



OMVIC Bulletin – May 2005
RE: Fraudulent Bank Drafts

URGENT

This notice is being sent to you in response to a recent dealer complaint involving fraudulent bank drafts. Please read through the following and take necessary precautions.

A Guelph-area dealer negotiated a transaction with a holdings company in late April. A representative from the company provided the dealer with necessary documents including an Articles of Incorporation notice. The representative made arrangements to pick up the vehicle on a Saturday, and when he arrived, provided a bank draft to cover the cost of the vehicle. Despite the belief the dealer was selling to a legitimate holdings company, it was later discovered the bank draft was counterfeit. Thanks to this scam, the dealership lost the vehicle as well as the funds to cover its cost.

When accepting bank drafts, please take time to ensure the authenticity of them. Extra precautions should also be taken when accepting bank drafts over the weekend when dealership accounting staff may not be available.

If you encounter similar scams, please contact our office. You can reach OMVIC at 1-800-943-6002, or by email at omvic@omvic.on.ca.

For your interest, we have also forwarded a copy of OMVIC's latest press release. Feel free to share it with dealership staff as well as any media contacts you may have.

A handwritten signature in black ink, appearing to be 'C. Compton'.

Carl Compton, Executive Director and Registrar



NEWS RELEASE:

CURBSIDERS SLAMMED WITH HEAVY FINES AS COURTS TAKE OFF THE GLOVES

Toronto, May 10, 2005 – The Ontario Motor Vehicle Industry Council (OMVIC) reports that recent convictions and stiff penalties for illegal vehicle sales are sending a strong message to curbsiders. “Curbsider” is an industry term referring to unregistered sellers of motor vehicles.

In Ontario, all motor vehicle dealers and salespeople must be registered under the Motor Vehicle Dealers Act (MVDA) before buying, selling or leasing vehicles. Curbsiders are subject to prosecution by OMVIC. Vehicles sold by curbsiders are often stolen, odometer-tampered or have liens against them, and industry studies suggest as many as 25% of classified ads are placed by curbsiders.

Recognizing the risk curbsiders pose, OMVIC has continually made prosecution of curbsiders a priority. The council laid close to 2,000 curbsider-related charges in 2004 alone. OMVIC’s Executive Director, Carl Compton, says these charges, combined with stiff fines recently imposed by the courts, are sending a much-needed warning to the curbsider community. “Our investigators are actively weeding out illegal vehicle sales, but we need to credit our courts with recognizing the severity of the offences. Minimal fines may only represent the cost of doing business for many curbsiders, but the heavy fines and jail time we have seen recently offer much more of a deterrent.”

The heaviest sentence for illegal car sales was handed down in Ontario just last fall. On November 22, 2004 Daniel Nedelcu and his numbered company were convicted of 23 counts of operating in the motor vehicle dealer industry without the benefit of registration. Nedelcu faces a staggering **\$493,750** in fines and a 4-month jail term.

Other recent convictions include:

- 1414059 Ontario Inc.: Convicted Thursday, March 24. The numbered company plead guilty to 14 counts of selling vehicles without the benefit of registration and its officer and director plead guilty to 5 counts. 1414059 Ontario Inc. and its director were hit with an aggregate fine of **\$187,500**.
- Ken Tam: Convicted Monday, May 2. Tam was found guilty on 10 counts of selling vehicles without the benefit of registration and faces an aggregate fine of **\$50,000**. This conviction marks Tam’s second offence for illegal car sales – he was previously convicted in 2003.
- Holakoo Hedayatzadeh: Convicted Monday, May 2. Hedayatzadeh plead guilty to 9 counts of selling vehicles without the benefit of registration and faces 1 year of probation and an aggregate fine of **\$24,750**.

Under new legislation expected to be introduced later this year, curbsiders will face a minimum fine of \$2,500 per count. Suspected curbsiders can be reported to OMVIC at 1-888-NOCURBS or nocurbs@omvic.on.ca.

OMVIC is the self-management organization of the motor vehicle dealer industry and administers the Motor Vehicle Dealers Act – a public protection statute – on behalf of the Minister of Consumer and Business Services. OMVIC’s mandate is to maintain a safe and informed marketplace by ensuring registration of dealers and salespeople, regularly inspecting all of Ontario’s 9,000 dealerships, maintaining a complaint line for consumers and conducting investigations. OMVIC’s Board of Directors includes 9 elected dealers and 3 consumer representatives appointed by government. OMVIC is also responsible for administering the Motor Vehicle Dealers Compensation Fund.

For further information:

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