

ALBERTA CONSUMER SERVICES APPEAL BOARD

**IN THE MATTER OF AN APPEAL BY
FILMON GHEBREGZIABHER operating as AFM CARS
and
FILMON GHEBREGZIABHER**

**PURSUANT TO SECTION 179(1) OF THE *CONSUMER PROTECTION ACT*, RSA 2000, c.26.3
("the CPA")**

and

**IN THE MATTER OF A DECISION ISSUED ON OCTOBER 9, 2024 BY
THE ALBERTA DIRECTOR OF FAIR TRADING
PURSUANT TO SECTIONS 127(b)(i.2), 127(b)(v), and 127(c) OF THE CPA**

DECISION OF THE APPEAL BOARD

DECISION ISSUED

17 June 2025

APPEAL BOARD

Lorenz Berner (Appeal Board Chair)
Kent Pallister (Appeal Board Member)
Jamie Tiessen (Appeal Board Member)

PARTIES' REPRESENTATIVES

Appellants (Filmon Ghebregziabher operating as AFM CARS, and Filmon Ghebregziabher personally):
Filmon Ghebregziabher

Respondent (Director of Fair Trading): Ashley Reid of Shores Jardine LLP

SUMMARY

1. This is an appeal of an October 9, 2024 decision by the Director of Fair Trading (**the Director**), cancelling the Appellant's provincial automotive business licence and his individual salesperson registration.
2. The Director cancelled both the business licence of Mr. Ghebregziabher (operating as AFM Cars)¹ and the individual salesperson registration of Mr. Ghebregziabher, on the bases that it was in the public interest to do, that he had contravened various provisions of the CPA² and regulations made under the CPA, and that he had failed to pay levies as required.
 - a. The primary focus of the Director's decision and the investigation leading up to it was the sale by Mr. Ghebregziabher of six vehicles he purchased through an auction that had been designated as "parts only" or "non-repairable" vehicles, unsafe and unlawful for operation on the roads.
 - b. The Director's decision also addressed other issues with Mr. Ghebregziabher's business practices, including his conduct, disclosures, documentation, record-keeping, and fulfilment of business requirements in relation to seven other vehicles purchased from auction.
3. Mr. Ghebregziabher appealed this decision through a letter dated October 23, 2024, stating that he had understood the six vehicles in issue were all formally categorized as "salvage" vehicles by Alberta Transportation, and that he was acting lawfully and appropriately when he sold the vehicles after having them inspected independently and confirmed as road-worthy.
4. After carefully reviewing the evidence presented to us and considering the oral and written submissions provided, the Appeal Board affirms the decision of the Director. We provide our detailed reasoning further below, but in essence we find as follows.
5. Mr. Ghebregziabher expressly purchased vehicles as parts only or non-repairable vehicles that could not be made roadworthy again. He then took advantage of the fact that as the vehicles were from outside Alberta, the records of Alberta Registries did not reflect this categorization. Instead of taking steps to register the correct categorization with Alberta Registries (which was legally required of him), he sold parts only vehicles to consumers as if

¹ Mr. Ghebregziabher was licenced as a sole proprietorship operating as AFM Cars. In the balance of this decision we will generally refer to the business simply by using Mr. Ghebregziabher's name.

² *Consumer Protection Act*, RSA 2000, c.C-26.3 as amended.

they were salvaged, rebuilt, and roadworthy. He did so to the serious detriment of the unknowing consumers, who ended up later with vehicles that were virtually worthless.

6. We find that even if, as Mr. Ghebregziabher suggested, he somehow sincerely believed that the vehicles in issue were categorized as salvage and that they could be registered as roadworthy through an inspection process, he could not have held this belief *reasonably* in the circumstances.
7. Mr. Ghebregziabher elected to ignore the express, unambiguous notices he received at the time of purchase, respecting the parts only status of several of the vehicles in issue. He acknowledged seeing the warnings that these were parts only vehicles before placing his auction bids. Before taking possession of the vehicles, he signed clear statements “certifying” that these vehicles could not be sold to consumers as operable vehicles. Despite receiving and acknowledging such explicit notices, he took no steps through the seller, the Alberta Motor Vehicle Industry Council (**AMVIC**)³, the Alberta Registry offices or elsewhere to question or confirm his stated belief that these were actually “salvage” vehicles that could be inspected, repaired and re-sold as roadworthy.
8. In short, if Mr. Ghebregziabher sincerely believed that these vehicles were all in the salvage category, he held this belief through willful blindness and carelessness. Being licenced as an automotive business engages responsibilities designed to help protect the public. Turning a blind eye to clear parts only and non-repairable declarations is not an acceptable option. The standard must be higher than this for automotive businesses – particularly where the potential impact relates so clearly to public safety.
9. We find that Mr. Ghebregziabher took the same approach of opportunistic willful blindness with respect to the other automobile transactions at issue in this appeal. Although the specifics may be less egregious than for the parts only vehicles, they reinforce our conclusion that Mr. Ghebregziabher should not be licenced to sell vehicles in Alberta.
10. In the circumstances, the Appeal Board agrees with the Director’s decision to cancel the automotive business licence of Mr. Ghebregziabher. We also agree that Mr. Ghebregziabher’s personal registration as an automotive salesperson must be cancelled.

³ AMVIC is the provincial regulator for motor vehicle businesses.

JURISDICTION, PROCEDURAL MATTERS, AND STANDARD OF REVIEW

11. The Director of Fair Trading cancelled the Appellant's business licence and individual salesperson registration through a decision issued October 9, 2024. Although he provided Mr. Ghebregziabher with the opportunity to be heard before making this decision, Mr. Ghebregziabher did not provide evidence or submissions at the time. He indicated during this appeal that he had intended to, but was unable to participate due to illness.
12. The Director's decision was made pursuant to section 127 of the CPA and (with respect to the cancellation of Mr. Ghebregziabher's salesperson registration), section 18 of the *Automotive Business Regulation (ABR)*⁴.
13. Mr. Ghebregziabher filed his appeal within the prescribed 30-day time period, and this Appeal Board was appointed on November 25, 2024.
14. Following consultation with the parties by email and a pre-appeal conference held on February 14, 2025, the Chair of the Appeal Board directed that the appeal would be heard by teleconference. Mr. Ghebregziabher was reminded of his right to retain a lawyer or representative to assist him with the appeal.
15. The oral part of the appeal hearing was held on April 1-2, with follow up written submissions on one issue being received May 2, 2025 and May 9, 2025. The appeal hearing was thus concluded on May 9, 2025. Mr. Ghebregziabher participated without attendance of legal counsel.
16. In accordance with section 179(8) of the CPA, the appeal was heard as a new trial of the issues that resulted in the Director's cancellation of AFM's business licence and Mr. Ghebregziabher's salesperson registration. The Appeal Board is not bound by evidence or submissions made before the Director, but rather is to make its decision based on the evidence and submissions made during the appeal hearing.
17. The Director called one witness – the AMVIC inspector who conducted the original investigation into Mr. Ghebregziabher and who recommended an urgent license cancellation. Mr. Ghebregziabher testified in his defence. Both parties presented documentary evidence, and these documents have been marked as appeal exhibits (and listed in Appendix A to this decision).
18. Near the end of the appeal hearing, counsel for the Director informed the Appeal Board of a potential question regarding its jurisdiction to consider and determine the salesperson

⁴ Alta Reg 192/99.

registration question. Referencing section 22 of the ABR, she advised that she had just been informed that AMVIC has an internal “Salesperson Appeal Committee Policy” which sets out a process that is typically followed for appeals when a salesperson’s registration is cancelled (or otherwise adversely affected). She did not want the Appeal Board to make a determination that was without jurisdiction or that inadvertently undermined the usual AMVIC process – and hence sought the opportunity to look further into this question and make follow-up submissions.

19. The Appeal Board directed that written submissions could be made on this question – namely, whether the Appeal Board had jurisdiction to consider the appeal of the cancellation of Mr. Ghebreziabher’s salesperson registration, and if so, what decision it should make. Submissions for the Director were due (and received) by May 2, 2025, and submissions for the Appellant were due (and received) by May 9, 2025.
20. Pursuant to section 179(6) of the *CPA*, the Appeal Board has the authority to confirm, vary or quash a decision, order or administrative penalty that is under appeal.

RELEVANT LEGISLATION

21. The following provisions of the *CPA* and regulations under the *CPA* are relevant in this appeal:

Consumer Protection Act (“CPA”)

Unfair practices

6 (2) It is an unfair practice for a supplier, in a consumer transaction or a proposed consumer transaction,

...

(c) to use exaggeration, innuendo or ambiguity as to a material fact with respect to the consumer transaction;

(d) to charge a price for goods or services that grossly exceeds the price at which similar goods or services are readily available without informing the consumer of the difference in price and the reason for the difference;

...

6 (3) It is an unfair practice for a supplier

- (a) To enter into a consumer transaction if the supplier knows or ought to know that the consumer is unable to receive any reasonable benefit from the goods or services.

...

(4) Without limiting subsections (2) and (3), the following are unfair practices if they are directed at one or more consumers or potential consumers:

- (a) a supplier's doing or saying anything that might reasonably deceive or mislead a consumer;

...

- (c) a supplier's representation that goods or services have sponsorship, approval, performance, characteristics, accessories, ingredients, quantities, components, uses, benefits or other attributes that they do not have;

...

- (e) a supplier's representation that goods or services are of a particular standard, quality, grade, style or model if they are not;

...

Refusal, suspension, cancellation, terms

127 The Director may refuse to issue or renew a licence, may cancel or suspend a licence and may impose terms and conditions on a licence for the following reasons:

...

- (b) the applicant or licensee or any of its officers or employees

...

(i.2) fails to pay a levy of assessment under section 136(8) or a levy of assessment for a fund created under section 137,

...

(iii) furnishes false information or misrepresents any fact or circumstance to an inspector or to the Director,

...

(v) has, in the Director's opinion, contravened this Act or the regulations or a predecessor of this Act,

(v.1) fails to comply with any other legislation that may be applicable,

...

(c) in the opinion of the Director, it is in the public interest to do so.

Duty to maintain records

132(1) Every licensee and former licensee must create and maintain

(a) complete and accurate financial records of its operations in Alberta for at least 3 years after the records are made, and

(b) other records and documents described in the regulations for the period specified in the regulations.

(2) Every licensee and former licensee must make the records referred to in subsection (1) available for inspection by an inspector at a place in Alberta and at a time specified by the inspector.

Automotive Business Regulation (“ABR”)

Records

9 In addition to the requirement to create and maintain financial records in accordance with section 132(1) of the Act, every business operator and former business operator must maintain all records and documents created or received while carrying on the activities authorized by the licence for at least 3 years after the records were created or received.

...

General codes of conduct

12 Every business operator must comply with section 6 of the Act and in addition must

(a) not make any representations, statements or claims that are not true or are likely to mislead a consumer ...

Adoption of provisions

18 Sections 125, 127 and 128 of the Act apply, with the necessary changes, to the registration of salespersons.

Vehicle Inspection Regulation⁵ (“VIR”)

Notification regarding non-repairable vehicle

12(1) A person who purchases a salvage motor vehicle for scrap or parts or who destroys or dismantles a salvage motor vehicle for scrap or parts shall notify the Registrar that the motor vehicle is a non-repairable vehicle not more than 6 days after it becomes a non-repairable vehicle.

(2) A salvage motor vehicle under subsection (1) becomes a non-repairable vehicle on the date of purchase, if the vehicle was purchased for scrap or parts, or at the time when the person commences to destroy or dismantle the vehicle.

⁵ Alta Reg 211/2006

Sale of salvage motor vehicle

13 A person shall not sell a motor vehicle that is a salvage motor vehicle unless, before the sale,

- (a) the person provides the buyer with a subsisting salvage motor vehicle inspection certificate for the motor vehicle, or
- (b) the person provides the buyer with a written statement advising that the vehicle is a salvage motor vehicle for which there is no subsisting salvage motor vehicle inspection certificate.

FINDINGS BY THE DIRECTOR OF FAIR TRADING

22. The Director of Fair Trading issued his written decision in this matter on October 9, 2025. In essence, he determined that both the provincial automotive business licence of Mr. Ghebregziabher and the provincial salesperson registration of Mr. Ghebregziabher should be cancelled, for the following reasons:

- a. Cancellation was in the public interest (section 127(c) of the CPA);
- b. Cancellation was appropriate under section 127(b)(v) of the CPA, because the evidence before him established contraventions of sections 6(3)(a), 6(4)(a), 6(4)(e), 6(4)(h) and 132(1) of the CPA, sections 9, 12(c) and 12(o) of the ABR and sections 12(1) and 13 of the VIR; and
- c. Cancellation was appropriate because the evidence demonstrated that Mr. Ghebregziabher failed to pay required levies to AMVIC for the sale of several motor vehicles (section 127(b)(i.2) of the CPA).

23. In his reasons, the Director particularly highlighted the evidence that Mr. Ghebregziabher, "... signed auction declaration forms knowing that vehicles were to be sold for parts only and were never to be made roadworthy again, yet sold multiple vehicles to unsuspecting consumers placing these consumers at risk and financially harming them as these vehicles are now being rebranded as non-repairable."

24. The Director considered whether other enforcement options (such as imposing a large number of conditions or limiting the permitted business activities) may be more appropriate than cancellation, but determined that the circumstances were so egregious that protection of the public required cancellation. Additionally, failure to cancel the business licence in the circumstances would be detrimental to the public perception of the automotive industry.

25. Because this is appeal is heard as a “new trial”, the Appeal Board’s focus is not directly on the factual determinations, application of the law, or reasoning of the Director of Fair Trading in his decision at first instance. Our role is to consider the issues that have been appealed, consider the evidence before us, apply the law, and make our own decision.
26. Nevertheless, we note here that the Appeal Board ultimately agrees with the core of the Director’s decision – in particular, his:
 - a. focus on Mr. Ghebregziabher’s conscious choice to sell cars to consumers that he had expressly and unequivocally purchased as parts only or non-repairable vehicles;
 - b. decision that the most appropriate enforcement action was cancellation of the business licence and salesperson registration of Mr. Ghebregziabher; and
 - c. his focus on protection of the public and of upholding required standards in the automotive industry.
27. In short, we think the Director got the result right.
28. That said, some of the comments in the decision stood out for Appeal Board members, and we consider it important in this case to offer the following clarifications as guidance for future cases.
29. First, the Director’s decision states that “the investigation to date did not reveal any evidence that the Supplier [i.e. the Appellant] has complied with legislated requirements in the sale of salvage motor vehicles therefore the Supplier has further breached Section 13 of the VIR”.
30. In an administrative process such as the one before the Director (i.e. seeking to cancel an existing business licence), the onus cannot be on the licence holder to demonstrate compliance with all legislated requirements. The onus here was on the regulatory authority (AMVIC) to demonstrate through evidence that legislated requirements were breached.
31. Second, the Director’s decision states that “[t]here is no evidence that the Supplier after purchasing salvage motor vehicles for scrap or parts notified the Registrar that the motor vehicles were non-repairable vehicles not more than 6 days after they became non-repairable vehicles, therefore the Supplier has breached section 12 of the VIR.”
32. Again, this statement appears to reverse the onus. The Supplier (Appellant) did not have to prove compliance with this requirement under section 12 of the VIR. Rather, if AMVIC sought to prove that Mr. Ghebregziabher breached section 12 of the VIR and that this was a basis for cancelling his business licence and salesperson registration, AMVIC was required to produce evidence that Mr. Ghebregziabher did *not* notify the Registrar as required by section 12. This needn’t be a high threshold, but the onus is on the regulator.

33. Finally, the Director’s decision states that “... a failure to participate in the scheduled administrative review demonstrates a lack of professionalism and respect for the Regulator”.
34. Although in some circumstances a failure to participate in a formal administrative process *may* demonstrate a lack of professionalism and respect, this is an over-generalization, and the decision here provides no basis for concluding that it was true in Mr. Ghebregziabher’s case. There was simply no evidence noted as to why Mr. Ghebregziabher did not participate in the administrative review, although he indicated in his Notice of Appeal that his non-attendance was due to illness. In our view the mere fact of non-attendance does not establish “lack of professionalism and respect”.

EVIDENCE PRESENTED DURING THE APPEAL HEARING

35. In terms of evidence, there was very little of dispute before the Appeal Board. As will be seen below, Mr. Ghebregziabher agreed with the key elements of the evidence tendered on behalf of the Director. Where the parties differ is mainly in relation to their understanding of legal requirements and the obligations of licenced automotive sales businesses.

AMVIC Investigator’s Evidence

36. Counsel for the Director called one witness at the Appeal Hearing – the AMVIC Investigator (**H.E.**) who completed the investigation regarding Mr. Ghebregziabher. After being sworn in, H.E. outlined her investigation background and experience, described at a high level how the inspection and registration process operates in practice for vehicles coming into Alberta from other provinces, and summarized what she found in the course of her investigation. H.E.’s Investigation Report with numerous documents appended was entered as an Appeal Exhibit⁶.
37. The key elements of H.E.’s evidence are as follows:
- a. The investigation originated with a complaint made to AMVIC by Impact Auto Auction (**IAA**), after it learned that a vehicle that Mr. Ghebregziabher expressly purchased through IAA as a non-repairable or parts only vehicle had been sold to a consumer as rebuilt and was being operated in Alberta. IAA investigated further and found that there were at least nine such non-repairable vehicles that Mr. Ghebregziabher had purchased through IAA and re-sold as operable to consumers.
 - b. A parallel investigation was opened when AMVIC received a complaint from a consumer who had purchased a vehicle branded as rebuilt from Mr. Ghebregziabher in November of 2023. In June 2024, the consumer was notified by Alberta Transportation that the vehicle was in fact non-repairable, could not be operated in Alberta, and could only be used for parts or scrap.

⁶ Appeal Exhibit 3.

- c. AMVIC investigators were not able to locate Mr. Ghebregziabher or AFM Cars at the business address registered with AMVIC. H.E. learned from City of Calgary licencing personnel that Mr. Ghebregziabher merely rents parking stalls in the outdoor lot at this business address.
- d. As H.E. proceeded to investigate, she narrowed her focus and expedited her application to the Director to cancel Mr. Ghebregziabher's business licence and salesperson registration. She felt that public safety required urgent action, and that fully investigating as many as 97 purchases that Mr. Ghebregziabher apparently made through IAA would take a very long time.
- e. H.E. identified six vehicles that Mr. Ghebregziabher purchased through IAA between October 2023 and April 2024 which were expressly sold as non-repairable or parts-only. In particular, the Bills of Sale for these vehicles from IAA included a circled, bold-typeface notice on the front page indicating one of the following:
 - i. **"ON-WRECK TITLE NO OS. This vehicle is being SOLD for PARTS ONLY, with NO OWNERSHIP and may never be made roadworthy again. This vehicle Is being SOLD for PARTS ONLY, with NO OWNERSHIP and may never be made roadworthy again."**
 - ii. **"BC-DISMANTLE. SELLING FOR CHARITY; NO OWNERSHIP, BILL OF SALE ONLY; SOLD AS PARTS ONLY: BUYER IS RESPONSIBLE FOR DE-IDENTIFY"**
 - iii. **"ON-WRECK TITLE NO OS. This vehicle Is being SOLD for PARTS ONLY, with NO OWNERSHIP and may never be made roadworthy again."**
- f. Additionally, for four out of these six cases, H.E. obtained from IAA and attached to her report a copy of a "Parts Only Declaration" signed by the bidder/purchaser. Mr. Ghebregziabher's signature and IAA bidder number appear after the bolded statement, **"The undersigned hereby certifies the above vehicle is being purchased for the value of its PARTS ONLY and will never be made roadworthy again."**
- g. Juxtaposed against these notices and acknowledgements, H.E. showed us documents confirming that shortly after Mr. Ghebregziabher acquired these vehicles, he sold them to third parties and they were identified as either "active" or rebuilt in the Alberta Registries ROADS database. The bills of sale used by Mr. Ghebregziabher when selling these vehicles to consumers are printed forms filled in by hand with minimal detail, and say nothing whatsoever of having been designated non-repairable or parts-only.
- h. H.E. also reviewed seven other vehicles that Mr. Ghebregziabher purchased through IAA. In these cases, each of the vehicles was expressly identified as a salvage vehicle as it was

auctioned. H.E. explained that vehicles designated as salvage could not immediately be registered for operation in Alberta; however, the purchaser could request a salvage inspection form from Alberta Registries and have the vehicle inspected and the form completed by an authorized inspection facility. Once any required repairs were completed and the inspection form was signed to verify a satisfactory inspection, the vehicle could be registered through Alberta Registries as operated with the designation of rebuilt.

- i. H.E. identified a number of concerns in her review of the seven vehicles that Mr. Ghebregziabher purchased through IAA as salvage vehicles.
 - i. First, as with the six non-repairable vehicles in issue, the bills of sale used by Mr. Ghebregziabher provided few details; they did not indicate that the vehicle in question was designated as salvage/rebuilt; in some of them Mr. Ghebregziabher was identified as the seller personally while in others it was “AFM Cars”; in some of them Mr. Ghebregziabher used a version of his personal residential address while in others, he used the address of the business where he rented parking spots.
 - ii. Second, in the case of two of these vehicles, Mr. Ghebregziabher purchased a designated salvage vehicle from British Columbia, but registered them as “active” at Alberta Registries. This meant that no salvage inspection was needed and the vehicles would not carry the rebuilt identifier.
 - iii. Third, Mr. Ghebregziabher did not identify a vehicle lien that had been placed on one of the vehicles in favour of one of his creditors, before selling the vehicle to a consumer.
 - iv. Fourth, at least some of these bills of sale indicated that the vehicles were sold to consumers *before* salvage inspections were completed and new rebuilt designations were registered through Alberta Registries.
- j. As a final component of her investigation report, H.E. included screenshots of an internal AMVIC search, showing that no levies were paid to AMVIC by Mr. Ghebregziabher for the first and second quarter of 2024 (i.e. January-March 2024 and April-June 2024). H.E. explained that regulations require automobile sales businesses to self-report quarterly and remit a \$6.25 levy for each vehicle sold.

38. H.E. was briefly cross-examined by Mr. Ghebregziabher at the appeal hearing. In response to his questions, she testified that:

- a. AMVIC considers the same rules and regulations to apply to licenced automotive sellers when they sell to friends and family, as when they sell to the general public.

- b. With respect to the “branding” of vehicles through Alberta Registries (i.e. as “active”, salvage, rebuilt, non-repairable, etc.) there are multiple ways a brand can be changed. For example, insurance companies can do so when vehicles are “written off”, Alberta Transportation can do so, and automobile manufacturers can do so.
- c. Vehicles may still be branded as salvage in Alberta Registries’ records despite being designated non-repairable in fact, because there is no automatic system for updating status across provinces and amongst all parties involved. Alberta Registries relies on sellers and other “registerers” to provide updates when a branding requires amendment. In particular, Alberta Registries relies on automotive businesses to fulfil their obligation under section 12(1) of the VIR, to notify Alberta Registries upon purchasing a vehicle as non-repairable.

39. Finally, H.E. provided the following evidence in response to questions from Appeal Board members and follow up re-examination by counsel for the Director:

- a. Licenced automotive sales businesses must comply with specific requirements for bills of sale – for example they must include the licensee’s accurate address and the “branding” or status of the vehicle being sold.
- b. The bill of sale form available from Alberta Registries is meant for convenience for members of the public.
- c. While there is no requirement for licenced automotive sales businesses to use a specific form of bill of sale, the information provided on a bill of sale must meet the requirements of section 31.2 of the ABR.
- d. Vehicles purchased by licenced automotive sales businesses must be sold by the business, not as a private consumer sale.
- e. The purpose of these requirements is consumer protection.
- f. The “ROADS” vehicle registry search system is limited to Alberta only, and is not a nation-wide system.
- g. A salvage inspection request form must be obtained by request from an Alberta Registries office.
- h. In terms of educational requirements, a salesperson may be registered after taking an online salesperson course, and no annual or recurrent training is required.

Mr. Ghebregziabher's Evidence

40. After solemnly affirming to tell the truth, Mr. Ghebregziabher testified in his defence at the Appeal Hearing. He stated that he purchased cars from IAA with the intention of selling them to Costa Rica. More particularly, he would check the vehicle identification number through an Alberta Registries office, to determine the branding or status of the vehicle. For vehicles designated as salvage, he would request a salvage inspection request form and proceed to obtain an inspection. If a vehicle failed, he would sell it to a buyer in Costa Rica. If a vehicle passed the salvage inspection, he would have it registered as rebuilt at an Alberta Registries office and then would sell the vehicle locally. Many if not most of his sales were to friends and family members.
41. He said he does not trust the branding or status assigned by vehicle sellers (including auction companies such as IAA), or independent agencies such as Carfax, because in his experience these have been wrong in the past. He considers the branding that exists in Alberta Registries' records is the official "correct" branding.
42. He entered as appeal exhibits copies of several "Request for Vehicle Inspection" forms pertaining to some of the vehicles in issue in H.E.'s investigation.⁷ He used these to help illustrate the process he followed. Regarding three of these vehicles, he said he purchased them "for parts" – aware of IAA's designation as parts only or non-repairable. When he checked their status with Alberta Registries, two were designated as salvage. As such, he had these vehicles inspected, repaired as needed, registered as rebuilt, and sold to local consumers. The third vehicle was designated as "oop-active" (meaning out-of-province, active) – and accordingly he relied on this to register this vehicle as active and then sell to a consumer.
43. For one of the other examples, Mr. Ghebregziabher explained that his sister was interested in a Mitsubishi Eclipse from British Columbia available through IAA. He purchased it through IAA with the understanding it was branded BC-Salvage. However, when he checked with Alberta Registries, it was showing as being from out of province, but "active" in branding. He thus only obtained an out-of-province inspection, had the car registered as "active", and sold it to his sister.
44. Mr. Ghebregziabher's evidence respecting the other examples is similar – in each case he says he relied on the branding or status recorded with Alberta Registries at the time or immediately after he purchased vehicles from IAA. He did not "trust" what he was informed by IAA. In his view, Alberta Registries can check the status or branding of vehicles in all provinces. He says he depended on the "Alberta government" – through Alberta Registries – to verify the status of vehicles he purchases.
45. With respect to the AVMIC investigation concerns about his record-keeping and what he did and didn't include in bills of sale, Mr. Ghebregziabher said that he lives in a townhouse and uses either his business address or residential address (and either his business or personal phone number) on

⁷ Marked as Appeal Exhibits 7-12 inclusive. Counsel for the Director noted that the document marked as Exhibit 11 does not relate to any of the vehicles in issue before the Appeal Board. Nothing in the Appeal Board's decision or reasoning turn on anything in Appeal Exhibit 11 or any testimony about it.

bills of sale. In part, he suggested, this was because roughly 60% of the cars he sold were sold privately.

46. Upon cross-examination by counsel for the Director, Mr. Ghebregziabher testified to the following points:

- a. He had been licenced and operating as AFM Cars for approximately nine years;
- b. He took the required salesperson training through AMVIC;
- c. He receives and sometimes reads AMVIC bulletins, and renews his salesperson registration annually;
- d. He rents parking lot spots for his vehicle inventory, but conducts most of his sales business through Facebook Marketplace and by meeting customers at registry offices or sometimes at the inspection/mechanic shop he uses.
- e. He uses the basic paper bill-of-sale available in Alberta Registries offices, not the copy shown on the Alberta Registries website. He was unaware of changes made to the online form of bill of sale in 2019.
- f. With respect to the IAA auctions, he becomes aware of vehicles listed in an IAA auction two to three days before the auction; he attends virtually via computer; he determines which vehicles to bid on very quickly during the auction, without advance “due diligence” such as Carfax searches; IAA makes available in advance detailed information about the vehicles being sold, including VINs, status or branding, and whether a damage/repair estimate has been provided);
- g. With respect to the express declaration that IAA requires him to sign upon buying a non-repairable vehicle (in which he “certifies that the ... vehicle is being purchased for the value of its parts only and will never be made roadworthy again”), he said he reads this but does not rely on it because they (sellers) have been wrong in his past experience. Mr. Ghebregziabher did not elaborate on what he meant by “rely on”, with reference to a “certification” or affirmation that *he* made each time he signed such document.
- h. With respect to his process after purchasing a vehicle from IAA, Mr. Ghebregziabher said that he checks that status of the vehicle by giving the VIN and year to the Alberta Registries agent and the agent will provide a printout with the status. If the status is salvage, he will request a salvage inspection form, have an inspection performed, and then obtain a Salvage Inspection Certificate from the mechanic. He said he provides a copy of the Salvage Inspection Certificate (along with the bill of sale) to buyers when he sells them these vehicles.

- i. He does not usually obtain a salvage inspection request form *before* taking possession of vehicles he purchases through IAA, but in some cases he does.
 - j. With respect to the Mitsubishi Eclipse that he says he sold to his sister, he acknowledged that a lien was registered against the title at the time he sold it and that this was not shown in the bill of sale, but he says that this lien was verbally disclosed to her.
 - k. With respect to a 2017 Jeep Cherokee that he purchased for approximately \$5,300 as a BC-Salvage vehicle on January 23, 2024 through IAA, Mr. Ghebregziabher acknowledged that he obtained the Salvage Inspection Certificate *after* he sold the vehicle for \$15,000 to a purchaser. He explained that this purchaser was his best friend, was aware the certificate had yet to be obtained, and trusted him. The sale took place on a Friday and the intervening weekend meant the inspection could not be performed immediately.
47. Lastly, in response to questions from Appeal Board members, Mr. Ghebregziabher's evidence was that:
- a. With respect to the consumer complainant who learned several months after purchasing a vehicle from Mr. Ghebregziabher that the vehicle was designated non-repairable and virtually worthless, Mr. Ghebregziabher had paid \$5,000 to this consumer towards compensation for his loss;
 - b. He did not ever ask IAA why they branded vehicles as non-repairable or why they required him to sign a declaration when he purchased such vehicles;
 - c. He did not ever tell the mechanics performing salvage inspections for him about the parts only or non-repairable branding of some of these vehicles when he purchased them from IAA.

PARTIES' SUBMISSIONS

48. Counsel for the Director argued that the Appeal Board should come to the same conclusion as the Director of Fair Trading and cancel Mr. Ghebregziabher's business licence. She urged us to do so primarily on "public interest" grounds, as the evidence on appeal demonstrated that Mr. Ghebregziabher contravened several provisions of the CPA and applicable regulations and engaged in unfair practices. While less serious, the evidence also demonstrated that Mr. Ghebregziabher failed to maintain complete and accurate business records as required, and failed to remit levies as required. These breaches also support the cancellation of his business licence in the circumstances.
49. Counsel submitted that Mr. Ghebregziabher had all the relevant information regarding the branding or status of these vehicles, but failed to meet his legislated obligations to report this information to Alberta Registries and to consumers buying vehicles from him. The result was a serious risk of public harm because identified non-repairable vehicles were being driven in Alberta, and also significant

financial harm to consumers who paid him for operable vehicles but subsequently ended up with vehicles that could only be disposed of for scrap or parts.

50. Finally, counsel for the Director addressed Mr. Ghebregziabher's claims that he did all that he could do to protect customers and didn't intentionally breach any laws. Because regulatory requirements are considered "strict liability", she said, Mr. Ghebregziabher's intentions and any ignorance of the law on his part would not excuse his conduct. Rather, only "due diligence" on his part would provide an adequate excuse – and in this case there was no evidence that Mr. Ghebregziabher had a "reasonable but mistaken belief" in facts that would have made his conduct lawful.
51. As noted earlier in these reasons, during oral argument counsel for the Director suggested that the Appeal Board's jurisdiction may be limited to addressing only the cancellation of Mr. Ghebregziabher's business licence, and not the cancellation of his personal salesperson registration. Counsel's written submissions did not pursue this argument, instead supporting the view that the Appeal Board does have jurisdiction to hear appeals of decisions made by the Director to cancel a salesperson registration. She submitted that the Appeal Board should exercise this jurisdiction to affirm the cancellation of Mr. Ghebregziabher's salesperson registration.
52. Mr. Ghebregziabher was relatively brief in his closing submissions to the Appeal Board. He reiterated the position that came through in his evidence – namely that he relied on "the government" in the form of Alberta Registries. He also noted that with respect to the vehicles that had been labeled as non-repairable at the auction stage, the vehicle seller or IAA had an obligation to report this status to Alberta Registries. If this had been done, then his searches through Alberta Registries would have reflected such non-repairable status and he would not have been able to register them in any other status.
53. Mr. Ghebregziabher argued that he did not intentionally breach any rules or regulations, but rather did all that he could to protect customers.
54. With respect to AMVIC's position that he failed to pay required levies for the sale of these vehicles, he argued that the levies only apply to sales by the business. Since (as he testified) most of the sales in question were private sales, the levy requirement did not apply.
55. Finally, Mr. Ghebregziabher said in his oral submissions that he would like the Appeal Board to decide both the business licence appeal and the salesperson registration appeal. His follow up written submissions did not address the jurisdictional question respecting salesperson registration appeals.

ANALYSIS AND REASONS

56. As noted at the outset, we affirm the Director's decision to cancel the automotive business licence and the salesperson registration of Mr. Ghebregziabher.

non-repairable Vehicles

57. The evidence presented to us establishes unequivocally that Mr. Ghebregziabher purchased six vehicles through auctions that he knew were considered by the seller to be parts only or non-repairable vehicles. Mr. Ghebregziabher acknowledged seeing these declarations before deciding to bid on them in the auctions. Mr. Ghebregziabher acknowledged certifying in writing, before taking possession of these vehicles, that he was purchasing them for the value of their parts only and will never be made roadworthy again. At one point he testified that he intended to buy these parts only vehicles in order to sell them to buyers in Costa Rica.
58. The evidence also unequivocally establishes that Mr. Ghebregziabher took no steps whatsoever to:
- a. notify Alberta Registries that these vehicles were, at least in IAA's view, non-repairable;
 - b. seek additional information from IAA regarding the non-repairable branding;
 - c. advise, or seek additional information from, the automotive inspectors who performed salvage-oriented inspections on these vehicles; or
 - d. advise his customers (many of whom apparently were family and friends) that there was a discrepancy between how these vehicles were branded during the auction process and their registration status in Alberta Registries records.
59. Instead, he exploited what might be considered a gap in the automobile registry system in Alberta. Vehicles – particularly vehicles from other provinces – are not automatically tagged by Alberta Registries with categorization or branding changes that become applicable during a vehicle's history. This isn't necessarily a systemic flaw; rather, it flows from the reality that the regulation and registration of vehicles depends on stakeholder inputs. Changes in vehicle ownership are only captured upon reporting by owners. Changes in the geographical location of a vehicle are only captured through reporting by vehicle owners or users. In the same way, changes in the physical status of a vehicle are only captured if they are reported by owners, users, or other affected parties.
60. Mr. Ghebregziabher was not wrong to suggest in his closing submissions that if IAA or Honda Canada had reported to Alberta Registries that these vehicles had become non-repairable and not roadworthy, they could have been categorized as such and Mr. Ghebregziabher would not have been able to treat them as salvage vehicles. But the opportunities, obligations, and actions of IAA and Honda Canada are not at issue before us on this appeal, while Mr. Ghebregziabher's opportunities, obligations and actions *are* before us.
61. We know from the evidence that Mr. Ghebregziabher was aware that these vehicles were categorized as non-repairable by IAA and Honda Canada at the time Mr. Ghebregziabher purchased them. We know that he could have informed Alberta Registries of this categorization (even if he believed it may be incorrect). He could at least have sought clarification from Alberta Registries if he

was unsure. We know, however, that he chose not to do this, preferring to rely on his self-generated understanding that the existing status recorded with Alberta Registries is always correct.

62. We know, too, that Mr. Ghebregziabher had a legal obligation to report the non-repairable branding to Alberta Registries. Section 12(1) of the VIR is clear:

12(1) A person who purchases a salvage motor vehicle for scrap or parts or who destroys or dismantles a salvage motor vehicle for scrap or parts shall notify the Registrar that the motor vehicle is a non-repairable vehicle not more than 6 days after it becomes a non-repairable vehicle.

63. Mr. Ghebregziabher testified that he purchased these vehicles for parts (and/or at least in some of the cases, with a view to shipping them to Costa Rica). Section 12(1) was clearly triggered.
64. Additionally, section 31.2(1)(v) of the ABR required Mr. Ghebregziabher to include in a bill of sale "... any disclosure statement or documentation respecting a vehicles' previous use, history or condition, including disclosure statements or documentation required under the law of another jurisdiction." Mr. Ghebregziabher chose not to disclose this information to some or all of the buyers of these vehicles, much less include documentation with the bill of sales.

salvage Vehicles

65. While less stark, the evidence is also unfavorable with respect to the seven other vehicles in issue, all of which were branded as salvage at the time Mr. Ghebregziabher purchased them through IAA.
66. Relying on the evidence presented during the appeal hearing, we find that Mr. Ghebregziabher fully understood that he was purchasing vehicles that were considered to be salvage by those selling them. As with the non-repairable vehicles, instead of then affirmatively disclosing to Alberta Registries that these vehicles were in the salvage category, he instead checked what category was already recorded in the registry database. If the search result identified the vehicle as being branded salvage, he would request a salvage inspection form and proceed from there. If the registry records indicated an "active" branding, he readily accepted that and was able to dispense with the salvage inspection requirement and the subsequent rebuilt branding.
67. We find that for at least some of these sales, Mr. Ghebregziabher contravened express legal requirements or prohibitions. Even if we accept Mr. Ghebregziabher's evidence that he provided the purchasers of salvage branded vehicles with subsisting salvage inspection certificates at the time of sale (and so arguably did not have to duplicate this information on the bills of sale), we agree with counsel for the Director that he breached s.13(a) of the VIR in at least three instances – by failing to provide salvage motor vehicle inspection certificates where he had managed to register them as "active" vehicles.

68. For these same three vehicles, Mr. Ghebregziabher's failure to disclose to purchasers that these vehicles had been classified as salvage also constituted breaches of section 31.2(1)(v) of the ABR, which requires a bill of sale from an automotive business to include a disclosure statement or documentation regarding salvage status history.
69. We also agree with counsel for the Director that some of the bills of sale provided by Mr. Ghebregziabher for these sales were non-compliant with other elements of section 31.2 of the ABR. A licenced automotive sales business cannot avoid the requirements of the ABR (or other regulatory requirements) by switching to "personal seller" mode whenever convenient. Mr. Ghebregziabher purchased these vehicles through IAA in his capacity as a licenced automotive business. For at least two of them (and four of the non-repairable) vehicles, the bill of sale he used when selling the vehicles suggested a personal sale, using Mr. Ghebregziabher's home address, his personal driver's licence number instead of his automotive business licence number, and sometimes alternative names. Section 31.2(1)(c) of the ABR requires licenced automotive businesses to include accurate *business* addresses and licence numbers – primarily to ensure that consumers know they are purchasing from a licenced automotive dealer and are entitled to the protections of the regulatory scheme.

Unpaid Levies

70. H.E.'s evidence during the appeal hearing also established that Mr. G remitted no levies at all to AMVIC for the period of January through June of 2024, notwithstanding that he sold at least 11 vehicles during this time. H.E. testified that AMVIC required automotive sales businesses to pay \$6.25 to AMVIC for each vehicle sold.⁸ Mr. G did not contest the evidence of non-payment, but argued that he was not obliged to pay levies where he sold vehicles in his personal capacity.
71. As with Mr. Ghebregziabher's argument regarding the content of bills of sale, it is not open for him to exempt himself from levy requirements by deciding to sell vehicles in his "personal" rather than business capacity.
72. We find, therefore, that the allegation that Mr. Ghebregziabher failed to remit required levies for the period January through June, 2024 has been established.
73. These last-mentioned examples of non-compliance with the ABR would not by themselves necessarily warrant cancellation of an automotive business licence. Cautions and educational steps could in some cases be more appropriate. However, in relation to Mr. Ghebregziabher, we see these as additional examples of systemic non-compliance. Mr. Ghebregziabher's actions indicate that he may comply with applicable laws and regulations when it is either convenient or beneficial for him, but otherwise there is little assurance that he will follow the rules.

⁸ See section 136(8) of the CPA.

Due Diligence Defence

74. Mr. Ghebregziabher's testimony as to the *reason* for his approach regarding these non-repairable vehicles did not suggest that he was actively looking for loopholes in the registry system for his personal gain. Rather, he said that he believes the registry designation is the "right" one, not what he is told by sellers or others. He repeated a number of times during the appeal hearing that he suffered loss in the past by relying on a seller's opinion of the branding or status (although he did not provide specifics, and did not seem to understand that the risk of a seller making an "incorrect" *negative* declaration (e.g. that a vehicle was categorized as non-repairable) was inherently low).
75. Mr. Ghebregziabher carried this reasoning a step further. He actually argued that the evidence supported the conclusion that he did "all that he could do to protect customers".
76. We disagree. His actions do not demonstrate a concern for customers, nor for the fair and effective regulation of motor vehicle sales in Alberta, nor for the safety of those who use the roads. Even if Mr. Ghebregziabher believed that the Alberta Registries records always revealed the "correct" branding or categorization of a vehicle, it was not open to him to completely disregard the IAA sale declarations and his signed certifications that he was purchasing these vehicles for parts only, not to be returned to the road.
77. As submitted by counsel for the Director, Mr. Ghebregziabher cannot rely on what is legally known as a "due diligence" defence unless he establishes that he *reasonably* believed in a mistaken set of facts which would have meant his conduct did not breach the law, or, alternatively, that he took all *reasonable* steps and made all *reasonable* inquiries to determine the correct information.
78. On the one hand, Mr. Ghebregziabher defended his reliance on the records of Alberta Registries. Yet he also argued that IAA or Honda Canada should have reported the non-repairable status of these vehicles to Alberta Registries. But this isn't a case where Mr. Ghebregziabher was misled by anything IAA did or did not do; they expressly disclosed the non-repairable status to prospective and actual purchasers of the vehicles, including Mr. Ghebregziabher. So too, the status of vehicles designated as salvage at the time of sale to Mr. Ghebregziabher was clearly disclosed.
79. Mr. Ghebregziabher can argue that previous owners or sellers of these vehicles should have it reported the status to Alberta Registries, but in view of what was disclosed to him as purchaser, he cannot suggest it was reasonable or appropriate for him to have taken advantage of this gap instead of reporting to Alberta Registries himself.
80. Moreover, Mr. Ghebregziabher admitted that he made no inquiries and took no steps to filter through the apparent discrepancy between what he had been told by IAA about the status or branding of the vehicles and what was recorded in Alberta Registries. This is not reasonable action in the circumstances.

Unfair Practices

81. Counsel for the Director also submitted that Mr. Ghebregziabher's conduct amounted to "unfair practices" that were prohibited under section 6 of the CPA.
82. We agree. At least some of the consumers who purchased non-repairable vehicles were not told that this is what they were purchasing. Rather, they thought that they were buying roadworthy salvage or even "active" vehicles from another province. Mr. Ghebregziabher's own evidence supports this conclusion.
83. Some of the consumers also might reasonably have been deceived or misled by Mr. Ghebregziabher's representations about whether he was selling a vehicle in a personal capacity or as an automobile sales business, and similarly as to his business location and formal contact details.
84. The prohibition against a wide range of unfair practices in the CPA is meant to help ensure that where businesses have an advantage of information and knowledge over consumers, this is not used to the detriment of the consumers. We find that Mr. Ghebregziabher's conduct was contrary to sections 6(2)(d), 6(3)(a), and 6(4)(e) of the CPA.

Conclusions Regarding Business Licence Cancellation

85. An automotive business licence may be cancelled under section 127 of the CPA for a variety of reasons. In this case, given our findings and reasons set out above, we have no hesitation in affirming the Director's decision to cancel Mr. Ghebregziabher's automotive business licence. Specifically:
 - a. We find that Mr. Ghebregziabher contravened the CPA and regulations made under the CPA (i.e. the ABR);⁹
 - b. We find that Mr. Ghebregziabher failed to comply with other applicable legislation – in particular sections 12 and 13 of the VIR;¹⁰
 - c. We find that Mr. Ghebregziabher failed to pay levies of assessment under section 136(8) of the CPA;¹¹ and
 - d. We find that it is in the public interest to do so.¹²

⁹ Section 127(b)(v)

¹⁰ Section 127(b)(v.1)

¹¹ Section 127(b)(i.2)

¹² Section 127(c)

Salesperson Registration

86. As noted briefly above, counsel for the Director raised a question about the Appeal Board's jurisdiction over the issue of Mr. Ghebregziabher's salesperson registration (as distinct from his business licence). Both parties ultimately submitted that we *do* in fact have such jurisdiction.
87. As we understand it, the issue arises for two reasons:
- a. First, section 179 of the CPA states that a person whose *licence* is cancelled under section 127 is entitled to appeal. However, the ABR (which sets out the structure for regulating automotive businesses) uses the language of "licencing" for automotive businesses – see sections 3 through 10 – while using the language of "registering" specifically for salespersons – see sections 16 through 23.
 - b. Second, section 22(1) the ABR specifically sets out appeal rights for those who are refused registration as a salesperson, who have terms and conditions imposed upon their registration, or who have their registration cancelled, and authorizes the Director to establish an appeal process for such appeals. The Director has in fact established an internal AMVIC appeal process that normally applies for salesperson appeals (the *Salesperson Appeal Committee Policy*), and this is different than the appeal process following section 179 of the CPA that is underway here.
88. The Appeal Board's jurisdiction flows from section 179 of the CPA. While section 179(1)(c) says that a person whose "licence" is cancelled may appeal the decision (and does not specifically use the language of "registration"), the definition of "licence" is left open-ended. Section 1(1)(g) states only that a "'licence' means a licence issued or renewed under this Act". We therefore need to look to the regulations established under the CPA.
89. Although the ABR does distinguish between automotive business licences and salesperson "registrations", it includes the following language in section 18:
18. Sections 125, 127 and 128 of the Act apply, with the necessary changes, to the registration of salespersons.
90. Section 127 of the CPA is the provision setting out, among other things, grounds on which the Director may may cancel an automotive business licence. It is this section (coupled with section 18 of the ABR) that the Director relied upon in his October 9, 2024 decision to cancel Mr. Ghebregziabher's business licence and registration.
91. By virtue of section 18 of the ABR, section 127 is applicable to salesperson registration matters in the same way as it does to automotive business licencing matters. It is this connection to section 127 that enables the Appeal Board to have jurisdiction over appeals from salesperson registration decisions.

92. Importantly, this is not to suggest that Appeal Boards established to hear appeals under s.179 of the CPA have *exclusive* jurisdiction to hear salesperson registration appeals. Questions about other appeal procedures available for salesperson registration appeals are not before us – only whether we have jurisdiction given the circumstances of this case.
93. Our interpretation is consistent with the written submissions of counsel for the Director in relation to this issue. She drew our attention to paragraph 2(t) of the AMVIC *Salesperson Appeal Committee Policy*, which states that “[w]here a salesperson registration is cancelled, refused, or suspended in conjunction with a business licence cancellation, refusal or suspension, the Appeal Board established to hear the business licence appeal in accordance with Section 179 of the Act will be the designated appeal body to hear the appeal of the salesperson registration.”
94. Mr. Ghebregziabher did not make any arguments about our legal jurisdiction to consider the salesperson registration issue, but did make clear that he would like us to resolve it along with the business licence question if we had the power to do so.
95. We find that we do have such jurisdiction.
96. Based on the evidence before us, we find that Mr. Ghebregziabher’s salesperson registration was properly cancelled along with his business licence. Because Mr. Ghebregziabher was essentially the sole registered salesperson for himself – that is, for his own sole proprietorship – our conclusions regarding the business apply with equal force to the salesperson.

COSTS

97. We make no order regarding costs of this appeal.

Issued in Alberta this 17th day of June, 2025



Lorenz Berner



Kent Pallister



Jamie Tiessen

APPENDIX A – LIST OF APPEAL HEARING EXHIBITS

Exhibit 1	Decision of Director dated October 9, 2024
Exhibit 2	Appeal Letter dated October 23, 2024
Exhibit 3	Investigator Report dated September 12, 2024
Exhibit 4	AMVIC Licencing Policy
Exhibit 5	AMVIC Education Policy
Exhibit 6	Screenshot AMVIC website Salesperson Registration Course - undated
Exhibit 7	Request for Vehicle Inspection CR-V *9665 dated December 19, 2023
Exhibit 8	Request for Vehicle Inspection Eclipse *1495 dated February 2, 2024
Exhibit 9	Request for Vehicle Inspection CR-V *9098 dated October 28, 2023
Exhibit 10	Request for Vehicle Inspection Elantra *4585 dated December 12, 2023
Exhibit 11	Request for Vehicle Inspection CR-V *3067 dated October 28, 2023
Exhibit 12	Request for Vehicle Inspection Versa *2076 dated April 20, 2024
Exhibit 13	Screenshot GoA website "Standard bill of sale" dated March 21, 2025, with PDF form attached