

The following is a brief summary of OMVIC's resources and initiatives as of December 31, 2014.



REVENUE FOR FISCAL 2014:

\$13,155,009



REGISTRANTS:

34,296, including

- 8,061 dealers
- 26,235 salespersons

COMPLIANCE INITIATIVES, INCLUDING INVESTIGATIONS/PROSECUTIONS/INSPECTIONS:

- 2,475 inspections
- 496 investigations
- 300 charges laid against 99 entities
- 98 Notices of Complaint served (CoE/ Discipline matters)
- 1,329 Registrar actions, including 85 Proposals to Revoke, Suspend or Deny Registration

COMPLAINT HANDLING:

1,048 formal complaints received; return to consumers of \$870,871 negotiated



COMMUNIQUÉS:

53 bulletins, newsletters and news releases published



MOTOR VEHICLE DEALERS COMPENSATION FUND:

- 31 claims received; 30 approved
- \$492,000 total claims paid

MESSAGE FROM THE PRESIDENT AND CHAIR OF THE BOARD

The Honourable David Orazietti
Minister of Government and Consumer Services

6th Floor, Mowat Block
900 Bay Street
Toronto, ON
M7A 1L2

Dear Minister Orazietti:

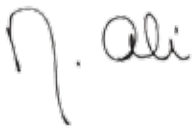
On behalf of OMVIC's Board of Directors, I am pleased to present the 2014 Annual Report and 2015–17 Business Plan, outlining OMVIC's activities, accomplishments and direction. 2014 proved to be yet another highly successful year for OMVIC and I am certain this report will demonstrate the dedication and commitment of OMVIC's Board and staff to the protection of Ontario consumers, to the provision of service excellence to its dealers and salespeople and to the use of innovation, creativity and energy to meet all challenges.

Minister, I make the above statement as someone with a unique perspective: the first consumer representative elected as president and chair of the Board. As such, I can attest to OMVIC's commitment to its mandate and its outstanding engagement with its stakeholders. It is in no small part due to OMVIC's educational and outreach activities for registrants and consumers alike, combined with its significant stakeholder engagement, that OMVIC receives the support of industry associations and consumer groups alike. All understand that OMVIC's efforts will help provide transparency to consumers and create a level playing field for dealers – both of which build trust in the industry – and that's a win-win.

Much of OMVIC's engagement comes through education and awareness. I believe this to be a key strategy; a better educated and informed consumer is a better protected consumer, and a better informed dealer/salesperson is a more professional registrant.

In 2014 OMVIC conducted two separate Consumer Awareness Campaigns, issued 11 news releases, participated in 75 media interviews, issued eight Consumer Line e-newsletters, participated in seven trade shows, sponsored five events and held 22 Car-Buying Seminars. These free seminars were held across the province, from Sault Ste. Marie to Ottawa, and represent only its outreach to consumers. OMVIC also issued 22 educational bulletins, four *The Dealer Standard* newsletters and seven email broadcasts to dealers and salespeople. It also conducted 46 free educational seminars and webinars for registrants.

In closing, OMVIC remains committed to assisting and educating Ontario's car buyers and to enhancing the professionalism of our registrants. On behalf of OMVIC's Board of Directors, I want to thank the ministry and its staff, OMVIC's staff, our registrants and our stakeholder groups for their ongoing assistance and collaboration over the course of the past year.



Nazreen Ali, MBA
President and Chair
OMVIC Board of Directors

MESSAGE FROM THE REGISTRAR

The Honourable David Orazietti
Minister of Government and Consumer Services

6th Floor, Mowat Block
900 Bay Street
Toronto, ON
M7A 1L2

Dear Minister Orazietti:

In 2014, OMVIC again demonstrated its steadfast commitment to its mandate. Through vigorous compliance, enforcement and prosecutorial efforts OMVIC has protected the rights of Ontario consumers; through awareness and educational initiatives for both consumers and registrants, OMVIC has enhanced industry professionalism and helped ensure a fair, honest and open marketplace; and through the efforts of a dedicated staff and technological advances OMVIC has ensured exemplary customer service.

Many of these successes are a result of the prioritization of operational efficiencies, including the 2014 launch of additional online registration services. In the coming year we hope to expand our partnerships with ServiceOntario and stakeholder groups seeking additional opportunities to decrease costs or improve service levels. In 2014 registrants also benefited from a new educational resource – webinars. The topics covered were advertising and disclosure requirements, two areas where compliance concerns have been noted. The feedback from participants was very positive and supportive.

Consumer outreach and education also continued to be a priority in 2014. While these awareness initiatives are ongoing, OMVIC was able to advance them to help address a fast-emerging issue. In the spring of 2014, a national broadcaster's investigative program explored vehicle sales via undercover shopping. It found unacceptable levels of non-compliance with the MVDA's all-in pricing requirements. This type of non-compliance could only be identified by undercover shopping and this is an area to which OMVIC has recently devoted considerable resources. But OMVIC also decided this issue could be addressed through consumer awareness. If dealers were charging fees that exceeded the advertised price, OMVIC's strategy was to ensure that consumers knew such tactics were illegal. Education would not only empower Ontarians to protect themselves from unscrupulous dealer advertising, it would help drive compliance. An advertising and awareness campaign was developed and launched in a matter of days. The message was simple: All-in pricing...IT'S THE LAW!

OMVIC's outreach has been effective and is seen in the compliant business practices of the vast majority of registrants. In the small number of cases where dealers or salespeople have failed to meet the requirements of the MVDA, OMVIC's Business Standards, Inspections, Investigations and Legal Teams have actively fulfilled their roles in providing enforcement and prosecution. These efforts included 2,475 inspections, 496 investigations, 98 Code of Ethics/Discipline matters initiated and the issuance of 85 Proposals to Revoke, Suspend or Deny Registration. As well, the Motor Vehicle Dealers Compensation Fund continues its impressive record of protecting Ontarians, approving 30 of 31 claims received and reimbursing almost half a million dollars to consumers.

Minister, we look forward to the challenges of 2015 and to our continued relationship with your office and your ministry.



Carl Compton
Executive Director and Registrar

BUSINESS ACCOMPLISHMENTS

OPERATIONS

CONSUMER PROTECTION

STRATEGY

Provide complaint-handling services: provision of a no-cost service for consumers and dealers as an alternative to litigation whenever possible.

2014–16 Targets

Continue to assist consumers with 1,000 formal complaints (estimated) while maintaining or exceeding current customer satisfaction levels as per OMVIC's online customer service survey.

2014 Activities and Results

OMVIC complaint handlers provided assistance to consumers and dealers in 1,048 formal complaints, resulting in more than \$870,000 returned to consumers.

DEALER PROFESSIONALISM

STRATEGY

Upgrade standards for retail dealers' premises.

2014–16 Targets

Launch new standards in February 2014 and monitor ongoing compliance. New standards to apply to dealers in the General registration class who are new applicants or are relocating. Standards expected to include requirement for separate and professional office with permanent walls, secure storage of records, garage insurance and clearly marked lot for vehicles.

2014 Activities and Results

Dealer Bulletin issued in February 2014 announcing implementation of the new standards. New standards have been applied to dealers in the General class who are new applicants or who are relocating. Standards have been successfully enforced to date.

STRATEGY

Update standards for wholesale dealers' premises.

2014–16 Targets

Finalize requirements for wholesale dealers that accommodate the mobile nature of their business while facilitating free access to their books and records.

2014 Activities and Results

Identified a package of services to meet premises requirements for wholesale dealers in a flexible office environment; established flexible office providers were invited to participate. *Dealer Bulletin* issued to all registrants in June 2014 announcing implementation.

BUSINESS ACCOMPLISHMENTS

OPERATIONS

DEALER PROFESSIONALISM

STRATEGY	Provide ongoing outreach and education to dealers regarding best practices.
2014–16 Targets Develop and implement communications plan for <i>Leasing Best Practices</i> document.	2014 Activities and Results In consultation with OMVIC's Stakeholder Relations Committee, developed draft <i>Leasing Best Practices</i> document. Currently consulting with ministry regarding obligations pursuant to the <i>Personal Property Security Registration Act</i> with respect to the use of GPS/starter interrupter devices.
STRATEGY	Facilitate ongoing communication with stakeholders.
2014–16 Targets Facilitate regular enhanced communication between OMVIC and stakeholders.	2014 Activities and Results OMVIC's Stakeholder Relations Committee held three meetings in 2014. Topics discussed included - OMVIC's business planning - regulatory review - alternative service delivery - compliance information for registrants - complaints transparency - GPS/starter interrupter devices
STRATEGY	Develop educational opportunities for registrants.
2014–16 Targets Assist with content development of online courses on financial management and MVDA key elements. Implement MVDA section 14(4) policy regarding completion of educational courses. Identify registrants who should be required to take further educational courses through complaint-handling efforts and follow up as required.	2014 Activities and Results Draft versions reviewed and input provided. Online courses finalized and available. When concerns arise about a registrant's conduct in connection with a formal complaint, the matter is typically referred to Discipline, which may result in a requirement for the registrant to complete educational courses. In 2014, the MVDA section 14(4) policy was finalized, empowering the Registrar to require that educational courses be completed as a result of a formal complaint.

BUSINESS ACCOMPLISHMENTS

OPERATIONS

CUSTOMER SERVICE

STRATEGY		Encourage registrants to participate in online services.
2014–16 Targets	2014 Activities and Results	
Continue email renewal notifications for all registrants who are not online members and revolving email bulletins regarding benefits of online services. Achieve 30 per cent participation for dealers and 15 per cent for salespeople by year-end.	As of December 31, 2014, 40.5 per cent of dealers and 27.2 per cent of salespersons were online members.	
STRATEGY		Provide more timely information to registrants regarding application status.
2014–16 Targets	2014 Activities and Results	
Provide applicants with the ability to check the status of specified applications online.	Online registration application status enquiry implemented in May 2014. A total of 7,926 visits were made to the introductory webpage.	
STRATEGY		Enhance website tools for consumers.
2014–16 Targets	2014 Activities and Results	
Provide enhanced self-help resources to consumers to assist them in resolving disputes with dealers before contacting OMVIC.	New webpage developed: “Before Filing a Complaint,” with additional updated tips for contract cancellations and liquidated damages.	
STRATEGY		Increase employee sensitivity to diversity and human rights issues.
2014–16 Targets	2014 Activities and Results	
Continue to provide educational opportunities for staff to understand challenges faced by vulnerable groups; for example, through guest speakers at staff lunch ‘n’ learns, use of telephone translation services and support for charitable causes.	Regularly promoted diversity and understanding via informational emails provided to all staff weekly. OMVIC staff continued to support a local charity that assists new immigrants through sponsorship of a golf tournament, through participation in the Holiday Angel Program and by making staff available to assist with specific charitable requests.	

REGISTRATION

The number of registered salespeople in Ontario rose significantly in 2014 to 26,235 (an increase of 1,089 from 2013), amplifying a pattern of growth that began shortly after OMVIC's inception in 1997. The number of registered dealers has remained relatively constant since 2012, near 8,000 (8,061 in 2014, 8,037 in 2013 and 8,086 in 2012). This trend would appear to be the end of a decline in dealer registrants that began in 1999.

Online Registration Services

2014 saw a significant expansion of online registration services. Once signed up as online members, registrants can access a multitude of online services that have been developed and implemented since the launch of online renewals for dealers and salespersons in the fall of 2013. Currently, more than half of registered dealers and salespersons renew registrations online.

In May 2014, an online application status check was added to OMVIC's online services. Using this service, online members and applicants can check the status of any pending applications instantly and are provided with the contact information of the assigned Registration staff member. If no application is pending, they are provided with information regarding the required registration form along with a direct link to it. Between its launch and year-end, there were nearly 8,000 visits to the introductory webpage for this particular service.

In November, salesperson cancellations were launched online for dealers. In just two months, 132 salesperson cancellations were processed online. Online members can also subscribe to various email notifications regarding the dealership or related salespersons, such as registration expiry, renewal or approval. As of the end of 2014, 40.5 per cent of dealers and 27.2 per cent of salespersons were online users.

Registration Activities

During 2014, Registration staff

- processed 702 new dealer applications
- processed 3,740 new salesperson applications
- renewed 11,701 salesperson registrations
- performed 32,301 other transactions, including registrant information changes, transfer and terminations

OMVIC's Registration Team has maintained short turnaround times for processing new dealer and salesperson applications. The turnaround time for a properly completed salesperson application was 2.6 days (compared with 2.2 in 2013) and 27 days (compared with 28.1 in 2013) for new dealer applications.

Customer Satisfaction

Dealers and salespeople who interact with OMVIC staff on any registration application are provided with an electronic customer service survey. In 2014, 2,019 customer service surveys were completed. Registration Team members consistently rated higher than four on a five-point scale in the areas of courtesy, knowledge and efficiency. The Registration Team also maintained an average response time well below the targeted one-minute mark for telephone inquiries through its Automated Call Distribution system: just 16 seconds.

Telephone Inquiries

OMVIC staff handled more than 156,000 telephone inquiries in 2014, down from over 180,000 inquiries in 2013. The difference is likely due to the significant enhancements made to the information and services now available online.

REGISTRATION (CONT'D)

Registration and the MVDA

The Office of the Registrar determines whether new applicants qualify for registration and whether existing registrants continue to be qualified. To maintain registration, registrants must abide by legislation, including the CoE regulations. Failure to do so may result in administrative action or a Proposal to Revoke Registration. The Registrar may propose refusal or revocation of registration or propose terms and conditions for registration, as appropriate.

Should the Registrar propose to refuse or revoke registration, the affected applicant or registrant may request a hearing before the Licence Appeal Tribunal (LAT). In such cases, the Office of the Registrar presents the case for refusal or revocation before a Panel of the Tribunal; the applicant or registrant presents his or her appeal. The Panel may direct the Registrar to carry out, modify or set aside the Proposal and replace it with its own order. If a recipient of a Proposal fails to appeal, the Proposal becomes effective as written.

The volume of Registrar actions in 2014 was 1,329 – an increase from 1,267 in 2013. Actions included Proposals to Refuse or Revoke Registration and the inclusion of terms and conditions on registration. In the case of newly registered dealers, such conditions may include the requirement to provide an irrevocable letter of credit to the Motor Vehicle Dealers Compensation Fund. This letter of credit serves to protect the Compensation Fund if consumers have valid claims to the Fund as a result of the dealer's conduct.



COMPLAINT HANDLING

OMVIC's Complaints and Inquiries Team assists consumers and dealers alike. Complaints can be submitted via email (consumers@omvic.on.ca), online through OMVIC's website (omvic.on.ca) or by phone (1-800-943-6002 x 5105).

The Complaints and Inquiries Team handled 1,048 formal complaints (down from 1,173 in 2013). As a result of the Team's efforts and the cooperation of registered dealers, \$870,871 was returned to consumers in 2014. This amount does not include the hundreds of thousands of dollars in repairs or vehicle exchanges that were also negotiated.

Complaints Process

When first contacted by a consumer (or dealer) Complaints staff provide self-help instructions to the consumer and may escalate the file immediately depending on the nature or severity of the complaint and the information provided by the complainant. In most situations, before beginning direct conciliation efforts, staff encourage consumers to attempt to solve a dispute by contacting the dealer directly. If that is not successful, a complaint file is opened and an OMVIC complaint handler will become directly involved. It may take a few hours or a few weeks – or even months – to complete the complaint-handling process, depending on the complexity of the issues, the availability of documents and the level of cooperation of those involved. Issues relating to contract cancellation, misrepresentation, vehicle condition, contract disputes and safety certificates are the most common complaints handled. *Note: OMVIC cannot order a dealer to settle a complaint in a particular fashion – only the courts have that authority.*

In the event a consumer feels OMVIC has not properly addressed a complaint, the consumer may appeal to the Appeals Committee of OMVIC's Board of Directors. The Appeals Committee is chaired by a non-industry Board member.

Complaints – Dealer Notification

In November 2014, OMVIC launched a complaints notification service for online dealer members. As a result, key individuals within a dealership (e.g., an officer, director, partner, person in charge or general manager) receive an email notification when a customer initiates a formal complaint. This notification allows dealers (who may otherwise be unaware that OMVIC is contacting a member of their staff regarding a complaint) to oversee the complaint and to consider proactive steps to address any non-compliance. From the service's launch to year-end, over 200 complaint notification emails were sent.

Translation Service Initiative

New Canadians and consumers whose first language is not English are particularly vulnerable when entering into any complex business transaction. They may not understand the nature of the agreement or may be unaware of their rights or the dealer's obligations. In 2013, the Complaints Team piloted the use of telephone translation services to assist consumers in over 150 languages. In 2014, this program was extended to an ongoing service available to all consumers. To date, services have been provided in Arabic, Cantonese, Farsi, Korean, Mandarin, Punjabi, Romanian, Russian, Spanish and Tigrinya.

PERFORMANCE OVERVIEW

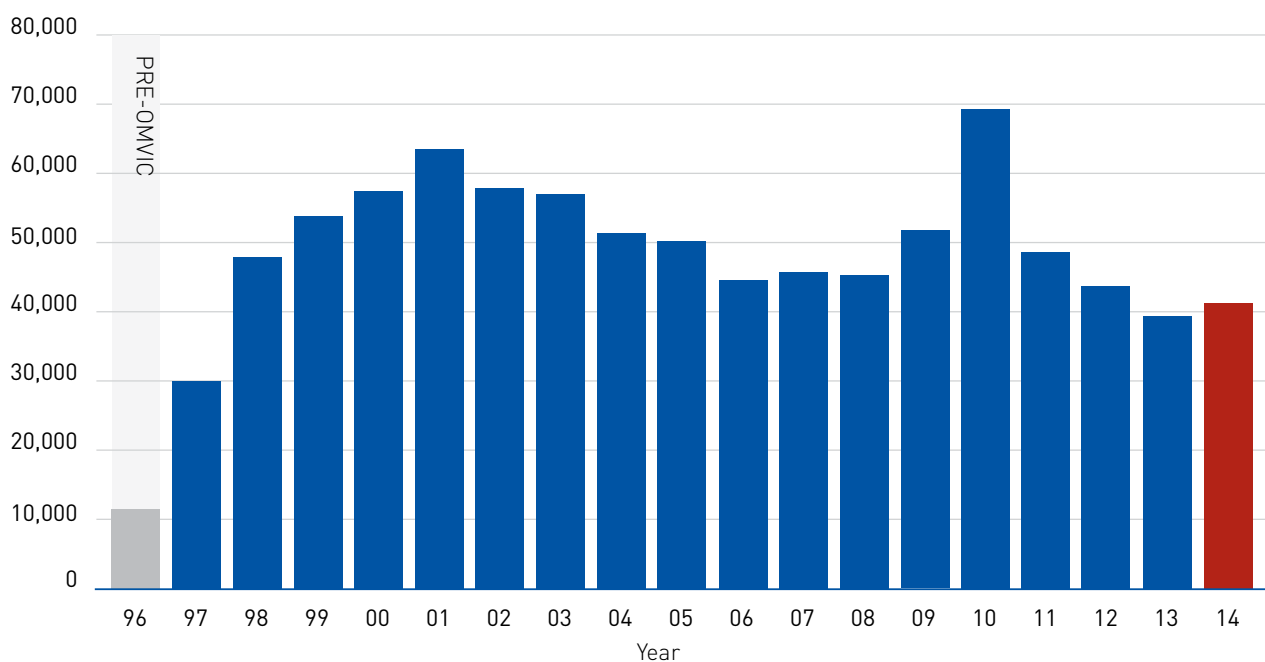
OPERATIONS

REGISTRATION ACTIVITIES 2014

ACTIVITY	2014	2013	2012	2011	2010
New Registration – Dealers	702	620	711	803	774
New Registration – Salespeople	3,740	3,215	3,117	3,179	2,915
Renewals – Dealers	7,828	7,874	7,677	7,680	8,326
Renewals – Salespeople	11,701	11,543	10,807	10,879	11,221
Information Changes*	32,301	32,181	30,262	30,758	25,587

*This includes information changes, terminations and salesperson transfers.

INQUIRIES 2014 – TOLL-FREE

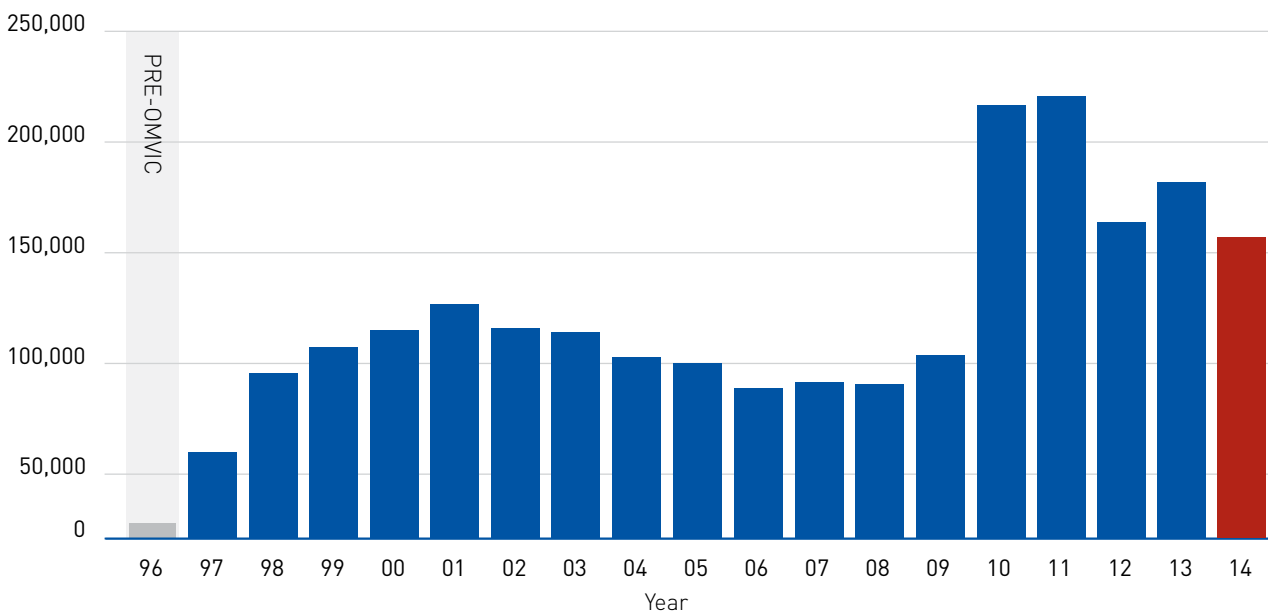


Inquiries (1-800 line): staff handled 40,881 toll-free calls in 2014.

PERFORMANCE OVERVIEW

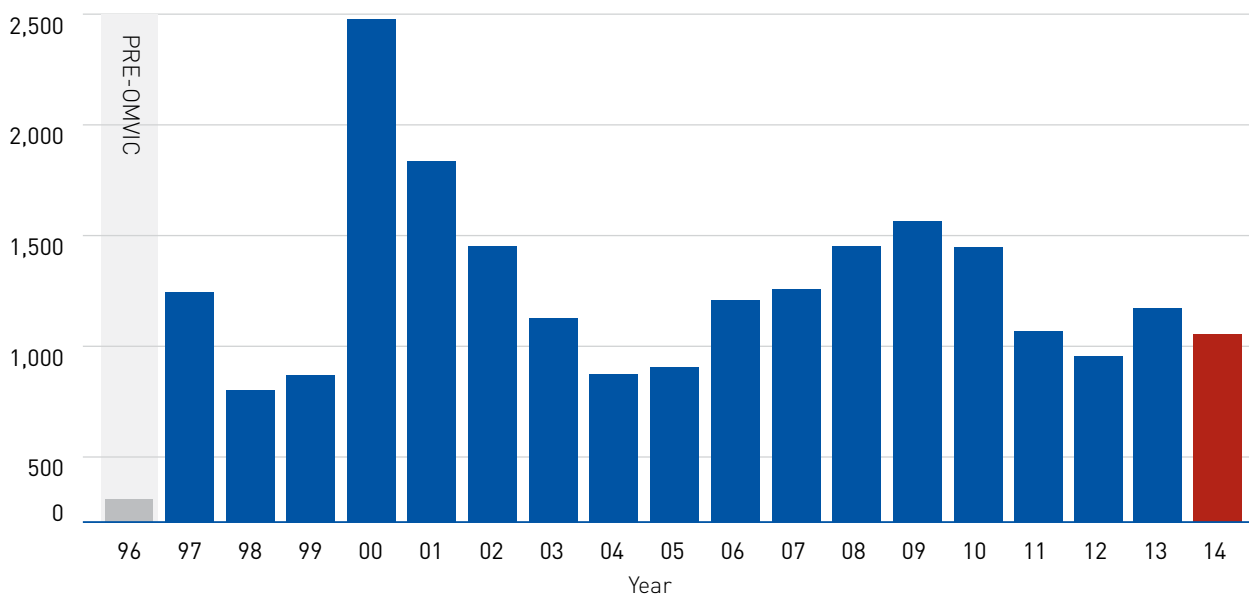
OPERATIONS

INQUIRIES 2014 – TOTAL



Inquiries (total): staff handled 156,534 calls (local and toll-free) in 2014.

COMPLAINTS HANDLING 2014

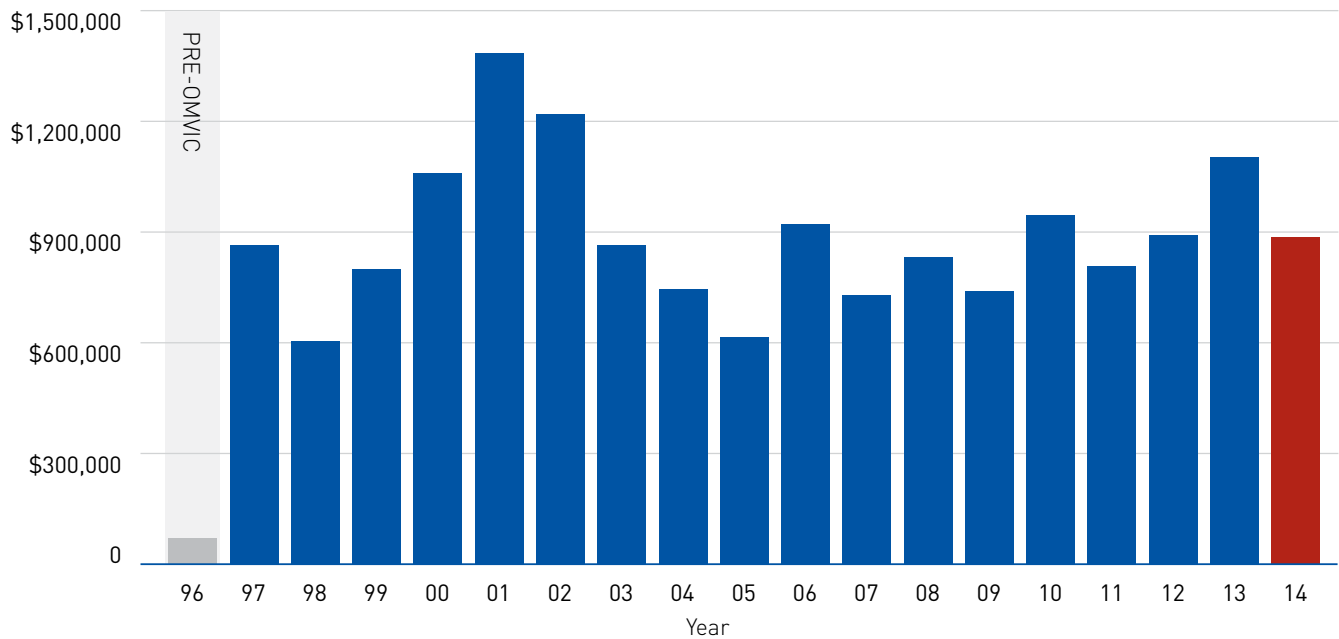


Complaints Team was actively involved in handling 1,048 formal complaints in 2014.

PERFORMANCE OVERVIEW

OPERATIONS

CONCILIATION – MONEY RETURNED TO CONSUMERS 2014



As a result of Complaints Team efforts in 2014, \$870,871 was returned to consumers by dealers. This figure does not include the significant value of non-monetary settlements, such as vehicle repairs or vehicle returns, which were also negotiated, nor does it include Compensation Fund payouts.

BUSINESS ACCOMPLISHMENTS

COMMUNICATIONS AND EDUCATION

CONSUMER PROTECTION AND AWARENESS

STRATEGY

Build awareness and promote understanding of the MVDA through implementation of strategic communications.

2014–16 Targets 2014 Activities and Results

Use opportunities for delivery of core messages (e.g., television, online, alternate publications, sponsorships, social media, trade shows).

Strategic communications were delivered via advertising, sponsorships and engagement with the mainstream media; development of a new logo and tagline; and direct engagement at trade shows, events, seminars and via social media.

Messaging was used to inform consumers about

- their car-buying rights and when they apply
- OMVIC's role and mandate
- all-in pricing in dealer advertisements
- the dangers posed by curbsiders (illegal, unlicensed dealers)

Some of these initiatives were carried out ad hoc while others were part of planned campaigns.

Advertising:

Advertising included use of the *Toronto Star*, *Toronto Sun*, *ON the GO* magazine (12 monthly ads/advertorials), OMNI TV, Canadian International AutoShow program (full-page advertorial), Kijiji, mobile screen truck (Pride parade), billboards (401 corridor), radio (680 News, AM740, numerous broadcast markets).

Sponsorships:

Sponsorships included

- Automobile Protection Association's (APA) *Lemon-Aid Car Show* on Rogers TV
- Car Help Canada's weekly *Auto Show* on CHML radio
- Ontario Association of Chiefs of Police Drive Safe campaign
- Bray AutoSport NASCAR Canadian Tire Series Racing Team (exposure at races and broadcasts on TSN)

Media interviews:

75 interviews were conducted with mainstream media, including the *Toronto Star*, CTV, *Sudbury Star*, CBC, *Wheels* (*Toronto Star*), *Hamilton Spectator*, AM740, CP24 and Rogers TV; 11 news releases were issued.

Mini-campaign:

In response to the findings of OMVIC's investigations and those of CTV's *W5* that highlighted unacceptable non-compliance with the all-in pricing requirements, OMVIC developed and quickly launched a four-week campaign designed to educate consumers: "All-in pricing...IT'S THE LAW." This highly effective campaign used print and radio advertising.

Annual fall Consumer Awareness Campaign:

Building on the success of the mini-campaign, the fall campaign's theme, Ask the Right Questions, focused on two of OMVIC's four key pillars: all-in price advertising and the Motor Vehicle Dealers Compensation Fund.

The 2014 province-wide campaign included online, radio, TV, newspaper, social media and billboard advertising.

The campaign also introduced OMVIC's new dealer decal program. Previous decal messaging, "Buy with Confidence," was replaced with "You're Protected." "Ontario-Registered Dealer" was replaced with "OMVIC-Registered Dealer." This change represented a new strategic direction and focused on the four pillars of protection (all-in pricing, full disclosure, cancellation rights, access to the Compensation Fund) while increasing awareness of OMVIC as the provincial industry regulator and of the protection available when consumers buy from OMVIC-Registered Dealers.

The campaign included the launch of an interactive infographic that helps consumers make informed vehicle-buying decisions and teaches them to ask the right questions, whether buying from a registered dealer or privately.

BUSINESS ACCOMPLISHMENTS

COMMUNICATIONS AND EDUCATION

CONSUMER PROTECTION AND AWARENESS (CONT'D)

STRATEGY

Increase awareness of the potential consequences of negative equity and long-term financing in the acquisition of a motor vehicle.

2014–16 Targets

Use various media to disseminate messages.
Liaise with partners to share and promote concerns.

2014 Activities and Results

- Published article “Importance of Understanding Vehicle Financing Before Signing” in *Consumer Line* e-newsletter
- Published article “The Dangers of Being a Monthly Payment Junkie” in *ON the GO* magazine
- Posted information outlining consequences of negative equity and long-term financing on OMVIC website
- Discussed concerns related to negative equity in numerous media interviews
- Assisted Ministry of Government and Consumer Services in developing “Understanding Negative Equity” infographic and posted it on OMVIC website
- Presented at National Association of Motor Vehicle Boards and Commissions in September 2014
- Commissioned study: “A Problem in Its Infancy? Reflections on the Rise of Complex Auto Financing”; completion schedule for 2015

STRATEGY

Increase awareness of OMVIC and the MVDA.

2014–16 Targets

Provide educational materials to registrants through multiple channels.

2014 Activities and Results

- Issued 22 *Dealer Bulletins*
- Developed broadcast email communication vehicle *TnT (Tips & Tricks)* for delivery of less formal messages; issued seven
- Issued four *The Dealer Standard* newsletters
- Advertised with educational messages in *Ontario Dealer* magazine
- Delivered 44 Advertising Seminars to dealers (the majority of dealer seminars are now delivered by Business Standards and Inspection Teams)
- Delivered two advertising and disclosure webinars to 100 dealers per webinar

Provide consumer awareness materials through multiple channels.

- Issued eight *Consumer Line* e-newsletters
- Delivered 22 consumer Car-Buying Seminars (more than 500 attendees)
- Provided newly rewritten and redesigned materials at trade shows: Toronto/Ottawa/Barrie Auto Shows, Student Life Expo, Zoomer Shows (Toronto/Ottawa) and Money Smarts for Seniors
- Made materials available for download from OMVIC website
- Developed and promoted new logo and tagline: “Ontario’s Vehicle Sales Regulator”

BUSINESS ACCOMPLISHMENTS

COMMUNICATIONS AND EDUCATION

CONSUMER PROTECTION AND AWARENESS (CONT'D)

STRATEGY		Increase awareness of OMVIC and the MVDA.
2014–16 Targets	2014 Activities and Results	
Work collaboratively with the Ministry of Government and Consumer Services in launch of Consumer Protection Ontario brand.	Included ministry's Consumer Protection Ontario logo on – <i>Consumer Line</i> e-newsletter – OMVIC website (each page) – All trade show materials (pamphlets and maps) – Road to Buying a Car in Ontario infographic	
STRATEGY		Increase awareness of Compensation Fund.
2014–16 Targets	2014 Activities and Results	
Work closely with the Motor Vehicle Dealers Compensation Fund to deliver a public education program through the use of mainstream and ethnic media.	• Launched Consumer Awareness Campaign in winter of 2014 • Targeted general car-buying public with additional emphasis and targeted advertising to South Asian and Middle Eastern communities • Utilized radio (Ottawa, Toronto, Windsor), print and TV (OMNI)	
STRATEGY		Refresh OMVIC logo.
2014–16 Targets	2014 Activities and Results	
Update logo to promote better understanding of OMVIC's role as regulator.	Logo reworked to be more legible; tagline ("Ontario's Vehicle Sales Regulator") added to improve understanding of OMVIC's role. New logo used on all OMVIC materials and displays. Dealer decal redesigned to include message "You're Protected," highlighting the fact that consumers are protected by Ontario's consumer protection legislation only when they buy from an OMVIC-Registered Dealer	

BUSINESS ACCOMPLISHMENTS

COMMUNICATIONS AND EDUCATION

EDUCATION AND DEALER PROFESSIONALISM

STRATEGY		Facilitate regular enhanced communication between OMVIC and stakeholders.
2014–16 Targets	2014 Activities and Results	
Continue to use bulletins, newsletters, e-newsletters and social media to reach stakeholders.	• Issued 22 <i>Dealer Bulletins</i> • Issued four <i>The Dealer Standard</i> newsletters • Made 298 posts on Facebook • Sent 191 tweets from OMVIC for Dealers Twitter account • Sent 637 tweets from OMVIC for Consumers Twitter account • Issued eight <i>Consumer Line</i> e-newsletters; implemented a new process to allow easier and faster sign-up	
Implement email blasts as a means of communicating quick tips and advice to registrants.	Developed broadcast emails (<i>TnT</i>); issued seven in 2014	
STRATEGY		Promote understanding of the MVDA.
2014–16 Targets	2014 Activities and Results	
Continue to make available and deliver Advertising and Disclosure Seminars to dealers and dealer groups as required.	Delivered 44 seminars; delivery of these seminars is now generally conducted by Business Standards and Inspections staff.	
Develop other topical seminars for delivery to registrants.	Developed CPA Seminar and provided PowerPoint presentation to Inspectors. None ordered in 2014.	
Provide direct training (seminars) to dealers identified as requiring remedial training in specific areas (e.g., disclosure, contracts).	Business Standards Team provided four seminars to dealers identified as requiring remedial training.	
Provide information and updates to registrants on compliance issues through bulletins and newsletters.	• Issued 22 <i>Dealer Bulletins</i> • Issued four <i>The Dealer Standard</i> newsletters • Issued seven broadcast emails (<i>TnT</i>)	

BUSINESS ACCOMPLISHMENTS

COMMUNICATIONS AND EDUCATION

EDUCATION AND DEALER PROFESSIONALISM (CONT'D)

STRATEGY	Develop new educational opportunities for registrants.
2014–16 Targets	2014 Activities and Results
Work with Georgian College to finalize development of online courses teaching key elements of the MVDA and CPA, record-keeping requirements and language preparedness.	The following online courses were launched: – Books and Record-Keeping – MVDA Key Elements – Automotive Language Preparedness
Seek opportunities to develop other online courses.	College reviewing development of new materials and opportunities.
Work with trade associations to develop opportunities for delivery of OMVIC Certification Course and topical seminars.	Consulted Used Car Dealers Association (UCDA) and Trillium Automotive Dealers Association (TADA). UCDA now successfully delivering in-class OMVIC Certification Course. Pass rates and course satisfaction remain high.
Use webinars for delivery of seminars or other key messaging.	Successfully launched webinars.
Review possibility of packaging seminars and webinars as components of a continuing education program.	Made recordings of advertising and disclosure webinars available on website for review.
Review possibility of increasing field presence of OMVIC staff, such as Inspectors, as ambassadors and educators.	Inspectors and Business Standards Teams have become key deliverers of seminars and webinars.

OVERVIEW

COMMUNICATIONS AND EDUCATION

CONSUMER AWARENESS

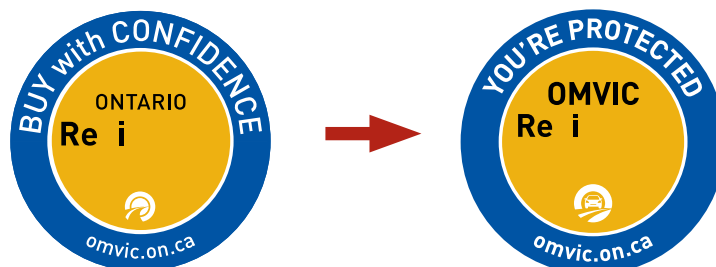
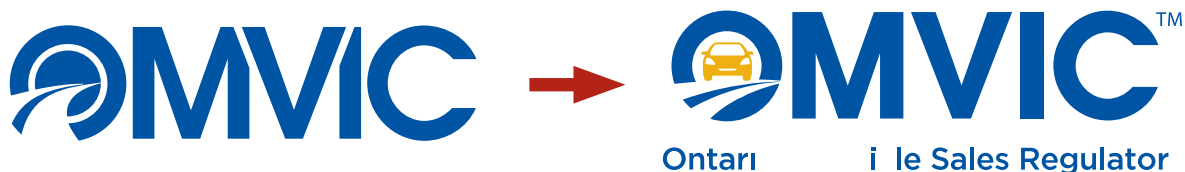
OMVIC's communications and public awareness initiatives included the use of proven and creative methods to promote public awareness in 2014, including

- Rebranding (new logo and decal)
- Advertising directly to consumers to address emerging issues
- Re-strategizing the Annual Consumer Awareness Campaign and leveraging ad hoc advertising opportunities using multiple advertising mediums (TV, print, radio, online and social media), including direct advertising to consumers actively involved in the vehicle-buying process
- Developing car-buying roadmap infographic
- Dramatically increasing engagement with mainstream media
- Doing direct outreach to consumers via newsletters and seminars
- Pursuing partnership and sponsorship opportunities (APA's *Lemon-Aid Car Show* on TV, Car Help Canada's *Auto Show* on radio and NASCAR)
- Greatly increasing use of social media
- Increasing presence at trade shows and events

Rebranding

While 86 per cent of Ontarians now understand dealers must be registered, a dramatic increase in just six years (the percentage was 43 per cent in 2008–9), only 23 per cent of Ontarians said they knew about OMVIC. Research conduct by the then Ministry of Consumer Services also found OMVIC's logo was not clearly understood and in fact may have caused confusion. To raise consumer awareness of OMVIC's role as a regulator its logo was revised and the tagline "Ontario's Vehicle Sales Regulator" was added.

Further, OMVIC's dealer decal program was revised to include the new artwork and to change the identifier from "Ontario-Registered Dealer" to "OMVIC-Registered Dealer." At the same time, "Buy with Confidence" was replaced by the more apt "You're Protected."



OVERVIEW

COMMUNICATIONS AND EDUCATION

Advertising/Awareness in Response to Emerging Issues

In the spring of 2014 OMVIC became aware of a national broadcaster's planned television exposé of non-compliant dealer advertising practices, particularly those related to all-in pricing requirements. In addition to the enforcement activities undertaken to address the issues raised by the broadcast, OMVIC launched an advertising campaign to educate consumers that "All-in pricing... IT'S THE LAW."

OMVIC created and launched this campaign in less than three weeks. It utilized advertising on radio and in print and engagement with the mainstream media. These efforts were not only successful, they were commended by consumer groups, including the association involved with the television broadcast.



Annual Consumer Awareness Campaign

Building on the success of the "All-in pricing – IT'S THE LAW" spring campaign, OMVIC's strategy was to leverage this important messaging and creative for the annual fall Consumer Awareness/Advertising Campaign. Not only would doing so help educate consumers about their rights, it could also empower Ontarians to protect themselves from unscrupulous dealer advertising; it might also help drive compliance. If consumers learned the message, "All-in pricing... IT'S THE LAW," OMVIC expected the following would eventually result:

- Educated consumers will refuse to pay additional fees, thereby protecting themselves.
- Consumers will refuse to do business with non-compliant dealers, indirectly "fining" the dealer for non-compliance.
- Consumers will report non-compliant activity to OMVIC for investigation and possible enforcement.

The campaign used the following advertising media:

- online (Kijiji, *Toronto Sun*)
- radio (selected broadcast and cable markets)
- TV (OMNI)
- print (*Toronto Sun*)
- out of home (billboards along the 401 corridor)
- social media
- news release (direct engagement with media)

While the campaign budget was modest, success was measurable: the percentage of Ontarians who know dealers cannot charge fees in excess of an advertised price rose from 19.7 to 22 per cent. Further, by campaign end traffic to OMVIC's webpage related to all-in pricing rose by 396 per cent and visits to the Compensation Fund page (a secondary message in the campaign) increased 555 per cent.

OVERVIEW

COMMUNICATIONS AND EDUCATION

Infographic

As part of the annual marketing campaign, OMVIC developed an interactive infographic, “The Road to Buying a Car in Ontario.” This downloadable and printable resource serves as a core checklist that maps out the buying process in an engaging, easy-to-understand format, identifying information vehicle buyers should seek, or are entitled to get, at each stage of acquiring their cars, motorcycles or trucks – whether from an OMVIC-Registered Dealer or a private seller.

While initially designed for Canadian newcomers and first-time car buyers, the roadmap was very well received and highly regarded by all audiences, receiving significant coverage by the *Toronto Star*, *Toronto Sun* and CTV.



Engagement with the Media

OMVIC issued 11 news releases and conducted 75 interviews with members of the media in 2014. Many of the resulting stories were related to OMVIC's enforcement activities and consumer warnings.

Further, when immediate suspension orders were issued to two Sudbury dealerships, in addition to issuing a news release OMVIC placed Consumer Protection Notices in the Sudbury media to ensure consumers were made aware of the suspensions.

Direct Outreach

OMVIC issued eight *Consumer Line* e-newsletters in 2014. This free e-publication provides consumers with useful tips, industry news and important up-to-date information.

Further, OMVIC's Car-Buying Seminar was refined and delivered free of charge 22 times to community groups and newcomer centres across the province.

This seminar educates consumers about

- their car-buying rights and when they apply
- resources to help conduct research
- considerations when choosing a vehicle
- required disclosures
- all-in pricing
- curbsiders, the danger they pose and how to spot them
- what to do if problems arise
- OMVIC's role and services
- the Motor Vehicle Dealers Compensation Fund

From Sault Ste. Marie to Ottawa, the feedback provided by attendees was very positive, stressing the value of the information learned.



OVERVIEW

COMMUNICATIONS AND EDUCATION

Partnership/Sponsorship Opportunities

In partnership with the Ministry of Government and Consumer Services, OMVIC adopted and promoted the Consumer Protection Ontario (CPO) brand. The branding included the prominent display of the CPO logo on OMVIC's homepage and the inclusion of the logo on all other webpages and on all print resources (brochures, maps, infographics).



As well, OMVIC again partnered with the Automobile Protection Association (APA) in 2014. As the title sponsor of the APA's *Lemon-Aid Car Show* on Rogers TV, OMVIC is able to support an important and worthwhile stakeholder initiative while disseminating OMVIC's core messages of consumer protection, avoiding curbsiders and the four pillars of the MVDA.

Through direct negotiations with Rogers TV, in 2014 OMVIC also successfully broadened the reach of the *Lemon-Aid* program – no longer Toronto-centric, the show is broadcast in multiple markets reaching the homes and offices of 1.5 million Ontario Rogers subscribers.

Other sponsorships in 2014 included:

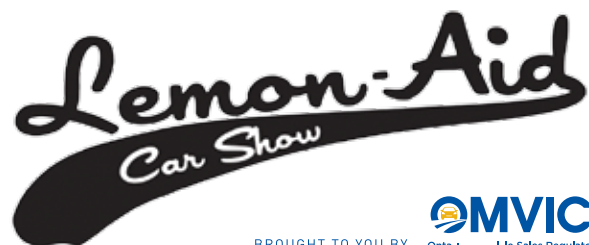
- Car Help Canada's *Auto Show* on Hamilton's CHML radio (title sponsor)
- Ontario Association of Chiefs of Police Drive Safe program
- Bray AutoSport NASCAR Canadian Tire Series Team
- Subway Super Series Canada-Russia junior hockey tournament radio broadcasts

These sponsorships allow OMVIC to raise awareness of its role as regulator, to inform and educate and thereby protect consumers and to support vital initiatives conducted by partners or stakeholders.

Social Media

OMVIC dramatically increased its social media presence in 2014. With messaging ranging from scam warnings to explaining how to ask the right questions, OMVIC issued 647 tweets to consumers and made 298 posts to its Facebook page.

OMVIC also engaged registrants via social media, sending 191 tweets from its OMVIC Dealers Twitter account.



OVERVIEW

COMMUNICATIONS AND EDUCATION

EDUCATION AND DEALER PROFESSIONALISM

Automotive Certification Course

The OMVIC Certification Course is mandatory for anyone seeking registration as a dealer or salesperson. In 2014, 6,218 students enrolled in the course.

Administered by the Automotive Business School of Canada (Georgian College), successful students who become registered with OMVIC earn the C.A.L.E. designation (Certified in Automotive Law and Ethics).

The UCDA took on a new role in 2014, delivering the in-class training to those students who chose the classroom setting for course delivery; OMVIC staff previously taught the course. The curriculum is created and set by OMVIC and Georgian College; all exams are administered by Georgian College. In 2014, 26 in-class sessions were taught.

The success and value of the OMVIC Certification Course can be seen in the results of surveys of students who have taken the in-class course over the past five years:

- The instructor demonstrated a high level of understanding of material and subject matter: 99.5 per cent.
- I have learned something from this course that will assist me in my job: 99.4 per cent.
- The instructor's presentation of the course material was clear and concise: 99.2 per cent.
- This course should be mandatory for all salespeople: 97.8 per cent.
- The course content was well structured: 97.7 per cent.

New Online Courses

OMVIC Communications/Education staff worked closely with Georgian College to develop three new online courses: MVDA Key Elements, Automotive Records and Bookkeeping and Automotive Language Preparedness. These courses all became available at the college in 2014.

The Dealer Standard

OMVIC's industry newsletter, *The Dealer Standard*, provides ongoing communication with the dealer/salesperson community. Features promote education and awareness by reporting OMVIC activities and industry news and events. Four issues were published in 2014.



Dealer Bulletins

Dealer Bulletins are issued on an ad hoc basis to make dealers and salespeople aware of current topics or issues. Often these bulletins are meant as timely and important reminders – or warnings – to stem trending non-compliance. In 2014, 22 *Dealer Bulletins* were distributed.

TnT

TnT is an email series broadcast to OMVIC-Registered Dealers and salespeople. Created and launched in 2014, it is designed to assist with compliance and registration, answer commonly asked questions and provide helpful information. Penned by two of OMVIC's senior Department Managers, Tim Hines (Complaints and Inquiries) and Thaya Gengatharan (Registration), seven *TnTs* were issued in 2014. These emails are meant as an additional efficient means of communicating quickly with registrants.

OVERVIEW

COMMUNICATIONS AND EDUCATION

Seminars/Webinars

OMVIC continues to receive positive feedback for its Advertising and Disclosure Seminars, which are delivered by a combination of Business Standards, Inspections and Communications staff. The Inspections and Business Standards Teams have become important educational ambassadors, delivering the majority of dealer presentations. In 2014, OMVIC offered 44 seminars.

A new seminar related to the CPA was also developed in 2014 and distributed to the Inspection Team.

OMVIC launched webinars as an additional delivery system in 2014. Both Advertising and Disclosure webinars were held – in both instances the webinar was full (100 attendees) and feedback was very positive.

CONCLUSION

2014 was a highly successful year for the OMVIC Communications and Education Team. Accomplished by implementing new and creative initiatives, through expanded sponsorships and partnerships and by leveraging previous campaigns, these successes are demonstrated in the following performance measures:

CONSUMER AWARENESS

	Measure	2008–9	2014
% of consumers surveyed who are aware that motor vehicle dealers must be registered	Improve benchmark of 43%	43%	86.3%
% of consumers surveyed who do not know what a “curbsider” is	Improve benchmark of 49%	49%	30.3%

BUSINESS ACCOMPLISHMENTS

COMPLIANCE

DEALER PROFESSIONALISM/CONSUMER PROTECTION

STRATEGY

Ensure transparency and fairness in advertising.

2014–16 Targets

Continue to monitor advertising during inspections and through reviews by Business Standards staff.

Review and update Standards of Business Practice (SOBP) with input from Consumer Protection Advisory Committee staff and stakeholders to reflect marketplace trends (e.g., advertising vehicles as is or with the use of coupons or vouchers).

2014 Activities and Results

Business Standards staff and Inspectors continue to review print, web and other media to ensure compliance with the advertising requirements to ensure a fairer marketplace and transparency for consumers. This resulted in

- fielding 813 inquiries from advertising agencies or dealers requesting advice on advertising matters
- contacting dealers 516 times regarding published advertising concerns, providing education about the issue and asking that corrective action be taken
- issuing 32 formal warning letters regarding compliance concerns noted during inspections; these communications also explained MVDA requirements and OMVIC expectations
- drafting 98 Notices of Complaint for alleged breaches of the CoE; most resulted in resolution without formal Discipline Hearings

Business Standards staff participated in 18 dealer presentations on advertising and compliance issues in 2014. These sessions were attended by over 160 participants, including registered salespersons, managers and advertising personnel.

Some contemplated changes to the SOBP will require legislation changes to make them enforceable. These changes will be included in broader regulation review recommendations made to the ministry after consultation with key stakeholders.

OMVIC consulted with other provincial regulators to discuss emerging trends and, where possible, to provide consistent feedback to registrants.

BUSINESS ACCOMPLISHMENTS

COMPLIANCE

DEALER PROFESSIONALISM/CONSUMER PROTECTION (CONT'D)

STRATEGY	Maintain an inspection program that employs risk-management principles to target problem areas, reviews consumer and dealer complaints and anticipates trends that pose a risk.
2014–16 Targets	2014 Activities and Results
Complete 2,500 inspections in 2014. To minimize consumer risk, more than 50 per cent of inspections will arise from risk-based inspection lists.	2,475 inspections were completed in 2014. • 58 per cent of inspections completed were risk-based. New dealer visits represented 26 per cent of inspections completed; 16 per cent were routine inspections. • Approximately 6 per cent of inspections required a referral to senior management because of compliance concerns, double the number in the years prior to the new MVDA. • 60 per cent of inspections were closed as no further action was required.
STRATEGY	Enhance advertising disclosure requirements.
2014–16 Targets	2014 Activities and Results
Continue consultation with industry and consumer stakeholders to enhance mandatory disclosures in advertising to ensure transparency (e.g., branding disclosures, odometer-reading irregularities).	Some contemplated changes to the SOBP will require legislation changes to make them enforceable. These changes will be included in broader regulation review recommendations made to the ministry after consultation with key stakeholders.

INSPECTIONS

OMVIC completed 2,475 inspections during 2014. The inspection program is a vital component of OMVIC's overall strategy to ensure compliance with the MVDA, thereby increasing the level of protection for both consumers and dealers.

Strategies

OMVIC uses a risk-based inspection model and also conducts routine inspections. High-risk registrants are visited more frequently than the general dealer population. Examples of risk identifiers include dealers having had a new-dealer inspection only, being the subject of serious or numerous complaints, having their last inspection result in a referral to senior management or having a formal Discipline history.

The process of identifying risk is fluid and includes the monitoring of industry trends and Inspection Team feedback. Of inspections conducted in 2014, 58 per cent were considered risk-based; 26 per cent were for newly registered dealerships. New dealers are generally inspected within the first 60 days of registration to ensure OMVIC's expectations are well understood. This inspection also provides an opportunity to identify and correct any compliance issues before a potential risk to the public arises. Sixteen per cent of inspections were routine.

Although only 6 per cent of inspection results required referral to senior management for further action, this is double the rate of the years prior to the new MVDA.

Inspections – Compliance and Education

OMVIC Inspectors have the unique opportunity to educate and inform dealerships one on one; therefore, they are trained not only in compliance matters but also in registration and general OMVIC policies and procedures. This background helps to ensure that Inspectors can respond quickly and consistently to questions or concerns raised by registrants. Inspection Team members also led or participated in dealer compliance education seminars involving 160 participants to assist with technical questions.

Inspections Logistics

OMVIC Inspectors are authorized to review books and records, premises, financial information and computer records and to make inquiries regarding any complaint received about the dealer's conduct. Inspectors keep records of all completed inspections and files are escalated to management when serious concerns are identified. OMVIC's Inspectors are based in regional field offices to ensure consistency and compliance across the province.

Standards of Business Practice Department

Staff ensure compliance with the CoE and Standards of Business Practice (SOBP) and assist field staff with questions. The Team assisted with educational presentations by Inspectors or Communications staff on general compliance concerns and advertising requirements. Over 160 participants attended these presentations, including registered salespersons, managers and advertising personnel.

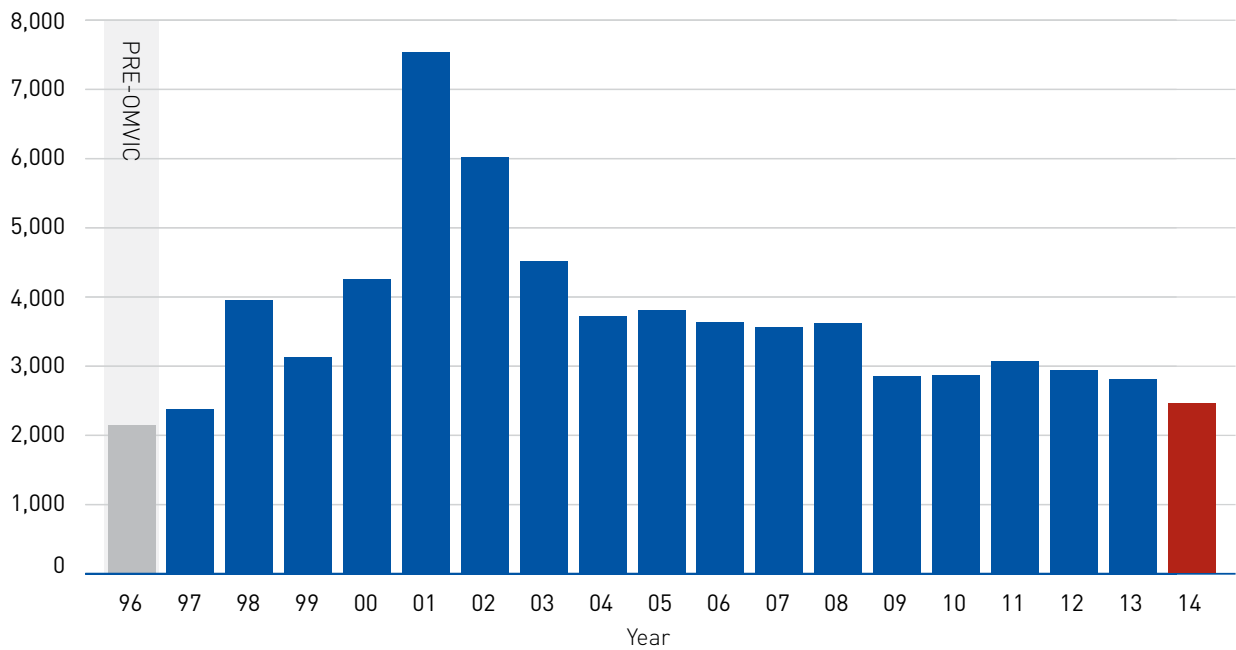
SOBP staff proactively fielded 813 inquiries from advertising agencies or dealers requesting advice on advertising matters before the ads in question were published. This is almost double the volume of proactive inquiries received last year. As well, the Team took action on 516 published advertising concerns, educated registrants on the issues and, where appropriate, asked that corrections be made. In some instances, the ads in question were uncovered by the SOBP Team as part of their monitoring role, while others were brought to their attention by other dealers, members of the public or other OMVIC staff.

SOBP staff drafted 98 Notices of Complaint (for alleged breaches of the CoE) and issued 32 formal warning letters related to compliance concerns found during inspections or complaint-handling activities.

PERFORMANCE OVERVIEW

COMPLIANCE

INSPECTIONS 2014



During 2014, 2,475 inspections were completed. This number includes dealerships that were visited on more than one occasion because records were unavailable or because of scheduling difficulties.

BUSINESS ACCOMPLISHMENTS

MOTOR VEHICLE DEALERS COMPENSATION FUND

MOTOR VEHICLE DEALERS COMPENSATION FUND

STRATEGY	Continue to reach out to vulnerable consumers about the existence of the Compensation Fund.
2014–16 Targets	2014 Activities and Results
Continue communications plan via radio, TV, print and ethnic media to enhance knowledge of the Fund for consumers in vulnerable sectors and for the general population.	Outreach to consumers via OMVIC's annual Consumer Awareness Campaign and the Compensation Fund's targeted campaign to vulnerable consumers resulted in a 555 per cent increase in visits to the Compensation Fund's webpage. To date, this additional web traffic has not resulted in the receipt of additional claims for compensation.

COMPENSATION FUND BOARD EFFECTIVENESS AND STAFF ACCOUNTABILITY

STRATEGY	Ensure claimants to the Compensation Fund are satisfied with service provided by staff and the Board.
2014–16 Targets	2014 Activities and Results
Continue to survey Compensation Fund claimants about the knowledge, courtesy and helpfulness of staff and the claim response time of the Board.	2014 survey results continue to rank all categories at three or more on a scale of zero to four.
Maintain or improve current survey results, which rank all categories at three or more on a scale of zero to four.	Staff report yearly to the Compensation Fund Board of Trustees to monitor performance and address any issues identified.
STRATEGY	Continue cost-effective management of claims process and manage Board costs.
2014–16 Targets	2014 Activities and Results
When practical, host meetings via teleconference to manage meeting costs and minimize environmental impact of travel.	Six meetings were conducted in the Compensation Fund's 2014 fiscal year – one via teleconference. Staff and Board members continually look for opportunities to maximize efficiency and minimize costs with teleconferences where practical. Meeting packages, including agenda, financial statements and claims, are sent electronically to Board members whenever possible.

MOTOR VEHICLE DEALERS COMPENSATION FUND

MOTOR VEHICLE DEALERS COMPENSATION FUND

In the Compensation Fund's fiscal year ending October 31, 2014, 30 claims were paid (of 31 received) totalling \$492,000. For the first time since the claim limit was raised in 2010 the Compensation Fund paid three consumers the maximum amount of \$45,000 for claims related to undelivered motor vehicles.

The volume of claims remains relatively low despite continued allocation of funds to support an awareness campaign to educate consumers about the Compensation Fund's existence. The awareness campaign included advertisements on OMNI TV and 680 News and targeted advertising in South Asian and Middle Eastern communities.

The Compensation Fund, a fully dealer-supported and -funded trust, provides financial assistance to consumers who have a valid claim against an OMVIC-Registered Dealer. Consumers who are eligible for compensation may qualify for up to \$45,000 per vehicle transaction. The Compensation Fund is the oldest and largest fund of its kind in Canada. The Compensation Fund is intended as a last resort for consumers. In many cases, consumers who have a problem with a purchase can resolve the situation by talking with the dealer. If an issue cannot be resolved, OMVIC's Complaints and Inquiries Department may be able to negotiate a settlement with the dealer on the consumer's behalf.

If no resolution is possible, however, consumers may submit a formal claim to the Compensation Fund for financial compensation. Transactions must meet eligibility criteria and supporting documentation must accompany claims. This requirement demonstrates the importance of retaining all records related to a transaction. Only a consumer (an individual purchasing a vehicle for personal, family or household use) who purchased or leased a vehicle from an OMVIC-Registered Dealer is eligible to file a claim. OMVIC administers the Compensation Fund on behalf of a Board of Trustees.

Notable Claim Event

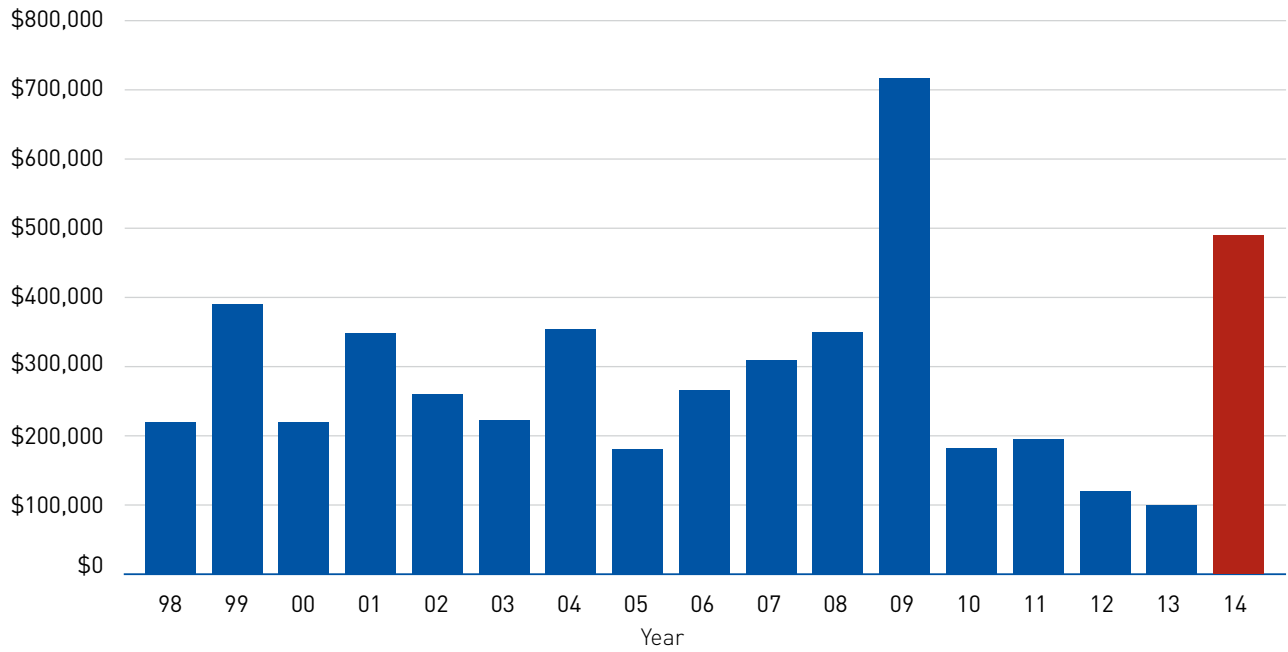
As a result of a Consumer Protection Notice and news release issued by OMVIC regarding the immediate suspension of two Sudbury-area dealerships (1552558 Ontario Inc. operating as Drivetime, and Craig Terry Investments Ltd.) that also provided information about the Fund, the Board of Trustees paid five consumer claims in connection with the suspended dealerships. Consumers were reimbursed a total of approximately \$100,000 for a consignment transaction where the consigning consumer was not provided with the proceeds of the sale, three cases where the dealership failed to deliver a vehicle that was contracted for and one case where the dealership failed to remit the premium to an extended warranty provider.

Note: there are other registered dealers in Ontario using the business name Drivetime – they are not affiliated with Drivetime in Sudbury. Further, no individual named Craig Terry is party to any of the proceedings or claims referenced above.

OVERVIEW

MOTOR VEHICLE DEALERS COMPENSATION FUND

COMPENSATION FUND – ANNUAL CLAIMS



Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Average Claim	\$5,093	\$5,812	\$5,334	\$5,432	\$5,774	\$3,660	\$5,446	\$3,206	\$2,660	\$2,661	\$2,537	\$4,068	\$4,125	\$6,301	\$4,303	\$5,015	\$16,411
Number	43	67	42	64	45	61	65	56	100	116	138	176	44	31	29	20	30
Paid	\$218,548	\$389,373	\$224,043	\$347,679	\$259,842	\$223,284	\$353,965	\$179,523	\$265,995	\$308,659	\$350,083	\$716,044	\$181,485	\$195,342	\$124,792	\$100,307	\$492,334

MEMBERS OF THE COMPENSATION FUND BOARD OF TRUSTEES

Larry Pringle , Chair of the Board

Dealer Representative

Dorian Werda, Vice Chair

Dealer Representative

Jeffrey Newhouse, Secretary-Treasurer

Dealer Representative

Mohamed Bouchama

Consumer Representative

Kathy Cook

Dealer Representative

Paul Dray

Consumer Representative

Jamie Holmes

Consumer Representative

Larry Lantz

Dealer Representative

Peter Silverman

Consumer Representative

BUSINESS ACCOMPLISHMENTS

INVESTIGATIONS

CONSUMER PROTECTION

STRATEGY	Pursue those who prey on an unwary public.
2014–16 Targets	2014 Activities and Results
Investigate and prosecute curbsiders.	210 curbsider cases were investigated in 2014. Charges were laid in 42 of these cases, and warning letters were served on 51 first-time offenders in lieu of charges.
Continue educating OMVIC Investigators on current and trending automotive-related misconduct and the techniques for investigating them.	In May 2014, members of OMVIC's Investigations Unit attended training conferences of both the International Association of Auto Theft Investigators (IATTI) and the National Odometer and Title Fraud Enforcement Association.

DEALER PROFESSIONALISM

STRATEGY	Investigate alleged violations of the MVDA and CPA.
2014–16 Targets	2014 Activities and Results
Investigate and prosecute industry conduct-related offenders; take enforcement action where warranted.	160 industry conduct investigations were closed in 2014. Charges were laid in 29 cases.
Increase use of the CoE and Discipline Process to improve compliance rates.	20 industry conduct investigations were diverted to the Discipline Process. As a result, 20 Notices of Complaint were issued to dealers in lieu of prosecution.

COLLABORATION WITH OTHER LAW ENFORCEMENT AGENCIES

STRATEGY	Increase awareness of OMVIC and the MVDA among law enforcement agencies.
2014–16 Targets	2014 Activities and Results
Participate with police in joint investigations. Assist other law enforcement agencies with inquiries.	Over 700 hours of investigation time was devoted to assisting other law enforcement agencies (police, etc.) with their investigations.
Deliver a new specialized vehicle theft investigation techniques course for police.	In a unique partnership with the Canadian Police College, OMVIC's Investigations Unit delivered its first course in auto theft investigation techniques designed specifically for, and attended by, police officers from across Canada.

INVESTIGATION

OMVIC's Investigation Department is staffed by 16 highly skilled former police officers who are deployed across the province. They are appointed as Provincial Offences Officers and are empowered to conduct investigations, obtain search warrants and lay charges under several statutes, including the *Motor Vehicle Dealers Act* and *Consumer Protection Act*.

Investigations fall into two broad categories: those involving unregistered dealers (curbsiders) and those involving industry misconduct, which typically involve allegations of non-disclosure of material facts or unfair business practices.

Investigations are initiated as a result of information received from various sources, including referrals from OMVIC Inspectors, consumer complaints, police, other dealers and trade associations. If substantiated, complaints can result in referral to the Discipline Committee, prosecution and/or Proposal to Revoke Registration.

Curbsiders

Curbsiders are illegal, unlicensed vehicle dealers. They often pose as private sellers, though some operate from small automotive businesses (repair shops, rental companies, etc.). Curbsiders not only misrepresent themselves, they often misrepresent the vehicles they sell: many are previous write-offs with undisclosed accident damage or are odometer-tampered.

Curbsiding investigations are typically initiated as a result of tips from members of the public, other dealers or trade associations. OMVIC also employs sophisticated data mining software that scours online marketplaces to identify advertisements posted by curbsiders and then maps their location for ease in identifying and investigating them.

Curbsiding can be reported to OMVIC's Investigation Team through a toll-free number (1-888-NOCURBS) or through email at nocurbs@omvic.on.ca.

Assistance to Other Law Enforcement Agencies

Investigators also educate and support other law enforcement agencies through presentations at training conferences and partnerships with joint law enforcement projects.

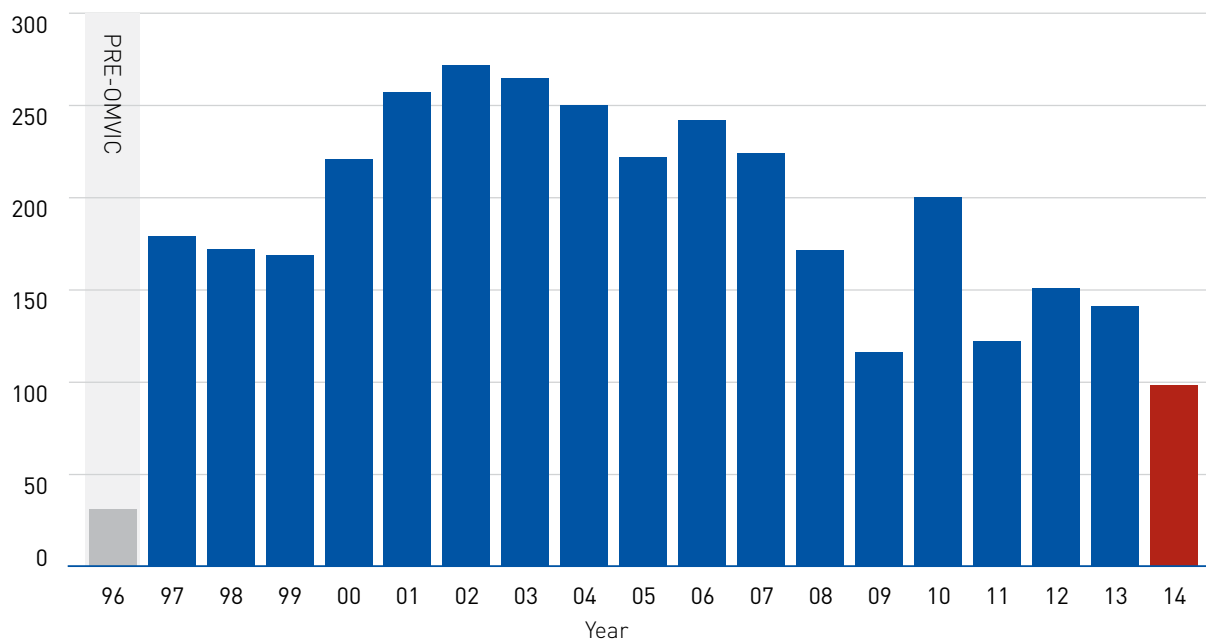
In 2014, OMVIC entered into a special partnership with the Canadian Police College in Ottawa to deliver training in auto theft investigation to police officers. By virtue of their expertise, OMVIC's Investigators are uniquely positioned to provide this highly specialized one-of-a-kind training in automotive crime. The first 30 officers, representing police services from across Canada, successfully completed the course in May 2014. It is anticipated the course will be conducted twice per year.

OMVIC also monitors the infiltration of organized criminal activity into the industry, and in furtherance of that role is a member of the Criminal Intelligence Service of Ontario. Investigators are members of the IATTI.

PERFORMANCE OVERVIEW

INVESTIGATIONS

ENTITIES CHARGED 2014



99 entities were charged and 20 went to the Discipline Process in lieu of facing charges.

In 2014, OMVIC Investigators opened 496 cases and laid 300 charges against 99 entities.

Note: OMVIC has changed its approach to laying charges. In many instances an individual or business now faces a single "global charge" instead of multiple charges. Also in 2014, 20 registrants accused of an offence were redirected to the Discipline Process in lieu of charges.

Notable Initiative

In 2012, OMVIC successfully employed sophisticated computer software developed by LTAS Technologies Inc. to search online automobile marketplaces to identify curbsiders. The LTAS program was later re-engineered to find dealers who were posing as private sellers – a violation of the advertising regulations, which require dealers to identify themselves as such.

After further refinement, this same technology was used to support a new auto-dialing tool. Phone numbers identified as possible curbsiders received a voice and text message explaining the illegalities of curbsiding and the potential penalties. More than 2,323 calls and 1,894 SMS text messages were sent in 2013.

PERFORMANCE OVERVIEW

INVESTIGATIONS

PROVINCIAL OFFENCES INVESTIGATIONS/PROSECUTIONS

OMVIC enforces the MVDA and other consumer protection legislation on behalf of the Ministry of Government and Consumer Services. OMVIC's Investigators are Provincial Offences Officers and are empowered to lay charges under the MVDA and other statutes. Should an Investigator believe a dealer or salesperson has breached the MVDA, the Investigator can charge the individual or corporation. Once the accused has been served a summons, a trial will take place before a Justice of the Peace in provincial court.

OMVIC prosecutors represent the Crown; the accused normally appears with his or her own legal representation. The evidence is presented to the court and it is up to the Justice of the Peace to determine whether the allegations have been proved beyond a reasonable doubt and, if so, to determine the appropriate penalty. If convicted, the maximum penalties under the MVDA are as follows:

FOR AN INDIVIDUAL	FOR A CORPORATION
\$50,000 fine and/or two years less a day in provincial jail	\$250,000 fine

NOTABLE PROVINCIAL OFFENCES INVESTIGATIONS/PROSECUTIONS

August 2014: Appeal Court Upholds Jail Sentence for Curbsider

The Ontario Court of Justice reaffirmed the decision of a lower court that Andre Nicholas Campbell, 40, of Mississauga be jailed for acting as a motor vehicle dealer without benefit of registration (curbsiding), contrary to the *Motor Vehicle Dealers Act*, 1990.

Campbell was originally sentenced to 32 days (to be served intermittently on weekends) in January 2013. He subsequently appealed his conviction and sentence to the Ontario Court of Justice. In upholding the conviction and sentence, Justice S.R. Shamai stated that Campbell had shown a lengthy pattern of misrepresentation and she agreed with Justice of the Peace Delano Europa's reasons for ordering incarceration. She further stated that she considered the 32-day jail sentence originally ordered by the Provincial Offences Court to be lenient and that the justification for serving it intermittently was not founded. Justice Shamai therefore ordered Campbell into custody immediately with no provision for serving his sentence on weekends.

The charges against Campbell dated back to 2006, when OMVIC Investigators found he routinely sold vehicles as a matter of business while posing as a private

individual selling a personal vehicle. Evidence presented at sentencing showed Campbell had been convicted twice previously for curbsiding (in 2001 and 2004). The fines imposed for those convictions were not paid. The courts agreed with the prosecution's submission that incarceration was warranted in light of Campbell's failure to pay past fines and the aggravating factor that many of the vehicles Campbell sold were previously accident damaged or written off. This was not disclosed to the vehicle buyers, one of whom was a driver education instructor who told Campbell the vehicle would be used by his students.

September 2014: London Dealer Convicted of Supplying Vehicles to Curbsider

Waldemar Krzynowek, owner and sole proprietor of Val Car Sales and Service, pled guilty in a London court to supplying vehicles to a curbsider, contrary to section 4 (4) of the *Motor Vehicle Dealers Act*. Krzynowek was charged after he supplied a 2006 Acura with previous accident damage exceeding \$35,000 to an alleged curbsider. Justice of the Peace Peter Aharan fined Val Car Sales and Service and Krzynowek \$7,500; the dealer was also fined \$1,500 for failing to ensure a purchaser received a copy of the contract.

PERFORMANCE OVERVIEW

INVESTIGATIONS



July 2014: Seized Stolen Vehicles Crushed; Regulator Warns Consumers to Beware of Illegal Sellers

Two recovered stolen vehicles were destroyed by Economical Insurance at Bodyline Auto Recyclers in Hamilton to prevent them from being sold to unsuspecting consumers. It is believed the individuals in possession of the stolen Cadillac Escalade and GMC Denali were preparing to sell them to the public when they were recovered by the Toronto Police Service. Not only would the sale of these vehicles possibly have put the drivers in harm's way – the safety of the vehicles was questionable – but the purchasers would have unknowingly taken a huge financial risk with no recourse had these vehicles been seized at a later date.

BUSINESS ACCOMPLISHMENTS

LEGAL AND PROSECUTIONS

CONSUMER PROTECTION

STRATEGY	Increase awareness of OMVIC through industry and law associations.
2014–16 Targets	2014 Activities and Results
Continue to provide seminars for industry and law associations.	OMVIC staff presented to – Auto Remarketing Conference – National Association of Motor Vehicle Boards and Commissions – Ontario Municipal Tax and Revenue Association Annual Conference and General Meeting Staff met with associations and agencies, including the Ombudsman for Banking Services and Investments and the Financial Consumer Agency of Canada, to increase awareness of OMVIC and emerging consumer and industry issues in motor vehicle sales. Staff organized and participated in the Ontario Regulatory Authorities' Continuing Professional Development Conference in May 2014, attended by 90 delegates from 12 provincial/territorial regulatory agencies and one federal agency.

DEALER PROFESSIONALISM

STRATEGY	Maintain effective registration and inspection processes that identify dealers who should not be registered or who require close monitoring through terms and conditions of registration.
2014–16 Targets	2014 Activities and Results
The volume of Registrar's actions is predicted to remain steady through the planning period at approximately 1,000 actions per year.	1,329 Registrar's actions were logged in 2014. This includes terms and conditions issued on 1,144 registrations. 85 Proposals were issued and 100 Proposals were disposed.
STRATEGY	Maintain effective enforcement of the Code of Ethics.
2014–16 Targets	2014 Activities and Results
Increase use of the CoE and Discipline Process to improve compliance rates.	During 2014, OMVIC completed 81 Discipline matters, issued 52 education orders and collected \$429,000 in Discipline fines. 98 Notices of Complaint were served.

PERFORMANCE OVERVIEW

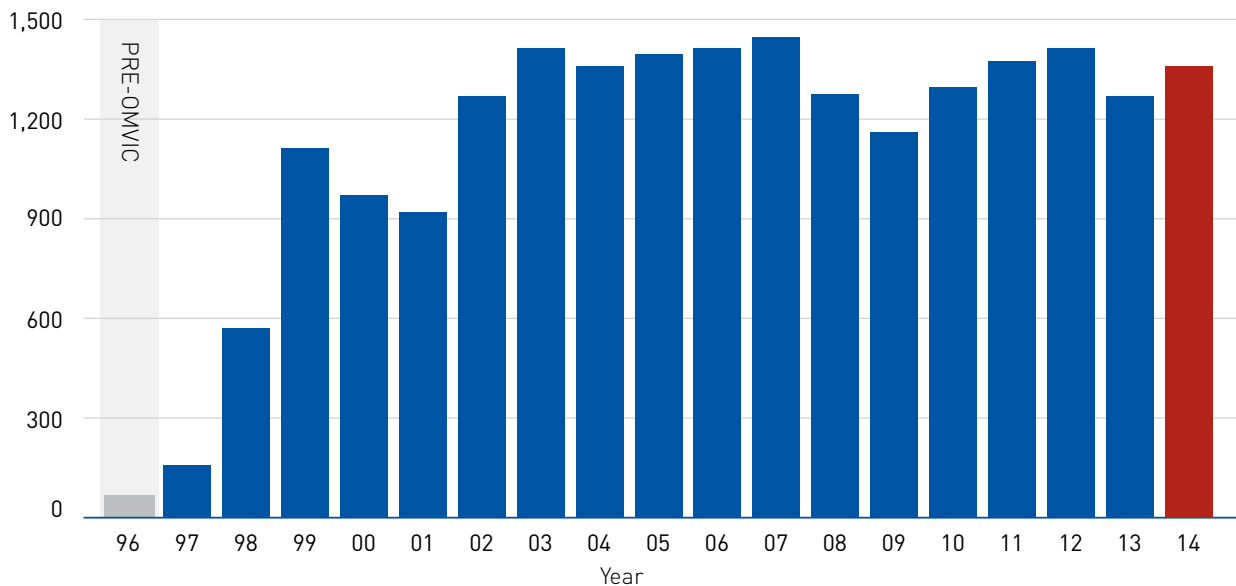
LEGAL AND PROSECUTIONS

Enforcement of the MVDA requires a multifaceted approach by OMVIC to ensure compliance. The Registrar's authority to issue a Proposal to Refuse, Suspend, Revoke or Refuse to Renew Registration is a primary component of OMVIC's enforcement activities. These Proposals are reserved for the most serious compliance/enforcement concerns. OMVIC's Legal Department litigates before the Licence Appeal Tribunal, OMVIC Discipline Committee and all levels of the provincial court.

In 2014, the Registrar issued 85 Proposals; 68 days of LAT Hearings were conducted.

The Legal Department provides legal advice to the Board, Registrar and staff. The department is responsible for enforcement litigation when there is non-compliance with the MVDA and/or other consumer protection statutes.

REGISTRAR'S ACTIONS 2014



The Registrar's actions include issuing Proposals to Suspend, Refuse or Revoke Registrations, as well as to impose terms and conditions on registrations. In 2014, there were 1,329 Registrar's actions, of which 85 involved issuing a Proposal.

PERFORMANCE OVERVIEW

LEGAL AND PROSECUTIONS

LICENCE APPEAL TRIBUNAL

The Registrar may issue a Proposal to Suspend, Refuse or Revoke Registration. Dealers or salespeople may appeal such Proposals to LAT. LAT is an independent adjudicative agency that hears appeals of licensing and administrative matters. For more information on LAT, visit www.lat.gov.on.ca.

NOTABLE LICENCE AND TRIBUNAL CASES

LAT: 1552558 Ontario Inc. operating as Drivetime, and Craig Terry Investments Ltd.

In July 2014, the Registrar ordered the immediate suspension of two Sudbury-area dealerships as a result of serious consumer complaints. Concurrent with the immediate suspension order, OMVIC published a Consumer Protection Notice and issued a news release warning consumers not to do business with these two dealerships. Consumers were also advised that if they had suffered losses as a result of a registered dealer's conduct, they could be eligible to make a claim for compensation through the Compensation Fund. Although the affected dealers initially appealed the Registrar's Proposal, that appeal was ultimately abandoned and both registrations were revoked.

Note: there are other registered dealers in Ontario using the business name Drivetime – they are not affiliated with Drivetime in Sudbury. Further, no individual named Craig Terry was a party to any of the proceedings or claims referenced above.

LAT: Sheik Alli

Sheik Alli applied for registration as a salesperson. On his application for registration, Alli stated that he had never been found guilty of any offence under any law. However, Alli had prior convictions for assault, impaired driving and unlawful possession of a firearm. In its decision, LAT indicated that the failure to provide information to the Registrar on a licence application is to be taken seriously. LAT found that Alli made false statements and was guilty of serious omissions. His application was refused.

LAT: Vincenzo Joseph Sacripanti

On May 1, 2014, LAT refused to register Vincenzo Sacripanti as a salesperson. Sacripanti previously worked as the general manager of a dealer in southwest Ontario. In 1999, after it was shown that Sacripanti charged for accessories that had not been installed on vehicles, the Registrar issued a Proposal to Revoke his registration. However, the Ontario Commercial Registration Appeal Tribunal, the predecessor to LAT, determined Sacripanti could keep his registration with terms and conditions attached to it. Sacripanti then opened his own dealership and obtained funding for his business through falsified documents and vehicle identification numbers. When Sacripanti applied for a salesperson registration after being out of the industry for several years, the Registrar issued a Proposal to Refuse. LAT examined Sacripanti's fraudulent conduct and upheld the refusal.

LAT: Cameron Scott Dickson

On May 2, 2014, LAT revoked the registration of Cameron Scott Dickson as a salesperson and also revoked the registration of a dealership he had recently opened in Hamilton. While working for another dealership, Dickson created false bills of sale and took cash payments from the dealership without accounting for them. He also deposited customer payments into his own bank account. LAT decided that Dickson's years of experience in the industry did not excuse his conduct.

PERFORMANCE OVERVIEW

LEGAL AND PROSECUTIONS

DISCIPLINARY PROCESS

The MVDA imposes an obligation on dealers and salespersons to conduct business with honesty, integrity, financial responsibility and in accordance with the law. The CoE prescribed under the MVDA and the SOBP apply to all dealers and salespeople and impose obligations of integrity, accountability, compliance and professionalism.

Conduct that does not comply with the CoE may result in the Registrar issuing a Notice of Complaint, which initiates the disciplinary process. A Notice of Complaint details the allegations that the CoE has been breached. If a Notice of Complaint is issued, the chair of the Discipline Committee appoints an independent, impartial Panel to consider the allegations. The Panel consists of dealer and salesperson peer representatives, along with at least one arm's length member of the public.

Hearings are held to determine whether there have been breaches of the CoE. Persons accused of breaching the CoE are given the opportunity to testify, submit documents and provide other evidence in support of their position on the allegations set out in the Notice of Complaint.

Parties before the Panel may be represented by a lawyer or agent. A record is made of each hearing.

Following a hearing, and after due consideration, the Discipline Committee issues a formal decision stating the reasons that led the Committee to reach its conclusions.

If the Discipline Committee finds that there has been a breach of the CoE, the Committee may order dealers and salespersons to take further educational courses, may require dealers to fund educational courses for their registrants and may impose fines of up to \$25,000 per party. The Committee can also order recovery of costs.

Decisions of the Discipline Committee are published as a matter of public record and may be appealed to the Appeals Committee. Appeals must be requested by submitting the proper form within 30 days of a decision of the Discipline Committee. Appeals are limited to issues of law or mixed fact and are not a rehearing of the matter.

During 2014, 81 Discipline matters were completed, 52 education orders were issued and \$429,000 in fines were collected.

NOTABLE DISCIPLINE CASES

Discipline: Platinum Cars Inc. and Shaun Jalili

The dealer was fined \$21,000 and the registrant was fined \$3,000 for breaches of the CoE. The dealer failed to comply with the MVDA's all-in pricing requirements. The Discipline Panel found that Jalili failed to take reasonable steps to review and ensure his advertisements were consistent with the requirements of the MVDA.

Discipline: Mohamed Ezzedine Naasani operating as First Classe Auto – Service Center and Car Sales

The dealer was fined \$17,100 for breaches of the CoE. The dealer failed to comply with disclosure requirements and his obligation to retain specific documentation related to trades. The dealer argued that although he did not strictly comply with the law, he should not be fined because he did not withhold the required information from his customers. The Discipline Panel rejected this argument, finding that these obligations were mandatory, regardless of any other action taken to inform the customer.

BUSINESS ACCOMPLISHMENTS

INFORMATION TECHNOLOGY

PROCESS IMPROVEMENT

STRATEGY

Expand online services.

2014–16 Targets

Working with Operations, add new online capabilities for registrants.

2014 Activities and Results

Improved reporting and viewing capabilities were implemented for dealers, including the new online salesperson cancellation function. This function provides improved timeliness for registration status in the public search feature.

The ability for dealers and salespersons to view their application status online was added.

STRATEGY

Enhance telecommunication capability for field staff.

2014–16 Targets

Replace business lines with IP phones to improve security and internal communications.

2014 Activities and Results

Hardware and software were updated to support IP telephones for home office use by Inspectors and Investigators, which provides access through the main switchboard rather than a dedicated line that could be traced to an individual's home. Testing has begun with three staff members who work from home.

OVERVIEW

INFORMATION TECHNOLOGY

The focus of the Information Technology Department is to ensure available, effective and safe use of technology throughout the organization, including:

- Maximizing uptime and availability by ensuring systems resources are available and useable by staff, consumers and other stakeholders at all times
- Constructing all components of the IT system to work well with each other to provide comprehensive solutions to OMVIC's business issues; these components include the MVDA applications, websites, desktop applications, telephony applications, networks, hardware devices and related operating software
- Ensuring the privacy of information on OMVIC's systems and securing organizational data
- Ensuring IT solutions are relevant to OMVIC's business
- Facilitating the functions required to conduct business, including maintaining and enhancing the MVDA applications and related websites
- Staying current with user preferences and technology innovations to take advantage of any business benefits new technology can deliver and to allow OMVIC staff and stakeholders to use pertinent technology effectively

In respect to these concerns, over the past year system availability and uptime was high, with no major unscheduled outages. This requirement was met regardless of this being the first full year of online services and one that saw the successful relocation of the external network connections, telephone system, computer servers and desktops to OMVIC's new offices.

The capability for telephone connections (IP telephony) was added to the Internet access for OMVIC field staff. This expands the OMVIC switchboard into the home office through a virtual private network connection.

Over the year there were a total of 120 changes and enhancements to OMVIC's applications, including 53 changes to online services and 67 changes to the MVDA 2002 application. These changes included the addition of the Provide Feedback feature to online services, the addition of the Check Application Status function to the website and online services, and the addition of New Work Assignments for Education presentations, *Provincial Offences Act* appeals and civil actions.

With the input of our Business Teams, IT kept OMVIC's website up to date, including the posting of new communiques, prosecution/Discipline decisions and application of the new OMVIC logo to the entire site. The requirements under the new anti-spam legislation were also incorporated and *Consumer Line* subscribers were given the opportunity to confirm their subscription or opt out of receiving OMVIC electronic updates.

A review of handheld devices (cell phones and tablets) was conducted to determine their potential use to extend consumer online services anywhere a consumer requires information from OMVIC (such as a dealer's showroom). The Find a Dealer/Salesperson function, which also checks registration status and reports charges, was created and is being tested. For dealers and salespersons, the ability to check the status of their registration application on a handheld device is also being tested.

To ensure security and data privacy, anti-spyware, firewall, email filtering and encryption tools were kept current. Software updates for servers, desktops and network devices were regularly applied. Penetration testing was done using a software tool. A potential vulnerability was found and rectified.

BUSINESS ACCOMPLISHMENTS

CORPORATE SERVICES

BUSINESS CONTINUITY

STRATEGY	Ensure OMVIC is adequately funded, as required, by the administrative agreement.
2014–16 Targets	2014 Activities and Results
Review long-term funding requirements and recommend any changes required.	The long-term funding review completed in November 2014 identified the need for a fee increase in 2015.

BOARD OPERATIONS

STRATEGY	Implement an online Board portal.
2014–16 Targets	2014 Activities and Results
Put a Board portal in place to provide an online, collaborative space for meeting packs and Board-related documents.	A Board portal was created, loaded and demonstrated to the Executive Committee of the Board. A rollout to the entire Board and all committees is underway.

HUMAN RESOURCES MANAGEMENT

STRATEGY	Review human resources practices.
2014–16 Targets	2014 Activities and Results
Update human resources practices.	Human Resources drafted guiding principles that will be the basis of revised HR practices to be developed in 2015.

ADMINISTRATION

STRATEGY	Relocate office.
2014–16 Targets	2014 Activities and Results
New premises to provide improved space and facilities more suited to OMVIC's future needs.	New premises meets all expectations.
Move successfully completed as planned.	Move completed on time and 22 per cent under budget.

OVERVIEW

CORPORATE SERVICES

Corporate Services acquires and manages OMVIC's resources. These include people (Human Resources), money (Finance) and facilities (Administration). Administration also extends to providing Board and committee support and managing OMVIC's internal disciplinary process.

During 2014 Corporate Services

- recruited seven staff
 - facilitated employee development and growth through lunch 'n' learn sessions and outside training
 - successfully relocated the offices to new premises
 - arranged nine Discipline Hearings
- 

OVERVIEW

CUSTOMER SERVICE

CUSTOMER SERVICE PERFORMANCE MEASURES

OMVIC prides itself on delivering superior customer service to dealers and consumers alike. These initiatives are reflected in the following customer service survey and service delivery time results.

CUSTOMER SERVICE SURVEY RESULTS	Registration	Complaints (Dealers)	Complaints (Consumers)	Inspections
Number of responses	2,190	162	400	540
Courtesy*	4.7	4.2	4.2	4.8
Knowledge*	4.7	4.0	3.9	4.8
Efficiency*	4.5	4.1	3.6	4.8

*On a scale of 0 (poor) to 5 (excellent)

CALL CENTRE – AUTOMATIC CALL DISTRIBUTOR (ACD) CALL RESPONSE

ACD CALLS	Registration	Complaints
Average wait time in seconds (target, 60 seconds)	16	39

SERVICE DELIVERY TIMES

AVERAGE TURNAROUND TIME (DAYS)	Target	Actual
Complaints	45	32
New salesperson applications*	3	2.6
New dealer applications*	42	27.0

*Registration service volumes include only properly completed applications; incomplete applications are not included and may take much longer depending on responsiveness of applicant.

FRENCH-LANGUAGE SERVICES

OMVIC responds to all inquiries in French. An equivalent level of service is provided in both English and French whenever and wherever demand and customer service warrant. Bilingual staff members are sought for key positions to ensure that French-language inquiries – whether from dealers, consumers or the media – can be dealt with quickly, courteously and effectively. As well, all correspondence received in French receives a response in French.

OMVIC's consumer Car-Buying Seminar, Know Your Ride, DVD and Automotive Certification Course are available in both official languages.

In 2013, OMVIC initiated a pilot project to offer telephone translation services for consumer complainants as a further backstop if bilingual staff members are not available. In 2014, this pilot was extended to become an ongoing service offered to consumers.

2014 FINANCIAL OVERVIEW/ AUDITED STATEMENTS

The following financial overview is based on the audited financial statements of the Ontario Motor Vehicle Industry Council for the year ended December 31, 2014, with comparative information for 2013.

Net income for the year was \$634,890, an increase of \$559,589, or 743 per cent, compared with \$75,301 last year. Overall revenues increased by 13.6 per cent over the previous year, mainly because of appreciation in market value of investments that are marked to market. Investment income recorded on an accrual basis includes interest, dividends, net realized gains (losses) on the sale of investments and net unrealized gains (losses). Expenses, on the other hand, rose by 8.8 per cent over the prior year. The main contributors to this were

- a) Higher salary and benefit costs reflecting additional staff, normal salary increases and year-end accruals
- b) Increased but focused spending on the Consumer Awareness Campaign

Most of the variances over last year for other line items were either not material or within acceptable ranges; therefore, no further elaboration is provided here.

The 2014 expenses by service function were as follows:

	2014	2013
Investigation	\$ 2,307,653	\$ 2,140,810
Registration	2,047,628	1,854,572
Legal services	2,028,241	1,807,555
Compliance	1,939,165	1,847,990
Communications	1,334,269	1,011,373
Information Technology	1,061,101	1,021,554
Inquiries and complaint handling	877,381	922,457
Governance	652,465	617,929
Compensation Fund	162,157	185,870
Discipline	110,059	99,319
	\$12,520,119	\$11,509,429

Capital expenditures during 2014 amounted to \$1,541,229 (2013, \$71,739) and were used to relocate the office to new premises and support operational growth and operating efficiencies through technological improvements.

Cash available at the end of December 2014 was \$1,027,531. OMVIC also held investments of \$6,932,866, which reflect an internally restricted operating reserve (\$3,638,000) and cash in excess of current requirements. All investments are held in instruments that are highly liquid. Fixed income securities yield interest between 2.07% and 7.10% and have maturities ranging from August 2014 to December 2038.

Based on cash flows provided by its operations and the current investment portfolio, OMVIC has sufficient liquidity to fund its short-term business plans and obligations. However, for long-term financial stability OMVIC is contemplating a review of its fee structure during fiscal 2015.

FINANCIAL STATEMENTS

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

FINANCIAL STATEMENTS

DECEMBER 31, 2014

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL

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DECEMBER 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Members of Ontario Motor Vehicle Industry Council

Report on the Financial Statements

We have audited the accompanying financial statements of Ontario Motor Vehicle Industry Council, which comprise the statement of financial position as at December 31, 2014, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion of these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Ontario Motor Vehicle Industry Council as at December 31, 2014, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The comparative figures were audited by another firm of Chartered Professional Accountants.

Sloan Partners LLP

April 20, 2015

Chartered Professional Accountants
Licensed Public Accountants

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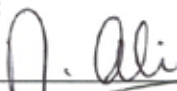
Page 1

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
STATEMENT OF FINANCIAL POSITION**

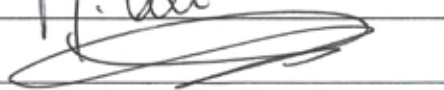
As at December 31	2014	2013
ASSETS		
Current		
Cash	\$ 1,027,531	\$ 2,009,187
Accounts receivable	983,168	50,175
Prepaid expenses	232,106	262,137
	<u>2,242,805</u>	<u>2,321,499</u>
Investments (note 3)	6,932,866	6,457,824
Capital assets (note 4)	<u>1,458,838</u>	<u>179,285</u>
	<u><u>\$ 10,634,509</u></u>	<u><u>\$ 8,958,608</u></u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,177,869	\$ 1,205,930
Deferred revenue (note 5)	1,463,413	1,374,525
	<u>2,641,282</u>	<u>2,580,455</u>
Deferred contributions - capital assets (note 6)	818,683	-
Deferred lease inducement	<u>193,667</u>	<u>32,166</u>
	<u>3,653,632</u>	<u>2,612,621</u>
NET ASSETS		
Invested in capital assets (note 7)	640,155	179,285
Internally restricted operating reserve	3,638,000	3,638,000
Unrestricted	<u>2,702,722</u>	<u>2,528,702</u>
	<u>6,980,877</u>	<u>6,345,987</u>
	<u><u>\$ 10,634,509</u></u>	<u><u>\$ 8,958,608</u></u>

Approved by:

Director:



Director:



See accompanying notes to the financial statements

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**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
STATEMENT OF CHANGES IN NET ASSETS**

Year ending December 31	2014	2013
NET ASSETS CONSIST OF:		
Internally restricted operating reserve		
Balance, beginning of the year	\$ 3,638,000	\$ 3,092,000
Transfer to internally restricted operating reserve (note 9)	-	546,000
Balance, end of the year	<u>3,638,000</u>	<u>3,638,000</u>
Unrestricted		
Balance, beginning of the year	2,528,702	2,770,304
Excess of revenue over expenses	843,748	376,137
Transfer to internally restricted operating reserve (note 9)	-	(546,000)
Purchase of capital assets	(669,728)	(71,739)
Balance, end of the year	<u>2,702,722</u>	<u>2,528,702</u>
Invested in capital assets (note 7)		
Balance, beginning of the year	179,285	408,382
Excess of expenses over revenue	(208,858)	(300,836)
Purchase of capital assets	669,728	71,739
Balance, end of the year	<u>640,155</u>	<u>179,285</u>
NET ASSETS, end of the year	<u>\$ 6,980,877</u>	<u>\$ 6,345,987</u>

See accompanying notes to the financial statements

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**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
STATEMENT OF OPERATIONS**

Year ending December 31	2014	2013
REVENUE		
Registration fees	\$11,134,798	\$10,488,807
Transfer fees	472,275	418,050
Administrative penalties	429,000	329,725
Certification course fees	298,780	272,430
Expense recoveries (note 8)	240,619	213,584
Amortization of deferred contributions	52,818	-
Investment and other income (loss)	526,719	(137,866)
	13,155,009	11,584,730
EXPENSES		
Salaries and benefits (note 8)	8,132,781	7,361,198
Public awareness	769,570	660,517
Professional services	731,633	741,338
Travel	683,216	654,228
General and administrative (note 8)	613,893	557,335
Occupancy	440,274	421,164
Telecommunications	295,743	264,254
Per diem allowances	254,592	264,374
Government oversight fees	198,707	198,707
Industry awareness	138,034	85,478
Amortization of capital assets	261,676	300,836
	12,520,119	11,509,429
EXCESS OF REVENUE OVER EXPENSES	\$ 634,890	\$ 75,301

See accompanying notes to the financial statements

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**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
STATEMENT OF CASH FLOWS**

Year ending December 31	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 634,890	\$ 75,301
Items not affecting cash:		
Amortization of capital assets	261,676	300,836
Amortization of deferred lease inducement	161,501	(96,497)
Unrealized loss (gain) on investments	(25,481)	263,842
Realized loss (gain) on investments	45,564	34,026
Amortization of deferred contributions	(52,818)	-
Changes in non-cash working capital:		
Accounts receivable	(932,993)	11,097
Prepaid expenses	30,031	(172,342)
Accounts payable and accrued liabilities	(28,061)	284,569
Deferred revenue	88,888	46,187
Net cash provided by operating activities	183,197	747,019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(1,541,229)	(71,739)
Purchase of investments, net	(495,125)	(676,128)
Net cash used in investing activities	(2,036,354)	(747,867)
CASH FLOWS FROM FINANCING ACTIVITY		
Amounts received for capital purposes (note 6)	871,501	-
NET DECREASE IN CASH	(981,656)	(848)
CASH AT THE BEGINNING OF THE YEAR	2,009,187	2,010,035
CASH AT THE END OF THE YEAR	\$ 1,027,531	\$ 2,009,187

See accompanying notes to the financial statements

Page 5

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

1. PURPOSE OF THE ORGANIZATION

Ontario Motor Vehicle Industry Council (the "Council") is Ontario's first administrative authority created pursuant to the Safety and Consumer Statutes Administration Act. The Council is a not-for-profit organization with the mandate to administer the Ontario Motor Vehicle Dealers Act. This authority was delegated to the Council by the Minister of Consumer and Commercial Relations (the "Ministry") on January 7, 1997 through an Administrative Agreement (the "Agreement") with the Ministry.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Revenue Recognition

(i) Registration fees:

Fees charged for registration as a salesperson are for a two-year period and are recognized evenly over two years. Unearned fees are recorded as deferred revenue.

Fees charged for registration as a dealer are paid annually and are recognized on a monthly basis as received. Dealers are also required to remit \$5 for every sale (excluding wholesale transactions), lease, fleet or "as is" transaction as a component of their registration renewal fee. The dealers are responsible for reporting sales accurately to the Council and to remit the amount due when renewing their registration. Transaction fees are included in registration fees and recorded as revenue when they are received.

(ii) Transfer fees:

A transfer fee is charged when a registered salesperson moves from one dealership to another. Transfer fees are recognized upon written notice and when the Council receives payment.

(iii) Administrative penalties:

Administrative penalties are imposed on dealers through an internal Council disciplinary process. These penalties are recognized as revenue when the Council receives payment.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Certification course fees:

New applicants for registration must pass a certification course run by the Canadian Automotive Institute on behalf of the Council. Certification course fees are recognized when a new applicant registers for the course.

(v) Investment income

Investment income, which is recorded on the accrual basis, includes interest income, dividends, net realized gains (losses) on sale of investments and net unrealized gains (losses).

Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Council has elected to carry its investments at fair value. Transaction costs are expensed as incurred.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Computer hardware	3 years
Computer software	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Leasehold improvements	Term of lease

When a capital asset no longer contributes to the Council's ability to provide services, its carrying amount is written down to its residual value.

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Lease Inducement

In 2009, the lease for the original office space was renegotiated and the terms of the lease were modified and the lease term extended. The Council was continuing to account for the lease under the old terms until the term of the original lease contract expired on April 30, 2012. Deferred lease inducements are considered to relate to the lease extension and were amortized over the period from May 1, 2012 to April 30, 2014, the extended lease term.

The Council assumed more space in 2009 and the lease related to the expansion space is for a term of five years. The deferred lease inducements related to this space were amortized over the term of the lease.

The Council moved into a new office in 2014 and the lease agreement included a free rent period from May 1, 2014 to April 30, 2015. The benefit of this free rent is being straightlined over the term of the lease. Total rent expense is based on the entire cash cost over the term of the lease amortized evenly over the term of the lease.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

3. INVESTMENTS

	2014	2013
Cash	\$ 139,060	\$ 532,288
Fixed income	6,759,589	5,600,536
Other	34,217	325,000
	<u>\$ 6,932,866</u>	<u>\$ 6,457,824</u>

The Council manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by The Board. The Council is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

3. INVESTMENTS (CONTINUED)

The Council believes that it is not exposed to significant interest-rate, market, credit or cash flow risk arising from its financial instruments.

Additionally, the Council believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments. The fixed income securities yield interest between 2.07% and 7.10% and have maturities ranging from August 2014 to December 2038.

4. CAPITAL ASSETS:

	Cost	Accumulated Amortization	2014 Net Book Value	2013 Net Book Value
Computer hardware	\$ 135,704	\$ (107,712)	\$ 27,992	\$ 45,647
Computer software	82,766	(68,459)	14,307	41,896
Furniture and fixtures	172,917	(67,017)	105,900	18,555
Office equipment	154,297	(99,923)	54,373	30,826
Leasehold improvements	1,882,680	(626,414)	1,256,265	42,361
	<u>\$ 2,428,363</u>	<u>\$ (969,525)</u>	<u>\$ 1,458,838</u>	<u>\$ 179,285</u>

5. DEFERRED REVENUE

	2014	2013
Registration fees received in advance	<u>\$ 1,463,413</u>	<u>\$ 1,374,525</u>

6. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	2014	2013
Balance, beginning of the year	\$ -	\$ -
Amounts received	871,501	-
Amortization of deferred contributions	52,818	-
Balance, end of year	<u>\$ 818,683</u>	<u>\$ -</u>

The amounts received during the 2014 fiscal year related to the cash due under the terms of the lease for the new premises to pay for leasehold improvements. It will be amortized into income on the same basis as the related leasehold improvements which is the term of the lease.

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

7. INVESTED IN CAPITAL ASSETS

a) Net assets invested in capital assets, which represents internally financed capital assets, are calculated as follows:

	2014	2013
Capital assets, net	\$ 1,458,838	\$ 179,285
Less unamortized deferred contributions - capital assets	(818,683)	-
Balance, end of year	<u>\$ 640,155</u>	<u>\$ 179,285</u>

b) The net change in net assets invested in capital assets is calculated as follows:

	2014	2013
Amortization of deferred contributions	\$ 52,818	
Less amortization of capital assets	(261,676)	-
	<u>\$ (208,858)</u>	<u>\$ -</u>

8. RELATED PARTY TRANSACTIONS

The Council provides office space and administrative services to the Motor Vehicle Dealers' Compensation Fund (the "Fund"). The two organizations are related parties because the Council has representation on the Fund's Board of Trustees. Included in the Council's statement of operations are recoveries from the Fund of \$151,435 (2013 - \$172,382) relating to salaries and benefits and \$89,184 (2013 - \$41,202) relating to general and administrative expenses. At year end \$26,942 (2013 - \$24,962) was receivable from the Fund. Amounts received from the Fund are determined on a cost recovery basis.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. INTERNALLY RESTRICTED OPERATING RESERVE

During fiscal 2010, the Council created an operating reserve equivalent to six months of annual operating expenses, excluding amortization of capital assets, for the purposes of maintaining funds for winding down operations in the event the Council's designation as a Delegated Administrative Authority under the SCSAA is revoked in accordance with the Termination Plan, and for accumulating funds that are available when needed due to unforeseen operating shortfalls.

**ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

9. INTERNALLY RESTRICTED OPERATING RESERVE (CONTINUED)

This reserve was created through an initial transfer of \$2,000,000 approved by the Board on August 23, 2010. The reserve target balance was approved for approximately \$4,730,000 and the remainder was to be transferred over 60 monthly installments of \$45,500. The monthly reserve transfers were temporarily suspended for the 2014 fiscal year.

10. COMMITMENTS

The Council has commitments for its leased premises and equipment. The future minimum annual lease payments are as follows:

2015	\$ 564,000
2016	790,000
2017	797,000
2018	809,000
2019	821,000
Thereafter	<u>4,943,000</u>
	<u>\$ 8,724,000</u>

11. CONTINGENCIES

Claims have been made against the Council in the normal course of operations. The Council believes these claims are without merit. The outcome of these actions is not presently determinable and, accordingly, no provision for these claims has been made in these financial statements.

**MOTOR VEHICLE DEALERS
COMPENSATION FUND**

FINANCIAL STATEMENTS

OCTOBER 31, 2014

**MOTOR VEHICLE DEALERS
COMPENSATION FUND**

FINANCIAL STATEMENTS

OCTOBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Participants in the
Motor Vehicle Dealers Compensation Fund

We have audited the accompanying financial statements of the Motor Vehicle Dealers Compensation Fund, which comprise the statement of financial position as at October 31, 2014, and the statement of changes in net assets, statement of operations, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Motor Vehicle Dealers Compensation Fund as at October 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

McGOVERN, HURLEY, CUNNINGHAM, LLP



Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
March 25, 2015

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENTS OF FINANCIAL POSITION
AS AT

Page 2

	October 31, 2014 \$	October 31, 2013 \$
ASSETS		
CURRENT		
Cash - operating	20,398	35,567
- investment	125,882	11,815
Accrued interest receivable	19,558	24,346
Prepaid expenses	<u>11,257</u>	<u>11,419</u>
TOTAL CURRENT ASSETS	177,095	83,147
INVESTMENTS (Note 8)	<u>7,175,874</u>	<u>7,010,436</u>
TOTAL ASSETS	<u>7,352,969</u>	<u>7,093,583</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	40,398	59,939
Claims payable	<u>122,920</u>	<u>-</u>
TOTAL LIABILITIES	<u>163,318</u>	<u>59,939</u>
NET ASSETS		
UNRESTRICTED NET ASSETS (Note 2)	<u>7,189,651</u>	<u>7,033,644</u>
TOTAL NET ASSETS AND LIABILITIES	<u>7,352,969</u>	<u>7,093,583</u>
Contingent Liabilities (Note 3)		

APPROVED ON BEHALF OF THE BOARD OF TRUSTEES:

_____, "Larry Pringle", Chair

_____, "Dorian Werda", Vice Chair

See accompanying notes to the financial statements.

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENTS OF CHANGES IN UNRESTRICTED NET ASSETS
 FOR THE YEARS ENDED OCTOBER 31,

Page 3

	2014 \$	2013 \$
BALANCE , beginning of the year	7,033,644	6,760,702
Excess of revenues over expenses, for the year	<u>156,007</u>	<u>272,942</u>
BALANCE , end of the year	<u>7,189,651</u>	<u>7,033,644</u>

See accompanying notes to the financial statements.

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED OCTOBER 31,

Page 4

	2014 \$	2013 \$
REVENUES		
Investment and other income	915,262	638,915
Participant fees	144,000	143,700
Recoveries	<u>12,328</u>	<u>7,005</u>
	<u>1,071,590</u>	<u>789,620</u>
EXPENSES		
Claims	492,335	100,307
Salaries and benefits (Note 4)	150,147	183,087
Governance	90,570	69,595
Consumer awareness	67,885	74,862
Investment management fees	40,769	38,489
Repayment of recoveries (Note 9)	22,505	-
Professional fees	11,755	9,332
Statutory trustee fees	11,398	11,011
Insurance	10,854	10,692
Occupancy (Note 4)	10,721	14,871
Office and general	<u>6,644</u>	<u>4,430</u>
EXCESS OF REVENUES OVER EXPENSES	<u>915,583</u>	<u>516,676</u>
FOR THE YEAR	<u>156,007</u>	<u>272,944</u>

See accompanying notes to the financial statements.

MOTOR VEHICLE DEALERS COMPENSATION FUND
STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED OCTOBER 31,

Page 5

	2014 \$	2013 \$
CASH PROVIDED BY:		
OPERATING ACTIVITIES		
Excess of revenues over expenses, for the year	156,007	272,944
Non-cash items		
Change in fair value of investments	(652,975)	(407,716)
Change in non-cash working capital		
Decrease in accrued interest receivable	4,788	21,023
Decrease (increase) in prepaid expenses	162	(187)
(Decrease) increase in accounts payable and accrued liabilities	(19,541)	5,287
Increase (decrease) increase in claims payable	<u>122,920</u>	<u>(4,317)</u>
Cash used in operating activities	<u>(388,639)</u>	<u>(112,966)</u>
INVESTING ACTIVITIES		
Purchase of investments	(3,034,785)	(2,958,695)
Proceeds from sale of investments	<u>3,522,322</u>	<u>3,097,985</u>
Cash (used in) provided by investing activities	<u>487,537</u>	<u>139,290</u>
INCREASE IN CASH DURING THE YEAR	98,898	26,324
Cash, beginning of the year	<u>47,382</u>	<u>21,058</u>
CASH, END OF THE YEAR	<u>146,280</u>	<u>47,382</u>

See accompanying notes to the financial statements.

The Motor Vehicle Dealers Compensation Fund (the "Fund") was established July 1, 1986 under the Motor Vehicle Dealers Act (the "Act"), which was replaced by the Motor Vehicle Dealers Act 2002. The Fund was established to stand in place of registered motor vehicle dealers (the "Participants") where the Participant has refused, failed or been unable to pay a claim registered against the Participant. Claims are submitted by consumers and approved by the Board of Trustees (the "Board"). The Fund pays claims to consumers up to a maximum of \$45,000 per claim.

The affairs of the Fund are overseen by the Board and the Fund is managed by a trust corporation appointed by the Board to act as the Trustee (the "Trustee").

In accordance with the Act, it is compulsory for motor vehicle dealers to pay an initial payment to the Fund in order to obtain registration in Ontario.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:

The financial statements have been prepared using accounting policies consistent with section 1501 and the 4400 series section of the CPA Canada Handbook.

Outlined below are those accounting policies considered particularly significant.

Claims:

Claims are recognized in the accounts at the time of approval by the Board. Amounts recoverable to offset claims paid are recorded when received.

Revenue Recognition:

The Fund follows the deferral method of accounting for contributions. Restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized on an accrual basis.

Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those reported. The Fund's estimates and judgments subject to the most uncertainty are related to contingent liabilities, as detailed in Note 3.

Financial Instruments:

The Fund follows the CPA Canada Handbook Section 3856, "Financial Instruments – Recognition and Measurement" to account for its financial assets, liabilities and equity instruments.

The Fund has designated its cash and accrued interest receivable as loans and receivables recorded at amortized cost. Investments are classified as held-for-trading financial instruments and are measured at their fair value, with changes in fair value recognized in excess (deficiency) of revenues over expenses for the year. Accounts payable and accrued liabilities and claims payable are classified as other financial liabilities and are recorded at amortized cost.

Continued...

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments:

Investments consist of fixed income notes bearing interest at rates ranging from 2.35% to 11% with a total fair market value of \$1,879,330, mutual funds in various industries with a fair market value of \$4,966,434 and other investments of \$330,110.

2. UNRESTRICTED NET ASSETS

The capital of the Fund is comprised of contributions by Participants and income earned on investments. Where at any time the net assets of the Fund are less, or are anticipated to be less than \$3,000,000 by reason of payments or proposed payments to claimants, the Trustee may require each Participant to pay such additional amounts as is considered necessary to bring the net assets of the Fund up to at least \$3,000,000.

3. CONTINGENT LIABILITIES

(i) As at October 31, 2014, there was one claim for \$19,915 denied by the Board which was appealed (October 31, 2013 - nil).

(ii) Several motor vehicle dealers declare bankruptcy each year. The Fund's liability related to such bankruptcies, if any, cannot be reasonably estimated and no related provision has been made in the financial statements.

4. RELATED PARTY TRANSACTIONS

The Fund shares office space and administrative services with the Ontario Motor Vehicle Industry Council (the "Council"). The Fund and the Council are related parties because the Council has representation on the Fund's Board. Included in the Fund's expenses are shared expenses with the Council of \$150,147 (2013 - \$183,087) relating to salaries and benefits and \$10,721 (2013 - \$14,871) relating to occupancy expenses. At October 31, 2014, \$13,436 (2013 - \$24,105) was payable to the Council. Amounts paid to the Council are determined on a cost recovery basis.

All transactions with related parties have occurred in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties.

5. DONATED PROPERTY AND SERVICES

On an annual basis the Fund receives donated services. As similar services are not normally purchased by the Fund and due to the difficulty in determining their fair value, donated services are not recognized in these statements.

Continued...

6. INCOME TAXES

The Fund is a trust within the meaning of Section 149(1)(w) of the Income Tax Act (Canada) and as such, is exempt from income taxes.

7. FINANCIAL INSTRUMENTS

Financial Risk Factors

The Fund is exposed to various risks through its financial instruments.

(a) Interest rate risk

The Fund has cash balances, investments and no interest-bearing debt. The Fund's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions in accordance with its policy. The Fund periodically monitors the investments it makes and is satisfied with the creditworthiness of its financial institutions. Included in investments are fixed income securities with interest rates ranging from 2.35% to 11% with maturity dates ranging from 2015 to 2045.

(b) Price risk

The Fund is exposed to price risk with respect to equity prices related to its Investments. The Fund invests in equity investments in accordance with the investment policy. Equity price risk is defined as the potential adverse impact on the Fund's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Fund closely monitors individual equity movements, and the stock market movements to determine the appropriate course of action to be taken by the Fund.

The Fund's investments are subject to fair value fluctuations. As at October 31, 2014, if the fair value of the investments had decreased/increased by 25% with all other variables held constant, excess of expenses over revenues for the year ended October 31, 2014 would have been approximately \$1,793,968 higher/lower. Similarly, as at October 31, 2014, reported unrestricted net assets would have been approximately \$1,793,968 lower/higher as a result of a 25% decrease /increase in the fair value of investments.

(c) Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. The Fund manages its liquidity risk by monitoring forecasted and actual cash flows and by holding financial assets that can be readily converted into cash. All of the Funds investments are expected to be readily realizable as they can be quickly liquidated at amounts close to their fair value. There has been no change to risk exposure during 2014 and 2013.

(d) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Fund is exposed to credit risk with respect to the financial institutions with which it transacts. The Fund believes its credit risk is minimal.

Continued...

8. INVESTMENTS

Investments are comprised of the following:

	October 31, 2014	October 31, 2013
	\$	\$
Mutual Funds	4,966,434	4,186,538
Fixed Income	1,879,330	2,431,907
Other	<u>330,110</u>	<u>391,991</u>
	<u>7,175,874</u>	<u>7,010,436</u>

9. REPAYMENT OF RECOVERIES

During the fiscal year ended October 31, 2014 the Fund returned \$22,505 collected in previous years from a former participant. The individual entered into a repayment arrangement in 2010 with respect to his registration as a salesperson for reimbursement to the Fund for past claims made against a dealership of which he was a director. Based on legal advice received in 2014 related to the Bankruptcy Insolvency Act the Fund modified its position with respect to the existing repayment arrangement and decided to refund all monies received.

BUSINESS PLANNING

OMVIC's Business Plan outlines its objectives for the next three years and highlights the strategies it will use to achieve those targets.

BUSINESS PLAN 2015–17

OPERATIONS

CONSUMER PROTECTION

STRATEGY	2015–17 Performance Measure
Mitigate consumer harm associated with long-term and subprime credit agreements.	Complete a study on issues arising from long-term and subprime credit agreements for vehicle transactions. Identify consumer education opportunities.
Undertake outreach to vulnerable consumer groups.	Provide multilingual information on website about OMVIC and availability of telephone translation services. Information to be provided in French, Arabic, Hindi, Mandarin, Punjabi, Russian, Spanish, Tagalog and Urdu.

CUSTOMER SERVICE

STRATEGY	2015–17 Performance Measure
Expand online services.	Increase online services membership. Targets by year-end: dealers, 50 per cent; salespersons, 40 per cent. Implement immediate online renewal of eligible registrants. Identify additional online services for registrants.
Seek partners for delivery of services.	Enter into discussions with stakeholders to develop partnerships, which will increase customer service levels.
Review registration process for dealers in the General New and Used class.	Consult manufacturer dealer development staff to seek opportunities to streamline registration processes.
Improve regionalization.	Identify opportunities to reorganize Registration staff and services along regional lines.

ADMINISTRATION OF THE MVDA

STRATEGY	2015–17 Performance Measure
Ensure the MVDA and regulations meet the needs of consumers, the industry and other stakeholders.	In consultation with stakeholders, conduct a five-year review of the Act and regulations. Develop a strategy to address issues identified.

BUSINESS PLAN 2015–17

COMMUNICATIONS AND EDUCATION

CONSUMER PROTECTION AND AWARENESS

STRATEGY	2015–17 Performance Measure
Increase awareness and understanding of the MVDA and offer information and messaging designed to educate and protect consumers through implementation of strategic communications.	Use opportunities to raise awareness, educate and inform consumers and to deliver core messages using – annual Consumer Awareness Campaign – ad hoc advertising opportunities – engagement with mainstream media – sponsorships – social media – e-newsletter (<i>Consumer Line</i>) Review sponsorships; consider additions or alternates. Update web content as needed.
Offer direct educational opportunities to consumers to promote a better understanding of consumer rights and the car-buying process.	Conduct educational seminars for consumer groups, newcomers or other interested parties. Attend trade shows or community events to provide educational resources and information.
Increase awareness of OMVIC's role as industry regulator and of the services it provides to consumers.	Provide consumer awareness materials through multiple channels. Work collaboratively with the Ministry of Government and Consumer Services to promote the Consumer Protection Ontario brand.
Increase awareness of the dangers posed by curbsiders.	Refresh Creepometer to help consumers better identify curbsiders. Use social media, ad hoc advertising opportunities and media to educate and inform consumers about the risks posed by curbsiders.
Increase awareness of the Compensation Fund.	Work closely with the Motor Vehicle Dealers Compensation Fund to deliver a public education/awareness program.

BUSINESS PLAN 2015–17

COMMUNICATIONS AND EDUCATION

STAKEHOLDER ENGAGEMENT

STRATEGY	2015–17 Performance Measure
Facilitate regular enhanced communication between OMVIC and stakeholders.	Continue to use <i>Dealer Bulletins</i> , newsletters, e-newsletters, news releases and social media to reach stakeholders.

DEALER EDUCATION AND PROFESSIONALISM

STRATEGY	2015–17 Performance Measure
Promote understanding of the MVDA.	Provide information and updates on compliance issues through <i>Dealer Bulletins</i> and newsletters (<i>The Dealer Standard</i>). Continue to make available and deliver Advertising and Disclosure Seminars to dealers and dealer groups as required. Continue to use webinars as an educational delivery mechanism. Provide direct education (seminars) to dealers identified as requiring remedial training in specific areas (e.g., disclosure, contracts). Update website content as required.
Review possibility for online delivery of OMVIC Certification Course.	Work with Georgian College to identify opportunities to make OMVIC Certification Course available online.
Conduct periodic review of in-class OMVIC Certification Course outcomes.	Work with Georgian College to maintain and monitor success of OMVIC Certification Course.

BUSINESS PLAN 2015–17

COMPLIANCE

DEALER PROFESSIONALISM

STRATEGY	2015–17 Performance Measure
Develop an Inspection Guide for dealers to enhance transparency of the inspection process and outline OMVIC's expectations.	An overview of the inspection process and dealer checklist is being drafted to ensure dealers are prepared for inspections and can self-audit. The guide will be published on OMVIC's website and/or in <i>The Dealer Standard</i> newsletter.
React quickly and innovatively to address violations of the CoE, including but not limited to advertising concerns, by providing verbal warnings, formal caution letters or Notices of Complaint to non-compliant registrants.	The SOBP Team and Inspectors will continue to work closely together to monitor trends.
Continue to educate dealers on advertising requirements and best practices.	Reach out to dealer groups to facilitate more efficient delivery of education seminars either via webinar or in-person presentations.
Continue to monitor advertising during inspections and via review by Business Standards staff.	Maintain or increase volume of inspections. Maintain or increase volume of advertising reviews conducted by Business Standard staff.

BUSINESS PLAN 2015–17

MOTOR VEHICLE DEALERS COMPENSATION FUND

MOTOR VEHICLE DEALERS COMPENSATION FUND

STRATEGY	2015–17 Performance Measure
Continue communications plan via radio, TV, print and ethnic media to enhance knowledge of the Compensation Fund for consumers in vulnerable sectors and the general population.	Measure the volume of claims received and of website traffic related to the Compensation Fund. Work closely with the OMVIC Communications Team to ensure that messaging about the Compensation Fund is consistent and efficient.

COMPENSATION FUND BOARD EFFECTIVENESS AND STAFF ACCOUNTABILITY

STRATEGY	2015–17 Performance Measure
Continue to survey Compensation Fund claimants about the knowledge, courtesy and helpfulness of staff and about board response times for claims. Maintain or improve current survey results, which rank all categories at three or more on a scale of zero to four.	Maintain or improve survey results.
When practical, host meetings via teleconference to manage meeting costs and minimize environmental impact of travel.	Meet in person only as necessary to deal with claims and other matters involving the Compensation Fund (financial reporting, governance, etc.).

BUSINESS PLAN 2015–17

INVESTIGATIONS

CONSUMER PROTECTION

STRATEGY	2015–17 Performance Measure
Pursue those who prey on an unwary public.	Identify, investigate and prosecute curbsiders. Investigate and prosecute industry misconduct.
Monitor and update investigative techniques and knowledge as required.	Provide continuing education for OMVIC Investigators on the latest automotive-related crimes and the techniques for investigating them.

DEALER PROFESSIONALISM

STRATEGY	2015–17 Performance Measure
Pursue dealers or salespersons who violate the MVDA or CPA.	Investigate and prosecute industry misconduct.

COLLABORATION WITH OTHER LAW ENFORCEMENT AGENCIES

STRATEGY	2015–17 Performance Measure
Increase awareness of OMVIC and MVDA among law enforcement agencies.	Participate with police in joint investigations. Assist other law enforcement agencies with inquiries. Deliver Automotive Crime Investigation training to police.

BUSINESS PLAN 2015–17

LEGAL AND PROSECUTIONS

CONSUMER PROTECTION

STRATEGY	2015–17 Performance Measure
Increase awareness of OMVIC through industry and law associations.	Continue to provide seminars for industry, law associations and other stakeholders.
Pursue effective sanctions for violations of the MVDA.	Initiate program to facilitate collection of fines imposed under the <i>Provincial Offences Act</i> for violations of the MVDA and CPA.

DEALER PROFESSIONALISM

STRATEGY	2015–17 Performance Measure
Maintain effective registration and inspection processes that identify dealers whose registration requires monitoring through the application of terms and conditions.	The volume of Registrar's actions is expected to remain steady through the planning period at approximately 1,000 actions yearly.
Maintain effective enforcement of the CoE.	Conduct comprehensive review of Discipline Processes used by other regulatory agencies and review the Discipline Rules of Practice.

CUSTOMER SERVICE

STRATEGY	2015–17 Performance Measure
Ensure protection of privacy and personal information.	Review OMVIC Access and Privacy Code to ensure it is current with applicable legislation. Establish best practices for electronic document retention.

BUSINESS PLAN 2015–17

INFORMATION TECHNOLOGY

PROCESS IMPROVEMENT

STRATEGY	2015–17 Performance Measure
Go live with online services for mobile devices.	The Find a Dealer/Salesperson application will be available for consumers on popular mobile technology (Apple iOS, Google Android and new BlackBerry devices). Dealers and salespersons will be able to check the status of their registration application using the same mobile technology.

CYBER SECURITY

STRATEGY	2015–17 Performance Measure
Conduct third-party intrusion testing for new vulnerabilities for PCs and “consumerized” devices and mitigate all high-threat vulnerabilities.	Ensure no high-threat vulnerabilities remain after mitigation efforts.
Provide employee training on the protection of personal and business information online.	Training to be given to all OMVIC staff on the following: – what constitutes personal information – current threat landscape – social networking and tips on how to avoid cyber threats

DOCUMENT RETENTION AND DISCLOSURE RULES

STRATEGY	2015–17 Performance Measure
Improve document linkages and data classification, retention and disclosure rules in the MVDA application.	Keep retention and disclosure rules up to date with new policies and ensure they can be enforced mechanically.

BUSINESS PLAN 2015–17

CORPORATE SERVICES

BUSINESS CONTINUITY

STRATEGY	2015–17 Performance Measure
Ensure OMVIC is adequately funded, as required, by the administrative agreement.	Develop business case for proposed fee increase based on long-term financial forecast prepared in November 2014. Target implementation of new fee schedule is August 2015.

DISCIPLINE HEARINGS

STRATEGY	2015–17 Performance Measure
Ensure best practices in Tribunal Hearings are followed by Panel members.	Develop video-based training modules for use by Panel members. Arrange in-house training in procedural matters and best practices for all Panel members.

DOCUMENT RETENTION AND DISCLOSURE RULES

STRATEGY	2015–17 Performance Measure
Ensure current HR practices and policies are in effect.	Update HR practices and policies based on guiding principles approved by senior management.

THREE-YEAR FINANCIAL FORECAST

FISCAL YEARS 2015 TO 2017

(\$ THOUSANDS)

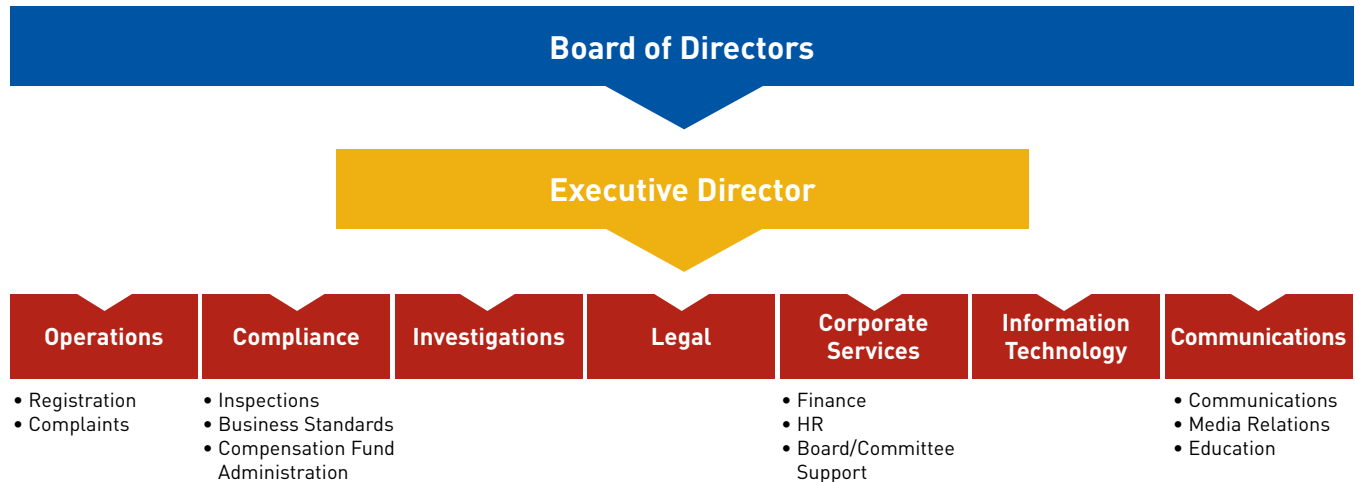
REVENUES	2015	2016	2017
Registration fees	10,937	10,921	10,921
Certification fee	360	360	360
Expense recoveries	241	241	241
Transfer fees	157	161	166
Interest and other	10	7	2
	11,705	11,690	11,690

(\$ THOUSANDS)

EXPENSES	2015	2016	2017
Salaries and benefits	8,312	8,478	8,648
Public awareness	775	775	775
Professional services	719	734	750
Travel	679	686	693
General and administrative	658	671	685
Occupancy	566	697	712
Telecommunications	309	315	321
Per diem allowances	291	297	302
Amortization of capital assets	246	267	300
Government oversight fees	199	199	199
Industry awareness	100	100	100
	12,853	13,219	13,485
Net	(1,148)	(1,529)	(1,795)

Note: OMVIC has the authority to raise revenues to address the current deficit forecast. A business case for a fee increase is being developed with a potential fee increase effective July 1, 2015.

ORGANIZATIONAL STRUCTURE



BOARD OF DIRECTORS

The Board is made up of nine motor vehicle dealers drawn from all segments of the industry: large and small dealerships in both the new and used market. These industry representatives are joined by three consumer/government representatives appointed by the Minister of Government and Consumer Services. Dealer members are elected by dealers across the province.

The Executive Director is responsible for OMVIC's day-to-day affairs and also performs the responsibilities of Registrar under the MVDA.

Note: Due to the announced retirement of OMVIC's long-serving founding Executive Director and Registrar, Carl Compton, OMVIC's Board of Directors announced in February 2015 the decision to separate the Executive Director and Registrar positions. Mary Jane (MJ) South was immediately appointed to the position of Registrar.

Ms. South has served as Director of Operations and Deputy Registrar since OMVIC's inception in January 1997. OMVIC's Board of Directors unanimously approved her appointment, citing proven leadership and unquestionable dedication to OMVIC's mandate, to its registrants and to Ontario's consumers.

OMVIC's Board of Directors also unanimously approved the appointment of Laura Halbert to the position of

Deputy Registrar. Ms. Halbert has served as OMVIC's Director of Compliance since January 1997 and has assumed the role of Deputy Registrar in addition to continuing her Compliance duties.

Nazreen Ali, President and Chair of the Board

Consumer Representative

Term expires May 2015

Nazreen earned an MBA from Queen's University and is executive vice president with MiiScan Corporation, a mobile commerce company. She has assisted a number of Canadian firms in developing socially responsible international initiatives. Previous to that, Nazreen served in a business development capacity at Trimark Investment Management (International) and at the Canadian Soccer Association, with overall responsibility for financial administration. She led the development of the successful first-ever Canadian Businesswomen's Trade Mission to the United Arab Emirates, Egypt and Jordan, led by the former Ontario Minister of Small Business and Entrepreneurship.

Nazreen has served on many boards, including the United Way of Ottawa, and has been honoured by business and community groups. She served as OMVIC's secretary-treasurer from 2011 to 2013.

ORGANIZATIONAL STRUCTURE

Kevin Bavelaar, Vice President

Auto Showplace, North York

Term expires May 2016

Kevin started in the used-car business in 1989 as a salesperson in a medium-sized independent dealership. He was promoted to general manager in 1990. In 1993, Kevin started Auto Showplace and has been involved in all aspects of automotive remarketing. As owner of Auto Showplace, he is familiar with the challenges of running a medium-sized independent car dealership, including marketing, strategic planning, risk management and financial responsibility.

During his first term as an OMVIC director from 1999 to 2004, Kevin chaired several committees, including Ethics and Discipline and Industry Professionalism. His current term began in May 2007, and since then he has served as OMVIC's secretary-treasurer, vice president and president and chair of the Board.

Matt Rispin, Vice President

North Toronto Auction, Innisfil

Term expires May 2015

Matt is a proud graduate of the University of Toronto and has enjoyed the automotive auction business for the past 17 years. In 2003, he and his partners opened North Toronto Auction and they have succeeded in developing it into the largest independent auction in Canada. North Toronto Auction is recognized as a pioneer hybrid auction model specializing in both wholesale and public auctions. North Toronto Auction celebrated its 11th anniversary in 2014 and was recently recognized by *Canadian Business* magazine as one of Canada's fastest growing companies. Most recently, Matt and his partners launched AutoGavel Inc. and AGX, a multifaceted online remarketing solution and lease grounding tool that will complement their current business model. Matt is the vice chair of OMVIC's Board of Directors and was chair and president from 2010 to 2012.

Cliff Pilon, Secretary-Treasurer

Gold Fleet Subaru/Suzuki, North Bay

Term expires May 2015

Cliff entered the automotive industry in 1981. Since 1987, he has been the dealer principal of Gold Fleet Subaru in North Bay. He also owns Gold Fleet North, a used vehicle dealership in New Liskeard, and Rust Check franchises in both cities.

Cliff's hands-on approach, coupled with daily interaction with his businesses, helps keep him in tune with the constant changes in the industry.

Cliff's strong automotive, mechanical and financial knowledge, coupled with his sales expertise and interpersonal skills, make him a valuable asset to OMVIC's Board of Directors. Cliff has served on the Board since May 2006 and chaired the Communications Committee from 2010 to 2011.

David Cooke

Consumer Representative

Term expires November 2016

David started practising law in Ontario in 1968, primarily in litigation. As a member of the Ontario legislature from 1985 to 1990, he chaired the Select Committee on Free Trade and played a major role in determining the terms of the auto industry's inclusion in the Free Trade Agreement. Following that, David chaired the first Finance Committee in the Ontario legislature. He has spent a lifetime as an active member of various non-profit boards and commissions in the Kitchener-Waterloo area.

More recently, David served 10 years as a full-time member of a federal tribunal. He is chair of OMVIC's Appeals Committee and chair of the Consumer Protection Advisory Committee. He is also a member of the Stakeholder Relations Committee.

ORGANIZATIONAL STRUCTURE

Denis Ayotte

*Gus Brown Pontiac Buick GMC Ltd., Whitby
Gus Brown Pontiac Buick GMC Ltd., Port Perry
Term expires May 2015*

Denis is a partner in, and vice-president of, Gus Brown Pontiac Buick GMC Ltd. in Whitby and Port Perry, Ontario. He graduated with a Bachelor of Science degree from Trent University with a joint major in computer studies and psychology. He worked in the information technology field for more than 20 years as a department manager, project manager and program manager, leading major implementations across Canada, the United States and parts of Europe.

Denis moved to the automotive industry in 2003 and became a partner of the Gus Brown Group in 2006. He is a hands-on operator who led the top General Motors New Vehicle Retail Sales Operation for six years from 2004 to 2009.

Denis has been an OMVIC Board member since May 2009. He is the past president of the Central Ontario Dealers Association and he sits on the Board of Directors of the Lakeridge Health Foundation and is the Vice Chair of the Finance and Audit Committee for the Foundation.

Denis and his business partner Gus Brown are active members in the community and are involved in community sports, arts, entertainment and the Chamber of Commerce. Denis has been the co-chair of the Annual Gus Brown Golf Classic, raising more than \$850,000 for the R.S. McLaughlin Durham Regional Cancer Centre and the Lakeridge Health Foundation. The Gus Brown Group of dealerships supports numerous charities in and around the Durham region.

Denis is the current Chair of OMVIC's Communications Committee. He is also serves on OMVIC's Appeals Committee and Stakeholder Relations Committee.

Harbans Pawan

*Consumer Representative
Term expires March 2017*

Harbans joined the Indian Air Force Technical College in 1954. He served in the Indian Air Force in Avionics at various locations all over India. Harbans also has an Honours Bachelor of Arts degree in English and Punjabi from the University of the Punjab.

He immigrated to Canada in 1971 and worked in different companies in the electrical field. He served as policy chair and vice president of the Etobicoke-Lakeshore Federal and Provincial Liberal Riding Associations from 1979 to 2000.

While employed at ABB, Harbans introduced a pay for skills program (paid for "what you know, not what you do") in 1988, which proved to be quite successful. He also served as union president for the salaried employees from 1986 until 1997, when he retired. He is currently involved in not-for-profit organizations such as various senior citizen clubs and the Ontario Khalsa Darbar. He is a member of OMVIC's Appeals, Consumer Protection Advisory, and Nomination and Governance committees.

John Slaughter

*Hyundai, Pembroke
Term expires May 2016*

John graduated from McMaster University with Bachelor of Arts and Bachelor of Education degrees. After holding various positions in education and administration, he became a partner in a Chrysler franchise in the early 1990s. He participated in the Chrysler Ontario Dealers Advertising Association for eight years.

The Ottawa Valley is now home for John and his wife, Janet; they own a Hyundai store in Pembroke.

John has served on the OMVIC Board since May 2007 and chairs the Stakeholder Relations Committee. He is also a member of OMVIC's Appeals Committee.

ORGANIZATIONAL STRUCTURE

Ken Peterson

*Ken Peterson Sales & Leasing, Thunder Bay
Term expires May 2017*

Ken has more than 40 years of experience in the automotive business. For the past 16 years, he has operated Ken Peterson Sales & Leasing in Thunder Bay, building a solid reputation for integrity and outstanding customer service.

Ken is involved in his community and was elected to the Thunder Bay Hydro Commission, serving two terms; he was chair for three years. He was also director and treasurer of Northwest Energy and vice chair of the Municipal Electric Association of Ontario.

First elected to OMVIC's Board of Directors in June 2001, Ken brings a strong analytical and proactive problem-solving approach to the business of OMVIC. He served as OMVIC's president in 2003 and 2005, providing consistent use of leading governance practices, innovative solutions and a commitment to getting the job done. Ken actively engaged in effective and focused advocacy with the government to gain support for initiatives and to address issues that are important to automobile dealers.

Ken chairs OMVIC's Governance Committee and is a member of the Nominating Committee.

Meredith Morris

*Sudbury Hyundai, Sudbury
Term expires May 2017*

Meredith's automotive family background has enabled her to accumulate more than 20 years of experience in all aspects of the dealership and automotive industry. She is a graduate of the Automotive Marketing/Business Administration Program at Northwood University in Michigan. Meredith is the president of C.J. Morris Investments, which owns and operates Sudbury Hyundai and Sudbury Used Cars. She was elected to OMVIC's Board of Directors in May 2004 and has served two terms as president and chair.

Meredith is the past chair of the Hyundai Auto Canada National Dealer Advisory Council and the Cambrian College Automotive Technology Program. Her past involvements include serving on the Board of Directors of the Sudbury Community Foundation, the Sudbury Chamber of Commerce and the Canadian Red Cross. She was also president of the Sudbury Harley Owners Group, Ladies of Harley division.

Meredith chairs OMVIC's Nominating Committee and is a member of the Stakeholder Relations Committee.

Ron Marostica

*Marostica Motors, Thunder Bay
Term expires May 2017*

Ron has been an automobile dealer for more than 35 years. He operates Hyundai and Subaru dealerships in Thunder Bay, as well as a used-car dealership, Thunder Bay Used Car Superstore, and an automotive leasing company. His dealerships are members of both the Trillium Automobile Dealers Association and the Used Car Dealers Association.

Ron has served seven years on OMVIC's Board of Directors. He was also a member of the Motor Vehicle Dealers Compensation Fund Board of Trustees for six years, on which he also served as chair and secretary-treasurer. He sits on the Canadian Automobile Dealers Association's Industrial Relations Committee, which addresses issues of national importance to new-car dealers and administers the Legal Action Defense Fund. He is a past chair of Hyundai Auto Canada's National Dealer Council.

Ron has served on a number of charitable and community organizations, including the Board of a major hospital and as a governor of Lakehead University. He enjoys sports of all kinds – in particular, hockey and golf. Ron is married and has four children and four grandchildren.

Ron is OMVIC's immediate past president and chair of the Board of Directors. He sits on both the Nominating and Governance committees.

SENIOR MANAGEMENT & COMMITTEES

SENIOR MANAGEMENT

Carl Compton

Executive Director

Mary Jane South

Director, Operations, and Registrar

Laura Halbert

Director, Compliance, and Deputy Registrar

Michael Rothe

Director, Legal Services

Chandar Singh

Director, Corporate Services

Carey Smith

Director, Investigations

Terry O'Keefe

Director, Communications, Media Relations and Education

Joe Scarfo,

Director, Information Technology

reports from management regarding select financial and operational controls, reviews terms of reference of the annual audit with the external auditors and reviews annual audited financial statements and audit findings with the external auditors. The committee also reviews the performance of the auditors and recommends appointment of auditors for the coming year.

The committee held five meetings in 2014.

Membership: Same as the Executive Committee (elected officers).

COMMUNICATIONS COMMITTEE

Chair: Denis Ayotte

Working with staff and in collaboration with the Motor Vehicle Dealers Compensation Fund, the Communications Committee provides guidance in the development of strategies to communicate and market OMVIC's goals, accomplishments, services and values to key stakeholder groups: consumers, dealers, salespeople, government, media, interested associations and related industries.

The committee held two meetings in 2014.

Membership: All OMVIC board members.

COMMITTEES

APPEALS COMMITTEE

Chair: David Cooke

The Appeals Committee provides a forum for reviewing complaints from consumers regarding OMVIC's handling of consumers' complaints about dealers and, if appropriate, makes recommendations to staff to ensure that subsequent complaints are handled in the most effective and expeditious manner. There was one appeal in 2014.

Membership: Minimum of three OMVIC directors.

AUDIT, FINANCE AND RISK COMMITTEE

Chair: Cliff Pilon

The Audit, Finance and Risk Committee assists management in ensuring appropriate financial and operational controls are in place, requests and reviews

CONSUMER PROTECTION ADVISORY COMMITTEE

Chair: David Cooke

The Consumer Protection Advisory Committee (CPAC) is a committee created by the OMVIC Board of Directors. CPAC was established to provide both the Ministry of Government and Consumer Services and the OMVIC Board with expert advice on consumer issues. At least half of CPAC's members are non-industry consumer representatives.

The committee held three meetings in 2014.

Membership: Four OMVIC Board members and five non-Board consumer representatives. Majority of membership must be non-industry. The committee is chaired by a consumer representative from OMVIC's Board.

COMMITTEES

EXECUTIVE COMMITTEE

Chair: Nazreen Ali

The Executive Committee assists the Board of Directors in the fulfilling its governance role. Responsibilities include providing guidance and direction to the Executive Director and the Director of Corporate Services as needed; helping management to ensure appropriate financial and operational controls are in place; liaising with the provincial government, trade associations and consumer groups on industry matters; reviewing management reports regarding statutory and ethical compliance; reviewing quarterly and annual financial statements; through the chair, periodically briefing the Minister of Government and Consumer Services on OMVIC's activities; and reviewing the annual report and business plan.

The committee held nine meetings in 2014.

Membership: Four OMVIC Board members (elected officers) and the immediate past president.

GOVERNANCE COMMITTEE

Chair: Ken Peterson

The Governance Committee regularly reviews the governance of the Board of Directors. This includes reviewing the effectiveness of Board committees and their chairs; determining whether committees should be merged, disbanded or created; and thoroughly examining all procedures related to the effective operation of meetings.

The committee held two meetings in 2014.

Membership: Five OMVIC Board members (four dealer representatives and one consumer representative). Same as the Nominating Committee.

NOMINATING COMMITTEE

Chair: Meredith Morris

The Nominating Committee carries out duties assigned in the OMVIC bylaws and assigned to it by the Board of Directors. Some responsibilities are developing and recommending selection criteria for new Board

members, seeking nominees for vacancies on the Board and developing selection criteria for membership on committees of the Board and for the Compensation Fund Board of Trustees.

The committee held two meetings in 2014.

Membership: Same as the Governance Committee.

REGULATORY AFFAIRS COMMITTEE

Chair: Matt Rispin

From time to time, as requested by the minister, the Regulatory Affairs Committee develops recommendations concerning potential changes to the MVDA and its regulations, as well as to other relevant legislation. The committee ensures that whenever possible, those recommendations provide a Regulatory Impact Assessment and appropriately documented consultation.

The committee did not meet in 2014.

Membership: All OMVIC Board members.

STAKEHOLDER RELATIONS COMMITTEE

Chair: John Slaughter

The Stakeholder Relations Committee provides a forum for stakeholder groups and OMVIC to share points of view on various issues relevant to the sector. The committee meets on an ad hoc basis but not less than twice per year.

The committee held three meetings in 2014.

Membership: Includes representatives from

- Used Car Dealers Association
- Trillium Automobile Dealers Association
- Automobile Protection Association
- Car Help Canada
- Consumers Council of Canada
- Georgian College – Automotive Business School of Canada
- Adessa Canada (wholesale auction)
- Vehicle manufacturer associations (declined participation)

CONTACT

CONTACTING OMVIC

Registration Services

Email: registration@omvic.on.ca

Telephone: 416-226-4500 ext. 5104

Registration kits can be downloaded from omvic.on.ca.

Complaints and Inquiries

Email: consumers@omvic.on.ca

Telephone: 416-226-4500 ext. 5105

Complaints can also be submitted online at omvic.on.ca.

Reporting Curbsider Activity

Email: nocurbs@omvic.on.ca

Telephone: 1-888-NOCURBS (662-8727)

Motor Vehicle Dealers Compensation Fund

Email: compfund@omvic.on.ca

Telephone: 416-226-3661

Communications, Media Relations and Education

Terry O'Keefe

Email: terry.okeefe@omvic.on.ca

Telephone: 416-226-4500 ext. 3525

Privacy officer

Michael Rothe

Email: privacy@omvic.on.ca

Telephone: 416-512-3165

OMVIC's privacy policy is available at omvic.on.ca.

Address

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Toll-free: 1-800-943-6002

Website: omvic.on.ca

Email: omvic@omvic.on.ca

APPENDIX A

THE BOARD'S ROLE

1. Work with the Executive Director in providing overall business direction through strategic planning, determining priorities and setting policy guidelines.
2. Ensure financial and functional viability of OMVIC by exercising fiscal oversight and determining fee-setting policies.
3. Ensure that OMVIC's operational and financial controls are operating properly.
4. Work with the Executive Director to ensure OMVIC has the necessary resources, competence, tools and organization to effectively fulfil its mandate.
5. Communicate and market the benefits OMVIC offers to consumers, registrants and the government.

COMPOSITION

OMVIC's Board of Directors is composed of 12 individuals, as follows:

- Two directors who are members of the Used Car Dealers Association
- Two directors who are members of the Trillium Automobile Dealers Association
- Three directors who are members of both the Used Car Dealers Association and the Trillium Automobile Dealers Association
- One dealer who is not a franchised dealer and who may or may not be currently a member of the Used Car Dealers Association
- One franchised dealer who may or may not be currently a member of the Trillium Automobile Dealers Association
- Three directors who are appointed by the Minister of Government and Consumer Services

The term of office for a Board member is three years from the date of the annual and general meeting at which the member is elected. Although not a requirement, Board members are encouraged to complete OMVIC's Automotive Certification Course.

BOARD REQUIREMENTS AND SELECTION CRITERIA

To qualify as a candidate for election to OMVIC's Board of Directors, a nominee must meet specific criteria:

1. Be registered as a motor vehicle dealer, in good standing, under the MVDA,
 - a. whose registration is not currently subject to terms and conditions imposed by the LAT
 - b. not currently the subject of a Proposal of the Registrar
 - c. who has been registered under the MVDA for at least the two-year period prior to the date of the nomination
2. Be a person of good character, honesty, integrity and financial responsibility.
3. Agree to completion of any reasonable background checks and inquiries that may be required at the sole discretion of the Nominations Committee in its determination of the nominee's honesty, integrity, financial responsibility and suitability to be a director, including, but not limited to, OMVIC inspection findings, complaint history and a Canada-wide criminal record check.
4. Agree to permit the Registrar to share with the members of the Nominations Committee the results of the background checks referred to above.
5. Commit to attending 75 per cent of scheduled meetings of the Board of Directors in each year, and commit to active participation on committees.
6. Commit to reviewing relevant materials prior to Board and committee meetings.
7. Commit to the objects and purposes of OMVIC as listed in its letters patent.
8. Be an Ontario resident.
9. Be at least 18 years of age.
10. Not be an undischarged bankrupt.

APPENDIX A

11. Be supported by two other registrants in good standing who have endorsed the nominations form by affixing their signatures where noted.
12. Satisfy such other qualifications or criteria, which are established by the Nominations Committee from time to time, including the endorsement of nominees by the appropriate trade association (i.e., UCDA, TADA, UCDA-TADA) and the desirability of maintaining regional representation.
13. Sign agreements relating to confidentiality, conduct and conflict of interest.

RESPONSIBILITIES OF A DIRECTOR OF OMVIC

- Remain well-informed about the work of the council and its stated objectives.
- Understand the role of the council, its goals and its services.
- Be thoughtful and objective in all deliberations.
- Make decisions in consideration of the council and its stated objectives.
- Place regulation of the motor vehicle industry and protection of the public above any special interest, or geographic or personal constituency.
- Attend and participate in, at minimum, three-quarters of Board meetings, committee meetings and subcommittees meetings (if applicable). Failure to consistently attend meetings will result in a request for resignation.
- Complete tasks and projects assigned and accepted.
- Be prepared to accept at least one Board committee assignment and actively participate in the committee meetings.
- Inform the Board of the needs and concerns of stakeholders.
- Self-evaluate performance as a director each year.
- Understand that the Board's role is to set policies.
- Recognize the role of the Registrar, Executive Director and OMVIC staff and refrain from involvement in administrative decision-making or program implementation.

BOARD MEMBERS AGREE TO NOT DO THE FOLLOWING

- Authorize the use of, or use for the benefit or advantage of any person, the name, emblem, endorsement, services or property of the council except in conformance with council policy.
- Accept, or seek on behalf of another individual, any financial advantage or gain of other-than-nominal value offered as a result of council affiliation.
- Use any council affiliation in connection with the promotion of partisan politics, religious matters or positions on any issue not in conformity with the position of the council.
- Disclose any information available because of Board membership to any person not authorized by law or the bylaws of the council to receive such information.
- Knowingly take any action or make any statement intended to influence the conduct of the council in such a way as to confer any financial benefit on any corporation or entity in which there is a significant interest or affiliation.
- Operate in any manner that is contrary to the best interests of the council or the motor vehicle industry or the public.
- Make public statements about the council and its policies, the Board or other Board members or about council or Board administrative matters, without the express authorization of the council.

BOARD MEMBERS UNDERSTAND AND AGREE TO SUPPORT THE FOLLOWING MAJOR FUNCTIONS OF THE BOARD

- Maintain and perpetuate the council as a viable, relevant, effective and legal entity by working with other directors in overseeing and reviewing the conduct and operation of the council.
- Act as a trustee of stakeholder interests and recognize fiduciary duty to OMVIC.
- Review and approve plans and financial objectives for the council's future role and scope of activities.
- Ensure the integrity of internal control and of management and financial systems.
- Measure progress toward stated goals (consumer protection and education, industry regulation and customer service) and control resource allocation.
- Assess the performance and results of management and the council, including the Board of Directors.
- Exercise due diligence.
- Along with other directors, act as steward of the council's assets.

BOARD OF DIRECTORS SKILLS PROFILE

Board Skills and Experience

OMVIC has a mandate to protect and serve the public interest. OMVIC's Board of Directors must, therefore, comprise a range of members whose collective experience and skills are best suited to accomplish this mandate. Each member of the Board brings unique skills and experience to the task. This document sets out some of these skills and experiences and serves as a guide to OMVIC in developing its Board nomination and election process. Through the establishment of formal selection criteria and a Board member skills profile, the Nominating Committee attempts to ensure that OMVIC's Board of Directors consists of respected members of the community with a high level of integrity who collectively possess a mix of skills and experience that add strategic value to OMVIC.

Board members should

- Demonstrate a positive attitude toward the public interest
- Actively participate when they have something to offer
- Listen to other points of view and support consensus-building
- Promote consumer protection and industry professionalism
- Possess diverse perspectives, including those of business, government and consumers
- Be strategic thinkers
- Understand the governance role of a Board member and the Board's responsibilities and limitations
- Demonstrate a willingness to actively support OMVIC's mandate and vision
- Be sensitive to the economic and ethnic diversity of the retail automotive sector

The Board will seek to achieve diversity in its membership.

Individual Knowledge and Experience

To enable it to provide strategic direction and fulfil its oversight responsibilities, the Board should include members with some of the following skills, knowledge and experience:

- Knowledge of the retail automotive sector: new, used, leasing
- Membership on boards, including not-for-profit boards
- Public policy and regulatory environments, especially pertaining to consumer law
- Customer service delivery
- Financial literacy
- Marketing, public relations and communications
- Executive management and compensation
- Technical training and public education
- Risk management and analysis
- Strategic planning

APPENDIX A

The Nominating Committee reviews and updates this profile periodically to ensure that it reflects the current needs of the Board, consistent with the achievement of OMVIC's mandate and vision.





Ontario
Motor Vehicle Industry
Council

Consumers' Council of Ontario
for the Automobile Industry

omvic.on.ca