

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

FEDERAL TRADE COMMISSION,
Petitioner,

v.

ACIA17 Automotive, Inc. and
ACIA ACQ Corporation dba Leader Automotive
Group,

Respondents.

Case No. 23-cv-2500

**FEDERAL TRADE COMMISSION'S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Pursuant to Section 20 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 57b-1, the Federal Trade Commission (“FTC”) respectfully petitions this court for an order requiring ACIA17 Automotive, Inc. and ACIA ACQ Corporation, doing business as Leader Automotive Group (collectively, “Leader”), to comply with a Civil Investigative Demand (“CID”) or show cause as to why it should not be compelled to comply with the CID. A proposed order accompanies this petition.

Leader operates eighteen franchise auto dealerships in Illinois, which the Commission has reason to believe are engaged in illegal sales and lending practices. To investigate Leader’s conduct, the Commission issued a CID to Leader on December 21, 2022, with a return date of January 17, 2023. Leader petitioned the Commission to quash or limit the CID, but on February 27, 2023, the Commission denied the petition and ordered Leader to fully comply with the CID by March 10, 2023. FTC staff provided a one-time extension of the deadline to March 17, 2023. *Id.* Rather than complying, Leader has made only partial productions of selective records and knowingly withheld responsive documents and

information—ultimately falling far short of substantial compliance with the CID and impeding and delaying the Commission’s investigation.

The CID should be enforced because it satisfies the conditions for enforcement of agency process: (1) the investigation of Leader’s conduct is within the FTC’s statutory authority; (2) the CID is not too indefinite; and (3) the information sought is reasonably relevant to the investigation. *See Walsh v. Alight Sols. LLC*, 44 F.4th 716, 722 (7th Cir. 2022) (quoting *E.E.O.C. v. Aerotek*, 815 F.3d 328, 333 (7th Cir. 2016)). Although enforcement may be limited where it would impose an unreasonable or undue burden on the producing party, *Aerotek*, 815 F.3d at 333, Leader has shown no basis for finding any undue burden. Instead, the CID’s requests are reasonable given the nature of the investigation and the size of Leader’s business, and the available information about Leader’s operations shows the information and material sought by the CID should be readily accessible and available.

The FTC relies on the Declaration of James Davis to certify the facts that are the basis for this petition and which is incorporated herein. The FTC has also filed a Memorandum in Support.

Jurisdiction and Venue

1. This Court has jurisdiction to enforce the Commission’s duly issued CID, including the CID issued to Leader, under Section 20(e) of the FTC Act, 15 U.S.C. § 57b-1(e), which provides in pertinent part:

Whenever any person fails to comply with any civil investigative demand duly served upon him under this section, or whenever . . . such person refuses to surrender such material, the Commission, through such officers or attorneys as it may designate, may file, in the district court of the United States for any judicial district in which such person resides, is found, or transacts business, and serve upon such person, a petition for an order of such court for the enforcement of this section.

2. The Respondents are found, reside, or transact business in this district. 15 U.S.C. § 57b-1(e); 28 U.S.C. § 1391.

Parties

3. Petitioner FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41–58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces the Equal Credit Opportunity Act, 15 U.S.C. § 1691 *et seq.*, which prohibits creditors from discriminating against credit applicants on the basis of race or ethnicity, among other characteristics.

4. The FTC is authorized to issue process (including CIDs) requesting materials, answers to interrogatories, and sworn testimony in an investigation to determine if any natural person, partnership, corporation, association, or other legal entity is or has been engaged in unfair or deceptive acts or practices in or affecting commerce. 15 U.S.C. § 57b-1(c). The FTC is also authorized to investigate and, by its attorneys, to initiate proceedings to prohibit such activities. 15 U.S.C. §§ 45(b), 53(b).

5. Respondents are Delaware corporations headquartered in Chicago, Illinois.

The Commission’s CIDs and Orders Denying Respondents’ Petitions to Quash or Limit

6. The FTC issued a CID to Leader on December 21, 2022.

7. The CID identified the subject of the investigation:

Whether the Company, as defined herein, has made false or deceptive representations, or engaged in unfair conduct in violation of the FTC Act, 15 U.S.C. § 45, or has discriminated on a prohibited basis in violation of the Equal Credit Opportunity Act, 15 U.S.C. § 1691 *et seq.*, resulting in higher vehicle sale prices, periodic payments, or add-on charges, and whether Commission action to obtain monetary relief would be in the public interest.

8. The CID was issued pursuant to three Resolutions authorizing the use of compulsory process in aid of investigations of violations of statutes under which the Commission has enforcement authority:

- a) Resolution No. 8323137, authorizing investigation of the advertising, marketing, offering for sale, sale or financing of motor vehicles in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, as amended, or any statutes or rules enforced by the Commission;
- b) Resolution No. P944809, authorizing investigation of acts or practices in violation of the Equal Credit Opportunity Act, 15 U.S.C. § 1691 et seq. and Regulation B, 12 C.F.R. § 202 et seq. and deceptive or unfair practices with respect to discrimination in the extension of credit in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, as amended; and
- c) Resolution No. 1123162, authorizing investigation of the advertising, marketing, or sale of products or services through the use of endorsements or testimonials in violation of Section 5 of the FTC Act, 15 U.S.C. § 45.

9. To respond to the document requests in the CID, a person with knowledge of the facts and circumstances relating to the production is required to certify that all of the documents, information, and tangible things required by the CID which are in the possession, custody, control, or knowledge of the person to whom the demand is directed have been produced and made available to the FTC's custodian. 15 U.S.C. § 57b-1(c)(11).

10. To respond to the interrogatories in the CID, a person responsible for answering is required to certify that, unless reasons for objection have been stated, the written answers provide all information required by the CID in the possession, custody, control, or knowledge of the person to whom the demand is directed. 15 U.S.C. § 57b-1(c)(13).

11. The CID that the Commission issued to Leader on December 21, 2022, directed Leader to provide a Certificate of Compliance in which a person with knowledge of the facts and circumstances relating to their responses certifies that responses are complete.

12. When an FTC CID requires the production of electronically stored information (“ESI”), it must be produced in accordance with instructions provided by FTC staff regarding the manner and form of production. 16 C.F.R. § 2.7(j). The Commission’s CID to Leader include requirements for the production of ESI responsive to the CID.

13. Leader filed a petition to quash or limit the CID that argued that the CID was not properly served and that it is unduly burdensome and overbroad.

14. Leader did not dispute that the FTC has jurisdiction to conduct the investigation identified in the CID, or that that the information sought in the CID is relevant to the investigation. Leader also did not argue that the CID is too indefinite in describing the information sought.

15. On February 27, 2023, the Commission issued an order rejected both of Leader’s arguments and denying its petition. The Commission found, among other things, that Leader provided no information or evidence to support its conclusory claims of burden, whereas the CID’s requests were reasonable and relevant given the nature of the investigation and size of Leader’s business.

16. The Commission’s order directed Leader to comply in full with the CID no later than Thursday, March 10, 2023, or at such other date, time, and location as the Commission staff may determine.

17. FTC staff subsequently provided a one-week extension to March 17, 2023.

Leader’s Failure to Comply with the CID

18. Leader has not fully complied with the CID.

19. Leader has not provided any sworn certification in accordance with the CID in which a person with knowledge contemporaneously certifies that responses to the CID, or even a response to any part of the CID, is complete.

20. Since receiving the CID, Leader has produced no response whatsoever to multiple CID specifications, has tendered partial or incomplete responses to other specifications, and has generally failed to justify its noncompliance.

21. Leader's failure to fully comply with the CID has delayed and impeded the Commission's investigation.

22. The FTC has not sought the relief requested herein in this or any other court.

Prayer for Relief

WHEREFORE, the Commission invokes the aid of this Court and prays for:

1. Immediate issuance of an order, substantially in the form attached, directing Leader to comply with the CID and provide sworn certification that its production of documents and responses to interrogatories are complete, or to show cause why it should not be required to comply with the CID;
2. In the event Leader does not comply with the CID, prompt determination of this matter and entry of an order directing Leader to comply with the CID and provide sworn certification that its production of documents and responses to interrogatories are complete within 10 days of entry of such order; and
3. Such other relief as this Court deems just and proper.

Dated: _April 20, 2023.

Respectfully submitted,

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/s/ Rachel F. Sifuentes

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CERTIFICATE OF SERVICE

I, the undersigned attorney, certify that I electronically filed the foregoing Federal Trade Commission's Petition for an Order to Enforce Civil Investigative Demand using the CM/ECF system on April 20, 2023. Pursuant to Fed. R. Civ. P. 5(b)(3) and the Northern District of Illinois' LR 5.9, I have thereby electronically served all Filing Users with a copy of the foregoing.

Dated: April 20, 2023.

/s/ Rachel F. Sifuentes
Rachel F. Sifuentes

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

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| FEDERAL TRADE COMMISSION, |) | |
| |) | |
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| Petitioner, |) | |
| |) | Case No. 23-cv-2500 |
| v. |) | |
| |) | |
| ACIA17 Automotive, Inc. and |) | |
| ACIA ACQ Corporation dba |) | |
| Leader Automotive Group, |) | |
| |) | |
| Respondents. |) | |

**MEMORANDUM IN SUPPORT OF THE FEDERAL TRADE COMMISSION'S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

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The Federal Trade Commission (“FTC” or “Commission”) petitions this Court to enforce a civil investigative demand (“CID”) issued to Respondents ACIA17 Automotive Inc. and ACIA ACQ Corporation, doing business as Leader Automotive Group (“Leader” or “Respondents”).¹ The CID requires Leader to produce documents and information related to Respondents’ eighteen franchise auto dealerships operated at ten locations in Illinois, which the Commission has reason to believe are engaged in illegal sales and lending practices. Among other conduct, the FTC is investigating whether Leader is violating the Equal Credit Opportunity Act (“ECOA”), 15 U.S.C. § 1691 *et seq.*, by discriminating on the basis of race or ethnicity when offering financing terms, and whether Leader is violating the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 45, by deceiving consumers into paying for unwanted add-on products, as well as promoting its business through the use of fabricated customer reviews.

After being served with the CID in December 2022, Leader petitioned the Commission to quash it. On February 27, 2023, the Commission denied Leader’s petition and ordered the company to fully comply with the CID by March 10, 2023. Despite substantial efforts by FTC staff to obtain full compliance, including granting an additional one-week extension of the deadline imposed by the Commission and providing detailed explanations of the company’s compliance deficiencies, Leader still has not complied with the CID.

In denying Leader’s petition to quash, the Commission found that Leader had failed to establish a valid basis for challenging the CID. Indeed, Leader has not disputed that it received

¹ “CIDs work like civil subpoenas, and executive-branch departments or agencies commonly issue them in their investigations.” *Integrity Advance, LLC v. Consumer Fin. Prot. Bureau*, 48 F.4th 1161, 1165 n.2 (10th Cir. 2022). Congress modeled the FTC’s CID authority on the Antitrust Civil Process Act, 15 U.S.C. § 1311, which grants similar authority to the U.S. Department of Justice. *See* H.R. REP. NO. 96-917 at 32 (1980) (Conf. Rep.), *as reprinted in* 1980 U.S.C.C.A.N. 1143, 1149; S. REP. NO. 96-500 at 23-25 (1979), *as reprinted in* 1980 U.S.C.C.A.N. 1102, 1124–26.; *see also Gen Fin. Corp. v. FTC*, 700 F.2d 366, 367-68 (7th Cir. 1982) (Posner, J.) (describing the FTC’s Section 20 CID as “a type of subpoena”).

an enforceable CID identifying materials reasonably relevant to the agency's inquiry. And Leader acknowledges that it continues to withhold certain materials that are responsive to multiple specifications, even though the Commission's deadline, an additional extension provided by FTC staff, and Leader's own promised dates for completing its delinquent responses, have long since passed. In these circumstances, the Commission is entitled to an order directing Leader to show cause why it has failed to comply with the CID. *See E.E.O.C. v. Sidley Austin Brown & Wood*, 315 F.3d 696, 700-701 (7th Cir. 2002) (district court has a duty to order production when these criteria are met) (*citing Endicott Johnson Corp. v. Perkins*, 317 U.S. 501, 509, 63 S.Ct. 339 (1943)).

Because any delay in issuing the show cause order would harm the Commission's ongoing investigation, that order should be issued promptly. The FTC's petition for enforcement is not a routine discovery dispute in pending litigation, but a critical component of a federal agency investigation that seeks to protect U.S. consumers from ongoing financial harm—here, involving one of the biggest financial transactions for many consumers aside from purchasing a home. *See, e.g., FTC v. American Buyers Network, Inc.*, No. CIV. A. 91-B-1158, 1991 WL 214163, at *3 (D. Colo. Aug. 19, 1991) (“Subpoena enforcement actions should proceed with dispatch so that the underlying investigation is not unduly disrupted”). Show cause orders are frequently issued within days after the Commission files an enforcement petition, and the petition should be resolved through summary procedures to minimize the harm to agencies' law enforcement efforts.² Further delay in obtaining Leader's compliance with the CID would

² *See American Buyers Network*, 1991 WL 214163, at *1, 2 (show cause order issued one business day after the petition was filed and treated as a summary proceeding); *FTC v. Complete Merch. Sols., LLC*, No. 219CV00996HCNEJF, 2020 WL 2059847, at *1 (D. Utah Apr. 28, 2020) (show cause order issued 22 days after petition filed); *FTC v. LabMD, Inc.*, No. 1:12-CV-3005-WSD, 2012 WL 13104826, at *2 (N.D. Ga. Nov. 26, 2012) (show cause order issued one week after petition filed); *FTC v. Dinamica*

frustrate the Commission's ability to identify potential misconduct and pursue appropriate relief for consumers.

For these reasons, the FTC respectfully requests that this Court promptly enter an order requiring Leader to comply in full with the Commission's CID by a date certain or show cause why it should not be compelled to comply.

JURISDICTION AND VENUE

Section 20 of the FTC Act authorizes the Commission to issue a CID to any person, including legal entities, who may have documents or other information relevant to an investigation of potentially unfair or deceptive acts or practices. 15 U.S.C. § 57b-1(a)(6), (c)(1). The FTC may issue a CID to require recipients to produce documents, respond to written questions, or give oral testimony under oath at an FTC investigational hearing. 15 U.S.C. § 57b-1(c)(1). CID recipients are required to provide a sworn certification that their answers to interrogatories and responses to document production requests are complete. 15 U.S.C. § 57b-1(c)(11), (13). If the CID recipient does not comply, the FTC may petition the district court where the recipient resides, is found, or transacts business for an order enforcing the CID and compelling production. 15 U.S.C. § 57b-1(e).³

On December 21, 2022, the FTC issued a CID to Leader to investigate potential deceptive and unfair acts or practices in connection with the company's eighteen franchise dealerships in Illinois. Pet. Ex. A, at ¶ 3. After the Commission rejected Leader's petition to

Financiera LLC, No. CV0804649MMMPJWX, 2008 WL 11342612, at *2 (C.D. Cal. Sept. 22, 2008) (show cause order issued the day after petition was filed).

³ The Commission initiates administrative process enforcement proceedings through a petition and order to show cause (rather than by complaint and summons). *See* 15 U.S.C. § 57b-1(e). These proceedings are summary in nature and commenced by issuance of a *ex parte* show cause order. *See United States v. Markwood*, 48 F.3d 969, 980-81 (6th Cir. 1995).

quash and ordered the company to fully comply, Leader submitted only partial, unsworn interrogatory responses, and withheld many responsive documents and information while selectively producing other records. Pet. Ex. A, at ¶¶ 39-44.

As confirmed by public documents, Leader is based in Chicago, Illinois, which is within the Northern District of Illinois. *Id.*, at ¶ 5. Thus, because Leader resides, is found, or transacts business in this district, jurisdiction and venue for this CID enforcement action are proper in this Court.

BACKGROUND

A. The FTC Has Issued a Civil Investigative Demand to Investigate Leader’s Automobile Sales and Financing Practices

Leader owns and operates eighteen franchise dealerships at ten different locations throughout Illinois – in Chicago and the surrounding suburbs, Peoria, and Bloomington-Normal. Leader is a subsidiary of AutoCanada, a publicly traded Canadian company with over 80 dealerships across Canada. Pet. Ex. A, at ¶ 6. In 2022, Leader reported gross revenue of over \$200 million each quarter. *Id.*

The Commission is investigating whether Leader has made false or deceptive representations, or engaged in unfair conduct, relating to its sales and financing practices, in violation of the FTC Act and ECOA. Pet. Ex. B at p. 6 (“Subject of Investigation”). The CID issued in connection with the investigation seeks information relating to: Leader’s organizational structure; current and former employees, including employees responsible for compliance; the identity of financial institutions used to obtain loans for consumers; the costs and processes associated with preparing cars for sale; the identity of Leader’s used car importers;

the type, cost, description, and providers of add-on products⁴ offered to consumers; company practices and procedures relating to posting online reviews; and the total number of vehicles sold, financed, and leased by each Leader dealership as well as the revenue from these sales. Pet. *Id.*, at pp. 6-9 (Specification A, Interrogatories). Some of the categories of documents requested by the CID include: copies of advertisements promoting the sale of vehicles; paperwork for two years' worth of sales (also known as "deal jackets"); policy, training and compliance materials; consumer complaints, inquiries, and related correspondence; materials related to compliance investigations and audits; and relevant communications between Leader and its corporate parent, AutoCanada. *Id.*, at pp. 10-12 (Specification B, Document Requests). Finally, the CID includes a separate specification requesting several dozen data points regarding vehicle sales and financing. *Id.*, at (Specification C, Data Requests).

On January 16, 2023, Leader filed a Petition to Modify, Limit, or Quash the CID ("Petition to Quash") with the Commission, arguing (1) that the CID was not properly served because it should have been directed to each franchise dealership rather than the parent companies; and (2) that the CID is unduly burdensome, overbroad, and threatened to disrupt or seriously hinder the company's normal business operations because of the number of requests and scope of information requested, as well as the likelihood that compliance would require Leader to engage the services of "a third-party discovery vendor." Pet. Ex. H, at pp. 6-7.

On February 27, 2023, the Commission denied Leader's petition, rejecting both arguments. Pet. Ex. N. The Commission specifically found that the CID's requests are "entirely

⁴ "Add-on" is defined by the CID to mean an aftermarket product not provided or installed by the manufacturer such as guaranteed asset protection (also known as "GAP insurance"), extended service contracts, maintenance repair contracts, theft protection or security devices, undercoating, rustproofing, and fabric protection, among other products. Pet. Ex. B, at pp. 11-12.

reasonable given the nature of the investigation and size of Leader’s business.” *Id.*, at p. 5. The Commission further found the CID’s requests are “tailored to provide the agency with specific information about Leader’s add-on sales and procedures and its financing practices—areas plainly relevant to assessing compliance with the fair lending and consumer protection laws at issue.” *Id.* (citing *FTC v. Texaco, Inc.*, 555 F.2d 862, 882 (D.C. Cir. 1977)). The Commission also rejected Leader’s conclusory, unsupported burden claims, stating: “Leader has provided no information about its financial position, human resources, or other capabilities relevant to complying with the CID, giving us no factual basis to conclude that the burden on the company is undue.” *Id.* at p. 7. The Commission directed Leader to comply with the CID in full by March 10, 2023. *Id.* FTC staff thereafter voluntarily provided a one-week extension through March 17, 2023, along with a letter identifying in detail the specific deficiencies in Leader’s then-responses. Pet. Ex. O.

B. Leader’s Ongoing Failure to Comply with the CID and Commission Order

Since service of the CID and entry of the Commission’s order, Leader has provided no response whatsoever to multiple CID specifications, has tendered partial or incomplete responses to other specifications, and generally has failed to justify its noncompliance.

FTC staff first began raising concerns about Leader’s compliance in a letter dated February 6, 2023, while the Petition to Quash the CID was still pending before the Commission. Pet. Ex. K. In this letter, staff questioned whether Leader intended to comply, highlighting the company’s blanket, unsupported burden objections and counsel’s lack of engagement with staff regarding the factual basis for such objections. *Id.* at p. 2. The letter also noted that more than a month after service of the CID, Leader had produced next to nothing in the way of documents or

information⁵ while also failing to follow through on promises to circulate a proposed production schedule and tender “rolling productions.” *Id.*

In a nine-page letter dated March 3, 2023, Pet. Ex. O, sent after the Commission’s February 27 order denying the Petition to Quash, FTC staff outlined numerous deficiencies in Leader’s compliance, including:

- **Interrogatories 2 and 8.** Leader provided no meaningful information in response to these interrogatories, which seek information about employees responsible for compliance training and the process associated with preparing cars for sale. *Id.* at pp. 3-5.
- **Interrogatory 3: Identity of Current and Former Employees.** After Leader objected to this Interrogatory on burden grounds, staff requested a sample of responsive information, which, when produced, did not substantiate the claimed burden. The sample also failed to include contact information for numerous employees identified. Staff demanded a complete response to the interrogatory, *id.* at p. 5, which Leader has refused to produce. Pet. Ex P, at p. 2.
- **Data Requests.** Leader’s response to the CID’s data requests (Specification C) were “grossly deficient” because Leader omitted approximately half of the requested data points without explanation and without attempting to confer with the FTC prior to doing so. Pet. Ex. O, at pp. 5-6.

⁵ Leader’s productions as of the date of the February 6, 2023 letter, nearly six weeks after service of the CID, consisted of: (1) A one-page corporate organizational chart, responsive to Document Request 1 (January 20, 2023, production); (2) three largely identical versions of an employee handbook totaling 139 pages, purportedly responsive to Document Request 6 and Interrogatory 19 (January 20, 2023, production); and (3) a thirty-page spreadsheet identifying lenders used by Leader to obtain vehicle financing for consumers, responsive to Interrogatory 4 (February 3, 2023, production). Pet. Ex. A, at ¶ 18.

- **Document Request 7 (“Deal Jackets”).** Document Request 7 requires production of so-called “deal jackets,” a term that refers to the paperwork maintained by a dealership for every vehicle sale. Because Leader had not produced a single deal jacket to date, staff proposed an initial production of twelve files per month for each dealership during the applicable two-year time period. Pet. Ex. O, at pp. 6-7. As noted below, instead of complying with, or attempting to confer about, this request, Leader has raised an unsubstantiated burden claim to justify producing a much smaller subset of deal jackets consisting of just four files dealership for a single month in 2022. Moreover, in producing these files, Leader disregarded the FTC’s production requirements. As a result, the files are in a format that is not searchable, not reviewable on the FTC’s document review platform, and which renders many of the Bates Numbers illegible. Pet. Ex. A, at ¶¶ 34, 42.
- **Document Requests 2, 3, 6, 8, 14 and Interrogatories 9-13, 18-24.** Leader failed to respond substantively to twelve interrogatories and five document requests, instead raising unsupported, general objections and indicating without elaboration that its “investigation continues.” Pet. Ex. O, at p. 6. As noted below, many of these deficiencies remain uncorrected.
- **ESI Protocol: Document Requests 9-12, 15.** Despite repeated attempts by FTC staff to establish a mutually agreeable protocol for searching electronically stored documents, Leader has refused to meaningfully engage with staff on this topic. FTC staff has noted, for example, that Leader’s proposed search terms omitted several critical subjects as well as included keywords lacking any apparent

relevance to the Commission's investigation. Leader has not responded substantively to the FTC's proposed list of search terms despite promising to do so. Pet. Ex. O, at p. 7.

- **Unsworn interrogatories.** The handful of interrogatories answered by Leader were not signed or sworn under oath as required by 15 U.S.C. § 57b-1(c)(13). *Id.* at pp. 4, 7.

In their March 3, 2023, letter, FTC staff informed Leader that these deficiencies and others must be cured by March 17, 2023, one week later than the deadline set by the Commission, or the CID would be referred to the FTC's Office of General Counsel for judicial enforcement. *Id.* at pp. 8-9.

Over the next two weeks, counsel for Leader did not engage with FTC staff on any of the deficiencies highlighted in the March 3 letter. Pet. Ex. A, at ¶ 28. Instead, two weeks later, Leader produced ten pages of documents and tendered unsigned, incomplete responses to several interrogatories, thus failing to cure virtually any of the deficiencies identified in the March 3 letter. *Id.*, at ¶ 29. In correspondence accompanying its March 17 response, Leader suggested for the first time, without any elaboration or support, that the company did not produce data responsive to Specification C of the CID because this data is "either not available or not accurately recorded."⁶ Pet. Ex. P, at p. 3. Leader also refused to provide a complete employee list in response to Interrogatory 3, instead asking FTC staff to justify why the partial list without

⁶ Previously, in an email dated February 22, 2023, counsel for Leader had informed FTC staff that data responsive to Specification C would be produced by March 3, 2022. Counsel did not raise any objections or concerns about the specification or request to meet and confer about it. Pet. Ex. ___.

contact information was “insufficient.”⁷ *Id.* And Leader produced no deal jackets, claiming without substantiation that downloading the subset of files requested by staff would take more than three months.⁸ *Id.*, at p. 2. Finally, after nearly three months of delays, and without consulting FTC staff, Leader unilaterally adopted its own partial “production schedule” that went far beyond the deadline imposed by the Commission or the extension granted by staff. *Id.* at 3.

By letter of March 20, 2023, staff informed Leader that the company was in default of the CID and that the matter would be referred to the FTC’s Office of General Counsel for enforcement in federal court. Pet. Ex. Q. In an argumentative response sent the following day, Leader did not produce any additional information or documents. Pet. Ex. R.

An April 10, 2023, email from counsel highlights the need for judicial intervention. In this email, counsel does not deny that Leader has withheld data responsive to the CID, justifying the refusal to produce this data because it is purportedly not “accurate.” Pet. Ex. U. Counsel further claimed that Leader had “already responded to the majority of staff’s requests.” In fact, many of these responses are grossly deficient. For example:

- Leader has produced no meaningful information in response to Document Request 2 and Interrogatory 24, which require the company to produce copies of

⁷ In its Petition to Quash, Leader claimed that identifying all current and former employees “would require someone to look through hundreds of individual personnel files.” Pet. Ex. H, at p. 4. But as FTC staff noted in their March 3, 2023, letter to counsel, the information responsive to this interrogatory is, by all appearances, stored by Leader in a database and capable of being produced with little effort in the form of an Excel spreadsheet. Pet. Ex. O, at p. 5. Counsel has not contradicted or questioned staff’s statement.

⁸ This somewhat surprising claim is purportedly based on counsel’s unsupported estimate of how long it allegedly takes to download a single deal jacket from the online platform where these files are stored. In a February 3, 2023, letter, counsel estimated that this process takes “about 10 minutes per deal jacket.” Pet. Ex. J, at p. 2. In counsel’s March 17 letter, this estimate increased to 15 minutes per file. Pet. Ex. P, at p. 3. Again, Leader has offered no factual basis to support these assertions, which are dubious on their face and contradicted by former employees interviewed by FTC staff.

vehicle advertisements and list transfers of funds between its dealerships. Instead of substantively responding to these requests, Leader falsely claimed that FTC staff “agreed” to limit the specifications. No correspondence exists memorializing such agreements and CIDs can only be modified or limited in writing by FTC managers. 16 C.F.R. § 2.7(l);

- Multiple responses to document requests made by Leader are facially incomplete, consisting of token, opportunistic productions that do not represent a good faith, diligent attempt to comply with the CID. Document Requests 6 and 12, for example, require the production of a broad array of documents related to compliance policies, training, investigation, and audits. Pet. Ex. B, at pp. 10-11. In response to these requests, Leader has produced: (1) three versions of the same employee handbook; (2) two versions of the same compliance manual (one black and white, one color); and (3) eight pages of email correspondence. Pet. Ex. A, ¶ 39. This cannot represent a complete response to these requests for a company the size of Leader operating in such a highly regulated environment;
- Leader has not answered multiple specifications, even with the extension of time that the company unilaterally provided to itself beyond the March 17 deadline set by the Commission and FTC staff. Information responsive to many of these delinquent requests should be readily ascertainable and not require months to gather. For example, Leader has not responded to Interrogatory 23 and Document Request 17, which request information related to the company’s document storage, handling, and retention policies. Pet. Ex. B, at pp. 9, 12. Similarly,

Leader has not answered any parts of Interrogatories 12 or 13, which basic request information regarding the company's add-on products. *Id.*, at pp. 7-8; and

- Despite promising to make an initial ESI production by April 14 consisting of communications for the company's Vice President of U.S. Operations, James Douvas, no such production has been made. Pet. Ex. P, at p. 3; Ex. A, at ¶ 41.

A comprehensive summary of Leader's compliance deficiencies can be found in the declaration filed in support of the FTC's petition. Pet. Ex. A, ¶¶ 39-44.

LEGAL STANDARD FOR ENFORCEMENT

The role of a district court in a subpoena or CID enforcement proceeding is “sharply limited,” *E.E.O.C. v. Tempel Steel Co.*, 814 F.2d 482, 485 (7th Cir. 1987) (citation omitted), as the proceeding is “designed to be summary in nature.” *Walsh v. Alight Sols. LLC*, 44 F.4th 716, 722 (7th Cir. 2022) (quoting *E.E.O.C. v. United Air Lines, Inc.*, 287 F.3d 643, 649 (7th Cir. 2002)). A court will therefore only consider whether (1) the investigation is within the statutory authority of the agency; (2) the subpoena is not too indefinite; and (3) the information sought is reasonably relevant. *Alight Sols*, 44 F.4th at 722 (quoting *E.E.O.C. v. Aerotek*, 815 F.3d 328, 333 (7th Cir. 2016)).⁹ If these requirements are met, “the district court must enforce an administrative subpoena.” *Tempel Steel*, 814 F.2d at 485 (citing *E.E.O.C. v. Illinois State Tollway Auth.*, 800 F.2d 656, 658 (7th Cir. 1986)). Enforcement will be limited only if compliance would impose “an unreasonable or undue burden on the party from whom production is sought.” *Aerotek*, 815 F.3d at 333; *see also Alight Sols.*, 44 F.4th at 722 (quoting *Dow Chem. Co. v. Allen*, 672 F.2d 1262, 1267 (7th Cir. 1982)).

⁹ The Commission applied this same standard in evaluating the merits of, and ultimately denying, Leader's Petition to Quash the CID. *See* Pet. Ex. N at p. 4.

Enforcement proceedings necessarily must be accelerated and limited in scope to protect “the important governmental interest in the expeditious investigation of possible unlawful activity.” *Markwood*, 48 F.3d at 979 (quoting *Texaco*, 555 F.2d at 872-73). To ensure the summary nature of enforcement proceedings, the government is authorized to rely on affidavits or declarations to demonstrate that the requirements for enforcement of an administrative subpoena have been satisfied. *In re EEOC*, 709 F.2d 392, 400 (5th Cir. 1983); accord *United States v. Dynavac, Inc.*, 6 F.3d 1407, 1414 (9th Cir. 1993) (the government’s burden is a “slight one” and may be satisfied by a declaration).

In addition, Leader may only oppose enforcement of the CID on grounds that it previously presented to the Commission in its Petition to Quash. Parties must generally exhaust their administrative remedies before seeking relief in court, including regarding objections to the FTC’s compulsory process. *See, e.g., United States v. Morton Salt*, 338 U.S. 632, 653–54 (1950); *American Motors Corp. v. FTC*, 601 F.2d 1329, 1332–37 (6th Cir. 1979); *FTC v. XCast Labs, Inc.*, No. Misc 21-1026-MWFMRWX, 2021 WL 6297885, at *2, *3 (C.D. Cal. Dec. 9, 2021) (noting that “[a]mple authority supports the conclusion that a party must present and exhaust” its objections to an FTC CID before coming to court) (citing cases). Because CID recipients have an administrative remedy to quash or narrow a CID, *see* 15 U.S.C. § 57b-1(f); 16 C.F.R. § 2.10, a recipient’s failure to present a basis for opposing a CID to the Commission waives the ability to present the objection later. *FTC v. Tracers Info. Specialists, Inc.*, No. 8:16-mc-00018-VMC-TGW, 2016 WL 3896840, at *4 (M.D. Fla. June 10, 2016) (objections not raised to a CID before the Commission are waved in court).

ARGUMENT

The FTC satisfies the three conditions for enforcement of the CID: it is authorized to conduct the investigation, it seeks specific documents and information, and these materials are reasonably relevant to the investigation. And as the Commission found in its order denying Leader's Petition to Quash, there is no evidence that compliance with the CID would impose an undue or unreasonable burden on the company. Accordingly, the CID should be enforced without delay.

A. The CID is Properly Issued Under the Commission's Statutory Authority

There is no dispute that the Commission's investigation of Leader and the related CID fall within the agency's statutory authority, specially: Section 5 of the FTC Act and the ECOA. *See* Pet. Ex. B, at p. 6 (delineating the "Subject of Investigation"). Section 5(a) of the FTC Act prohibits unfair or deceptive acts or practices in or affecting commerce. 15 U.S.C. § 45(a). The ECOA prohibits creditors from discriminating against credit applicants on the basis of race or ethnicity, among other characteristics. 15 U.S.C § 1691 *et seq.*

The FTC has authority to enforce provisions of the FTC Act, 15 U.S.C. §§ 41-58, which authorizes the Commission to investigate whether a person is or has been engaged in unfair or deceptive acts or practices in or affecting commerce, and to issue CIDs to any person who may have documents or information relevant to such an investigation. 15 U.S.C. § 57b-1(c)(1). Similarly, the ECOA authorizes the Commission to enforce requirements of that statute with the same functions and powers provided under the FTC Act. 15 U.S.C. § 1691c(c). As articulated by the Supreme Court, the FTC may "investigate merely on suspicion that the law is being violated, or even just because it wants assurance that it is not." *Morton Salt*, 338 U.S. at 642-643.

Here, this condition for enforcement of the CID is easily satisfied. Leader sells new and used cars at its ten Illinois locations and makes claims to consumers about the price, condition, and add-ons offered and sold in connection with these cars. An investigation into the veracity and legality of these claims falls squarely within the Commission’s consumer protection enforcement authority. Leader also obtains financing from third-party lenders on behalf of prospective buyers. Investigating how these financing practices are conducted, and whether they comply with the ECOA, is unquestionably within the FTC’s statutory authority.

The CID was also issued in compliance with applicable procedural requirements of the FTC Act and its implementing rules. 15 U.S.C. § 57b-1(c); 16 C.F.R. § 2.7 (2022). Specifically, a CID must:

- identify the nature of the conduct being investigated and the provision of law applicable to such violation;
- describe with “definiteness and certainty” the documentary material to be produced and the questions to be answered;
- provide the respondent a “reasonable period of time” to respond to the requests;
- “identify the custodian to whom such material shall be made available”; and
- prescribe a date at which time the answers to questions shall be submitted.

15 U.S.C. § 57b-1(c).

The CID to Leader satisfies all of these requirements. *See Pet. Ex. B*. The schedule accompanying the CID describes the nature of the investigation and identifies the laws at issue. *Id.* at p. 6 (see “Subject of Investigation”). It also describes with “definiteness and certainty” the kinds of documents and information to be produced in a schedule requesting discrete information and categories of documents, 15 U.S.C. § 57b-1(c)(3)(a), (5)(a). *Pet. Ex. B*, at pp. 6-16. In

addition to identifying a specific records custodian to whom the responses must be sent, the CID was validly signed by Commissioner Alvaro Bedoya acting pursuant to three Resolutions approved by the full Commission authorizing the use of compulsory process. *Id.*; 16 C.F.R. § 2.7(a).

Leader did not dispute the FTC’s authority or process for issuing the CID in its Petition to Quash, except in one trivial respect.¹⁰ Pet. Ex. H. Any attempt to do so in this Court would be meritless and foreclosed by Leader’s failure to make such a claim in its administrative challenge.

B. The CID Clearly Defines the Information and Documents Sought

The Seventh Circuit has held that that an administrative subpoena is indefinite only if its “demands are overly vague or amorphous.” *Alight Sols.*, 44 F.4th at 724. The Commission’s CID is neither vague, amorphous, nor indefinite, and Leader has never suggested otherwise, either in its Petition to Quash, in correspondence with FTC staff, or in answers to the CID itself.¹¹

The Commission’s CID includes a schedule consisting of twenty-four interrogatories,¹² seventeen document requests, and two separate data requests, all of which specify in exacting detail the materials sought. Pet. Ex. B, at pp. 6-16. As noted above, these requests seek discrete categories of documents and information, such as policies and procedures, consumer complaints

¹⁰ In its Petition to Quash, Leader claimed that the Commission failed to properly “serve” the CID because it named the two entities that own the company’s ten subsidiaries rather than the subsidiaries themselves. Pet. Ex. H, at p. 6. The Commission properly rejected this argument. Pet. Ex. N, at p. 5.

¹¹ In a February 3, 2023, letter to FTC staff, counsel for Leader asked for clarification regarding a handful of terms in Specification C of the CID. Pet. Ex. J, at p. 2. This is the only occasion on which counsel has suggested or implied that Leader requires clarification of the CID’s requests. FTC staff promptly provided the requested clarification via letter on February 6, 2023.

¹² The original CID schedule issued by the Commission erroneously numbered the interrogatories out of sequence beginning with request 19. The FTC formally modified the CID to correct this error in a letter dated March 3, 2023. *See* Pet. Ex. O, at 6 n.9.

and inquires, the identity of employees, the costs and providers of add-on products, copies of advertisements, deal jackets, and other materials. For example, Document Request 6 requests:

Documents sufficient to show any policies, procedures, employee manuals, and training materials referring or relating to the Company's Advertising, marketing, sales, financing, leasing, and legal compliance. This request includes, without limitation, all Documents referring or relating to compliance with the Equal Credit Opportunity Act, the Federal Trade Commission Act, the Truth In Lending Act, state laws governing the sale of automobiles, and the "in-house F&I [finance and insurance] training program and team" referenced in AutoCanada submissions to the SEDAR filing system, including its March 31, 2022 Annual Information Form.

Pet. Ex. B, at p. 10. To further clarify these requests, the schedule separately defines eight terms used in the specifications, including "add-on," "dealer participation," and "advertisement." *Id.*, at pp. 11-12. The CID's requests are therefore sufficiently delineated for Leader to produce responsive information and documents. Regardless, any attempt by Leader to raise an indefiniteness challenge at this stage would be meritless and precluded by the company's failure to make such a claim in its Petition to Quash.

C. The CID Seeks Information and Documents That Are Reasonably Relevant to the Commission's Investigation

The information and documents sought by the CID are reasonably relevant to the FTC's investigation. "'Reasonably relevant' means merely 'that the information must be relevant to some (any) inquiry that the [agency] is authorized to undertake.'" *United States v. Oncology Services Corp.*, 60 F.3d 1015, 1020 (3d Cir. 1995) (quoting *Dole v. Trinity Industries, Inc.*, 904 F.2d 867, 872 (3d Cir. 1990)). As long as the material requested "touches a matter under investigation, an administrative subpoena will survive a challenge that the material is not relevant." *Sandsend Fin. Consultants, Ltd. v. Fed. Home Loan Bank Board*, 878 F.2d 875, 882 (5th Cir. 1989) (internal quotation marks omitted). The agency's appraisal of relevancy "must be

accepted so long as it is not obviously wrong.” *FTC v. Invention Submission Corp.*, 965 F.2d 1086, 1089 (D.C. Cir. 1992) (internal quotation marks omitted).

In its order denying Leader’s Petition to Quash, the Commission found the CID to be “plainly relevant to assessing compliance with the fair lending and consumer protection laws at issue.” Pet. Ex. N, at p. 5. The CID seeks information and documents relating to Leader’s sale and promotion of vehicles and dealer add-ons, potentially discriminatory financing practices, and management’s awareness of, and possible participation in, this conduct. As the Commission recognized, broad subpoenas such as this are appropriate in comprehensive investigations. *Id.* (citing *Texaco*, 555 F.2d at 882).

Once again, Leader did not dispute the relevancy of the CID’s requests in the company’s Petition to Quash. Any attempt to do so here would therefore be meritless and foreclosed by Leader’s failure to make such a claim in its administrative challenge.¹³

D. The CID Is Not Unreasonably Broad or Burdensome

Any objection by Leader based on burden or overbreadth would not defeat enforcement of the CID, both because the objection is baseless and also because Leader failed to raise it in the administrative proceeding before the Commission. The Commission’s order denying the Petition to Quash found that Leader had presented “no factual basis to conclude that the burden on the company is undue.” Pet. Ex. N, at p. 7. Where the agency’s inquiry “is authorized by law and the materials sought are relevant to the inquiry,” the burden of compliance will rarely be considered unreasonable. *SEC v. Brigadoon Scotch Distributing Co.*, 480 F.2d 1047, 1056 (2d Cir. 1973). Because “[s]ome burden on subpoenaed parties is to be expected and is necessary in furtherance

¹³ Leader did add a sentence at the very end of its Petition to Quash claiming, without elaboration or evidence, that the CID was “irrelevant,” Pet. Ex. H, at p. 8, which the Commission dismissed as a “throwaway” claim. Pet. Ex. N, at p.6 n.4.

of the agency's legitimate inquiry and the public interest," courts "have refused to modify investigative subpoenas unless compliance threatens to unduly disrupt or seriously hinder normal operations of a business." *Texaco, Inc.*, 555 F.2d at 882. Leader did not make anything close to such a showing in its challenge to the CID before the FTC, and thus immediate enforcement of the CID should be ordered. *See E.E.O.C. v. Bay Shipbuilding Corp.*, 668 F.2d 304, 313 (7th Cir. 1981) (rejecting argument that it would be unduly burdensome to comply with administrative subpoena when respondent "had ample opportunity to demonstrate before the EEOC that it would be unduly burdensome" but failed "to present any affidavits to support its conclusory assertion to that effect"); *see also United States v. Firestone Tire & Rubber Co.*, 455 F. Supp. 1072, 1084 (D.D.C. 1978) (rejecting argument it would be unduly burdensome to require respondent "to produce information which it has known for six months was being sought").

To the extent Leader may seek to expand its burden claim for the first time here, the objection is waived. Even if not found to be waived, any such objection should nevertheless be rejected as meritless. Publicly available information as well as evidence obtained during the Commission's investigation indicates both that Leader maintains records that are responsive to the CID and that producing these records will not impose a meaningful burden, much less an undue one. The CID seeks general business information and documents that Leader should maintain and, in some cases, is legally required to maintain, in the ordinary course of its operations. Moreover, in statements made to investors and regulators, Leader's corporate parent, AutoCanada, has repeatedly touted the sophistication and capabilities of the company's data information systems, statements that are at odds with Leader's contentions now that it would be

too burdensome to produce some of the requested information.¹⁴ Former employees familiar with these systems, copies of records maintained on the systems, and the vendor's own website,¹⁵ all confirm that the data and documents sought by the CID are readily accessible, despite Leader's claims to the contrary.¹⁶

Since being served with the CID four months ago, Leader has withheld responsive information and documents relevant to the FTC's investigation on the basis of its unsupported objections. Rather than demonstrating undue burden, Leader's conduct suggests instead that it simply is not taking seriously its duty to comply with the Commission's CID. The company has not complied with deadlines set by the Commission; submitted perfunctory, incomplete responses to interrogatories and document requests; refused to answer other requests; failed to provide factual support for any of its purported burden objections; refused to comply with the FTC's production requirements; and shown little indication that it is taking the issue of electronically stored information ("ESI") seriously. To cite just a few examples, counsel's April 10, 2023, email is the first acknowledgement from Leader that it is in the process of retaining a vendor to manage ESI discovery, despite being encouraged to start this process in the parties' first conversation on December 27, 2022. Pet. Ex. A, at ¶ 8. And virtually all of Leader's

¹⁴ These systems, AutoCanada claims in reports filed with Canadian regulators, can generate reports "that set forth and compare revenue and expense data by department and by dealership, allowing our management to quickly analyze the results of operations, identify trends in the business and focus on areas that require attention or improvement." Pet. Ex. C, at p. 34. AutoCanada claims that these systems are installed "as soon as possible" after each acquisition because they are "a key factor in successfully incorporating newly acquired businesses." *Id.*

¹⁵ Deal jackets are maintained by CDK Global Inc., a software service provider for the automotive industry. On its website, CDK describes how the company's "Digital Contracting solutions automatically group forms and archive them in a digital deal jacket, which can be *easily accessed* by your F&I manager" (emphasis added) (<https://www.cdkglobal.com/fi/fi-solutions/digital-contracting>).

¹⁶ At least one former employee has described downloading deal jackets as a process that takes seconds, not ten to fifteen minutes as claimed by Leader. More importantly, this claim is entirely unsubstantiated and based on nothing more than the assertion of counsel.

responses to the CID's document requests are facially incomplete. In response to Document Request 11, which requests files relating to the employees disciplined or terminated for conduct related to the FTC's investigation, Leader has produced a one-page email and a one-page "Corrective Action Form." Pet. Ex. A, at ¶ 39. Similarly, in response to Document Request 12, which requests documents related to compliance investigations or audits, Leader has produced a total of only eight emails. There is no indication from these responses that the CID is burdening Leader.

CONCLUSION

For all of these reasons, Petitioner FTC respectfully requests that the Court grant its petition and issue the attached order requiring Respondent Leader to comply with the CID or to show cause as to why it has failed to do so.

Respectfully submitted,

ANISHA S. DASGUPTA
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Dated: April 20, 2023.

s/ Rachel F. Sifuentes

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**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

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| FEDERAL TRADE COMMISSION, | |) | |
| | |) | |
| Petitioner, | |) | |
| | |) | Case No. 23-cv-2500 |
| v. | |) | |
| | |) | |
| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
| | |) | |
| Respondents. | |) | |
| <hr/> | |) | |

**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit A

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN ILLINOIS

FEDERAL TRADE COMMISSION,

Petitioner,

v.

ACIA17 Automotive, Inc. and
ACIA ACQ Corporation dba Leader Automotive
Group,

Respondents.

Case No. 23-cv-2500

**DECLARATION OF JAMES DAVIS IN SUPPORT OF THE FEDERAL TRADE
COMMISSION’S PETITION FOR AN ORDER TO ENFORCE CIVIL
INVESTIGATIVE DEMAND**

1. I, James Davis, am an attorney employed by the Federal Trade Commission (“FTC” or “Commission”). I am over 18 years of age. I presently work in the FTC’s Midwest Region, located at 230 South Dearborn Street, Suite 3030, Chicago, Illinois 60604. I submit this declaration in support of the petition (“Petition”) of the Federal Trade Commission for a Show Cause Order to enforce the Civil Investigative Demand (“CID”) issued to ACIA17 Automotive Inc. and ACIA ACQ Corporation doing business as Leader Automotive Group.

2. I am authorized to execute this declaration to verify the facts set forth in the Commission’s Petition. I have read the Petition and exhibits thereto (hereinafter referred to as Petitioner’s Exhibit or Pet. Ex.) and verify that Petitioner’s Exhibits B through Y are true and correct copies of the original documents or have been prepared from true and correct copies. A list of Petitioner’s Exhibits is appended to the end of this declaration. The facts set forth herein are based on my personal knowledge or information made known to me in the course of my official duties.

The FTC's Civil Investigative Demand and Order at Issue

3. The Commission issued a CID to ACIA17 Automotive Inc. and ACIA ACQ Corporation doing business as Leader Automotive Group (“Leader”) on December 21, 2022, with a return date of January 17, 2023. A copy of the CID is marked as **Petitioner’s Exhibit B**. The CID was issued in support of an investigation into:

Whether the Company, as defined herein, has made false or deceptive representations, or engaged in unfair conduct in violation of the FTC Act, 15 U.S.C. § 45, or has discriminated on a prohibited basis in violation of the Equal Credit Opportunity Act, 15 U.S.C. § 1691 *et seq.*, resulting in higher vehicle sale prices, periodic payments, or Add-on charges, and whether Commission action to obtain monetary relief would be in the public interest.

Pet. Ex. B, at p. 6 (“Subject of Investigation”). The CID for this investigation was issued pursuant to three Commission resolutions authorizing the use of compulsory process in aid of investigations of violations of statutes and rules enforced by the Commission. Specifically, **Resolution No. 8323137**, authorizing investigation of the advertising, marketing, offering for sale, sale, or financing of motor vehicles in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, as amended, or any statutes or rules enforced by the Commission; **Resolution P944809**, authorizing investigation of acts or practices in violation of the Equal Credit Opportunity Act, 15 U.S.C. § 1691 *et seq.* and Regulation B, 12 C.F.R. § 202 *et seq.* and deceptive or unfair practices with respect to discrimination in the extension of credit in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, as amended; and **Resolution No. 1123162**, authorizing investigation of the advertising, marketing, or sale of products or services through the use of endorsements or testimonials in violation of Section 5 of the FTC Act, 15 U.S.C. § 45.

4. The CID contains twenty-four interrogatories (Specification A), seventeen document requests (Specification B), and two separate data requests (Specification C).

5. ACIA17 Automotive Inc. and ACIA ACQ Corporation are Delaware corporations with operations and employees in Illinois. Their principal officer, James Douvas, resides and transacts business in the Northern District of Illinois.

6. Leader is a wholly owned subsidiary of AutoCanada Inc. (“AutoCanada”), a publicly traded Canadian entity with 82 franchised dealerships in eight provinces in Canada. **Petitioner’s Exhibit C.** For 2022, AutoCanada reported quarterly gross revenue for its U.S. subsidiary, Leader, of between \$211 and \$235 million. *Id.*, at pp. 5, 26, 46, 66.

7. On December 21, 2022, FTC staff served the CID on Mr. Douvas via Federal Express and email. **Petitioner’s Exhibit D.**

FTC’s Efforts to Obtain Compliance from Leader

8. On December 27, 2022, I spoke with Ira Levin, counsel for Leader. Among other things, I encouraged Mr. Levin to begin developing a protocol for the collection and production of electronically stored information responsive to the CID’s document requests. We tentatively agreed to schedule an initial meet and confer on January 10, 2023, and Mr. Levin agreed to attempt to circulate a proposed production schedule by that date.

9. Two weeks later, in an email dated January 10, 2023, Mr. Levin informed me that he would not be able to provide “a realistic timeline for production” because he still needed to clarify certain matters with his client. **Petitioner’s Exhibit E.**

10. The parties engaged in a telephonic meet and confer the afternoon of January 10, 2023, that lasted approximately one hour.

11. Based on information gathered during its investigation, FTC staff learned that sometime in early 2021, Leader began scanning and uploading so-called “deal jackets,” the paperwork generated for every vehicle sale, to a cloud-based system maintained by CDK Global

Inc. (“CDK”), a software service provider for the automotive industry. On its website, CDK describes how the company’s “Digital Contracting solutions automatically group forms and archive them in a digital deal jacket, which can be *easily accessed* by your F&I manager” (emphasis added) (<https://www.cdkglobal.com/fi/fi-solutions/digital-contracting>).

12. Furthermore, in reports filed with Canadian regulators, AutoCanada claims that the company and its subsidiaries can generate reports “that set forth and compare revenue and expense data by department and by dealership, allowing our management to quickly analyze the results of operations, identify trends in the business and focus on areas that require attention or improvement.” *See, e.g.*, Pet. Ex. C, at p. 86; and 2021 AutoCanada Annual Information Form at 25 (Mar. 26, 2021), *available at* <https://investors.autocan.ca/wp-content/uploads/2021/04/AutoCanada-2020-AIF-Final.pdf>. AutoCanada also claims that these systems are installed “as soon as possible” after each acquisition because they are “a key factor in successfully incorporating newly acquired businesses.” *Id.*

13. On January 11, 2023, the day after the telephonic meet and confer, my colleague, Samantha Denny, emailed Mr. Levin and his partner, Elizabeth Pall. In this email, Ms. Denny stated that the FTC did not regard the production of electronically stored deal jackets saved on a third-party server to be burdensome and requested that these files be produced in their entirety. Ms. Denny also emphasized the importance of sharing a proposed production as soon as practicable so that staff could confer with our managers about extensions of the existing production deadline, which was less than a week away. **Petitioner’s Exhibit F.**

14. Mr. Levin responded that deal jackets “were not being scanned [and uploaded to the third-party server] throughout the period requested in the subpoena, which was a more recent development as I recall, and there was a change in the systems as well.” *Id.* As discussed below,

however, after months of delay, Leader eventually did begin producing scanned deal jackets from this time frame, showing that Mr. Levin's comment was mistaken, at best.

15. In an email dated January 12, 2023, Ms. Pall stated that she anticipated providing a proposed production schedule to FTC staff by the following week. **Petitioner's Exhibit G.** Counsel did not provide a schedule the following week.

16. On January 16, 2023, Leader filed a petition to quash, limit, or modify the CID with the Commission ("Petition to Quash"). A copy of the Petition to Quash is marked as **Petitioner's Exhibit H.** In general, Leader argued (1) that the CID was not properly served because it should have been directed to each of its ten dealerships rather than the parent companies; and (2) that the CID is unduly burdensome, overbroad, and threatened to disrupt or seriously hinder the company's normal business operations because of the number of requests and scope of information requested, as well as the likelihood that compliance would require Leader to engage the services of "a third-party discovery vendor." Leader also included one sentence in the last line of the last paragraph of its petition asserting, without elaboration, that the CID was "irrelevant." *Id.*, at p. 9.

17. In its Petition to Quash, Leader claimed that it intended "to propose to the FTC a reasonable timeline for production of an agreed scope of documents and information[.]" but provided no proposal, either in its filing or via any communication with counsel, for the next several months. *Id.*, at p. 5. In letters dated January 20 and February 3, 2023, while Leader's Petition to Quash was pending, counsel again stated that they were working with their client "to determine a reasonable timeline to produce responsive information[.]" which they did not do until months later. **Petitioner's Exhibit I and J.**

18. With the January 20 correspondence, Leader produced (1) a one-page corporate organizational chart, responsive to CID Document Request 1; and (2) three largely identical versions of an employee handbook, totaling 139 pages, purportedly responsive to CID Document Request 6 and Interrogatory 19. This was the first production of any documents or information by Leader to the CID.

19. The February 3 correspondence also stated that Leader “anticipate[d] being able to produce to you much of the data requested” by Specification C of the CID within the next week. Pet. Ex. J, at p. 2. Counsel also asked for clarification regarding a handful of terms in Specification C, which is the only occasion on which Leader has ever suggested the CID requests required any clarification. *Id.* FTC staff provided the requested clarification three days later, as discussed below in paragraph 21.

20. In this same letter, Leader advised the FTC for the first time, without any support, that downloading a single deal jacket “takes about 10 minutes[,]” and therefore asserted that the company should only be required to provide a limited sampling of the deal jackets. *Id.* After meeting and conferring further, FTC staff requested a sampling of the deal jackets as an initial production via letter on March 3, 2023, as discussed further below in paragraph 26.

21. In a letter dated February 6, 2023, FTC clarified the handful of terms in Specification C requested by Leader, as discussed above in paragraph 19, above. Staff also observed that Leader (1) had yet to circulate its proposed production schedule for its “rolling productions” that it told the Commission it would make; (2) its productions to date were minimal; (3) it had not provided substantiation for its burden objections; and (4) there had been no agreed modifications or limitations to the existing CID specifications. **Petitioner’s Exhibit**

K, at p. 2. In addition, FTC staff requested that Leader provide a written update on the progress in developing the ESI protocol discussed during the January 10 meet and confer. *Id.*

22. The parties' engaged in another meet and confer on February 13, 2023. Among other topics discussed, counsel for Leader stated that the company would soon be able to produce data responsive to Specification C. In an email dated February 22, 2023, counsel informed FTC staff that this data would be produced by March 3. **Petitioner's Exhibit L**. The email did not raise any concerns or objections about the specification.

23. On February 24, 2023, Leader produced a handful of unsworn, incomplete responses to some of the CID interrogatories, seven reports in Excel format, and a list of proposed ESI search terms. **Petitioner's Exhibit M**. Among the Excel files produced was a spreadsheet partially responsive to Interrogatory 3 that identified some Leader employees, many without required contact information, that appeared to be generated from a database. In its Petition, Leader had previously claimed that gathering this information would require a hand-check of "hundreds of individual personnel files." Pet. Ex. H, at p. 4.

24. On February 27, 2023, the Commission issued an order denying Leader's petition and directing the company to comply in full with the CID no later than March 10, 2023, at 9:00 a.m. CDT. A copy of the Commission's order is marked as **Petitioner's Exhibit N**.

25. On March 3, 2023, FTC staff sent a nine-page letter to counsel for Leader outlining in detail multiple deficiencies with their responses to the CID to date and the requirements for compliance.¹ **Petitioner's Exhibit O**. Among other deficiencies, FTC staff stated that Leader had: (1) failed to answers interrogatories under oath, as required by 15 U.S.C.

¹ FTC staff also modified the CID to correct a numbering error in the CID; the original CID schedule issued by the Commission erroneously numbered the interrogatories out of sequence beginning with request 19. *Id.*, at 6, n.9.

§ 57b-1(c)(13); (2) produced no substantive information in response to Interrogatories 2 and 8; (3) omitted multiple data points in its response to Specification C from the CID, even though no modification to this request had been discussed or agreed on; (4) failed to answer over a dozen interrogatories and document requests; (5) produced no deal jackets in response to Document Request 7; and (6) had failed to meaningfully engage with staff on establishing an ESI protocol applicable for multiple document requests. *Id.*, at pp. 5-8. With respect to ESI, staff noted that Leader's keywords appeared to contain terms with no apparent relevance to the FTC's investigation, such as "mopar" and "floor mats," as well as omitted several critical topics, including complaints, refunds, and cancellations. *Id.*, at p. 7, fn. 10. Staff provided an additional one-week extension of the Commission's deadline, extending that date for compliance with the CID to March 17, 2023. *Id.*, at p. 1.

26. To avoid further proceedings, staff required all identified deficiencies to be cured by the March 17 deadline, including: (1) providing complete, sworn answers to all interrogatories and Specification C; (2) producing twelve (12) complete deal jackets from each franchise dealership for each month from January 2021 to the present; (3) producing all non-privileged documents responsive to Document Requests 2, 3, 6, 8, 14, 16; and (4) for the purpose of establishing an ESI protocol, agreeing to a finalized list of search terms and document custodians. *Id.*, at p. 8. In addition, staff required Leader to produce all non-privileged, responsive communications for James Douvas, Leader's Vice President of U.S. Operations, by April 3, 2023. *Id.* Failure to comply with these deadlines, the letter stated, would constitute grounds for referral of this matter to the Commission's Office of General Counsel for judicial enforcement. *Id.*, at pp. 8-9.

27. On March 7, 2023, FTC staff emailed a counter-proposed list of ESI search terms to Leader's counsel.

28. Between March 3 and March 16, 2023, counsel for Leader did not engage with FTC staff.

29. On March 17, 2023, counsel for Leader produced ten pages of documents and tendered unsigned, incomplete responses to certain interrogatories. In a letter accompanying this production, counsel generally refused to cure the defects identified in the FTC's March 3 letter.

Petitioner's Exhibit P. For example, counsel declined to produce a complete list of current and former employees with contact information in response to Interrogatory 3, insisting that the FTC should instead justify why the existing spreadsheet was "insufficient." *Id.*, at p. 2. The letter also stated, without any elaboration or support and for the first time, that any data not produced in response to Specification C is "either not available or not accurately recorded." *Id.*, at 3. Counsel also stated that the process of downloading an individual deal jacket "takes at least 15 minutes," and thus the proposed sampling was overly burdensome since it would take at least 97.5 workdays to complete and should be narrowed. *Id.* Counsel further stated that they would both "review" the FTC's proposed ESI search terms "and provide our comments." *Id.*, at pp. 3, 4. No such substantive response regarding the FTC's proposed ESI search terms has been provided as of the date of this declaration.

30. In the March 17 correspondence, Leader also unilaterally purported to extend the CID's production deadlines to various dates between March 24 and April 14, 2023. *Id.*, at p. 3. This included a unilateral extension of the deadline to produce Mr. Douvas's responsive communications until April 14, 2023. *Id.*

31. FTC staff responded to Leader's March 17 correspondence in a letter dated March 20, 2023. **Petitioner's Exhibit Q.** Staff stated that because Leader had failed to cure any of the previously identified deficiencies, which staff again listed in detail, the matter would be referred for judicial enforcement to the Commission's Office for General Counsel. Staff emphasized that the letter did not modify the CID or extend any of its deadlines. Finally, staff characterized Leader's request to "meet and confer" as untimely "given the Commission's rejection of [the Petition to Quash] and the company's ongoing refusal to comply and lack of good faith." *Id.*, at p. 3, fn. 5.

32. In a letter dated March 21, 2023, counsel for Leader sent a letter generally asserting that it was either not deficient in its responses or was planning on making an additional production at some unspecified time. **Petitioner's Exhibit R.** The letter again asserted, without elaboration or support, that "some" of the data points requested by Specification C of the CID are "either not available or not accurately recorded in the Company's system." *Id.*, at p. 2.

33. A March 28, 2023, letter from FTC staff reiterated that Leader was in default of the CID and the Commission's order denying the company's Petition to Quash, that prior correspondence outlined in detail the minimum steps that Leader needed to take to avoid judicial enforcement and emphasized that these requirements had not been met. **Petitioner's Exhibit S.**

34. On March 31, 2023, Leader tendered its Third Amended Response to the CID. **Petitioner's Exhibit T.** In written answers to Interrogatory 24 and Document Request 2, Leader falsely claims that the FTC agreed to limited productions under these requests. *Id.*, at pp. 16-18. Under the Commission's rules of practice, a CID can only be limited or modified in writing by designated officials within Bureau of Consumer Protection, including Regional and Assistant Regional Directors. 16 C.F.R. § 2.7(l). No such approval regarding these or any of the CID's

other specifications has been formally requested or approved. Leader also tendered a sampling of 39 deal jackets from 2022 in a single PDF file. Many pages in this file are illegible. In addition, the production, as well as others made by Leader, does not comply with the FTC's production requirements. *See* Pet. Ex. B, at pp. 23-25. As a result, the file is not searchable, many of the Bates Numbers are illegible, and it is not reviewable in the FTC's document review platform.

35. In email correspondence exchanged by the parties between March 31 and April 10, 2023, counsel for Leader requested to meet with FTC staff "to discuss the status of this matter." **Petitioner's Exhibit U**, at p. 3. In response, FTC staff indicated that they would be willing to meet provided counsel understood that no modifications or extensions of the CID would be considered and provided that counsel could outline what, in particular, Leader would like to discuss. *Id.*, at p. 2.

36. On April 10, 2023, counsel for Leader sent an email to FTC staff claiming that the company had "responded to a majority of staff's requests" and would provide responses to the "bulk of the [CID's] outstanding requests...in the near future." *Id.*, at p. 1. With respect to the data requests in Specification C, counsel did not deny that Leader is withholding data, but instead claimed that "the client provided a response with information for all of the data points that were accurately stored in its electronic database" and suggested that FTC staff could find the missing information "in the individual deal jackets." *Id.* The email also stated that Leader was still in the process of retaining a vendor to manage ESI discovery, despite staff's prior encouragement to begin the process months ago.

37. On April 12, 2023, and April 13, 2023, a little over two weeks after being informed that the CID had been referred FTC's Office of General Counsel for enforcement,


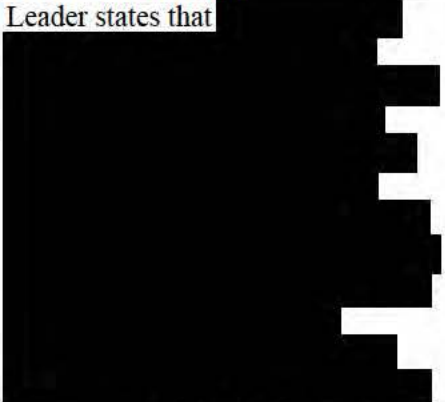
Leader produced another sampling of about 350 additional deal jackets, combined into 10 PDF files that do not comply with the FTC’s production requirements.

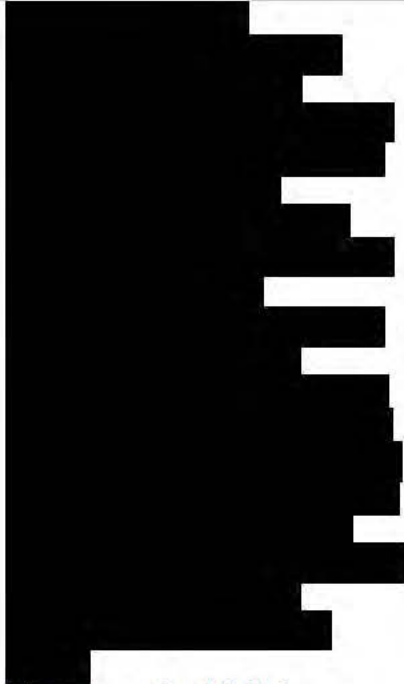
38. In an email dated April 17, 2023, FTC staff reiterated that Leader was in default of the CID, summarized many of the outstanding compliance deficiencies, and offered to meet with counsel only on the condition that they provide a concrete timeline for promptly curing all deficiencies. **Petitioner’s Exhibit V.**

Leader’s Deficient CID Productions

39. Between January 20 and April 14, 2023, Leader tendered documents and answers to interrogatories in eight separate productions purportedly in response to various CID specifications. Many of these responses are deficient. For example:

| Specification | Request | Relevant Response/Deficiency |
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| Interrogatory 1d | State the names and titles of all officers, directors, principals, stockholders, and owners of the Company. | <ul style="list-style-type: none"> • [REDACTED] • Response does not identify any individuals by name or provide contact information. |
| Interrogatory 1e | Names and percentages of ownership of all persons holding five percent or more ownership. | Same response to 1d. |
| Interrogatory 1f | Names, addresses, officers, directors, owners, and states of incorporation of any parent, subsidiary, affiliate company or division and relationship of each to the Company. | Same response to 1d. |
| Interrogatory 2 | Identify all current or former employees responsible for compliance policies and procedures. | Leader objects to request [REDACTED] |

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| Interrogatory 3 | Identify all current and former employees. | Leader will only produce a spreadsheet identifying a limited subset of employees, which also does not, in many cases, provide available contact information. |
| Interrogatory 8 | Describe the process of preparing a used vehicle for sale, including reconditioning the vehicle and obtaining manufacturer certification. | Leader states that  |
| Interrogatory 12 | Identify all types of add-ons sold, and state for each (a) its function and purpose; (b) its cost to the company; (c) its cost to consumers; (d) whether it is mandatory; (e) whether it is mandatory to obtain financing; (f) whether it can be purchased individually or must be purchased in a bundle with other add-ons; (g) whether it is cancellable with a full or partial refund within a set period of time; and (h) whether it is cancellable for full or partial refund at any time before fully paid. | No answer to date. Leader promised to answer this interrogatory on March 31, 2023. <i>See</i> Pet. Ex. P, at p. 3. |
| Interrogatory 13 | Identify each provider of add-on sold or offered for sale by the company and state (a) the add-on name; (b) number of add-ons sold per month; (c) compensation offered to employees for each sale; (d) aggregate amount paid by consumers annually; (e) compensation received by employees annually for sale of add-ons; and (f) compensation received by company annually for sale of add-ons. | No answer to date. Leader promised to answer this interrogatory on March 31, 2023. <i>See</i> Pet. Ex. P, at p. 3. |
| Interrogatory 18 | For each dealership, state the following on an aggregate, annual basis by new and used cars sold: (a) number sold; (b) total cost of | No answer to date. Leader promised to answer this interrogatory on April 7, 2023. <i>See</i> Pet. Ex. P, at p. 3. |

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| | vehicles sold; (c) revenue from vehicles sold; (d) number of vehicles financed; (e) number of vehicles leased; (f) total cost of vehicles leased; (g) number of vehicles imported from outside US; (h) revenue from leases. | |
| Interrogatory 19; Document Request 16 | <ul style="list-style-type: none"> • Identify and describe systems that contain customer contact and transaction information • Describe types of data collected in these systems • Describe reports that the systems are capable of generating • Produce representative screenshots of systems and the reports that they are capable of generating | <ul style="list-style-type: none"> •  • Five pages of unlabeled screenshots captured from what appears to be a mobile device with no representative reports and no screenshots of other systems used by Leader. Petitioner's Exhibit W. |
| Interrogatory 23 | Describe in detail any Company policies and procedures regarding the handling, storage, copying, and contents of deal packets. Identify all Documents that are required to be included in a deal packet. | No answer. Leader promised to answer this interrogatory on April 7, 2023. <i>See</i> Pet. Ex. P, at p. 3. |
| Interrogatory 24 | List any transfers of funds between the Company and the dealerships it operates, or between any of the dealerships. | Leader has answered this request by falsely claiming that FTC staff has agreed to limit or modify or it to allow a description of different types of transfers, rather than producing a list of transfers themselves. <i>See</i> Paragraph 34, above. |
| Document Request 2 | A copy of each unique Advertisement referring or relating to the sale, lease, or financing of | Leader has answered this request by falsely claiming that the FTC has agreed to limit or modify it to allow |

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| | motor vehicles by the Company. Please confer with FTC counsel before production if the number of Advertisements responsive to this request exceeds 500. | a description of media channels in which Leader has placed advertisements as well as the volume of ads placed in these channels, rather than producing copies of the ads themselves. <i>See</i> Paragraph 34, above. |
| Document Request 3 | Documents sufficient to show any policies or procedures, whether formal or informal, regarding the Company's handling, processing, or resolution of consumer complaints and inquiries about the Company's Advertising, promotion, offering for sale, or sale of any vehicle or Add-on, including the effective dates of such policies and procedures. | Leader claims that no such policies exist and have instead produced the "Contact Us" section from the company's public-facing website. Petitioner's Exhibit X. |
| Document Request 5 | Documents sufficient to show the Company's written policies and procedures related to social media. | Leader claims that no such policies exist, <i>see</i> Petitioner's Exhibit P, at pp. 18-19, but are currently advertising for a position with responsibilities that include "assist[ing] with the overall social media strategy" and "managing the company's online reputation and social media presence in social networking sites." Petitioner's Exhibit Y. |
| Document Request 6 | Documents sufficient to show any policies, procedures, employee manuals, and training materials referring or relating to the Company's Advertising, marketing, sales, financing, leasing, and legal compliance. This request includes, without limitation, all Documents referring or relating to...the "in-house F&I [finance and insurance] training program and team" referenced in AutoCanada submissions to the SEDAR filing system, including its March 31, 2022, Annual Information Form. | Leader has produced: <ul style="list-style-type: none"> • Three nearly identical versions of the same employee handbook; and • Two versions of the same third-party finance and insurance compliance manual (one black and white, one color) |
| Document Request 7 | All deal packets, including deal jackets, four squares, cost out sheets, pencils, sales quotes, deal sheets, retail installment sale contracts, financing applications, copies of consumers' driver's licenses, and correspondence with consumers for | Leader has made unsubstantiated burden claims with respect to this request, asserting without support that each responsive document takes between 10 to 15 minutes to obtain. <i>See</i> Pet. Exs. J, at p. 2 and P, at p. 3 |

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| | transactions from January 1, 2021, until the date of full and complete compliance with this CID. Please confer with FTC counsel before production if the number of transactions responsive to this request exceeds 500. | |
| Document Request 11 | All Documents referring or relating to the suspension, discipline, or termination of any employee by the Company or AutoCanada regarding the Subject of Investigation | Out of thousands of current and former employees, Leader has produced two documents related to a single employee: (1) a “Corrective Action Form”; and (2) a related email. |
| Document Request 12 | All Documents referring or relating to any compliance investigation or audit conducted by the Company, AutoCanada, or a third party related to the Subject of Investigation. | Leader has produced PDF copies of eight emails received from a third-party. |
| Document Request 15 | All Communications between the Company and AutoCanada referring or relating to the Subject of Investigation. | No documents produced to date. |
| Document Request 17 | Documents sufficient to show the Company’s document retention or destruction policies during the Applicable Time Period. | No documents produced to date. Leader promised to answer this interrogatory on April 7, 2023. <i>See</i> Pet. Ex. P, at p. 3. |
| Specification C, Data Requests | Information related to new and used car sales. | <ul style="list-style-type: none"> • Leader has produced five spreadsheets containing responsive information addressing certain requests. • Leader has not produced certain data requested by this specification because the company claims, without elaboration or support, that this information is either not “accurate” or not “accessible.” <i>See</i> Pet. Exs. P, at p. 3, R, at p. 2, and U. |

40. The responses to the CID illustrated by this chart are facially deficient and incomplete because they:

- Disregard instructions in the CID that direct Leader to identify individuals by name and fail to include details such as their contract information (Inters. 1 and 3);

- Provide no meaningful information about topics such as compliance and vehicle reconditioning (Inters. 2 and 6);
- Falsely claim that the FTC has limited or modified the specification (Inter. 24 and Doc. Req. 2);
- Withhold responsive information in the possession, custody, or control of Leader (Inter. 3 and Specification C);
- Make unsubstantiated burden claims (Doc. Req. 7);
- Consist of token, opportunistic productions (Inter. 19 and Doc. Reqs. 3, 6, 11, 12, 16); and
- Have not been answered, even with the extensions that Leader unilaterally, and without authorization, granted itself (Inters. 12, 13, 18, 23, and Doc. Req. 17).

41. In addition to the deficiencies identified above, in their March 17 letter, Leader pledged that it would produce responsive electronically stored documents and information for James Douvas, Leader's Vice President, by April 14, 2023, two weeks past the CID deadline set by staff and the Commission. *See* Pet. Ex. P, at p. 3. As of the date of this declaration, no such production has been made.

42. The documents produced by Leader do not comply with production requirements accompanying the CID. As a result, many of these files are not reviewable in the FTC's document review platform and Bates Labels appended to these files are often illegible because they are obscured by images in the document. In addition, the minimal amount of electronically stored documents produced by Leader to date, such as the eight pages of email correspondence produced in response to Document Request 12, do not include metadata, but instead appear to be

printed and scanned copies of the original files. Indeed, Leader's answers are accompanied by a "general objection" raising miscellaneous objections to the FTC's production requirements as well as a statement declaring that Leader will unilaterally disregard certain requirements. Pet. Ex. T, at pp 2-3.

43. The Commission's CID directs Leader to provide answers to each interrogatory separately, fully, and in writing, and provide a contemporaneous statement verifying the answers under penalty of perjury. *See* Pet. Ex. B, at pp. 18-19. The FTC's March 3, 2023, letter directs Leader to comply with this requirement. *See* Pet. Ex. N, at pp. 4, 5, 6, 8. Leader has not complied with this requirement; none of Leader's answers are accompanied by contemporaneous verification. *See* Pet. Ex. S. In response to the FTC's direction to comply with this requirement, Leader's only response has been counsel's statement that the "Company will plan on submitting any required certificate once its response and production is complete." Pet. Ex. P, at p. 3.

44. Leader has not identified any responsive documents withheld based on privilege, work product protection, statutory exception, or any similar claim. *See* Pet. Ex. B, Instruction I-2 (instructions on providing privilege log); 16 C.F.R. § 2.11 (requirements for withholding protected material). Similarly, Leader has not identified any responsive documents or information that has not been produced because the documents or information are not within Leader's possession, custody, or control. *Id.*, Instruction I-4 ("Scope of Search"); 15 U.S.C. § 57b-1(11).

45. Leader's failure to comply fully with the CID has delayed and impeded the Commission's investigation. As discussed in the Commission's denial of Leader's Petition to Quash, the FTC's investigation concerns inquiries into whether the sales and lending practices of a company that sells over 15,000 cars each year comply with applicable consumer protection

statutes. Pet. Ex. N., at p. 1. By delaying responses and providing incomplete or evasive, token responses to interrogatories and document requests, Leader has hampered the Commission's investigation and its ability to protect the thousands of consumers who regularly do business with Leader's dealerships.

I declare under penalty of perjury that the foregoing is true and correct.

/s/ James Davis

James Davis

Executed: April 20, 2023

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
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Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

| | | |
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| FEDERAL TRADE COMMISSION, |) | |
| |) | |
| Petitioner, |) | |
| |) | Case No. 23-cv-2500 |
| v. |) | |
| |) | |
| ACIA17 Automotive, Inc. and |) | |
| ACIA ACQ Corporation dba |) | |
| Leader Automotive Group, |) | |
| |) | |
| Respondents. |) | |

**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit B



UNITED STATES FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Office of the Secretary

December 21, 2022

Via FedEx

Chrysler Automotive, Inc. and Chrysler Group LLC
d/b/a Chrysler Group LLC
Attention: James Douvas, Vice President of U.S. Operations
1561 North Dearborn Street, 2nd Floor
Chicago, IL 60642

TC File No. 2323004

Dear Mr. Douvas:

The Federal Trade Commission (“FTC”) has issued the attached Civil Investigative Demand (“CID”) asking for information as part of a non-public investigation. The purpose is to determine whether the Company, as defined herein, has made false or deceptive representations, or engaged in unfair conduct in violation of the FTC Act, 15 U.S.C. § 45, or has discriminated on a prohibited basis in violation of the Equal Credit Opportunity Act, 15 U.S.C. § 1691 *et seq.*, resulting in higher vehicle sale prices, periodic payments, or add-on charges, and whether Commission action to obtain monetary relief would be in the public interest. Please read the attached documents carefully. Here are a few important points we would like to highlight:

1. **Contact FTC counsel, James Davis (202-312-960-5596, jdavis@ftc.gov), as soon as possible to schedule a telephone call to be held within 7 days.** During that telephone call, FTC counsel can address any questions or concerns you have regarding this CID, including whether there are changes to how you comply with the CID that would reduce your cost or burden while still giving the FTC the information it needs. Please read the attached documents for more information about that meeting.
2. **You must immediately stop any routine procedures for electronic or paper document destruction, and you must preserve all paper or electronic documents** that are in any way relevant to this investigation, even if you believe the documents are protected from discovery by a privilege or some other reason.
3. **The FTC will use information you provide in response to the CID for the purpose of investigating violations of the laws the FTC enforces.** We will not disclose the information under the Freedom of Information Act, 5 U.S.C. § 552. We may disclose the information in response to a valid request from Congress, or to other civil or criminal law enforcement agencies for their official law enforcement purposes. The FTC or other agencies may use and disclose your response in any civil or

or criminal proceeding, or if required to do so by law. However, we will not publicly disclose your information without giving you prior notice.

4. **Please read the attached document closely.** They contain important information about how you should review your responses.

Please contact FTC counsels as soon as possible to schedule an initial meeting. We appreciate your cooperation.

Very truly yours,



Ari J. Tabor
Secretary



United States of America
Federal Trade Commission

CIVIL INVESTIGATIVE DEMAND

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| <p>1. TO</p> <p>ACIA17 Automotive, Inc. and ACIA ACQ Corp. d/b/a Leader Automotive Group Attn: Mr. James Douvas, Vice President of U.S. Operations 1561 N. Fremont St., 2nd Floor Chicago, IL 60642</p> | <p>1a. MATTER NUMBER</p> <p>2323004</p> |
|---|---|

This demand is issued pursuant to Section 20 of the Federal Trade Commission Act, 15 U.S.C. § 57b-1, in the course of an investigation to determine whether there is, has been, or may be a violation of any laws administered by the Federal Trade Commission by conduct, activities or proposed action as described in Item 3.

2. ACTION REQUIRED

You are required to appear and testify.

| | |
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| <p>LOCATION OF HEARING</p> | <p>YOUR APPEARANCE WILL BE BEFORE</p> |
| | <p>DATE AND TIME OF HEARING OR DEPOSITION</p> |


- You are required to produce all documents described in the attached schedule that are in your possession, custody, or control, and to make them available at your address indicated above for inspection and copying or reproduction at the date and time specified below.
- You are required to answer the interrogatories or provide the written report described on the attached schedule. Answer each interrogatory or report separately and fully in writing. Submit your answers or report to the Records Custodian named in Item 4 on or before the date specified below.
- You are required to produce the tangible things described on the attached schedule. Produce such things to the Records Custodian named in Item 4 on or before the date specified below.

DATE AND TIME THE DOCUMENTS, ANSWERS TO INTERROGATORIES, REPORTS, AND/OR TANGIBLE THINGS MUST BE AVAILABLE
January 20, 2023 by 5pm ET

3. SUBJECT OF INVESTIGATION

See attached schedule and resolutions.

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| <p>4. RECORDS CUSTODIAN/DEPUTY RECORDS CUSTODIAN</p> <p>Todd M. Kossow (Regional Director) Christine Carson (Deputy) Federal Trade Commission, Midwest Region 230 S. Dearborn St, Suite 3030, Chicago, IL 60604</p> | <p>5. COMMISSION COUNSEL</p> <p>James Davis (jdavis@ftc.gov; 312-960-5596) Federal Trade Commission, Midwest Region 230 S. Dearborn St, Suite 3030, Chicago IL 60604</p> |
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|--------------------------------------|--|
| <p>DATE ISSUED</p> <p>12/21/2022</p> | <p>COMMISSIONER'S SIGNATURE</p>  |
|--------------------------------------|--|

INSTRUCTIONS AND NOTICES

The delivery of this demand to you by any method prescribed by the Commission's Rules of Practice is legal service and may subject you to a penalty imposed by law for failure to comply. The production of documents or the submission of answers and report in response to this demand must be made under a sworn certificate, in the form printed on the second page of this demand, by the person to whom this demand is directed or, if not a natural person, by a person or persons having knowledge of the facts and circumstances of such production or responsible for answering each interrogatory or report question. This demand does not require approval by OMB under the Paperwork Reduction Act of 1980.

PETITION TO LIMIT OR QUASH

The Commission's Rules of Practice require that any petition to limit or quash this demand be filed within 20 days after service, or, if the return date is less than 20 days after service, prior to the return date. The original and twelve copies of the petition must be filed with the Secretary of the Federal Trade Commission, and one copy should be sent to the Commission Counsel named in Item 5.

YOUR RIGHTS TO REGULATORY ENFORCEMENT FAIRNESS

The FTC has a longstanding commitment to a fair regulatory enforcement environment. If you are a small business (under Small Business Administration standards), you have a right to contact the Small Business Administration's National Ombudsman at 1-888-REGFAIR (1-888-734-3247) or www.sba.gov/ombudsman regarding the fairness of the compliance and enforcement activities of the agency. You should understand, however, that the National Ombudsman cannot change, stop, or delay a federal agency enforcement action.

The FTC strictly forbids retaliatory acts by its employees, and you will not be penalized for expressing a concern about these activities.

TRAVEL EXPENSES

Use the enclosed travel voucher to claim compensation to which you are entitled as a witness for the Commission. The completed travel voucher and this demand should be presented to Commission Counsel for payment. If you are permanently or temporarily living somewhere other than the address on this demand and it would require excessive travel for you to appear, you must get prior approval from Commission Counsel.

A copy of the Commission's Rules of Practice is available online at <http://bit.ly/FTCSRulesofPractice>. Paper copies are available upon request.

Form of Certificate of Compliance*

I/We do certify that all of the documents, information and tangible things required by the attached Civil Investigative Demand which are in the possession, custody, control, or knowledge of the person to whom the demand is directed have been submitted to a custodian named herein.

If a document or tangible thing responsive to this Civil Investigative Demand has not been submitted, the objections to its submission and the reasons for the objection have been stated.

If an interrogatory or a portion of the request has not been fully answered or a portion of the report has not been completed, the objections to its submission and the reasons for the objections have been stated.

Signature _____

Title _____

Sworn to before me this day

Notary Public

*In the event that more than one person is responsible for complying with this demand, the certificate shall identify the documents for which each certifying individual was responsible. In place of a sworn statement, the above certificate of compliance may be supported by an unsworn declaration as provided for by 28 U.S.C. § 1746.

FEDERAL TRADE COMMISSION
VOLUNTARY DISCLOSURE SCHEDULE
File No. 232300

Method of Contact: You must contact FTC counsel **James Davis (312-960-5596; jdavis@ftc.gov)**, as soon as possible to schedule a telephonic meeting to be held within fourteen (14) days after You receive this CID. At the meeting, You must discuss with FTC counsel any questions You have regarding this CID or any possible CID modifications that could reduce Your cost, burden, or response time yet still provide the FTC with the information it needs to pursue its investigation. The meeting also will address how to assert any claims of protected status (e.g., privilege, work-product, etc.) and the production of electronically stored information. You must make available at the meeting personnel knowledgeable about Your information or records management systems, Your systems for electronically stored information, custodians likely to have information responsive to this CID, and any other issues relevant to compliance with this CID.

Document Retention: You must retain all documentary materials used in preparing responses to this CID. The FTC may require the submission of additional Documents later during this investigation. **Accordingly, You must suspend any routine procedures for Document destruction and take other measures to prevent the destruction of Documents in Your possession, custody, or control** that are in any way relevant to this investigation, even if those Documents are being retained by a third-party or You believe those Documents are protected from discovery. *See* 15 U.S.C. § 50; *see also* 18 U.S.C. §§ 1505, 1519.

Sharing of Information: The FTC will use information You provide in response to the CID for the purpose of investigating violations of the laws the FTC enforces. We will not disclose such information under the Freedom of Information Act, 5 U.S.C. § 552. We also will not disclose such information, except as allowed under the FTC Act (15 U.S.C. § 57b-2), the Commission’s Rules of Practice (16 C.F.R. §§ 4.10 & 4.11), or if required by a legal obligation. Under the FTC Act, we may provide Your information in response to a request from Congress or a proper request from another law enforcement agency. However, we will not publicly disclose such information without giving You prior notice.

Method of Production: Contact Christine Carson (ccarson@ftc.gov; 312-960-5594) by email or telephone at least five days before the return date for instructions on how to produce information responsive to this CID.

Certification of Compliance: You or any person with knowledge of the facts and circumstances relating to the responses to this CID must certify that such responses are complete by signing the “Certification of Compliance” attached to this CID.

Certification of Records of Regularly Conducted Activity: Attached is a Certification of Records of Regularly Conducted Activity. Please execute and return this Certification with Your response. Completing this certification may reduce the need to subpoena You to testify at future proceedings to establish the admissibility of Documents produced in response to this CID. 4

Definition Instructions : Please carefully review the Definitions and Instructions that appear after the Specifications and provide important information regarding compliance with this CID.

. **SUBJECT OF INVESTIGATION**

Whether the Company, as defined herein, has made false or deceptive representations, or engaged in unfair conduct in violation of the FTC Act, 15 U.S.C. § 45, or has discriminated on a prohibited basis in violation of the Equal Credit Opportunity Act, 15 U.S.C. § 1691 *et seq.*, resulting in higher vehicle sale prices, periodic payments, or Add-on charges, and whether Commission action to obtain monetary relief would be in the public interest. See also attached resolutions.

. **SPECIFICATIONS**

Applicable Time Period : Unless otherwise directed, the applicable time period for the requests set forth below is **from April 1, 2018 until the effective full compliance with this CID.**

A. INTERROGATORIES

1. State the following information for the Company:
 - a. Its full legal name and all other names under which it has done business;
 - b. The mailing address, street address, and telephone number of its headquarters;
 - c. The date and state(s) in which it is incorporated;
 - d. The names and titles of all its officers, directors, principal stockholders and owners;
 - e. The names and percentages of ownership of all persons holding five percent or more ownership in it;
 - f. The names, addresses, officers, directors, owners, and states of incorporation of any parent, subsidiary, affiliate company, or division and the relationship of each to the Company; and
 - g. The names and addresses of all dealerships operated by the Company in the United States.

2. Identify all current or former managers, supervisors, and employees responsible for designing, implementing, modifying, training, or ensuring compliance with the Company's policies and procedures, stating, for each such individual:
 - a. Date hired;
 - b. Date and reason employment ended, if any;
 - c. Which dealership the person was employed by;
 - d. Contact information; and
 - e. Title(s) and description of position(s) held at the Company.

3. Identify each person (not previously identified in response to Interrogatory 2) currently or formerly employed by the Company with any responsibility relating to

the sale of vehicles, financing, customer service, complaint handling, respite, and finance, including the person's:

- a. with Date hired;
- b. Date and reason employment ended, if any;
- c. Which dealership(s) the person was employed by;
- d. Contact information; and
- e. Title(s) and description of position(s) held at the Company.

Please continue with the FTC counsel before responding to this investigation if the number of responses would exceed 250.

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- 4. Identify each financial institution used to obtain financing for the purchase of vehicles. You and, for each financial institution, the percentage of the Company's sales financed by that institution.
- 5. State whether, and to what extent, the Company bears any risk in any vehicle sale financed by a third-party financial institution at the consumer's expense.
- 6. Identify any processes used by the Company's payroll.
- 7. State whether the Company's vehicle financing process, including on an initial basis, regardless of whether the loan is a late start.
- 8. Describe the process of preparing a used vehicle sale, including identifying the vehicle and obtaining manufacturer certification.

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- 9. For each of the Company's dealerships, state the average and median cost of the dealership, and the average cost of the dealership, each including:
 - a. Preparing a used vehicle sale;
 - b. Conducting a pre-delivery inspection;
 - c. Recertifying a vehicle; and
 - d. Obtaining manufacturer certification.

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- 10. For each of the Company's dealerships, state whether the advertised sales prices of used and certified used vehicles includes each of the following:
 - a. The cost of preparing a used vehicle sale;
 - b. The cost of any pre-delivery inspection;
 - c. The cost of recertifying the vehicle; and
 - d. The cost of obtaining manufacturer certification.

- 11. Identify each registered importer (including its registered importer) as well as any third party utilized by the Company to buy, transport, import used cars outside the United States for the purpose of selling such cars to consumers at your U.S. dealerships.

- 12. Identify all types of Add-ons sold, offered, or sold by the Company, and state each:

- a. 1 Its first representative;
 - b. Its strategic mate with the Company;
 - c. Its strategic mate with its members;
 - d. 1 Whether this material;
 - e. Whether this material is a fact;
 - f. Whether it may be purchased directly or must be purchased as a bundle with the Add-ons; 1
 - g. Whether this is available with a full or partial refund with a set period of time; and
 - h. Whether this is available with a full or partial refund at any time before this filing period.
3. Identify each provision of Add-ons sold, offered for sale by the Company, and state thereof:
 - a. 1 The Add-on name;
 - b. The number of Add-ons sold, monthly basis;
 - c. The membership (range of membership) offered to Year or Year employees of each type of Add-on sold;
 - d. The aggregate amount paid by Year members for Add-ons, annual basis;
 - e. The membership Year employees received in connection with the sale of Add-ons, annual basis; and
 - f. The membership the Company received in connection with the sale of Add-ons, annual basis.
 4. Describe in detail all methods that the Company has used to solicit, procure, or otherwise obtain customer reviews of the Company's or its U.S. dealerships.
 5. Identify each person, company, website, or other entity that the Company has paid to procure or create customer reviews of the Company's or its dealerships and, if a provision thereof, describe in detail work performed on behalf of the Company, including:
 - a. The number of reviews created;
 - b. How much Year paid;
 - c. The platform or website where the reviews appeared; and
 - d. The methods Year used to communicate with the provider.
 6. Does the Company deduct the award payment from any bonus, profit, or other membership or employee's will generate a post-award customer review? If yes, describe the relevant policy in detail.
 7. Describe in detail any Company policies regarding employees, their families, or associates participating in reviews of the Company's or its dealerships in detail.
 8. For each of the Company's dealerships, state the following as an aggregate, annual basis as paid by each awarded motor vehicles sold or leased:

- a. Y Numbe ehicles s ld;
 - b. T tal c st ehicles s ld;
 - c. e enue m vehicle sales; R
 - d. umbe ehicles which the C mpany o e ed t p Ne
a ange inancing;
 - e. Numbe ehicle leases;
 - . T tal c st ehicles leased;
 - g. tal numbe used ehicles imp ted m outside the United T
States sale at ne u deale ships identi ied ab e in
Inte gat y l(g); and
 - h. e enue m ehicle leases. R
15. Identi y and desc ibe the C mpany’s databases and systems, b th inte nal and exte nal, that c ntain c ntact and t ansacti n in mati n ega ding the C mpany’s cu ent and me cust me s. This equest includes, with ut limitati n, any cust me elati nship management system, deale management system, desking t l, simila system. Identi y the types data c llected in these systems and desc ibe the ep ts they a e capable gene ating.
 16. List any ede al, state, l cal law en cement g e nmental acti ns, citati ns, demands, inqui ies, in estigati ns, p ceedings, subp enas, and any a bit ati ns, mediati ns, lawsuits, p i ate lawsuits, in l ing u and elating t the sale a m d ehicle, inancing, including (a) the identity the law en cement g e nmental entity, i applicable; (b) the natu e the acti n; (c) the name, numbe , ju isdicti n, and any the identi ying in mati n Y ab ut the acti n, i applicable; (d) the pa ties in l ed; and (e) the status the acti n, including the date and es luti n o the acti n, i applicable.
 17. Desc ibe the se ices that the C mpany p ides t the deale ships it pe ates, including any inancing, acc unting, in mati n techn l gy, ma keting, cust me se ices, c mplaint handling es luti n, c mpliance, legal se ices.
 18. List any empl yees the C mpany wh p ide ha e p ided se ices t ne m oe the C mpany’s deale ships, the deale ships t which they p ide ha e p ided se ices, and the natu e the se ices p ided.
 19. Desc ibe in detail any C mpany p licies and p cedures ega ding the handling, Y st age, c pying, and c ntents deal packets. Identi y all D cuments that a e equi ed t be included in a deal packet.
 20. List any t ans e s unds between the C mpany and the deale ships it pe ates, Y between any the deale ships.
 21. lease see Secti n C (“Data Request”) bel w. P

B. DOCUMENTS

Please provide the following Documents:

1. Documents sufficient to show the Company's organizational structure, including, but not limited to, the relationship between and among the Company and each dealership as well as the Company and AutoCanada.
2. A copy of each unique Advertisement referring or relating to the sale, lease, or financing of motor vehicles by the Company. Please confer with FTC counsel before production if the number of Advertisements responsive to this request exceeds 500.
3. Documents sufficient to show any policies or procedures, whether formal or informal, regarding the Company's handling, processing, or resolution of consumer complaints and inquiries about the Company's Advertising, promotion, offering for sale, or sale of any vehicle or Add-on, including the effective dates of such policies and procedures.
4. Documents sufficient to show the Company's written social media policies, including, without limitation, any policies or procedures related to the posting of, or compensation for, online customer reviews.
5. Documents sufficient to show the Company's written policies and procedures related to social media.
6. Documents sufficient to show any policies, procedures, employee manuals, and training materials referring or relating to the Company's Advertising, marketing, sales, financing, leasing, and legal compliance. This request includes, without limitation, all Documents referring or relating to compliance with the Equal Credit Opportunity Act, the Federal Trade Commission Act, the Truth In Lending Act, state laws governing the sale of automobiles, and the "in-house F&I [finance and insurance] training program and team" referenced in AutoCanada submissions to the SEDAR filing system, including its March 31, 2022 Annual Information Form.
7. All deal packets, including deal jackets, four squares, cost out sheets, pencils, sales quotes, deal sheets, retail installment sale contracts, financing applications, copies of consumers' driver's licenses, and correspondence with consumers for transactions from January 1, 2021 until the date of full and complete compliance with this CID. Please confer with FTC counsel before production if the number of transactions responsive to this request exceeds 500.
8. Service records or other Documents sufficient to substantiate Your response to Interrogatory No. 9.

9. All Documents regarding the rights, interests, and claims:

a. Company's right to the Advancing, protection, offering for sale, sale, or
licensing of any valuable intellectual property, or other half of, company's with the
Company, intellectual property or intellectual property rights such as
patents, trademarks, trade secrets, and other intellectual property. This request
includes, with limited exception, all intellectual property owned by the
respondent, as well as any valuable Advancing, deal, pack, or
licensing application, relationship, contract, or other purchased
agreement;

b. The sale or going concern of Add-ons, intellectual property, the sale or
going concern of Lojack, Xzilo Fresh Start + Xcitob Interior Protection,
Xzilo Carbon Care with Graph Exterior Protection, a day or
Xzilo or Spirit products; and

c. The going concern of the rights.

10. To the extent covered by Document Request 9 above, all Documents and
Company's rights regarding any request for an order for
charge back, reversal, or cancellation of an Add-on.

11. All Documents regarding the rights, interests, and claims
of any party by the Company or the Administrator regarding the
Investigation.

12. All Documents regarding the rights, interests, and claims
created by the Company, Administrator, or a third party of the
Subject of Investigation, intellectual property, the sale, Advancing,
licensing of valuable Add-ons. This Specific Intellectual Property, with
limited exception, any data, information, or investigation created by a third party
for the investigation or the company with the Equal Credit Opportunity
Act or Truth in Lending Act. Documents created by his specific
intellectual property, data, Company's rights, records, correspondence,
reports, and other communications, and other data.

13. All documents regarding the rights, interests, and claims
of the Company or any party or correspondence by
the Company or any party or third party in exchange for position
review of any of the Company's relationship.

14. Documents sufficient to show the correspondence for the Company's
employment, agreement or other partnership for or other half of the Company
rights, interests, and claims of a third party, Add-on, or licensing, intellectual property,
intellectual property, or rights.

15. All Company's rights with the Company and Administrator regarding the
rights, interests, and claims of the Investigation.

- 16. Doc s s ffici o show r pr s a iv scr sho s a d r por s of h sys ~~id~~ ifi di r spo s oI rroga ory 15.
- 17. Doc s s ffici o show h Co apy's doc r io ord s r c io polici s d ri g h pplicabl Ti P ri od.

C. DATA REQUEST

- 1. For all v hiel sal s (fi a c d p rchas s, cash p rchas s, a d l as s) d ri g h pplicabl Ti P ri od, pl as prod c i a ~~chi~~ -r adabl for ~~a~~ .g. CSV, TXT, XLS, XLSX, XML, S S, DT , MDB, CCDB) h followi g da a:
 - a. D al r a
 - b. D al r addr ss, i cl di g s para ly providi g s r addr ss, ci y, s a , a d zip cod
 - c. Am bD al r
 - d. D al da
 - e. S ock n b
 - f. D al S a s
 - g. A B y r las a
 - h. A B y r fir s a
 - i. B y r addr ss, i cl di g s para ly providi g s r addr ss, ci y, s a , a d zip cod
 - j. A B y r i h addr ss;
 - k. B y r l pho b;
 - l. B y r da of bir h
 - m. N w, s d or c r ifi d v hiel
 - n. If s d or c r ifi d, i ~~or~~ di o h U i d S a s fro a o h r co ry (Y/N)
 - o. V hiel id ifica io b
 - p. Mak a d d bl of v hiel
 - q. Mod l y ar
 - r. Tri of v hiel
 - s. g of v hiel (i ohs)
 - t. Origi al li ag
 - u. Pric his ory, i cl di g i i al, adv r is d, q o d or p cil d pric of car
 - v. Cos o d al r
 - w. V hiel book val
 - x. MSRP
 - y. Sal pric of car
 - z. Trad -i ac al cash val
 - aa. Trad -i allowa c
 - bb. R ba a o
 - cc. Tax s
 - dd. R gis r d s a
 - e. R co di io i g f s
 - ff. D al r pr p f s

- gg. Certi i ti ees
- hh. Pre-delivery i spe ti ees
- ii. Sh p ees
- jj. Origi ti ees
- kk. D ume t ees
- ll. Title ees
- mm. ie ees
- . Registr ti ees
- . St te i spe ti ees
- pp. A y ther ees, itemized L
- qq. C st redit li e pur h sed
- rr. C st g p i sur e pur h sed
- ss. C st dis bility i sur e pur h sed
- tt. C st servi e tr t pur h sed
- uu. C st tire d wheel ver ge pur h sed
- vv. C st m a te e tr t pur h sed
- ww. C st i teri r r exteri r pr te ti p k ge pur h sed, i ludi g, with ut limit ti , y Xzil pr du t,
- xx. C st d r gu rds pur h sed
- yy. C st ti-the t pr du ts pur h sed, i ludi g, with ut limit ti , y j k pr du t
- zz. C st y ther Add- s pur h sed, itemized
- . De ler sh
- bbb. C sh pur h se, l , r le se (Y/N)

2. F r i ed vehi le s les ly duri g the Appli ble Time Peri d, ple se pr du e i m hi e-re d ble r m a (e.g. CSV, TXT, X S, X SX, XM , SAS, DTA, MDB, ACCDB) the ll wi g d t :

- . De ler me
- b. De ler d dres, i ludi g sep r tely pr vidi g street d dres, ity, st te, d zip de
- . e der
- d. Subve ted l Y/N
- e. L De l umber
- . De l d te
- g. St k umber
- h. St tus
- i. Buyer's l st me
- j. L Buyer's irst me
- k. L Buyer d dres, i ludi g sep r tely pr vidi g street d dres, ity, st te, d zip de
- l. Buyer d te birth
- m. New r used r erti ied vehi le
- . Vehi le ide ti i ti umber
- . M ke d m a del vehi le L
- p. M del ye r

- q. Trim o hiel
- r. Ag hiel (in m onths)
- s. C riginal mil ag O
- t. ric hist ry, including initial, ad rtis d, qu t d r p ncil d pric car P
- u. st t d al r
- . hiel b k alu V
- w. al r cash D
- x. dditit nal c mp nsati n paid by l nd r t d al r A
- y. c nditi ning C s R
- z. al r pr p s D
- aa. rti icati n s
- bb. r -d li ry insp cti n s P
- cc. h p s S
- dd. riginati n s O
- . al pric car S
- . rm T
- gg. ntract annual p rc ntag rat
- hh. uy rat B
- ii. al r r s r r D al r Participati n D
- jj. D al r r s r lat
- kk. rad -in actual cash alu C T
- ll. ay am unt P
- mm. rad -in all wanc T
- nn. ash d wn am unt
- . bat am unt R
- pp. tal d wn am unt T
- qq. gist r d stat R
- rr. cum ent s D
- ss. itl s T
- tt. i n s L
- uu. gistrati n s R
- . tat insp cti n s S
- ww. ny th r s, it miz d A
- xx. ax s T
- yy. st cr dit li purchas d
- zz. st gap insuranc purchas d
- aaa. st disability insuranc purchas d C
- bbb. st s r ic c ntract purchas d
- ccc. st tir and wh l c rag purchas d
- ddd. st maint nanc c ntract purchas d
- . st int ri r r xt ri r pr t cti n packag purchas d, including with ut C
limitati n, any Xzil n pr duct
- . st d r guards purchas d
- ggg. st anti-th t pr ducts purchas d, including, with ut limitati n, any
L jack pr duct
- hhh. st any th r Add- ns purchas d, it miz d
- iii. MSRP

- jjj. Amou ced
- kkk. Mo hly p yme mou
- lll. Borrower's cred score
- mmm. Borrower's booked cred er
- . Ow /re
- ooo. Mo hs res de ce
- ppp. Sel employed Y/N)
- qqq. Borrower employer
- rrr. Mo h employed
- sss. Borrower come
- . Coborrower l s me
- uuu. Coborrower rs me
- vvv. Coborrower d d r e s s e, d z pcode (
- www. Coborrower d e o b r h
- xxx. Coborrower cred score
- yyy. Coborrower come
- zzz. Lo o v lue
- . Deb o come
- bbbb. P yme o come
- cccc. A y dd o l d used o de erm i e co sumer's mo hly p yme (
- dddd. De ler c l ed lo Y/N)
- eeee. M x mum le der- l l o w e d m a k u p o d e l, o r d r e c l o s
- . C s h p u r c h s e, l o , o r l e s e
- gggg. Buydow mou

(
RFPA AND SARS NOTICE: This CID does not seek any financial records for which prior customer notice is required under the Right to Financial Privacy Act ("RFPA"), 12 U.S.C. §§ 3401 et seq. This CID seeks only information relating to customer accounts in connection with the FTC's lawful investigation directed at one or more legal entities that are not customers. See 12 U.S.C. § 3413(h)(1)(A). This CID also does not seek any Suspicious Activity Reports (SARs). Do not produce any SARs or provide any financial records beyond those specifically requested in this CID. If You have any questions, please contact FTC counsel before providing responsive information.

Attached to this CID is a Certificate of Compliance that certifies that this CID complies with RFPA. Good faith reliance on the attached certificate relieves a financial institution and its employees and agents of any liability to customers in connection with the requested disclosures of financial records. See 12 U.S.C. § 3417(c).

III. DEFINITIONS

The ollow g de o s pply o h s CID:

D-1. **"Add-on"** me s y produc or serv ce h m a y b e m a k e d, o e r e d, p r o v d e d, s o l d, o r r r g e d b y m o o r v e h c l e d e l e r r e l g o h e s l e o r c g o m o o r v e h c l e d h s o p r o v d e d o r s l l e d b y h e m o o r v e h c l e m a u c u r e r, c l u d g b u o l m i e d o e x e d e d (

warranted payment programs guaranteed automobile protection or guaranteed auto protection (“GAP” or “GAP insurance”) including service or maintenance service contract maintenance and repair contract theft protection or security device global positioning system start interrupt device undecoating rust roofing fabric protection road service or club membership hire automobile product credit life insurance credit accident or disability insurance credit loss of income insurance and debt cancellation and debt union coverage. These terms include any such product or service that third parties provide to the consumer at no charge.

D-2. **“Advertisement” or “Advertising” or “Ad”** mean any written or verbal statement illustration or depiction that promotes the sale of a good or service or is designed to increase consumer interest in a brand good or service. Advertising media include but is not limited to: packaging and labeling; promotional material; print; television; radio; and Internet social media and other digital content.

D-3. **“AutoCanada”** mean AutoCanada Inc. the parent company of ACIA17 Automotive Inc. and ACIA ACQ Corp. d/b/a Leader Automotive Group.

D-4. **“Communication”** mean any written or verbal statement including without limitation mail (including those on which the Company was co-identified or blind co-identified) text message instant message delivered through service such as Sky and Slack message changed through the Company’s online consumer chat portal and message delivered through any marketplace or marketplace application.

D-5. **“Company” “You” or “Your”** mean **ACIA17 Automotive, Inc. and ACIA ACQ Corp.** d/b/a Leader Automotive Group their wholly or partially owned subsidiaries unincorporated division joint venture operation under a assumed name and affiliate and all director officer member employee agent consultant and other person working for or on behalf of the foregoing.

D-6. **“Dealer Participation”** mean the entire range of dealer deviation from the Company’s risk-based buy rate whether received by increasing or decreasing the buy rate such as by altering the interest rate or buying down the rate. “Dealer Participation” does not include the Company’s direction to modify the buy rate. “Dealer Participation” does not include a dealer’s buying down of the buy rate with respect to all consumers to the extent such special offer is clearly advertised to all consumers.

D-7. **“Document”** mean the complete original all draft and any non-identical copy whether different from the original because of notation on the copy different metadata or other writing of any item covered by 15 U.S.C. § 57b-1(a)(5) 16 C.F.R. § 2.7(a)(2) or Federal Rule of Civil Procedure 34(a)(1)(A).

D-8. **“Identify” or “the Identity of”** require identification of (a) natural person by name title or name but in affiliation or name but in address telephone number and mail address or if a person but in affiliation or name but in address is not known then last known business and home address; and (b) business or other organization by name address and the identity of your contact person at the business or organization. x

IV. INS I S

I-1. **Petitions to Limit or Quash:** You must file any petition to limit or quash this CID with the Secretary of the FTC no later than twenty (20) days after service of the CID, or, if the return date is less than twenty (20) days after service, prior to the return date. Such petition must set forth all assertions of protected status or other factual and legal objections to the CID and comply with the requirements set forth in 16 C.F.R. § 2.10(a)(1) – (2). **The FTC will not consider petitions to quash or limit if You have not previously met and conferred with FTC staff and, absent extraordinary circumstances, will consider only issues raised during the meet and confer process.** 16 C.F.R. § 2.7(k); *see also* § 2.11(b). **If You file a petition to limit or quash, You must still timely respond to all requests that You do not seek to modify or set aside in Your petition.** 15 U.S.C. § 57b-1(f); 16 C.F.R. § 2.10(b).

I-2. **Withholding requested Material / Privilege claims:** For specifications requesting production of Documents or answers to written interrogatories, if you withhold from production any material responsive to this CID based on a claim of privilege, work product protection, statutory exemption, or any similar claim, you must assert the claim no later than the return date of this CID, and you must submit a detailed log, in a searchable electronic format, of the items withheld that identifies the basis for withholding the material and meets all the requirements set forth in 16 C.F.R. § 2.11(a) – (c). The information in the log must be of sufficient detail to enable FTC staff to assess the validity of the claim for each Document, including attachments, without disclosing the protected information. If only some portion of any responsive material is privileged, you must submit all non-privileged portions of the material. Otherwise, produce all responsive information and material without redaction. 16 C.F.R. § 2.11(c). The failure to provide information sufficient to support a claim of protected status may result in denial of the claim. 16 C.F.R. § 2.11(a)(1).

I-3. **Modification of Specifications:** The Bureau Director, a Deputy Bureau Director, Associate Director, Regional Director, or Assistant Regional Director must agree in writing to any modifications of this CID. 16 C.F.R. § 2.7(l).

I-4. **Scope of Search:** This CID covers Documents and information in your possession or yours under your actual or constructive custody or control, including Documents and information in the possession, custody, or control of your attorneys, accountants, directors, officers, employees, service providers, and other agents and consultants, whether or not such Documents or information were received from or disseminated to any person or entity.

I-5. **Identification of responsive Documents:** For specifications requesting production of Documents, you must identify in writing the Documents that are responsive to the specification. Documents that may be responsive to more than one specification of this CID need not be produced more than once. If any Documents responsive to this CID have been previously supplied to the FTC, you may identify the Documents previously provided and the date of submission.

I-6. **Maintain Document order:** For specifications requesting production of Documents, you must produce Documents in the order in which they appear in your files or as electronically stored. If Documents are removed from their original folders, binders, covers, containers, or yours

electronic device, You must specify the folder, binder, cover, container, or electronic media or file path from which each Document came.

I-7. **Numbering of Documents:** For precatory request production of Documents, You must number all Documents. Your numbering shall be in accordance with a Bates number or a Document ID.

I-8. **Production of Copies:** For precatory request production of Documents, unless otherwise stated, You may make copies of original Documents if they are true, correct, and complete copies of the original and You preserve and retain the original the same date as of the time You received the CID. Submission of copies constitutes a waiver of a claim to the authenticity of the copies and the FTC's production of copies is a legal proceeding.

I-9. **Production in Color:** For precatory request production of Documents, You must produce copies of Advertisements in color, and You must produce copies of other material in color if necessary to interpret them or render them intelligible.

I-10. **Electronically Stored Information:** For precatory request production of Documents, see the attached FTC Bureau of Consumer Protection Product Request ("Product Request"), which details all requirements for the production of electronically stored information to the FTC. You must disclose information relating to the production of electronically stored information with FTC staff **prior to production**.

I-11. **Sensitive Personally Identifiable Information ("Sensitive PII") or Sensitive Health Information ("SHI"):** For precatory request production of Documents or a waiver to written interrogatories, if a response to material contains Sensitive PII or SHI, please contact FTC counsel before producing the material to disclose whether there are steps You can take to minimize the amount of Sensitive PII or SHI You produce, and how to securely transmit each format to the FTC.

Sensitive PII includes a dividend's Social Security number; a dividend's biometric data; a dividend's name, address, or phone number combined with one or more of the following: date of birth, driver's license or date of birth number (or foreign country equivalent), military identification number, passport number, facial access number, credit card number, or debit card number. Biometric data includes biometric identifier, such as fingerprint or retina scan, biometric identifier photograph (with the exception of photograph and corresponding gallery used or marketed in connection with facial recognition software) or voice recording and tag (with the exception of stored data used to verify a person's identity). SHI includes medical records and other digitally identifiable health information relating to the patient, present, or future physical or mental health or condition of a dividend, the provision of health care to a dividend, or the patient, present, or future payment for the provision of health care to a dividend.

I-12. **Interrogatory Responses:** For precatory request a waiver to written interrogatories: (a) answer each interrogatory and each interrogatory part separately, fully, and truthfully; and (b) verify that Your answers are true and correct by giving Your answers

under the following oath: "I verify under penalty of perjury that the foregoing is true and correct. Executed on (date). (Signature)." The verification must be submitted electronically with your interrogatory responses.

I.13. Submission of Documents in Lieu of Interrogatory Answers: You may answer any written interrogatory by submitting previously existing documents that contain information requested in the interrogatory so long as you clearly indicate in each written interrogatory response which documents contain the responsive information. For any interrogatory that asks you identify documents, you may, at your option, produce the documents responsive to the interrogatory so long as you clearly indicate the specific interrogatory to which such documents are responsive.)

CERTIFICATION OF COM PIA CE

ursuant to 28 U.S.C. § 1746

I _____ certify the following with respect to the Federal Trade Commission’s (“FTC”) Civil Investigative Demand directed to ACIA17 Automotive, Inc. and ACIA ACQ Corp., d/b/a Leader Automotive Group (the “Company”) (FTC File No. 2323004) (the “CID”):

1. The Company has identified all documents information and/or tangible things (“responsive information”) in the Company’s possession custody or control responsive to the CID and either:

- (a) provided such responsive information to the FTC; or
- (b) for any responsive information not provided given the FTC written objections setting forth the basis for withholding the responsive information.

I verify that the responses to the CID are complete and true and correct to my knowledge.

I certify under penalty of perjury that the foregoing is true and correct. ,

Date: _____

Signature

Printed Name ,

Title ,

CERTIFICATION OF RECORDS OF REGULARLY CONDUCTED ACTIVITY
Pursuant to 28 U.S.C. § 176

1. I, _____, have personal knowledge of the facts set forth below and am competent to testify as follows:
2. I have authority to certify the authenticity of the records produced by ACIA17 Automotive, Inc. and ACIA ACQ Corp., d/b/a Leader Automotive Group (the “Company”), and attached hereto.
3. The documents produced and attached hereto by the Company are originals or true copies of records of regularly conducted activity that:
 - a) Were made at or near the time of the occurrence of the matters set forth by, or from information transmitted by, a person with knowledge of those matters;
 - b) Were kept in the course of the regularly conducted activity of the Company; and
 - c) Were made by the regularly conducted activity as a regular practice of the Company.

I certify under penalty of perjury that the foregoing is true and correct.

Date: _____ 4

Signature 4

CERTIFICATE OF COMPLIANCE WITH THE RFPA

This certifies that the provisions of the Right to Financial Privacy Act of 1978 (“RFPA”), 12 U.S.C. §§ 3401 *et seq.*, have been complied with as to the attached Civil Investigative Demand.

The attached Civil Investigative Demand seeks financial records in connection with the Federal Trade Commission’s lawful investigation into whether one or more legal entities that are not customers within the meaning of the RFPA are in compliance with laws administered by the Commission. *See* 12 U.S.C § 3413 (h)(1)(A). The information may be transferred to another government agency or department consistent with the RFPA.

According to the RFPA, good faith reliance on this certificate relieves a financial institution and its employees and agents of any liability to customers in connection with the requested disclosures of financial records. *See* 12 U.S.C. § 3417(c).

TODD KOSSOW Digitally signed by TODD KOSSOW
Date: 2022.12.13 17:01:07 -06'00'

Todd Kossow
Regional Director, Midwest Region
Bureau of Consumer Protection
Federal Trade Commission

Date: December 13, 2022

Federal Commission - Bureau of Consumer Protection
Production Requirements

Revised July 2020

In producing information to the FTC, comply with the following requirements, unless the FTC agrees otherwise. If you have questions about these requirements, please contact FTC counsel before production.

Production Format

1. **General Format:** Provide load-ready electronic productions with:

- a. A delimited data load file (.DAT) containing a line for every document, unique identifier number for every document (DocID), metadata fields, and native file links where applicable; and
- b. A document level text file, named for the DocID, containing the text of each produced document.

Do not produce corresponding image renderings (e.g., TIFF or JPEG) for files in native format unless the FTC requests them. If the FTC requests corresponding image renderings, provide an Opticon image load file (.OPT) containing a line for every image file.

2. **Electronic Stored Information (ESI):** Documents stored in electronic format in the ordinary course of business must be produced in the following format:

- a. For ESI other than the categories below, submit in native format with all metadata and either document level extracted text or Optical Character Recognition (OCR). Do not produce corresponding image renderings (e.g., TIFF or JPEG) for files in native format unless the FTC requests them. If the FTC requests corresponding image renderings, they should be converted to Group IV, 300 DPI, single-page TIFF (or color JPEG images when necessary to interpret the contents or render them intelligible.)
- b. For Microsoft Excel, Access, or PowerPoint files, submit in native format with extracted text and metadata. Data compilations in Excel spreadsheets or delimited text formats must contain all underlying data, formulas, and algorithms without redaction.
- c. For other spreadsheet, database, presentation, or multimedia formats; instant messages; or proprietary applications, discuss the production format with FTC counsel.

3. **Hard Copy Documents:** Documents stored in hard copy in the ordinary course of business must be scanned and submitted as either one multi-page pdf per document or as 300 DPI single page TIFFs (or color JPEGs when necessary to interpret the contents or render them intelligible), with corresponding document-level OCR text and logical document termination in an accompanying load file.

4. **Document Identification:** Provide a unique DocID for each hard copy or electronic document, consisting of a prefix and a consistent number of numerals using leading zeros. Do not use a space to separate the prefix from numbers.

5. **Attachments:** Preserve the parent/child relationship by producing attachments as separate documents, numbering them consecutively to the parent email, and including a reference to attachments.
6. **Metadata Production:** For each document submitted electronically, include the standard metadata fields listed below in a standard delimited data load file. The first line of the data load file shall include the field names. Submit date and time data in separate fields. Use these standard Concordance delimiters in delimited data load files:

| Description | Symbol | ASCII Character |
|------------------------|--------|-----------------|
| Field Separator | ¶ | 20 |
| Quote Character | ” | 254 |
| Multi-Entry delimiter | ® | 174 |
| <Return> Value in data | ~ | 126 |

7. **Deduplication:** Do not use de-duplication or email threading software without FTC approval.
8. **Password-Protected Files:** Remove passwords prior to production. If password removal is not possible, provide the original and production filenames and the passwords, under separate cover.

Producing Data to the FTC

1. Prior to production, scan all data and media for viruses and confirm they are virus-free.
2. For productions smaller than 50 GB, submit data electronically using the FTC’s secure file transfer protocol. Contact FTC counsel for instructions. **Transfer data to the FTC via Dropbox, Google Drive, OneDrive, or other third-party file transfer sites.**
3. If you submit data using physical media:
 - a. Use only CDs, DVDs, flash drives, or hard drives. Format the media for use with Windows 7;
 - b. Use data encryption to protect any Sensitive Personally Identifiable Information or Sensitive Health Information (as defined in the instructions), and provide passwords in advance of delivery, under separate cover; and
 - c. Use a courier service (e.g., Federal Express, UPS) because heightened security measures delay postal delivery.
4. Provide a transmittal letter with each production that includes:
 - a. Production volume name (e.g., Volume 1) and date of production;
 - b. Numeric Document ID range of all documents in the production, and any gaps in the Document ID range; and
 - c. List of custodians and the Document ID range for each custodian.

Standard Metadata Fields

| DAT FILE FIELDS | DEFINITIONS | POPULATE FIELD FOR: |
|------------------------|--|--|
| DocID | Unique ID number for each document | All Documents |
| FamilyID | Unique ID for all documents in a family including parent and all child documents | All Documents |
| ParentID | Document ID of the parent document. This field will only be populated on child items | All Documents |
| File Path | Path to produced native file | All Documents |
| TextPath | Path to document level text or OCR file | All Documents |
| Custodian | Name of the record owner/holder | All Documents |
| AllCustodians | Names of all custodians that had copy of this record (populate if data was deduplicated or email threading was used) | All Documents |
| Source | Source of documents: CID, Subpoena, Third Party Data, etc. | All Documents |
| Filename | Original file name | All Documents |
| File Size | Size of documents | All Documents |
| File Extensions | Extension of file type | All Documents |
| MDS Hash | Unique identifier for electronic data used in de-duplication | All Documents |
| PRODUCTION_VOLUME | Production Volume | All Documents |
| HASREDACTIONS | Redacted document | All Documents |
| Exception Reason | Reason for exception encountered during processing (e.g., empty file, source file, password-protected file, virus) | All Documents |
| PRODBEG | Beginning production bates number | Documents with Produced Images |
| PRODEND | Ending production bates number | Documents with Produced Images |
| PRODBEG_ATTACH | Beginning production family bates number | Documents with Produced Images |
| PRODEND_ATTACH | Ending production family bates number | Documents with Produced Images |
| Page Count | The number of pages the document contains | Documents with Produced Images |
| From | Names retrieved from the FROM field in a message | Emails |
| To | Names retrieved from the TO field in a message; the recipient(s) | Emails |
| CC | Names retrieved from the CC field in a message; the copied recipient(s) | Emails |
| BCC | Names retrieved from the BCC field in a message; the blind copied recipient(s) | Emails |
| EmailSubject | Email subject line | Emails |
| Date Sent | The date an email message was sent | Emails |
| Time Sent | The time an email message was sent | Emails |
| Date Received | The date an email message was received | Emails |
| Time Received | The time an email message was received | Emails |
| Author | File Author | Loose Native Files and Email Attachments |
| Title | File Title | Loose Native Files and Email Attachments |
| Subject | File Subject | Loose Native Files and Email Attachments |
| Date Created | Date a document was created by the file system | Loose Native Files and Email Attachments |
| Time Created | Time a document was created by the file system | Loose Native Files and Email Attachments |
| Date Modified | Last date a document was modified and recorded by the file system | Loose Native Files and Email Attachments |
| Time Modified | Last time a document was modified and recorded by the file system | Loose Native Files and Email Attachments |
| Date Printed | Last date a document was printed and recorded by the file system | Loose Native Files and Email Attachments |
| Time Printed | Last time a document was printed and recorded by the file system | Loose Native Files and Email Attachments |

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: James C. Miller III, Chairman
Michael Pertschuk
Patricia P. Bailey
George W. Douglas
Terry Calvani

RESOLUTION DIRECTING USE OF COMPULSORY
PROCESS IN NONPUBLIC INVESTIGATION

File No. 832 3127

Nature and Scope of Investigation: To determine whether unnamed persons, partnerships, corporations or others engaged in the advertising, marketing, offering for sale, sale or financing of motor vehicles, have been engaging or may be engaging in violations of the Truth in Lending Act, 15 U.S.C. §1601 et seq., as amended, or Regulation Z, 12 C.F.R. Part 226, as amended, or in unfair or deceptive acts or practices or unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. §45, as amended.

The investigation is also to determine whether Commission action to obtain redress of injury to consumers or others would be in the public interest.

The Federal Trade Commission hereby resolves and directs that any and all compulsory processes available to it be used in connection with this investigation.

Authority to Conduct Investigation:

Sections 6, 9, 10, and 20 of Federal Trade Commission Act, 15 U.S.C. §§ 46, 49, 50, and 57b-1, as amended; FTC Procedures and Rules of Practices, 16 C.F.R. § 1.1., et seq., and supplements thereto; and Title 1 of the Consumer Credit Protection Act, Section 108(c), 15 U.S.C. § 1607; 12 C.F.R. §226.1(e), and supplements thereto.

By direction of the Commission.


Emily H. Rock
Secretary

Dated: December 20, 1983

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

COMMISSIONERS: Janet D. Steiger, Chairman
Mary L. Azcuenaga
Deborah K. Owen
Roscoe B. Starek, III
Dennis A. Yao

**RESOLUTION DIRECTING USE OF COMPULSORY PROCESS
IN NONPUBLIC INVESTIGATION**

Unnamed Violators of the Equal Credit Opportunity Act
File Number P944809

Nature and Scope of Investigation:

To determine whether certain unnamed persons, partnerships, corporations, associations or other entities have been or may be engaged in acts or practices in violation of the Equal Credit Opportunity Act, 15 U.S.C. § 1691 et seq. and Regulation B, 12 C.F.R. § 202 et seq., and to determine whether these persons, partnerships, corporations, associations or other entities have been or are engaged in unfair or deceptive acts or practices in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, as amended. Such acts or practices may include, but are not limited to, discriminating in the extension of credit on the basis of an applicant's gender, race, marital status, national origin, color, age, religion, receipt of public assistance income, or because an applicant in good faith exercised any right under the Consumer Credit Protection Act. This investigation is also to determine whether Commission action to obtain redress of injury to consumers or others would be in the public interest.

The Federal Trade Commission hereby resolves and directs that any and all compulsory processes available to it be used in connection with this investigation.

Authority to Conduct Investigation:

Sections 6, 9, 10, and 20 of the Federal Trade Commission Act, 15 U.S.C. §§ 46, 49, 50 and 57b-1, as amended; FTC Procedures and Rules of Practice 16 C.F.R. § 1.1 et seq. and supplements thereto; Title VI of the Consumer Credit Protection

Act, Section 621, 15 U.S.C. § 1681 (s); and Regulation B, 12 C.F.R. § 202 et seq.

By direction of the Commission.

C. Landis Plummer
C. Landis Plummer
Acting Secretary

DATED: August 1, 1994

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Rebecca Kelly Slaughter, Acting Chairwoman**
 Noah Joshua Phillips
 Rohit Chopra
 Christine S. Wilson

**RESOLUTION DIRECTING USE OF COMPULSORY PROCESS IN A
NON-PUBLIC INVESTIGATION OF UNNAMED MARKETERS
USING ENDORSEMENTS OR TESTIMONIALS**

File No. 112 3162

Nature and Scope of Investigation:


To determine whether unnamed persons, partnerships, corporations, or others have engaged or are engaging in deceptive or unfair acts or practices in or affecting commerce in the advertising, marketing, or sale of products or services through the use of endorsements or testimonials, in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, as amended. The investigation is also to determine whether Commission action to obtain monetary relief would be in the public interest.

The Federal Trade Commission hereby resolves and directs that any and all compulsory processes available to it be used in connection with this investigation for a period not to exceed five (5) years from the date of issuance of this resolution. The expiration of this five-year period shall not limit or terminate the investigation or the legal effect of any compulsory process issued during the five-year period. The Federal Trade Commission specifically authorizes the filing or continuation of actions to enforce any such compulsory process after the expiration of the five-year period.

Authority to Conduct Investigation:

Sections 6, 9, 10, and 20 of the Federal Trade Commission Act, 15 U.S.C. §§ 46, 49, 50, and 57b-1, as amended; and FTC Procedures and Rules of Practice, 16 C.F.R. § 1.1 *et seq.*, and supplements thereto.

By direction of the Commission.


April J. Tabor
Secretary

Issued: March 26, 2021
Expires: March 26, 2026

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

| | | |
|-----------------------------|---|---------------------|
| _____ |) | |
| FEDERAL TRADE COMMISSION, |) | |
| |) | |
| Petitioner, |) | |
| |) | Case No. 23-cv-2500 |
| v. |) | |
| |) | |
| ACIA17 Automotive, Inc. and |) | |
| ACIA ACQ Corporation dba |) | |
| Leader Automotive Group, |) | |
| |) | |
| Respondents. |) | |
| _____ |) | |

**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit C



<https://investors.autocan.ca>

[← Back to all News Releases \(https://investors.autocan.ca/releases\)](https://investors.autocan.ca/releases)

AUTOCANADA REPORTS RECORD FIRST QUARTER RESULTS

May 4, 2022 | AutoCanada

- Revenue was \$1,342.4 million as compared to \$969.8 million in the prior year, an increase of 38.4% and the highest first quarter revenue reported in the Company's history
- Net income for the period was \$4.3 million versus \$21.3 million in the prior year and includes a loss on extinguishment of embedded derivative of \$(29.3) million and a loss on extinguishment of debt of \$(9.9) million in Q1 2022
- Adjusted EBITDA¹ was \$62.2 million versus \$47.2 million in the prior year, an increase of 31.7%; normalized increase of 60.6% as compared to prior year normalized adjusted EBITDA¹ of \$38.7 million
 - Adjusted EBITDA margin¹ was 4.6% versus 4.9% in the prior year, a decrease of (0.3) percentage points; normalized increase of 0.6 percentage points as compared to prior year normalized adjusted EBITDA margin¹ of 4.0%
- Diluted earnings per share was \$0.10, a decrease of \$(0.61) from \$0.71 in the prior year
- Indebtedness of \$358.5 million at the end of Q1 2022 compares to \$285.9 million at the end of Q4 2021
- Net indebtedness¹ of \$248.8 million at the end of Q1 2022 compares to \$212.7 million at the end of Q4 2021

EDMONTON, AB, May 4, 2022 /CNW/ - AutoCanada Inc. ("AutoCanada" or the "Company") (TSX: ACQ), a multi-location North American automobile dealership group, today reported its financial results for the three month period ended March 31, 2022.

"We opened 2022 with yet another record first quarter, reflecting ongoing positive momentum and our business as a whole continues to perform better than ever," said Paul Antony, Executive Chairman of AutoCanada. "Our Q1 results speak to the determination, agility and strength of our team, and the trend of sustainable improvement across all areas of our business. Continued strong performance from used vehicles, F&I, and our U.S. operations were key drivers in the quarter."

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AUTOCANADA REPORTS RECORD FIRST QUARTER RESULTS - AutoCanada Investor Relations

"We continued to advance our acquisition strategy with the recent addition of the Audi Windsor and Porsche of London dealerships, further expanding our platform in Ontario while adding brand diversity and increasing the mix of our overall portfolio." <https://investors.autocan.ca>

"Looking forward to the remainder of 2022, with our newly expanded executive team in place, we will continue to build on our strong momentum and focus on our strategic growth pillars to deliver industry-leading performance and enhance shareholder returns. We remain well positioned to continue to execute on our acquisition strategy in the coming quarters with several dealerships currently being evaluated. We also expect to see continued realization of synergies from our acquisitions which will further drive our 2022 Adjusted EBITDA performance."

AutoCanada also announced today that Maryann Keller will be retiring from the Company's Board of Directors effective May 5, 2022.

Mr. Antony continued, "On behalf of the Board and the management team at AutoCanada, I would like to thank Maryann for her dedication and capable guidance during her board tenure. Maryann has been with us since May 2015, including four years as our Lead Independent Director. Maryann has seen the Company through numerous critical transformations, leaving us with a strong foundation to pursue our growth strategy. We wish her all the best."

¹ See "NON-GAAP AND OTHER FINANCIAL MEASURES" below.

This press release contains "SUPPLEMENTARY FINANCIAL MEASURES". See Section 15. NON-GAAP AND OTHER FINANCIAL

² MEASURES of the Company's Management's Discussion & Analysis (MD&A) for the three month period ended March 31, 2022 for further information regarding the composition of these measures.

First Quarter Key Highlights and Recent Developments

The Company set another first quarter record as revenue reached \$1,342.4 million as compared to \$969.8 million in the prior year, an increase of 38.4%. Record Q1 2022 results were driven by strong performance across all areas of our complete business model, in particular our used vehicle and finance and insurance ("F&I") business operations, and continued material improvements from our U.S. Operations.

Net income for the period was \$4.3 million, as compared to \$21.3 million in Q1 2021, including a loss on extinguishment of embedded derivative of \$(29.3) million and a loss on extinguishment of debt of \$(9.9) million in Q1 2022. Diluted earnings per share was \$0.10, an decrease of \$(0.61) from \$0.71 in the prior year.

Adjusted EBITDA¹ for the period was \$62.2 million as compared to \$47.2 million reported in Q1 2021, an improvement of 31.7%. Prior year results include \$8.5 million of government assistance related to COVID. Excluding these typically non-recurring income items in the prior year, adjusted EBITDA¹ of \$62.2 million compares to normalized adjusted EBITDA¹ of \$38.7 million in the prior year, a normalized improvement of 60.6%. Adjusted EBITDA margin¹ of 4.6% compares to normalized adjusted EBITDA margin¹ of 4.0% in the prior year, an increase of 0.6 percentage points ("ppts").

Gross profit increased by \$79.7 million to \$247.3 million, an increase of 47.5%, as compared to prior year. This increase was largely driven by the increases of \$13.6 million from used vehicles and \$26.8 million from F&I. In addition, used retail vehicles² sales increased by 4,338 units, up 44.6%, to 14,072, which contributed to the

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AUTOCANADA REPORTS RECORD FIRST QUARTER RESULTS - AutoCanada Investor Relations

consolidated used to new retail units ratio² moving to 1.55 from 1.18. F&I gross profit per retail unit average² increased to \$5,406, up 17.9% or \$516 per unit. Gross profit percentage² of 18.4% was a result of strong <https://investors.autocan.ca> of the business and compares to 17.3% in the prior year.

Our U.S. Operations continues to demonstrate strong growth and contributed \$38.9 million of gross profit, an increase of \$23.5 million or 152% as compared to prior year. This improvement in gross profit was driven by gains across all aspects of the business, resulting in a gross profit percentage of 18.4%.

Proactive inventory management for both new and used vehicles continued to be a key driver to the Company's success in delivering both strong revenue and retail margin growth across all our business operations in the first quarter. We continue to manage our new vehicle inventory as the chip shortage remains an issue, particularly impacting new vehicle inventory supply. While we are gradually seeing improvements in both available new vehicle inventory and allocations, we are not expecting a return to "normalcy" in inventory levels until late 2023 to 2024. Compensating for reduced new vehicle supply, we more than doubled our used vehicle inventory position to \$717.3 million as at March 31, 2022 as compared to \$311.4 million in Q1 2021. Management continues to monitor the used vehicle market and actively manage our used vehicle inventory position to ensure it is appropriate to meet current market demand.

Net indebtedness¹ increased by \$36.0 million from December 31, 2021 to \$248.8 million at the end of Q1 2022. This increase is primarily driven by the repurchase and cancellation of \$(31.2) million of shares under the authorized Normal Course Issuer Bid ("NCIB"). Free cash flow¹ on a trailing twelve month ("TTM") basis was \$93.6 million at Q1 2022 as compared to \$144.6 million in Q1 2021; the decline in free cash flow¹ between years was driven primarily by reduced government assistance in 2021, increased cash taxes, stock based compensation related cash payments, and changes in working capital. Additionally, our net indebtedness leverage ratio¹ of 1.1x remained well below our target range at the end of Q1 2022, as compared to 0.7x in Q1 2021.

Had all of the completed acquisitions, as identified in Section 5 Acquisitions, Divestitures, Relocations and Real Estate, occurred at April 1, 2021, consolidated pro forma net income would have been \$155.7 million for the TTM ended March 31, 2022, as compared to consolidated pro forma net income of \$174.8 million for the year ended December 31, 2021. Pro forma normalized adjusted EBITDA¹ would be \$282.4 million for the TTM ended March 31, 2022, as compared to pro forma normalized adjusted EBITDA¹ of \$266.4 million for the year ended December 31, 2021.

We remain well-positioned to continue to execute on our acquisition strategy in the coming quarters. We continue to develop a transaction pipeline with a number of dealerships currently being evaluated.

The Company welcomed Jeffery Thorpe, President, Canadian Operations, Brian Feldman, Senior Vice President, Canadian Operations and Disruptive Technologies, and Lee Wittick, Senior Vice President, Operations and OEM Relations to the executive team April 2022 to continue to drive the Company's ongoing growth, synergies, and efficiencies. All three executive team members have significant industry expertise operating a dealership platform at scale using centralized services through head office, which closely mirrors AutoCanada's operating rhythm. With our 2022 strategic growth pillars and the new executive team in place, we are poised to demonstrate our best in class operations, and continue to grow our scalable and repeatable business model.

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Our performance, both in Canada and U.S. Operations, continues our trend of sustainable improvement and

demonstrates the efficacy of our complete business model and strategic initiatives. We remain aware that

<https://investors.autocan.ca> in the macroeconomic environment given the ongoing challenges associated with the

global pandemic and the Russia-Ukraine war. Uncertainties may include potential economic recessions or

downturns, continued disruptions to the global automotive manufacturing supply chain, and other general

economic conditions resulting in reduced demand for vehicle sales and service. We will continue to remain proactive

and vigilant in assessing the impacts on our organization and remain committed to optimizing and building stability

and resiliency into our business model to ensure we are able to drive industry-leading performance regardless of

changing market condition.

¹ See "NON-GAAP AND OTHER FINANCIAL MEASURES" below.

This press release contains "SUPPLEMENTARY FINANCIAL MEASURES". See Section 15. NON-GAAP AND OTHER FINANCIAL

² MEASURES of the Company's Management's Discussion & Analysis (MD&A) for the three month period ended March 31, 2022 for further information regarding the composition of these measures.

Consolidated AutoCanada Highlights

ANOTHER RECORD SETTING FIRST QUARTER

AutoCanada delivered another record setting first quarter.

Refer to Section 5 Acquisitions, Divestitures, Relocations and Real Estate of the Company's MD&A for the three month period ended March 31, 2022 for acquisitions included in Q1 2022 results.

For the three-month period ended March 31, 2022:

- Revenue was \$1,342.4 million, an increase of \$372.6 million or 38.4%
- Total vehicles sold² were 23,414, an increase of 4,707 units or 25.2%
 - Used retail vehicles² sold increased by 4,338 or 44.6%
- Net income for the period was \$4.3 million (or \$0.11 per basic share) versus \$21.3 million (or \$0.71 per diluted share)
 - Loss on extinguishment of embedded derivative of \$(29.3) million and loss on extinguishment of debt of \$(9.9) million were recognized in Q1 2022
- Adjusted EBITDA¹ increased by 31.7% to \$62.2 million, an increase of \$15.0 million
 - Adjusted EBITDA¹ increased by 60.6% over prior year normalized adjusted EBITDA¹ of \$38.7 million, an increase of \$23.5 million
 - Adjusted EBITDA¹ on a trailing twelve month basis was \$266.8 million
- Net indebtedness¹ of \$248.8 million reflected an increase of \$36.0 million from the end of Q4 2021

Canadian Operations Highlights

OUTPERFORMED NEW RETAIL MARKET BY 6.6 PPTS, USED RETAIL UNIT² SALES INCREASED BY 30%

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AUTOCANADA REPORTS RECORD FIRST QUARTER RESULTS - AutoCanada Investor Relations

We outperformed the Canadian market, as same store new retail unit² sales decreased by (6.8)% as compared to the market decrease of (13.4)% for same store brands represented by AutoCanada as reported by DesRosiers [Autocanada](https://investors.autocan.ca) (DesRosiers"), an outperformance of 6.6 ppts.

Our used vehicle and F&I segments were key drivers of the record earnings in Q1 2022. Used vehicle gross profit percentage² increased to 7.0% as compared to 6.7% in the prior year. F&I gross profit per retail unit average² increased to \$3,368, up 12.7% or \$379 per unit.

Unless stated otherwise, all results for acquired businesses are included in all Canadian references in the MD&A.

For the three-month period ended March 31, 2022:

- Revenue was \$1,131.0 million, an increase of 30.9%
- Used retail vehicles² sold increased by 2,620 or 29.6%
 - Average TTM Canadian used retail unit² sales per dealership per month, excluding Used Digital Retail Division dealerships², improved to 54, as compared to 50 in the prior year
- Used to new retail units ratio² increased to 1.50 from 1.29
 - TTM used to new retail ratio² improved to 1.48 at Q1 2022 as compared to 1.01 at Q1 2021
- F&I gross profit per retail unit average² increased to \$3,368, up 12.7% or \$379 per unit
- Net loss for the period was \$(1.0) million, down (104.8)% from a net income of \$21.0 million in 2021
 - Loss on extinguishment of embedded derivative of \$(29.3) million and loss on extinguishment of debt of \$(9.9) million were recognized in Q1 2022
- Adjusted EBITDA¹ increased 23.6% to \$53.4 million, an increase of \$10.2 million
 - Adjusted EBITDA¹ increased by 33.1% over prior year normalized adjusted EBITDA¹ of \$40.1 million
 - Adjusted EBITDA margin¹ was 4.7% as compared to normalized adjusted EBITDA margin¹ of 4.6% in the prior year, an increase of 0.1 ppts

¹ See "NON-GAAP AND OTHER FINANCIAL MEASURES" below.

This press release contains "SUPPLEMENTARY FINANCIAL MEASURES". See Section 15. NON-GAAP AND OTHER FINANCIAL

² MEASURES of the Company's Management's Discussion & Analysis (MD&A) for the three month period ended March 31, 2022 for further information regarding the composition of these measures.

U.S. Operations Highlights

REVENUE DOUBLED TO \$211 MILLION

U.S. Operations continues to improve under the new management team, as demonstrated by the fourth consecutive quarter of year-over year growth in adjusted EBITDA¹. This growth was driven by improvements across all aspects of the business and resulted in a gross profit percentage of 18.4% and a 77.3% increase in total retail unit sales.

- Revenue was \$211.4 million, an increase of 99%, from \$106.0 million
- Used retail vehicles² sold increased by 1,718 units or 192%
- F&I gross profit per retail unit average² increased to \$3,583 per unit, up 62.3% or \$1,375 per unit

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AUTOCANADA REPORTS RECORD FIRST QUARTER RESULTS - AutoCanada Investor Relations

- Net income for the period increased by \$5.0 million to \$5.3 million, from \$0.3 million



Net income on a trailing twelve month basis was \$22.1 million

<https://investors.autocan.ca>

- Adjusted EBITDA¹ was \$8.8 million as compared to \$4.0 million, an increase of \$4.8 million
 - Normalized adjusted EBITDA¹ for the prior year was \$(1.4) million, resulting in a normalized increase of \$10.2 million
 - Adjusted EBITDA¹ on a trailing twelve month basis was \$36.0 million

Same Store Metrics - Canadian Operations

F&I GROSS PROFIT PER RETAIL UNIT AVERAGE² INCREASED TO \$3,702, UP 20% OR \$617 PER UNIT

We outperformed the Canadian market by 6.6 ppts as same store new retail units² decreased by (6.8)% as compared to the market decrease of (13.4)%, for same store brands represented by AutoCanada as reported by DesRosiers. The continued optimization of the Company's complete business model is highlighted by the year-over-year 23.2% improvement in gross profit across each individual business segment which collectively totaled \$179.6 million.

Refer to Section 19 Same Stores Results Data of the Company's MD&A for the three month period ended March 31, 2022 for the definition of same store and further information.

- Revenue increased to \$926.7 million, an increase of 17.2%
- Gross profit increased by \$33.8 million or 23.2%
- Used to new retail units ratio² increased to 1.46 from 1.19
 - Used retail unit² sales increased by 14.0%, an increase of 1,144 units
- For the fourteenth consecutive quarter of year-over-year growth, F&I gross profit per retail unit average² increased to \$3,702, up 20.0% or \$617 per unit; gross profit increased to \$58.1 million as compared to \$46.3 million in the prior year, an increase of 25.4%
- Parts, service and collision repair ("PS&CR") gross profit increased to \$59.2 million, an increase of 17.3%
 - PS&CR gross profit percentage² decreased to 52.2% as compared to 54.6% in the prior year

Financing and Investing Activities and Other Recent Developments

ISSUED \$350 MILLION SENIOR UNSECURED NOTES

Net indebtedness¹ of \$248.8 million resulted in a net indebtedness leverage ratio¹ of 1.1x. Financing and Investing activities included the following:

- On January 12, 2022, S&P Global Ratings ("S&P") issued a research update and raised both the issuer credit rating and the Company's senior unsecured notes to 'B+'.
- On February 7, 2022, amended and extended our existing credit facility for total aggregate bank facilities of \$1.3 billion, with a maturity date of April 14, 2025.
- On February 7, 2022, issued \$350 million of Senior Unsecured Notes at 5.75%, due February 7, 2029, with the proceeds used to fund the redemption of the outstanding \$250 million 8.75% Senior Unsecured Notes due February 11, 2025, to reduce the outstanding balance under its syndicated credit facility and for general corporate purposes including acquisitions.

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- On May 2, 2022, the Company acquired substantially all of the assets used in or relating to the Audi Windsor and Porsche of London dealerships, located in London and Windsor, Ontario, respectively. The acquisition supports <https://investors.autocan.ca> objectives of further establishing the Company's presence in the province of Ontario, increasing both brand diversity and luxury mix within our portfolio. The acquisition included the underlying real estate for both dealerships.
- On May 4, 2022, the Company entered into an arrangement with the Bank of Nova Scotia to provide non-recourse mortgage financing for a previously purchased property in Maple Ridge, BC. The non-recourse mortgage arrangement will fund land value as well as construction costs associated with the development of two dealerships. The non-recourse mortgage is secured by the real estate as collateral. The credit facility allows for up to \$100 million of non-recourse mortgage financing. The non-recourse mortgage liability is not considered a liability for purposes of calculating our credit facility financial covenants.

¹ See "NON-GAAP AND OTHER FINANCIAL MEASURES" below.

² This press release contains "SUPPLEMENTARY FINANCIAL MEASURES". See Section 15. NON-GAAP AND OTHER FINANCIAL MEASURES of the Company's Management's Discussion & Analysis (MD&A) for the three month period ended March 31, 2022 for further information regarding the composition of these measures.


First Quarter Financial Information

The following table summarizes the Company's performance for the quarter:

| Consolidated Operational Data | Three Months Ended March 31 | | |
|--|-----------------------------|---------|----------|
| | 2022 | 2021 | % Change |
| Revenue | 1,342,438 | 969,824 | 38.4% |
| Gross profit | 247,339 | 167,636 | 47.5% |
| Gross profit % | 18.4% | 17.3% | 1.1% |
| Operating expenses | 193,646 | 127,948 | 51.3% |
| Operating profit | 56,690 | 41,664 | 36.1% |
| Net income for the period | 4,322 | 21,334 | (79.7)% |
| Basic net income per share attributable to AutoCanada shareholders | 0.11 | 0.77 | (85.7)% |
| Diluted net income per share attributable to AutoCanada shareholders | 0.10 | 0.71 | (85.9)% |
| Adjusted EBITDA ¹ | 62,196 | 47,234 | 31.7% |
| New retail vehicles ² sold (units) | 9,052 | 8,233 | 9.9% |
| New fleet vehicles ² sold (units) | 290 | 740 | (60.8)% |
| Total new vehicles ² sold (units) | 9,342 | 8,973 | 4.1% |
| Used retail vehicles ² sold (units) | 14,072 | 9,734 | 44.6% |
| Total vehicles ² sold | 23,414 | 18,707 | 25.2% |

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| | | | |
|--|---------|---------|---------|
|  Same store new retail vehicles ² sold (units) | 6,383 | 6,848 | (6.8)% |
| Same store new fleet vehicles ² sold (units) (https://investors.autocan.ca) | 264 | 739 | (64.3)% |
| Same store used retail vehicles ² sold (units) | 9,306 | 8,162 | 14.0% |
| Same store total vehicles ² sold | 15,953 | 15,749 | 1.3% |
| Same store ² revenue | 926,660 | 790,798 | 17.2% |
| Same store ² gross profit | 179,559 | 145,799 | 23.2% |
| Same store ² gross profit % | 19.4% | 18.4% | 1.0% |

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table shows the unaudited results of the Company for each of the eight most recently completed quarters. The results of operations for these periods are not necessarily indicative of the results of operations to be expected in any given comparable period.

| | MD&A Footnote Reference ³ | Q1 2022 | Q4 2021 | Q3 2021 REVISED | Q2 2021 REVISED | Q1 2021 REVISED | Q4 2020 | Q3 2020 | Q2 2020 |
|---|--|------------|-----------|-----------------------|-----------------------|-----------------------|------------|-----------|------------|
| Income Statement Data | ⁴ | | | | | | | | |
| New vehicles ⁴ | ⁷ | 511,195 | 467,085 | 498,142 | 547,593 | 451,061 | 466,468 | 544,415 | 381,427 |
| Used vehicles ⁴ | ⁷ | 595,514 | 524,043 | 518,791 | 539,785 | 354,922 | 257,301 | 309,193 | 215,032 |
| Parts, service and collision repair ⁴ | ⁷ | 152,009 | 136,800 | 116,953 | 122,459 | 108,427 | 105,362 | 111,739 | 90,417 |
| Finance, insurance and other ⁴ | ⁷ | 83,720 | 67,854 | 72,868 | 71,218 | 55,414 | 46,990 | 51,753 | 40,571 |
| Revenue | | 1,342,438 | 1,195,782 | 1,206,754 | 1,281,055 | 969,824 | 876,121 | 1,017,100 | 727,447 |
| New vehicles ⁴ | ⁷ | 53,384 | 50,632 | 46,525 | 44,619 | 34,639 | 31,199 | 42,230 | 10,634 |
| Used vehicles ⁴ | ⁷ | 36,772 | 38,118 | 39,669 | 40,269 | 23,206 | 19,787 | 29,819 | 4,224 |
| Parts, service and collision repair ⁴ | ⁷ | 78,431 | 75,917 | 64,748 | 68,115 | 57,874 | 58,109 | 59,056 | 45,836 |
| Finance, insurance and other ⁴ | ⁷ | 78,752 | 63,847 | 69,250 | 64,838 | 51,917 | 43,642 | 48,307 | 37,185 |
| Gross Profit | | 247,339 | 228,514 | 220,192 | 217,841 | 167,636 | 152,737 | 179,412 | 97,879 |
| Gross profit % | | 18.4% | 19.1% | 18.2% | 17.0% | 17.3% | 17.4% | 17.6% | 13.5% |
| Operating expenses | | 193,646 | 170,008 | 159,880 | 154,773 | 127,948 | 119,442 | 125,785 | 99,736 |
| Operating expenses as a % of gross profit | | 78.3% | 74.4% | 72.6% | 71.0% | 76.3% | 78.2% | 70.1% | 101.9% |

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| | | | | | | | | | |
|---|---------|---------|----------|---------|---------|---------|----------|---------|----------|
| Operating profit (loss) | | 56,690 | 99,410 | 62,841 | 66,153 | 41,664 | 46,664 | 56,884 | (4,388) |
| (Recoveries) impairment of non-financial assets | | — | (39,846) | — | — | — | (11,248) | — | 3,910 |
| Net income (loss) | | 4,322 | 69,398 | 38,769 | 37,698 | 21,334 | 24,320 | 35,962 | (20,052) |
| Basic net income (loss) per share attributable to AutoCanada shareholders | | 0.11 | 2.54 | 1.37 | 1.33 | 0.77 | 0.87 | 1.29 | (0.72) |
| Diluted net income (loss) per share attributable to AutoCanada shareholders | | 0.10 | 2.38 | 1.27 | 1.23 | 0.71 | 0.81 | 1.23 | (0.72) |
| Dividends declared per share | | — | — | — | — | — | — | — | — |
| Adjusted EBITDA ¹ | 2 | 62,196 | 65,873 | 68,265 | 70,491 | 47,234 | 40,472 | 61,054 | 4,828 |
| Free cash flow ¹ | 2 | 5,852 | 7,603 | 12,372 | 67,803 | 19,391 | 19,240 | 53,444 | 52,557 |
| Operating Data | 4 | | | | | | | | |
| New retail vehicles ² sold | 3 | 9,052 | 8,204 | 9,255 | 10,107 | 8,233 | 8,623 | 10,750 | 7,526 |
| New fleet vehicles ² sold | 3 | 290 | 199 | 358 | 575 | 740 | 964 | 582 | 340 |
| Total new vehicles ² sold | 3 | 9,342 | 8,403 | 9,613 | 10,682 | 8,973 | 9,587 | 11,332 | 7,866 |
| Used retail vehicles ² sold | 3 | 14,072 | 11,893 | 13,831 | 13,271 | 9,734 | 7,389 | 8,836 | 7,228 |
| Total vehicles ² sold | 3 | 23,414 | 20,296 | 23,444 | 23,953 | 18,707 | 16,976 | 20,168 | 15,094 |
| # of service and collision repair orders ² completed | 3, 5, 6 | 221,632 | 232,373 | 199,870 | 214,149 | 182,869 | 203,086 | 195,004 | 172,956 |
| # of dealerships at period end | 6 | 80 | 80 | 68 | 67 | 67 | 67 | 62 | 63 |
| # of same store dealerships | 7 | 49 | 49 | 49 | 49 | 49 | 47 | 47 | 48 |
| # of service bays at period end | | 1,293 | 1,303 | 1,108 | 1,098 | 1,098 | 1,098 | 1,039 | 1,044 |
| Same stores ² revenue growth | 7 | 17.2% | 14.1% | 15.0% | 54.2% | 27.8% | 6.3% | (1.1)% | (22.4)% |
| Same stores ² gross profit growth | 7 | 23.2% | 29.4% | 18.6% | 102.5% | 35.0% | 7.7% | 17.1% | (33.9)% |

¹ See "NON-GAAP AND OTHER FINANCIAL MEASURES" below.

This press release contains "SUPPLEMENTARY FINANCIAL MEASURES". See Section 15. NON-GAAP AND OTHER FINANCIAL

² MEASURES of the Company's Management's Discussion & Analysis (MD&A) for the three month period ended March 31, 2022 for further information regarding the composition of these measures.

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³ See the Company's MD&A for the quarter ended March 31, 2022 for complete footnote disclosures.



In Q4 2021, it was determined there were Revenues and Cost of sales accounts incorrectly classified between revenue streams in the first three quarters of 2021 within the U.S. Operations segment. As a result, the classification of these accounts has been corrected and we have revised the Q1, Q2, and Q3 2021 amounts. This reclassification had no impact on total gross profit.

MD&A and Financial Statements

Information included in this press release is a summary of results. It should be read in conjunction with AutoCanada's Consolidated Financial Statements and Management's Discussion and Analysis for the quarter ended March 31, 2022, which can be found on the Company's website at www.autocan.ca (<https://c212.net/c/link/?t=0&l=en&o=3525908-1&h=3649187094&u=http%3A%2F%2Fwww.autocan.ca%2F&a=www.autocan.ca>) or on www.sedar.com (<https://c212.net/c/link/?t=0&l=en&o=3525908-1&h=611043956&u=http%3A%2F%2Fwww.sedar.com%2F&a=www.sedar.com>).

NON-GAAP MEASURES

This press release contains certain financial measures that do not have any standardized meaning prescribed by Canadian GAAP. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned these measures should not be construed as an alternative to net earnings (loss) or to cash provided by (used in) operating, investing, financing activities, cash and cash equivalents, and indebtedness determined in accordance with Canadian GAAP, as indicators of our performance. We provide these additional non-GAAP measures, capital management measures, and supplementary financial measures to assist investors in determining our ability to generate earnings and cash provided by (used in) operating activities and to provide additional information on how these cash resources are used.

Adjusted EBITDA, adjusted EBITDA margin, normalized adjusted EBITDA, normalized adjusted EBITDA margin, income statement impacts and adjusted EBITDA on a pre-IFRS 16 basis, adjusted EBITDA margin on a pre-IFRS 16 basis, pro forma adjusted EBITDA, pro forma normalized adjusted EBITDA, free cash flow, net indebtedness, and net indebtedness leverage ratio are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that these non-GAAP measures should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company's methods of calculating referenced non-GAAP measures may differ from the methods used by other issuers. Therefore, these measures may not be comparable to similar measures presented by other issuers.

It should be noted that certain of the financial measures described below include pro forma items estimating the impact of the acquisitions if they had occurred on the first day of the relevant period, or as of a specified date. Readers should understand that these estimates were determined by management in good faith and are not indicative of what the historical results of the businesses acquired in the acquisitions actually were for the relevant period, or what those results would have been if the acquisitions had occurred on the dates indicated, or what they will be for any future period. As a result, the pro forma financial measures may not be indicative of the Company's financial position that would have prevailed, or operating results that would have been obtained, if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the

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future. These pro forma financial measures are not a forecast or projection of future results. The actual financial position and results of operations of the Company for any period following the closing of the acquisitions will vary from the pro forma financial measures, and such variation may be material.

We list and define these "NON-GAAP MEASURES" below:

Adjusted EBITDA

Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is an indicator of a company's operating performance over a period of time and ability to incur and service debt. Adjusted EBITDA provides an indication of the results generated by our principal business activities prior to:

- Interest expense (other than interest expense on floorplan financing), income taxes, depreciation, and amortization;
- Charges that introduce volatility unrelated to operating performance by virtue of the impact of external factors (such as share-based compensation amounts attributed to certain equity issuances as a part of the Used Digital Retail Division);
- Non-cash charges (such as impairment, recoveries, gains or losses on free-standing derivatives, revaluation of contingent consideration and revaluation of redemption liabilities);
- Charges outside the normal course of business (such as restructuring, gains and losses on dealership divestitures and real estate transactions); and
- Charges that are non-recurring in nature (such as provisions for wholesale fraud and settlement income).

The Company believes adjusted EBITDA provides improved continuity with respect to the comparison of our operating performance over a period of time.

Normalized Adjusted EBITDA

With the onset of COVID-19 during the second quarter of 2020, the impact of COVID-19 related government restrictions resulted in charges that are one-time in nature, and related government programs resulted in subsidies that are non-recurring in the future.

Normalized adjusted EBITDA is an indicator of a company's operating performance over a period of time and ability to incur and service debt, normalized for charges that are non-recurring in nature related to the pandemic such as:

- Canada Emergency Wage Subsidy ("CEWS") income expected to recur until the Company is no longer eligible for the subsidy;
- Canada Emergency Rent Subsidy ("CERS") income expected to recur until the Company is no longer eligible for the subsidy; and
- One-time forgiveness of Small Business Association Paycheck Protection Program ("PPP") loans.

The Company believes normalized adjusted EBITDA provides improved continuity with respect to the comparison of our operating performance normalized for impacts related to the COVID-19 pandemic.

Pro Forma Adjusted EBITDA and Pro Forma Normalized Adjusted EBITDA

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The Company believes pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA provides improved understanding of the progress of our acquisition strategy as if the acquisitions had occurred at the beginning of the period. Pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA includes management's estimate of the net income generated by our acquisitions prior to interest expense (other than interest expense on floorplan financing), income taxes, depreciation, and amortization, assuming acquisitions in the year had occurred on the first day of the 12 month period ended December 31, prior to any synergies, pursuant to the terms of the credit facilities. Pro forma adjustments estimated by management were derived from dealership financial statements. The Company's blended rate of Canadian corporate tax of 25.4% was applied to pro forma adjustments where applicable.

Refer to the MD&A for the year ended December 31, 2021 for the reconciliation of the pro forma normalized adjusted EBITDA for the year ended December 31, 2021.

Adjusted EBITDA Margin, Normalized Adjusted EBITDA Margin, and Adjusted EBITDA Margin on a Pre-IFRS 16 Basis

Adjusted EBITDA margin is an indicator of a company's operating performance specifically in relation to our revenue performance. Normalized adjusted EBITDA margin is an indicator of a company's operating performance specifically in relation to our revenue performance, normalized for government programs subsidies that are non-recurring in nature related to the pandemic such as:

- CEWS income expected to recur until the Company is no longer eligible for the subsidy;
- CERS expected to recur until the Company is no longer eligible for the subsidy; and
- One-time forgiveness of Small Business Association PPP loans.

The Company believes adjusted EBITDA margin, normalized adjusted EBITDA margin and adjusted EBITDA margin on a pre-IFRS 16 basis provides improved continuity with respect to the comparison of our operating performance with retaining and growing profitability as our revenue and scale increases over a period of time.

Income Statement Impacts and Adjusted EBITDA on a Pre-IFRS 16 basis

The Company adopted IFRS 16 on January 1, 2019. On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. There are also corresponding income statement impacts to net income and other comprehensive income.

The Company believes adjusted EBITDA on a pre-IFRS 16 basis provides improved continuity for purposes of comparing to our historical operating performance prior to fiscal year 2019. Our Credit Facility financial covenants are calculated and presented on a pre-IFRS 16 basis. In addition, the net indebtedness leverage ratio is calculated on a pre-IFRS 16 basis.

Adjusted EBITDA on a pre-IFRS 16 basis is calculated as adjusted EBITDA less the rental expense, fair market value rent adjustment, and step lease rent adjustment eliminated from the adoption of IFRS 16 lease liabilities accounting standards.

Free Cash Flow

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Free cash flow is a measure used by Management to evaluate the Company's performance. While the closest Canadian GAAP measure is cash provided by operating activities, free cash flow is considered relevant because it (http://investors.autocan.ca) much cash generated by operations is available after capital expenditures. It shall be noted that although we consider this measure to be free cash flow, financial and non-financial covenants in our credit facilities and dealer agreements may restrict cash from being available for distributions, re-investment in the Company, potential acquisitions, or other purposes. Investors should be cautioned that free cash flow may not actually be available for such purposes. References to "Free cash flow" are to cash provided by (used in) operating activities (including the net change in non-cash working capital balances) less capital expenditure (not including acquisitions of dealerships and dealership facilities).

Net Indebtedness Leverage Ratio

Net indebtedness leverage ratio is a measure used by management to evaluate the liquidity of the Company.

The Company believes presenting the net indebtedness leverage ratio on a pre-IFRS 16 basis provides improved continuity for purposes of comparing to our historical operating performance prior to fiscal year 2019 and remains relevant while our Credit Facility financial covenants continues to be calculated and presented on a pre-IFRS 16 basis. Net indebtedness leverage ratio is calculated as net indebtedness compared to Adjusted EBITDA pre-IFRS 16 on a TTM basis.

We list and define "CAPITAL MANAGEMENT MEASURES" below:

Net Indebtedness

Net indebtedness is used by management to evaluate the liquidity of the Company.

Net indebtedness is calculated as indebtedness, net of unamortized deferred financing costs, adding back embedded derivative asset, and less cash and cash equivalents.

NON-GAAP AND OTHER FINANCIAL MEASURES RECONCILIATIONS


Adjusted EBITDA and Normalized Adjusted EBITDA

The following table illustrates adjusted EBITDA and normalized adjusted EBITDA, for the three-month period ended March 31, over the last two years of operations:

| | 2022 | 2021 |
|--|-------|--------|
| Period from January 1 to March 31 | | |
| Net income for the period | 4,322 | 21,334 |
| Add back: | | |
| Income tax (recovery) expense | (463) | 7,220 |
| Depreciation of property and equipment | 4,740 | 4,054 |
| Interest on long-term indebtedness | 7,158 | 4,663 |
| Depreciation of right of use assets | 7,431 | 6,344 |

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AUTOCANADA REPORTS RECORD FIRST QUARTER RESULTS - AutoCanada Investor Relations

| | | |
|---|---------|---------|
| Lease liability interest | 7,372 | 5,722 |
|  | | |
| (https://investors.autocan.ca) | 30,560 | 49,337 |
| Add back: | | |
| Loss on extinguishment of debt | 9,860 | — |
| Unrealized fair value changes in derivative instruments | (7,795) | (2,919) |
| Amortization of loss on terminated hedges | 817 | 817 |
| Unrealized foreign exchange (gains) losses | (268) | 57 |
| Loss on extinguishment of embedded derivative | 29,306 | — |
| Gain on disposal of assets | (284) | (58) |
| Adjusted EBITDA | 62,196 | 47,234 |
| Normalizing items: | | |
| Less: | | |
| Canada Emergency Wage Subsidy | — | (2,901) |
| Canada Emergency Rent Subsidy | — | (200) |
| Forgiveness of PPP loans | — | (5,398) |
| Normalized Adjusted EBITDA | 62,196 | 38,735 |

Segmented Adjusted EBITDA and Segmented Normalized Adjusted EBITDA

The following table illustrates the segmented adjusted EBITDA and normalized adjusted EBITDA, for the three-month period ended March 31, over the last two years of operations:

| | Three Months Ended March 31, 2022 | | | Three Months Ended March 31, | | |
|--|-----------------------------------|-------|--------|------------------------------|-------|--------|
| | Canada | U.S. | Total | Canada | U.S. | Total |
| Period from January 1 to March 31 | | | | | | |
| Net (loss) income for the period | (1,006) | 5,328 | 4,322 | 21,044 | 290 | 21,334 |
| Add back: | | | | | | |
| Income tax (recovery) expense | (677) | 214 | (463) | 7,220 | — | 7,220 |
| Depreciation of property and equipment | 4,382 | 358 | 4,740 | 3,745 | 309 | 4,054 |
| Interest on long-term indebtedness | 5,787 | 1,371 | 7,158 | 2,825 | 1,838 | 4,663 |
| Depreciation of right of use assets | 6,759 | 672 | 7,431 | 5,677 | 667 | 6,344 |
| Lease liability interest | 6,492 | 880 | 7,372 | 4,786 | 936 | 5,722 |
| | 21,737 | 8,823 | 30,560 | 45,297 | 4,040 | 49,337 |
| Add back: | | | | | | |

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AUTOCANADA REPORTS RECORD FIRST QUARTER RESULTS - AutoCanada Investor Relations

| | | | | | | |
|--|---------|-------|---------|---------|---------|---------|
| Loss on extinguishment of debt | 9,860 | — | 9,860 | — | — | — |
| Unrealized fair value changes in derivative instruments (https://investors.autocan.ca) | (7,795) | — | (7,795) | (2,919) | — | (2,919) |
| Amortization of loss on terminated hedges | 817 | — | 817 | 817 | — | 817 |
| Unrealized foreign exchange (gains) losses | (268) | — | (268) | 57 | — | 57 |
| Loss on extinguishment of embedded derivative | 29,306 | — | 29,306 | — | — | — |
| Gain on disposal of assets | (284) | — | (284) | (58) | — | (58) |
| Adjusted EBITDA | 53,373 | 8,823 | 62,196 | 43,194 | 4,040 | 47,234 |
| Normalizing Items: | | | | | | |
| Less: | | | | | | |
| Canada Emergency Wage Subsidy | — | — | — | (2,901) | — | (2,901) |
| Canada Emergency Rent Subsidy | — | — | — | (200) | — | (200) |
| Forgiveness of PPP loans | — | — | — | — | (5,398) | (5,398) |
| Normalized Adjusted EBITDA | 53,373 | 8,823 | 62,196 | 40,093 | (1,358) | 38,735 |

Pro Forma Adjusted EBITDA and Pro Forma Normalized Adjusted EBITDA Reconciliation

The following table illustrates pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA for the trailing twelve month period ended March 31, over the last two years of operations:

| | 2022 | 2021 |
|---|----------|---------|
| Period from April 1 to March 31 | | |
| Net income for the period | 150,187 | 61,564 |
| Add back: | | |
| Income tax expense | 46,338 | 15,775 |
| Depreciation of property and equipment | 17,958 | 17,039 |
| Interest on long-term indebtedness | 24,395 | 17,190 |
| Depreciation of right of use assets | 27,507 | 24,895 |
| Lease liability interest | 24,712 | 22,274 |
| | 291,097 | 158,737 |
| Add back: | | |
| (Recoveries) impairment of non-financial assets, net | (39,846) | (7,338) |
| Share-based compensation (Used Digital Retail Division) | — | 435 |
| Loss (gain) on redemption liabilities | 14,116 | (762) |

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AUTOCANADA REPORTS RECORD FIRST QUARTER RESULTS - AutoCanada Investor Relations

| | | |
|--|----------|----------|
| Loss on extinguishment of debt | 10,988 | — |
| Unrealized fair value changes in derivative instruments (https://investors.autocan.ca) | (12,749) | (1,579) |
| Amortization of loss on terminated hedges | 3,268 | 2,810 |
| Unrealized foreign exchange (gains) losses | (210) | 2,193 |
| Loss on termination of lease, net | 427 | — |
| Gain on disposal of assets | (266) | (1,399) |
| Adjusted EBITDA | 266,825 | 153,097 |
| Normalizing items: | | |
| Add back: | | |
| Inventory write-down | — | 22,725 |
| Severance charges | — | 8,170 |
| Write-off of prepaid advertising leads | — | 2,131 |
| One-time retention and recognition payments for key dealership employees | — | 1,742 |
| One-time write-off of accounts receivable and onerous provisions | — | 5,633 |
| Other charges including true-up of accruals and other liabilities | — | 4,686 |
| One-time employee recognition payments | — | 309 |
| Operational incentive payments | — | 851 |
| Less: | | |
| Canada Emergency Wage Subsidy | (1,487) | (38,165) |
| Canada Emergency Rent Subsidy | (136) | (400) |
| Forgiveness of PPP loans | (1,330) | (5,398) |
| Normalized Adjusted EBITDA | 263,872 | 155,381 |
| Pro forma items had the acquisitions occurred on April 1: | | |
| Net income for the period | 5,481 | 2,153 |
| Add back: | | |
| Income tax expense | 1,769 | 695 |
| Depreciation of property and equipment | 1,262 | 504 |
| Interest on long-term indebtedness | 3,966 | 1,732 |
| Depreciation of right of use assets | 2,278 | 946 |
| Lease liability interest | 3,738 | 1,498 |
| Pro Forma Adjusted EBITDA | 285,319 | 160,625 |
| Pro Forma Normalized Adjusted EBITDA | 282,366 | 162,909 |



Quarter-to-Date Adjusted EBITDA Margin
<https://investors.autocan.ca/>

The following table illustrates adjusted EBITDA margin for the three-month periods ended March 31, over the last two years of operations:

| | 2022 | 2021 |
|-----------------------------------|-----------|---------|
| Period from January 1 to March 31 | | |
| Adjusted EBITDA | 62,196 | 47,234 |
| Revenue | 1,342,438 | 969,824 |
| Adjusted EBITDA Margin | 4.6% | 4.9% |

Quarter-to-Date Normalized Adjusted EBITDA Margin

The following table illustrates normalized adjusted EBITDA margin for the three-month periods ended March 31, over the last two years of operations:

| | 2022 | 2021 |
|-----------------------------------|-----------|---------|
| Period from January 1 to March 31 | | |
| Normalized Adjusted EBITDA | 62,196 | 38,735 |
| Revenue | 1,342,438 | 969,824 |
| Normalized Adjusted EBITDA Margin | 4.6% | 4.0% |

Quarter-to-Date Adjusted EBITDA Margin on a Pre-IFRS 16 basis

The following table illustrates adjusted EBITDA margin on a pre-IFRS 16 basis for the three-month periods ended March 31, over the last two years of operations:

| | 2022 | 2021 |
|---|-----------|---------|
| Period from January 1 to March 31 | | |
| Adjusted EBITDA on a pre-IFRS 16 basis | 49,196 | 36,100 |
| Revenue | 1,342,438 | 969,824 |
| Adjusted EBITDA Margin on a Pre-IFRS 16 basis | 3.7% | 3.7% |

Quarter-to-Date Adjusted EBITDA on a Pre-IFRS 16 Basis Reconciliation

The following table illustrates segmented adjusted EBITDA on a pre-IFRS 16 basis, for the three-month periods ended March 31, over the last two years of operations:

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AUTOCANADA REPORTS RECORD FIRST QUARTER RESULTS - AutoCanada Investor Relations

|  (https://investors.autocan.ca) | Three Months Ended March 31, 2022 | | | Three Months Ended March 31, 2021 | | |
|--|-----------------------------------|---------|----------|-----------------------------------|---------|----------|
| | Canada | U.S. | Total | Canada | U.S. | Total |
| Adjusted EBITDA | 53,373 | 8,823 | 62,196 | 43,194 | 4,040 | 47,234 |
| Rental expense | (11,616) | (2,160) | (13,776) | (9,921) | (2,182) | (12,103) |
| FMV rent adjustment | — | 1,040 | 1,040 | — | 1,056 | 1,056 |
| Step lease adjustment | (252) | (12) | (264) | (87) | — | (87) |
| Adjusted EBITDA on a pre-IFRS 16 basis | 41,505 | 7,691 | 49,196 | 33,186 | 2,914 | 36,100 |

Free Cash Flow

The following table illustrates free cash flow for the last eight consecutive quarters.

| | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 | Q3 2020 | Q2 2020 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Cash provided by operating activities | 7,279 | 10,153 | 13,721 | 68,604 | 20,506 | 20,447 | 54,366 | 54,114 |
| Deduct: | | | | | | | | |
| Purchase of non-growth property and equipment | (1,427) | (2,550) | (1,349) | (801) | (1,115) | (1,207) | (922) | (1,557) |
| Free cash flow | 5,852 | 7,603 | 12,372 | 67,803 | 19,391 | 19,240 | 53,444 | 52,557 |
| Free cash flow - TTM | 93,630 | 107,169 | 118,806 | 159,878 | 144,632 | 131,396 | 177,981 | 179,325 |

Net Indebtedness and Net Indebtedness Leverage Ratio Reconciliation

The following table illustrates the Company's net indebtedness and net indebtedness leverage ratio as at March 31, 2022 and December 31, 2021:

| | March 31, 2022 \$ | December 31, 2021 \$ |
|--|----------------------|-------------------------|
| Syndicated Credit Facility - Revolving Credit | 13,886 | 63,842 |
| Senior unsecured notes (including embedded derivative asset) | 344,120 | 221,965 |
| Mortgage and other debt | 501 | 101 |
| Total indebtedness | 358,507 | 285,908 |
| Add back: | | |
| Embedded derivative asset | — | 29,306 |
| Indebtedness for net indebtedness purpose | 358,507 | 315,214 |
| Cash and cash equivalents | (109,753) | (102,480) |

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| | | |
|---|---------|---------|
|  Net indebtedness | 248,754 | 212,734 |
| Adjusted EBITDA pre-IFRS 16 - trailing twelve months (https://investors.autocan.ca) | 219,680 | 206,584 |
| Net indebtedness leverage ratio | 1.1x | 1.0x |

Conference Call

A conference call to discuss the results for the three months ended March 31, 2022 will be held on May 5, 2022 at 9:00am Mountain (11:00am Eastern). To participate in the conference call, please dial 1.888.664.6392 approximately 10 minutes prior to the call.

This conference call will also be webcast live over the internet and can be accessed by all interested parties at the following URL: <https://investors.autocan.ca/event/2022-q1-conference-call/> (<https://c212.net/c/link/?t=0&l=en&o=3525908-1&h=1790132619&u=https%3A%2F%2Finvestors.autocan.ca%2Fevent%2F2022-q1-conference-call%2F&a=https%3A%2F%2Finvestors.autocan.ca%2Fevent%2F2022-q1-conference-call%2F>)

About AutoCanada

AutoCanada is a leading North American multi-location automobile dealership group currently operating 80 franchised dealerships, comprised of 28 brands, in eight provinces in Canada as well as a group in Illinois, USA. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Alfa Romeo, Chevrolet, GMC, Buick, Cadillac, Ford, Infiniti, Nissan, Hyundai, Subaru, Audi, Volkswagen, Kia, Mazda, Mercedes-Benz, BMW, MINI, Volvo, Toyota, Lincoln, Acura, Honda and Porsche branded vehicles. Additionally, the Company's Canadian Operations segment currently operates 2 used vehicle dealerships supporting the Used Digital Retail Division, the RightRide division operates 7 locations, and 4 stand-alone collision centres (within our group of 18 collision centres). In 2021, our dealerships sold approximately 86,000 vehicles and processed over 800,000 service and collision repair orders in our 1,303 service bays generating revenue in excess of \$4 billion.

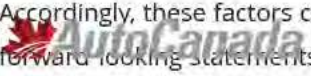
Additional information about AutoCanada Inc. is available at www.sedar.com (<http://www.sedar.com>) and the Company's website at www.autocan.ca (<http://www.autocan.ca>).

Forward Looking Statements

Certain statements contained in this press release are forward-looking statements and information (collectively "forward-looking statements", including "with respect to", "among other things", "future performance", "expense reductions" and the "Go Forward Plan"), within the meaning of the applicable Canadian securities legislation. We hereby provide cautionary statements identifying important factors that could cause our actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "projection", "vision", "goals", "objective", "target", "schedules", "outlook", "anticipate", "expect", "estimate", "could", "should", "plan", "seek", "may", "intend", "likely", "will", "believe", "shall" and similar expressions) are not historical facts and are forward-looking and may involve estimates and assumptions and are subject to risks, uncertainties and other factors some of which are beyond our control and difficult to predict.

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Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Therefore, any such forward-looking statements are qualified in their entirety by  <https://investors.autocan.ca> as discussed throughout this press release.

The Company's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website at www.sedar.com (<http://www.sedar.com>)) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Additional Information

Additional information about AutoCanada is available at the Company's website at www.autocan.ca (<https://c212.net/c/link/?t=0&l=en&o=3525908-1&h=3649187094&u=http%3A%2F%2Fwww.autocan.ca%2F&a=www.autocan.ca>) and www.sedar.com (<https://c212.net/c/link/?t=0&l=en&o=3525908-1&h=611043956&u=http%3A%2F%2Fwww.sedar.com%2F&a=www.sedar.com>).

SOURCE AutoCanada Inc.

For further information: Mike Borys, Chief Financial Officer, Phone: 780.509.2808, Email: mborys@autocan.ca

 (<https://facebook.com/sharer/sharer.php?u=https://investors.autocan.ca/2022/05/autocanada-reports-record-first-quarter-results/>)  (<https://twitter.com/intent/tweet/?text=autocanada-reports-record-first-quarter-results&url=https://investors.autocan.ca/2022/05/autocanada-reports-record-first-quarter-results/>)

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[AUTOCANADA CONTINUES TO EXPAND ONTARIO FOOTPRINT WITH ACQUISITION OF AUDI WINDSOR AND PORSCHE OF LONDON](#)

<https://investors.autocan.ca/2022/05/autocanada-continues-to-expand-ontario-footprint-with-acquisition-of-audi-windsor-and-porsche-of-london/>

[NEXT: PRESS RELEASES](#)

[AUTOCANADA ANNOUNCES ELECTION OF DIRECTORS AND VOTING RESULTS](#)

<https://investors.autocan.ca/2022/05/autocanada-announces-election-of-directors-and-voting-results-2/>



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AUTOCANADA REPORTS RECORD SECOND QUARTER RESULTS

August 10, 2022 | AutoCanada

- Revenue was \$1,686.0 million as compared to \$1,281.1 million in the prior year, an increase of 32% and the highest second quarter revenue reported in the Company's history
- Net income for the period was \$39.1 million, which includes \$10.0 million of incremental inventory writedowns, versus net income of \$37.7 million in the prior year
- Adjusted EBITDA¹ was \$75.6 million versus \$70.5 million in the prior year, an increase of 7.2%; normalized increase of 11.9% as compared to prior year normalized adjusted EBITDA¹ of \$67.5 million
 - Adjusted EBITDA margin¹ was 4.5% versus the normalized adjusted EBITDA margin¹ of 5.3% in the prior year, a decrease of (0.8) percentage points
- Diluted earnings per share was \$1.33, an increase of \$0.10 from \$1.23 in the prior year
- Indebtedness of \$375.0 million at the end of Q2 2022 compares to \$358.5 million at the end of Q1 2022
- Net indebtedness¹ of \$294.1 million at the end of Q2 2022 compares to \$248.8 million at the end of Q1 2022

EDMONTON, AB, Aug. 10, 2022 /CNW/ - AutoCanada Inc. ("AutoCanada" or the "Company") (TSX: ACQ), a multi-location North American automobile dealership group, today reported its financial results for the three month period ended June 30, 2022.




https://mma.prnewswire.com/media/1875961/AutoCanada_Inc_AUTOCANADA_REPORTS_RECORD_SECOND_QUARTER

"Our positive momentum continued in the second quarter where our team delivered yet another record quarter with exceptional performance across our operations," said Paul Antony, Executive Chairman of AutoCanada. "Strong results in Q2 reflect the ongoing sustainability of our business model, as well as our ability to continue navigating a

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AUTOCANADA REPORTS RECORD SECOND QUARTER RESULTS - AutoCanada Investor Relations

range of industry challenges, including OEM production delays and inventory constraints. I am immeasurably proud of what we have built and our platform's ability to thrive in a variety of market conditions and drive industry-leading performance.

 <https://investors.autocan.ca>

"This strength allowed us to continue to advance our acquisition strategy with the recent addition of Burwell Auto Body and Kelleher Ford, further expanding our national collision centre footprint and our dealership platform across Canada. We remain well positioned to continue to execute on our acquisition pipeline in the coming quarters with a number of dealerships and collision centres being evaluated.

"Looking forward to the remainder of 2022, we will continue to build on our strong momentum and focus on our strategic growth pillars to deliver best in class performance and enhance shareholder returns. We also expect to see continued realization of synergies from our acquisitions which will further drive our Adjusted EBITDA performance."

Second Quarter Key Highlights and Recent Developments

The Company set a second quarter record as revenue reached \$1,686.0 million compared to \$1,281.1 million in the prior year, an increase of 31.6%. Results were driven by continued strong performance across all areas of our complete business model, in particular our finance and insurance ("F&I"), parts, service and collision repair ("PS&CR") business operations, continued improvements from our U.S. Operations, and contributions from our acquisitions.

Net income for the period was \$39.1 million, which includes an incremental charge of \$10.0 million in our Canadian Operations for the writedown of used vehicle inventory to net realizable value, as compared to \$37.7 million in Q2 2021. Diluted earnings per share was \$1.33, an increase of \$0.10 from \$1.23 in the prior year.

Adjusted EBITDA¹ for the period was \$75.6 million as compared to \$70.5 million reported in Q2 2021, an improvement of 7.2%. Prior year results include \$3.0 million of government assistance related to COVID. Excluding these typically non-recurring income items in the prior year, adjusted EBITDA¹ of \$75.6 million compares to normalized adjusted EBITDA¹ of \$67.5 million in the prior year, a normalized improvement of 11.9%. Adjusted EBITDA margin¹ of 4.5% compares to 5.5% in the prior year, a decrease of (1.0) percentage points ("ppts"), and a decrease of (0.8) ppts as compared to normalized adjusted EBITDA margin¹ of 5.3% in the prior year.

Gross profit increased by \$61.4 million to \$279.3 million, an increase of 28.2%, as compared to prior year. This increase was largely driven by the increases of \$30.7 million from F&I and \$22.6 million from PS&CR. F&I gross profit per retail unit average² increased to \$3,458, up 24.7% or \$684 per unit. Gross profit percentage was 16.6% in the quarter and was impacted by the incremental \$10.0 million writedown of used vehicle inventory to net realizable value; this compares to 17.0% in the prior year. Used retail vehicles² sales increased by 4,469 units, up 33.7%, to 17,740, and contributed to the consolidated used to new retail units ratio² moving to 1.80 from 1.31. Used vehicle sales volume contributed to our strong F&I and PS&CR gross profit performance.

Our U.S. Operations continue to demonstrate strong growth and contributed \$42.9 million of gross profit, an increase of \$13.0 million or 43.6% as compared to prior year. This improvement in gross profit was propelled by gains from F&I and PS&CR, resulting in a gross profit percentage of 17.3%.

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AUTOCANADA REPORTS RECORD SECOND QUARTER RESULTS - AutoCanada Investor Relations

Floorplan financing costs increased by \$2.5 million, or 70%, to \$5.9 million as compared to prior year. The increase is attributable to the combination of rising interest rates and an increase in our used vehicle inventory position. While <https://investors.autocan.ca> impacted customer affordability, we consider the availability of vehicle inventory to remain the most significant challenge to sales growth. Additionally, some of the direct impacts of rising interest rates may be offset by vehicle financing products which provide flexibility in financing terms, inclusive of incentives and term extensions. Overall, we currently do not expect interest rates to impact the pace of new and used vehicle sales due to strong levels of demand relative to limited supply. Management continues to monitor the macro environment and will adjust F&I product offerings and other aspects of the business, where necessary, to meet customer needs.

We continue to manage our new vehicle inventory as the chip shortage remains an issue and continues to impact the supply of new vehicle inventory. While we have seen positive indicators and noted gradual improvements in both the availability of inventory and product allocations, we are not anticipating a return to "normalcy" in inventory levels until late 2023 to 2024. Compensating for constrained new vehicle supply, we more than doubled our used vehicle inventory position to \$699.0 million as at June 30, 2022 as compared to \$309.8 million in Q2 2021. Based on our current used vehicle inventory composition and market conditions, management determined that \$10.0 million writedown of incremental used vehicle inventory was required to calibrate our cost of used vehicle inventory to the changing macro environment. We will continue to assess the net realizable value of our inventory in the quarters ahead and actively manage our inventory position to ensure it remains appropriate to meet current market demand.

Net indebtedness¹ increased by \$45.3 million from March 31, 2022 to \$294.1 million at the end of Q2 2022. This increase is primarily driven by the repurchase and cancellation of \$25.4 million of shares under the authorized Normal Course Issuer Bid ("NCIB"), the acquisitions of Porsche Centre London and Audi Windsor dealerships, and the Burwell Auto Body collision centre. Free cash flow¹ on a trailing twelve month ("TTM") basis was \$89.1 million at Q2 2022 as compared to \$159.9 million in Q2 2021; the decline in free cash flow¹ between years was driven primarily by reduced government assistance in 2021, increased cash taxes, stock based compensation related cash payments, and changes in working capital. Additionally, our net indebtedness leverage ratio¹ of 1.3x remained well below our target range at the end of Q2 2022, as compared to 0.1x in Q2 2021.

Had all of the acquisitions, completed as of Q2 2022, occurred at July 1, 2021, consolidated pro forma net income would have been \$155.3 million for the TTM ended June 30, 2022, as compared to consolidated pro forma net income of \$174.8 million for the year ended December 31, 2021. Pro forma normalized adjusted EBITDA¹ would be \$286.9 million for the TTM ended June 30, 2022, as compared to pro forma normalized adjusted EBITDA¹ of \$266.4 million for the year ended December 31, 2021.

We have established an acquisition pipeline, with dealerships and collision centres representing in excess of \$125 million in annual revenue currently being evaluated. We are at varying stages of the acquisition process with these targets, ranging from signed letters of intent to signed purchase agreements, with the potential deals remaining subject to due diligence, OEM approvals, and other standard closing conditions. We remain well-positioned to continue to execute on our acquisition strategy in the coming quarters.

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AUTOCANADA REPORTS RECORD SECOND QUARTER RESULTS - AutoCanada Investor Relations

Our performance, both in Canada and U.S. Operations, continues our trend of sustainable improvement and

demonstrates the efficacy of our complete business model and strategic initiatives. We remain aware that <https://investors.autocan.ca> in the macroeconomic environment given the ongoing challenges associated with the lingering effects of the global pandemic, inflation, rising interest rates, and the Russia-Ukraine war. Uncertainties may include potential economic recessions or downturns, continued disruptions to the global automotive manufacturing supply chain, and other general economic conditions resulting in reduced demand for vehicle sales and service. We will continue to remain proactive and vigilant in assessing the impacts on our organization and remain committed to optimizing and building stability and resiliency into our business model to ensure we are able to drive industry-leading performance regardless of changing market condition.

Consolidated AutoCanada Highlights

ANOTHER RECORD SETTING SECOND QUARTER

AutoCanada delivered another record setting second quarter.

Refer to Section 5 Acquisitions, Divestitures, Relocations and Real Estate of the MD&A for acquisitions included in Q2 2022 results.

For the three-month period ended June 30, 2022:

- Revenue was \$1,686.0 million, an increase of \$405.0 million or 31.6%
- Total vehicles² sold were 28,115, an increase of 4,162 units or 17.4%
 - Used retail vehicles² sold increased by 4,469 or 33.7%
- Net income for the period was \$39.1 million (or \$1.40 per basic share) versus \$37.7 million (or \$1.23 per diluted share), which includes \$10.0 million of incremental inventory writedowns in Q2 2022
- Adjusted EBITDA¹, which includes \$10.0 million of incremental inventory writedowns, increased by 7.2% to \$75.6 million, an increase of \$5.1 million
 - Adjusted EBITDA¹ increased by 11.9% over prior year normalized adjusted EBITDA¹ of \$67.5 million, an increase of \$8.0 million
 - Adjusted EBITDA¹ on a trailing twelve month basis was \$271.9 million
- Net indebtedness¹ of \$294.1 million reflected an increase of \$45.3 million from Q1 2022.

Canadian Operations Highlights

TOTAL GROSS PROFIT INCREASED BY 26%

Our F&I and PS&CR segments were key drivers of the record performance in Q2 2022. F&I gross profit per retail unit average increased to \$3,349, up 17.2% or \$491 per unit. PS&CR gross profit increased by \$17.7 million or 29.3% to \$78.2 million.

Unless stated otherwise, all results for acquired businesses are included in all Canadian references in the MD&A.

For the three-month period ended June 30, 2022:

- Revenue was \$1,437.9 million, an increase of 32.0%

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- Used retail unit² sales increased by 3,017 or 26.3%



Average TTM Canadian used retail unit sales per dealership per month, excluding Used Digital Retail Division

(<https://investors.autocan.ca>) to 60, as compared to 57 in the prior year

- Used to new retail units ratio² increased to 1.69 from 1.48
 - TTM used to new retail ratio² improved to 1.56 at Q2 2022 as compared to 1.13 at Q2 2021
- F&I gross profit per retail unit average² increased to \$3,349, up 17.2% or \$491 per unit
- Net income for the period was \$31.9 million, which includes \$10.0 million of incremental inventory writedowns, down (3.1)% from a net income of \$33.0 million in 2021
- Adjusted EBITDA¹ increased by 6.4% to \$65.4 million, an increase of \$3.9 million
 - Adjusted EBITDA¹ increased by 9.3% over prior year normalized adjusted EBITDA¹ of \$59.9 million
 - Adjusted EBITDA margin¹ was 4.6% as compared to normalized adjusted EBITDA margin¹ of 5.5% in the prior year, a decrease of (0.9) ppts

U.S. Operations Highlights

USED RETAIL VEHICLES SOLD INCREASED BY 81%

U.S. Operations continues to improve, as demonstrated by the fifth consecutive quarter of year-over year growth in adjusted EBITDA¹. This growth was driven by improvements across all aspects of the business and resulted in an increase in gross profit percentage by 1.7 ppts to 17.3% and a 10.3% increase in total retail unit² sales.

- Revenue was \$248.1 million, an increase of 29.5%, from \$191.6 million
- Used retail vehicles² sold increased by 1,452 units or 81%
- F&I gross profit per retail unit average² increased to \$4,005 per unit, up 68.2% or \$1,624 per unit
- Net income for the period increased by \$2.4 million to \$7.1 million from \$4.7 million
 - Net income on a trailing twelve month basis was \$24.5 million
- Adjusted EBITDA¹ was \$10.1 million as compared to \$9.0 million, an increase of \$1.1 million
 - Adjusted EBITDA¹ increased by \$2.5 million as compared to normalized adjusted EBITDA¹ of \$7.7 million for the prior year
 - Adjusted EBITDA¹ on a trailing twelve month basis was \$37.1 million

Same Store Metrics - Canadian Operations

F&I GROSS PROFIT PER RETAIL UNIT AVERAGE INCREASED TO \$3,683, UP 25% OR \$741 PER UNIT

The continued optimization of the Company's complete business model is highlighted by the year-over-year 10.3% improvement in gross profit, which collectively totaled \$201.5 million. PS&CR performance has improved as a result of the continued recovery in kilometres driven, implementation of Business Development Centre, operational process improvements, and optimization of the PS&CR pricing strategy to maintain margins within the current macro economic conditions..

Refer to Section 19 Same Store Results Data of the MD&A for the definition of same store and further information.

- Revenue increased to \$1,214.5 million, an increase of 14.2%

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- Gross profit increased by \$18.8 million or 10.3%
- Based on new retail units ratio² increased to 1.59 from 1.37
(<https://investors.autocan.ca>) increased by 7.3%, an increase of 772 units

- For the fifteenth consecutive quarter of year-over-year growth, F&I gross profit per retail unit average² increased to \$3,683, up 25.2% or \$741 per unit; F&I gross profit increased to \$68.2 million as compared to \$54.0 million in the prior year, an increase of 26.2%
- PS&CR gross profit increased to \$64.6 million, an increase of 13.7%
 - PS&CR gross profit percentage² increased to 57.2% as compared to 55.5% in the prior year

Financing and Investing Activities and Other Recent Developments

ACQUISITION PIPELINE SUPPORTED BY HEALTHY BALANCE SHEET AND LIQUIDITY STRUCTURE

Net indebtedness¹ of \$294.1 million resulted in a net indebtedness leverage ratio¹ of 1.3x. Financing and investing activities included the following:

Acquisitions

- The Company completed \$78.8 million of acquisitions in Q2 2022
- On May 2, 2022, the Company acquired substantially all of the assets, including the underlying real estate, used in or relating to the Audi Windsor and Porsche Centre London dealerships, located in Windsor and London, Ontario, respectively. The acquisition further establishes our presence in the province of Ontario, increasing both brand diversity and luxury mix within our portfolio.
- On June 30, 2022, the Company acquired 100% of the shares in Burwell Auto Body Ltd., a luxury-brand focused collision centre. The acquisition expands our collision centre capacity, and allows the Company to leverage existing dealerships in Ontario.
- On August 2, 2022, the Company acquired 100% of the shares of Kelleher Ford Dealership and Collision Centre. The acquisition supports management's strategic objectives of further establishing the Company's presence in the province of Manitoba.

Non-Recourse Mortgage Financing

- On June 22 and June 30, 2022, the Company executed \$32.2 million of non-recourse mortgage financings with the Bank of Nova Scotia for previously purchased properties. The non-recourse mortgages will fund land value and construction costs associated with the development of two dealerships in Maple Ridge, BC, and real estate value for two dealerships in Ontario. The underlying real estate is pledged as collateral on the non-recourse mortgage in the amount of the loan. The credit facility allows for up to \$100 million of non-recourse mortgage financing. The non-recourse mortgage liability is not considered a liability for purposes of calculating our credit facility financial covenants.

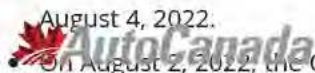
Share Purchases

- The Company completed its normal course issuer bid on May 19, 2022, purchasing and cancelling 1,730,321 shares for an aggregate purchase price of \$56.6 million.
- On June 28, 2022, the Company announced a Substantial Issuer Bid ("SIB") offer to purchase up to \$100 million in value of its outstanding common shares at a price range of \$22 to \$25 per share. The offer was set to expire on

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AUTOCANADA REPORTS RECORD SECOND QUARTER RESULTS - AutoCanada Investor Relations

August 4, 2022.



- On August 2, 2022, the Company announced an expiration date extension and a revised price range for the SIB. (<https://investors.autocan.ca>) revised from \$22 to \$25 per share to \$25 to \$28 per share, and the expiration date was revised from August 4, 2022 to August 15, 2022.

Second Quarter Financial Information


The following table summarizes the Company's performance for the quarter:

| Consolidated Operational Data | Three Months Ended June 30 | | |
|--|----------------------------|-----------|----------|
| | 2022 | 2021 | % Change |
| Revenue | 1,686,026 | 1,281,055 | 31.6 % |
| Gross profit | 279,278 | 217,841 | 28.2 % |
| Gross profit % | 16.6 % | 17.0 % | (0.4) % |
| Operating expenses | 212,709 | 154,773 | 37.4 % |
| Operating profit | 69,954 | 66,153 | 5.7 % |
| Net income for the period | 39,058 | 37,698 | 3.6 % |
| Basic net income per share attributable to AutoCanada shareholders | 1.40 | 1.33 | 5.3 % |
| Diluted net income per share attributable to AutoCanada shareholders | 1.33 | 1.23 | 8.1 % |
| Adjusted EBITDA ¹ | 75,561 | 70,491 | 7.2 % |
| New retail vehicles ² sold (units) | 9,878 | 10,107 | (2.3) % |
| New fleet vehicles ² sold (units) | 497 | 575 | (13.6) % |
| Total new vehicles ² sold (units) | 10,375 | 10,682 | (2.9) % |
| Used retail vehicles ² sold (units) | 17,740 | 13,271 | 33.7 % |
| Total vehicles ² sold | 28,115 | 23,953 | 17.4 % |
| Same store new retail vehicles ² sold (units) | 7,139 | 7,763 | (8.0) % |
| Same store new fleet vehicles ² sold (units) | 440 | 575 | (23.5) % |
| Same store used retail vehicles ² sold (units) | 11,371 | 10,599 | 7.3 % |
| Same store total vehicles ² sold | 18,950 | 18,937 | 0.1 % |
| Same store ² revenue | 1,214,485 | 1,063,275 | 14.2 % |
| Same store ² gross profit | 201,493 | 182,716 | 10.3 % |
| Same store ² gross profit % | 16.6 % | 17.2 % | (0.6) % |

¹ See "NON-GAAP AND OTHER FINANCIAL MEASURES" below.

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AUTOCANADA REPORTS RECORD SECOND QUARTER RESULTS - AutoCanada Investor Relations

 This press release contains "SUPPLEMENTARY FINANCIAL MEASURES". Section 15. NON-GAAP AND OTHER FINANCIAL MEASURES of the Company's Management's Discussion & Analysis for the three month period ended June 30, 2022 ("MD&A") is hereby ² <https://investor.autocan.ca/autocanada-reports-record-second-quarter-results/> further information regarding the composition of these measures (accessible through the SEDAR website at www.sedar.com (www.sedar.com)).


SELECTED QUARTERLY FINANCIAL INFORMATION

The following table shows the unaudited results of the Company for each of the eight most recently completed quarters. The results of operations for these periods are not necessarily indicative of the results of operations to be expected in any given comparable period.

| | MD&A Footnote Reference ³ | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 REVISED | Q2 2021 REVISED | Q1 2021 REVISED | Q4 2020 | Q3 |
|--|--|------------|------------|------------|-----------------------|-----------------------|-----------------------|----------|------|
| Income Statement Data | 4 | | | | | | | | |
| New vehicles ⁴ | 7 | 583,870 | 511,195 | 467,085 | 498,142 | 547,593 | 451,061 | 466,468 | 544 |
| Used vehicles ⁴ | 7 | 840,998 | 595,514 | 524,043 | 518,791 | 539,785 | 354,922 | 257,301 | 309 |
| Parts, service and collision repair ⁴ | 7 | 160,307 | 152,009 | 136,800 | 116,953 | 122,459 | 108,427 | 105,362 | 111 |
| Finance, insurance and other ⁴ | 7 | 100,851 | 83,720 | 67,854 | 72,868 | 71,218 | 55,414 | 46,990 | 51, |
| Revenue | | 1,686,026 | 1,342,438 | 1,195,782 | 1,206,754 | 1,281,055 | 969,824 | 876,121 | 1,0 |
| New vehicles ⁴ | 7 | 58,950 | 53,384 | 50,632 | 46,525 | 44,619 | 34,639 | 31,199 | 42, |
| Used vehicles ⁴ | 7 | 34,125 | 36,772 | 38,118 | 39,669 | 40,269 | 23,206 | 19,787 | 29, |
| Parts, service and collision repair ⁴ | 7 | 90,713 | 78,431 | 75,917 | 64,748 | 68,115 | 57,874 | 58,109 | 59, |
| Finance, insurance and other ⁴ | 7 | 95,490 | 78,752 | 63,847 | 69,250 | 64,838 | 51,917 | 43,642 | 48, |
| Gross Profit | | 279,278 | 247,339 | 228,514 | 220,192 | 217,841 | 167,636 | 152,737 | 179 |
| Gross profit % | | 16.6 % | 18.4 % | 19.1 % | 18.2 % | 17.0 % | 17.3 % | 17.4 % | 17, |
| Operating expenses | | 212,709 | 193,646 | 170,008 | 159,880 | 154,773 | 127,948 | 119,442 | 125 |
| Operating expenses as a % of gross profit | | 76.2 % | 78.3 % | 74.4 % | 72.6 % | 71.0 % | 76.3 % | 78.2 % | 70, |
| Operating profit | | 69,954 | 56,690 | 99,410 | 62,841 | 66,153 | 41,664 | 46,664 | 56, |
| Recovery of non-financial assets | | — | — | (39,846) | — | — | — | (11,248) | — |
| Net income | | 39,058 | 4,322 | 69,398 | 38,769 | 37,698 | 21,334 | 24,320 | 35, |
| Basic net income per share attributable to AutoCanada shareholders | | 1.40 | 0.11 | 2.54 | 1.37 | 1.33 | 0.77 | 0.87 | 1.2, |
| Diluted net income per share attributable to AutoCanada shareholders | | 1.33 | 0.10 | 2.38 | 1.27 | 1.23 | 0.71 | 0.81 | 1.2, |

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| Dividends declared per share | | — | — | — | — | — | — | — | — |
|---|------|---------|---------|---------|---------|---------|---------|---------|------|
|  Adjusted EBITDA ¹ (https://investors.autocan.ca) | 2 | 75,561 | 62,196 | 65,873 | 68,265 | 70,491 | 47,234 | 40,472 | 61,0 |
| Free cash flow ¹ | 2 | 63,318 | 5,852 | 7,603 | 12,372 | 67,803 | 19,391 | 19,240 | 53, |
| Operating Data | 4 | | | | | | | | |
| New retail vehicles ² sold | 3 | 9,878 | 9,052 | 8,204 | 9,255 | 10,107 | 8,233 | 8,623 | 10, |
| New fleet vehicles ² sold | 3 | 497 | 290 | 199 | 358 | 575 | 740 | 964 | 582 |
| Total new vehicles ² sold | 3 | 10,375 | 9,342 | 8,403 | 9,613 | 10,682 | 8,973 | 9,587 | 11,0 |
| Used retail vehicles ² sold | 3 | 17,740 | 14,072 | 11,893 | 13,831 | 13,271 | 9,734 | 7,389 | 8,8 |
| Total vehicles ² sold | 3 | 28,115 | 23,414 | 20,296 | 23,444 | 23,953 | 18,707 | 16,976 | 20, |
| # of service and collision repair orders ² completed | 3, 5 | 261,671 | 221,632 | 232,373 | 199,870 | 214,149 | 182,869 | 203,086 | 195 |
| # of dealerships at period end | 6 | 82 | 80 | 80 | 68 | 67 | 67 | 67 | 62 |
| # of same store dealerships | 1 | 49 | 49 | 49 | 49 | 49 | 49 | 47 | 47 |
| # of service bays at period end | | 1,322 | 1,293 | 1,303 | 1,108 | 1,098 | 1,098 | 1,098 | 1,0 |
| Same stores ² revenue growth | 1 | 14.2 % | 17.2 % | 14.1 % | 15.0 % | 54.2 % | 27.8 % | 6.3 % | (1.1 |
| Same stores ² gross profit growth | 1 | 10.3 % | 23.2 % | 29.4 % | 18.6 % | 102.5 % | 35.0 % | 7.7 % | 17. |

¹ See "NON-GAAP AND OTHER FINANCIAL MEASURES" below.

This press release contains "SUPPLEMENTARY FINANCIAL MEASURES". Section 15. NON-GAAP AND OTHER FINANCIAL MEASURES of the Company's Management's Discussion & Analysis for the three month period ended June 30, 2022 ("MD&A") is hereby
² incorporated by reference for further information regarding the composition of these measures (accessible through the SEDAR website at www.sedar.com (www.sedar.com)).

³ See the Company's MD&A for the quarter ended June 30, 2022 for complete footnote disclosures.

In Q4 2021, it was determined there were Revenues and Cost of sales accounts incorrectly classified between revenue streams in
⁴ the first three quarters of 2021 within the U.S. Operations segment. As a result, the classification of these accounts has been corrected and we have revised the Q1, Q2, and Q3 2021 amounts. This reclassification had no impact on total gross profit.

MD&A and Financial Statements

Information included in this press release is a summary of results. It should be read in conjunction with AutoCanada's Consolidated Financial Statements and Management's Discussion and Analysis for the quarter ended June 30, 2022, which can be found on the Company's website at www.autocan.ca (<https://c212.net/c/link/?t=0&l=en&o=3617962-1&h=231459412&u=http%3A%2F%2Fwww.autocan.ca%2F&a=www.autocan.ca>) or on www.sedar.com (<https://c212.net/c/link/?t=0&l=en&o=3617962-1&h=4028771638&u=http%3A%2F%2Fwww.sedar.com%2F&a=www.sedar.com>).

NON-GAAP MEASURES

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This press release contains certain financial measures that do not have any standardized meaning prescribed by Canadian GAAP. Therefore, these financial measures may not be comparable to similar measures presented by <https://investors.autocan.ca>. Investors are cautioned these measures should not be construed as an alternative to net earnings (loss) or to cash provided by (used in) operating, investing, financing activities, cash and cash equivalents, and indebtedness determined in accordance with Canadian GAAP, as indicators of our performance. We provide these additional non-GAAP measures, capital management measures, and supplementary financial measures to assist investors in determining our ability to generate earnings and cash provided by (used in) operating activities and to provide additional information on how these cash resources are used.

Adjusted EBITDA, adjusted EBITDA margin, normalized adjusted EBITDA, normalized adjusted EBITDA margin, income statement impacts and adjusted EBITDA on a pre-IFRS 16 basis, adjusted EBITDA margin on a pre-IFRS 16 basis, pro forma adjusted EBITDA, pro forma normalized adjusted EBITDA, free cash flow, net indebtedness, and net indebtedness leverage ratio are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that these non-GAAP measures should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company's methods of calculating referenced non-GAAP measures may differ from the methods used by other issuers. Therefore, these measures may not be comparable to similar measures presented by other issuers.

It should be noted that certain of the financial measures described below include pro forma items estimating the impact of the acquisitions if they had occurred on the first day of the relevant period, or as of a specified date. Readers should understand that these estimates were determined by management in good faith and are not indicative of what the historical results of the businesses acquired in the acquisitions actually were for the relevant period, or what those results would have been if the acquisitions had occurred on the dates indicated, or what they will be for any future period. As a result, the pro forma financial measures may not be indicative of the Company's financial position that would have prevailed, or operating results that would have been obtained, if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the future. These pro forma financial measures are not a forecast or projection of future results. The actual financial position and results of operations of the Company for any period following the closing of the acquisitions will vary from the amounts set forth following pro forma financial measures, and such variation may be material.

We list and define these "NON-GAAP MEASURES" below:


Adjusted EBITDA

Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is an indicator of a company's operating performance over a period of time and ability to incur and service debt. Adjusted EBITDA provides an indication of the results generated by our principal business activities prior to:

- Interest expense (other than interest expense on floorplan financing), income taxes, depreciation, and amortization;
- Charges that introduce volatility unrelated to operating performance by virtue of the impact of external factors (such as share-based compensation amounts attributed to certain equity issuances as a part of the Used Digital Retail Division);

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- 
- Non-cash charges (such as impairment, recoveries, gains or losses on free-standing derivatives, revaluation of contingent consideration and revaluation of redemption liabilities);
 - <https://investors.autocan.ca> course of business (such as restructuring, gains and losses on dealership divestitures and real estate transactions); and
 - Charges that are non-recurring in nature (such as provisions for wholesale fraud and settlement income).

The Company believes adjusted EBITDA provides improved continuity with respect to the comparison of our operating performance over a period of time.

Normalized Adjusted EBITDA

With the onset of COVID-19 during the second quarter of 2020, the impact of COVID-19 related government restrictions resulted in charges that are one-time in nature, and related government programs resulted in subsidies that are non-recurring in the future.

Normalized adjusted EBITDA is an indicator of a company's operating performance over a period of time and ability to incur and service debt, normalized for charges that are non-recurring in nature related to the pandemic such as:

- CEWS income expected to recur until the Company is no longer eligible for the subsidy;
- CERS expected to recur until the Company is no longer eligible for the subsidy; and
- One-time forgiveness of Small Business Association PPP loans.

The Company believes normalized adjusted EBITDA provides improved continuity with respect to the comparison of our operating performance normalized for impacts related to the COVID-19 pandemic. Refer to the COVID-19 impacts section of Note 4 of the Interim Consolidated Financial Statements for the six-months ended June 30, 2022 for further details.

Pro Forma Adjusted EBITDA and Pro Forma Normalized Adjusted EBITDA

The Company believes pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA provides improved understanding of the progress of our acquisition strategy as if the acquisitions had occurred at the beginning of the period. Pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA includes management's estimate of the net income generated by our acquisitions prior to interest expense (other than interest expense on floorplan financing), income taxes, depreciation, and amortization, assuming acquisitions in the year had occurred on the first day of the 12 month period ended June 30, 2022, prior to any synergies, pursuant to the terms of the credit facilities. Pro forma adjustments estimated by management were derived from dealership financial statements. The Company's blended rate of Canadian corporate tax of 25.5% was applied to pro forma adjustments where applicable.

Refer to the Company's Management Discussion & Analysis for the year ended December 31, 2021 for the reconciliation of the pro forma normalized adjusted EBITDA for the year ended December 31, 2021.

Adjusted EBITDA Margin, Normalized Adjusted EBITDA Margin, and Adjusted EBITDA Margin on a Pre-IFRS 16 Basis

Adjusted EBITDA margin is an indicator of a company's operating performance specifically in relation to our revenue performance. Normalized adjusted EBITDA margin is an indicator of a company's operating performance specifically in relation to our revenue performance, normalized for government programs subsidies that are non-recurring in

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nature related to the pandemic such as:



- CEWS income expected to recur until the Company is no longer eligible for the subsidy; (<https://investors.autocan.ca>)
- CERS expected to recur until the Company is no longer eligible for the subsidy; and
- One-time forgiveness of Small Business Association PPP loans.

The Company believes adjusted EBITDA margin, normalized adjusted EBITDA margin and adjusted EBITDA margin on a pre-IFRS 16 basis provides improved continuity with respect to the comparison of our operating performance with retaining and growing profitability as our revenue and scale increases over a period of time.

Income Statement Impacts and Adjusted EBITDA on a Pre-IFRS 16 basis

The Company adopted IFRS 16 on January 1, 2019. On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. There are also corresponding income statement impacts to net income and other comprehensive income.

The Company believes adjusted EBITDA on a pre-IFRS 16 basis provides improved continuity for purposes of comparing to our historical operating performance prior to fiscal year 2019. Our Credit Facility financial covenants are calculated and presented on a pre-IFRS 16 basis. In addition, the net indebtedness leverage ratio is calculated on a pre-IFRS 16 basis.

Adjusted EBITDA on a pre-IFRS 16 basis is calculated as adjusted EBITDA less the rental expense, fair market value rent adjustment, and step lease rent adjustment eliminated from the adoption of IFRS 16 lease liabilities accounting standards.

Free Cash Flow

Free cash flow is a measure used by Management to evaluate the Company's performance. While the closest Canadian GAAP measure is cash provided by operating activities, free cash flow is considered relevant because it provides an indication of how much cash generated by operations is available after capital expenditures. It shall be noted that although we consider this measure to be free cash flow, financial and non-financial covenants in our credit facilities and dealer agreements may restrict cash from being available for distributions, re-investment in the Company, potential acquisitions, or other purposes. Investors should be cautioned that free cash flow may not actually be available for such purposes. References to "Free cash flow" are to cash provided by (used in) operating activities (including the net change in non-cash working capital balances) less capital expenditure (not including acquisitions of dealerships and dealership facilities).

Net Indebtedness Leverage Ratio

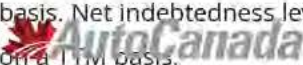
Net indebtedness leverage ratio is a measure used by management to evaluate the liquidity of the Company.

The Company believes presenting the net indebtedness leverage ratio on a pre-IFRS 16 basis provides improved continuity for purposes of comparing to our historical operating performance prior to fiscal year 2019 and remains relevant while our Credit Facility financial covenants continues to be calculated and presented on a pre-IFRS 16

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basis. Net indebtedness leverage ratio is calculated as net indebtedness compared to Adjusted EBITDA pre-IFRS 16 on a TTM basis.

 <https://investors.autocan.ca>

We list and define "CAPITAL MANAGEMENT MEASURES" below:

Net Indebtedness

Net indebtedness is used by management to evaluate the liquidity of the Company.

Net indebtedness is calculated as indebtedness, net of unamortized deferred financing costs, adding back embedded derivative asset, and less cash and cash equivalents.

NON-GAAP AND OTHER FINANCIAL MEASURES RECONCILIATIONS

Adjusted EBITDA and Normalized Adjusted EBITDA

The following table illustrates adjusted EBITDA and normalized adjusted EBITDA, for the three-month period ended June 30, over the last two years of operations:

| | 2022 | 2021 |
|---|--------|---------|
| Period from April 1 to June 30 | | |
| Net income for the period | 39,058 | 37,698 |
| Add back: | | |
| Income tax expense | 9,685 | 13,932 |
| Depreciation of property and equipment | 5,077 | 4,267 |
| Interest on long-term indebtedness | 6,610 | 5,485 |
| Depreciation of right of use assets | 7,561 | 6,147 |
| Lease liability interest | 6,946 | 5,333 |
| | 74,937 | 72,862 |
| Add back: | | |
| Loss on extinguishment of debt | — | 1,128 |
| Unrealized fair value changes in derivative instruments | (182) | 50 |
| Amortization of loss on terminated hedges | 817 | 817 |
| Unrealized foreign exchange losses | 84 | 298 |
| Gain on disposal of assets | (95) | (20) |
| Adjusted EBITDA | 75,561 | 70,491 |
| Normalizing items: | | |
| Less: | | |
| Canada Emergency Wage Subsidy | — | (1,487) |

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| | | |
|--|--------|---------|
| Canada Emergency Rent Subsidy  | — | (136) |
| Forgiveness of PPP loans (https://investors.autocan.ca) | — | (1,330) |
| Normalized Adjusted EBITDA | 75,561 | 67,538 |

Segmented Adjusted EBITDA and Segmented Normalized Adjusted EBITDA

The following table illustrates the segmented adjusted EBITDA and normalized adjusted EBITDA, for the three-month period ended June 30, over the last two years of operations:

| | Three Months Ended June 30, 2022 | | | Three Months Ended June 30, 2021 | | |
|---|----------------------------------|--------|--------|----------------------------------|---------|---------|
| | Canada | U.S. | Total | Canada | U.S. | Total |
| Period from April 1 to June 30 | | | | | | |
| Net income for the period | 31,938 | 7,120 | 39,058 | 32,968 | 4,730 | 37,698 |
| Add back: | | | | | | |
| Income tax expense | 9,454 | 231 | 9,685 | 13,932 | — | 13,932 |
| Depreciation of property and equipment | 4,609 | 468 | 5,077 | 3,972 | 295 | 4,267 |
| Interest on long-term indebtedness | 5,831 | 779 | 6,610 | 3,009 | 2,476 | 5,485 |
| Depreciation of right of use assets | 6,858 | 703 | 7,561 | 5,519 | 628 | 6,147 |
| Lease liability interest | 6,130 | 816 | 6,946 | 4,469 | 864 | 5,333 |
| | 64,820 | 10,117 | 74,937 | 63,869 | 8,993 | 72,862 |
| Add back: | | | | | | |
| Loss on extinguishment of debt | — | — | — | 1,128 | — | 1,128 |
| Unrealized fair value changes in derivative instruments | (182) | — | (182) | 50 | — | 50 |
| Amortization of loss on terminated hedges | 817 | — | 817 | 817 | — | 817 |
| Unrealized foreign exchange losses | 84 | — | 84 | 298 | — | 298 |
| Unrealized fair value changes on embedded derivative | — | — | — | (4,644) | — | (4,644) |
| Gain on disposal of assets | (95) | — | (95) | (20) | — | (20) |
| Adjusted EBITDA | 65,444 | 10,117 | 75,561 | 61,498 | 8,993 | 70,491 |
| Normalizing Items: | | | | | | |
| Less: | | | | | | |
| Canada Emergency Wage Subsidy | — | — | — | (1,487) | — | (1,487) |
| Canada Emergency Rent Subsidy | — | — | — | (136) | — | (136) |
| Forgiveness of PPP loans | — | — | — | — | (1,330) | (1,330) |
| Normalized Adjusted EBITDA | 65,444 | 10,117 | 75,561 | 59,875 | 7,663 | 67,538 |

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Pro Forma Adjusted EBITDA and Pro Forma Normalized Adjusted EBITDA Reconciliation

The following table illustrates pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA for the trailing twelve month period ended June 30, over the last two years of operations:

| | 2022 | 2021 |
|---|----------|----------|
| Period from July 1 to June 30 | | |
| Net income for the period | 151,547 | 123,328 |
| Add back: | | |
| Income tax expense | 42,091 | 35,302 |
| Depreciation of property and equipment | 18,768 | 18,247 |
| Interest on long-term indebtedness | 25,520 | 22,086 |
| Depreciation of right of use assets | 28,921 | 26,592 |
| Lease liability interest | 26,325 | 25,140 |
| | 293,172 | 250,695 |
| Add back: | | |
| Recoveries of non-financial assets, net | (39,846) | (11,248) |
| Share-based compensation (Used Digital Retail Division) | — | 435 |
| Loss (gain) on redemption liabilities | 14,116 | (762) |
| Loss on extinguishment of debt | 9,860 | 1,128 |
| Unrealized fair value changes in derivative instruments | (12,981) | (3,469) |
| Amortization of loss on terminated hedges | 3,268 | 3,268 |
| Unrealized foreign exchange (gains) losses | (424) | 221 |
| Loss on extinguishment of embedded derivative | 29,306 | — |
| Loss on termination of lease, net | 427 | — |
| Unrealized fair value changes on embedded derivative | (24,662) | (4,644) |
| Gain on disposal of assets | (341) | (1,608) |
| Adjusted EBITDA | 271,895 | 234,016 |
| Normalizing items: | | |
| Less: | | |
| Canada Emergency Wage Subsidy | — | (2,901) |
| Canada Emergency Rent Subsidy | — | (200) |
| Forgiveness of PPP loans | — | (5,398) |
| Normalized Adjusted EBITDA | 271,895 | 225,517 |

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| | | |
|--|---------|---------|
| Pro forma items had the acquisitions occurred on July 1: | | |
|  Net income for the period (https://investors.autocan.ca) | 3,725 | 4,014 |
| Add back: | | |
| Income tax expense | 1,202 | 1,296 |
| Depreciation of property and equipment | 1,106 | 992 |
| Interest on long-term indebtedness | 5,307 | 3,631 |
| Depreciation of right of use assets | 1,356 | 1,868 |
| Lease liability interest | 2,272 | 2,964 |
| Pro Forma Adjusted EBITDA | 286,863 | 248,781 |
| Pro Forma Normalized Adjusted EBITDA | 286,863 | 240,282 |

Quarter-to-Date Adjusted EBITDA Margin

The following table illustrates adjusted EBITDA margin for the three-month periods ended June 30, over the last two years of operations:

| | 2022 | 2021 |
|--------------------------------|-----------|-----------|
| Period from April 1 to June 30 | | |
| Adjusted EBITDA | 75,561 | 70,491 |
| Revenue | 1,686,026 | 1,281,055 |
| Adjusted EBITDA Margin | 4.5 % | 5.5 % |

Quarter-to-Date Normalized Adjusted EBITDA Margin

The following table illustrates normalized adjusted EBITDA margin for the three-month periods ended June 30, over the last two years of operations:

| | 2022 | 2021 |
|-----------------------------------|-----------|-----------|
| Period from April 1 to June 30 | | |
| Normalized Adjusted EBITDA | 75,561 | 67,538 |
| Revenue | 1,686,026 | 1,281,055 |
| Normalized Adjusted EBITDA Margin | 4.5 % | 5.3 % |

Quarter-to-Date Adjusted EBITDA Margin on a Pre-IFRS 16 basis

The following table illustrates adjusted EBITDA margin on a pre-IFRS 16 basis for the three-month periods ended June 30, over the last two years of operations:

| | 2022 | 2021 |
|--------------------------------|------|------|
| Period from April 1 to June 30 | | |

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AUTOCANADA REPORTS RECORD SECOND QUARTER RESULTS - AutoCanada Investor Relations

| | | |
|--|-----------|-----------|
|  Adjusted EBITDA on a pre-IFRS 16 basis | 62,083 | 59,600 |
| Revenue (https://investors.autocan.ca) | 1,686,026 | 1,281,055 |
| Adjusted EBITDA Margin on a Pre-IFRS 16 basis | 3.7 % | 4.7 % |

Quarter-to-Date Adjusted EBITDA on a Pre-IFRS 16 Basis Reconciliation

The following table illustrates segmented adjusted EBITDA on a pre-IFRS 16 basis, for the three-month periods ended June 30, over the last two years of operations:

| | Three Months Ended June 30, 2022 | | | Three Months Ended June 30, 2021 | | |
|--|----------------------------------|---------|----------|----------------------------------|---------|----------|
| | Canada | U.S. | Total | Canada | U.S. | Total |
| Adjusted EBITDA | 65,444 | 10,117 | 75,561 | 61,498 | 8,993 | 70,491 |
| Rental expense | (11,811) | (2,224) | (14,035) | (9,742) | (2,116) | (11,858) |
| FMV rent adjustment | — | 1,044 | 1,044 | — | 1,039 | 1,039 |
| Step lease adjustment | (372) | (115) | (487) | (185) | 113 | (72) |
| Adjusted EBITDA on a pre-IFRS 16 basis | 53,261 | 8,822 | 62,083 | 51,571 | 8,029 | 59,600 |

Free Cash Flow

The following table illustrates free cash flow for the last eight consecutive quarters.

| | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 | Q3 2020 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Cash provided by operating activities | 64,935 | 7,279 | 10,153 | 13,721 | 68,604 | 20,506 | 20,447 | 54,366 |
| Deduct: | | | | | | | | |
| Purchase of non-growth property and equipment | (1,617) | (1,427) | (2,550) | (1,349) | (801) | (1,115) | (1,207) | (922) |
| Free cash flow | 63,318 | 5,852 | 7,603 | 12,372 | 67,803 | 19,391 | 19,240 | 53,444 |
| Free cash flow - TTM | 89,145 | 93,630 | 107,169 | 118,806 | 159,878 | 144,632 | 131,396 | 177,981 |

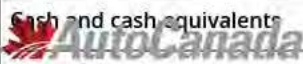
Net Indebtedness and Net Indebtedness Leverage Ratio Reconciliation

The following table illustrates the Company's net indebtedness and net indebtedness leverage ratio as at June 30, 2022 and March 31, 2022:

| | June 30, 2022 | March 31, 2022 |
|--|---------------|----------------|
| | \$ | \$ |
| Syndicated Credit Facility - Revolving Credit | (1,292) | 13,886 |
| Senior unsecured notes (including embedded derivative asset) | 344,053 | 344,120 |
| Non-recourse mortgages and other debt | 32,280 | 501 |
| Total indebtedness for net indebtedness purpose | 375,041 | 358,507 |

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AUTOCANADA REPORTS RECORD SECOND QUARTER RESULTS - AutoCanada Investor Relations

| | | |
|---|----------|-----------|
|  Cash and cash equivalents | (80,991) | (109,753) |
| Net indebtedness (https://investors.autocan.ca) | 294,050 | 248,754 |
| Adjusted EBITDA pre-IFRS 16 - trailing twelve months | 222,163 | 219,680 |
| Net indebtedness leverage ratio | 1.3x | 1.1x |

Conference Call

A conference call to discuss the results for the three months ended June 30, 2022 will be held on August 11, 2022 at 9:00am Mountain (11:00am Eastern). To participate in the conference call, please dial 1.888.664.6392 approximately 10 minutes prior to the call.

This conference call will also be webcast live over the internet and can be accessed by all interested parties at the following URL: <https://investors.autocan.ca/event/2022-q2-conference-call/> (<https://investors.autocan.ca/event/2022-q2-conference-call/>).

About AutoCanada

AutoCanada is a leading North American multi-location automobile dealership group currently operating 81 franchised dealerships, comprised of 28 brands, in eight provinces in Canada as well as a group in Illinois, USA. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Alfa Romeo, Chevrolet, GMC, Buick, Cadillac, Ford, Infiniti, Nissan, Hyundai, Subaru, Audi, Volkswagen, Kia, Mazda, Mercedes-Benz, BMW, MINI, Volvo, Toyota, Lincoln, Acura, Honda and Porsche branded vehicles. Additionally, the Company's Canadian Operations segment currently operates 2 used vehicle dealerships supporting the Used Digital Retail Division, the RightRide division operates 10 locations, and 5 stand-alone collision centres (within our group of 20 collision centres). In 2021, our dealerships sold approximately 86,000 vehicles and processed over 800,000 service and collision repair orders in our 1,303 service bays generating revenue in excess of \$4 billion.

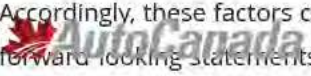
Additional information about AutoCanada Inc. is available at www.sedar.com (<http://www.sedar.com>) and the Company's website at www.autocan.ca (<http://www.autocan.ca>).

Forward Looking Statements

Certain statements contained in this press release are forward-looking statements and information (collectively "forward-looking statements", including "with respect to", "among other things", "future performance", "expense reductions" and the "Go Forward Plan"), within the meaning of the applicable Canadian securities legislation. We hereby provide cautionary statements identifying important factors that could cause our actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "projection", "vision", "goals", "objective", "target", "schedules", "outlook", "anticipate", "expect", "estimate", "could", "should", "plan", "seek", "may", "intend", "likely", "will", "believe", "shall" and similar expressions) are not historical facts and are forward-looking and may involve estimates and assumptions and are subject to risks, uncertainties and other factors some of which are beyond our control and difficult to predict.

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Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Therefore, any such forward-looking statements are qualified in their entirety by  <https://investors.autocan.ca> as discussed throughout this press release.

The Company's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website at www.sedar.com (<http://www.sedar.com>)) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Additional Information

Additional information about AutoCanada is available at the Company's website at www.autocan.ca (<https://c212.net/c/link/?t=0&l=en&o=3617962-1&h=231459412&u=http%3A%2F%2Fwww.autocan.ca%2F&a=www.autocan.ca>) and www.sedar.com (<https://c212.net/c/link/?t=0&l=en&o=3617962-1&h=4028771638&u=http%3A%2F%2Fwww.sedar.com%2F&a=www.sedar.com>).

SOURCE AutoCanada Inc.

For further information: Mike Borys, Chief Financial Officer, Phone: 780.509.2808, Email: mborys@autocan.ca

 (<https://facebook.com/sharer/sharer.php?u=https://investors.autocan.ca/2022/08/autocanada-reports-record-second-quarter-results/>)  (<https://twitter.com/intent/tweet/?text=autocanada-reports-record-second-quarter-results&url=https://investors.autocan.ca/2022/08/autocanada-reports-record-second-quarter-results/>)

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[AUTOCANADA EXPANDS INTO WESTERN MANITOBA WITH ACQUISITION OF KELLEHER FORD DEALERSHIP AND COLLISION CENTRE IN BRANDON, MANITOBA](#)

<https://investors.autocan.ca/2022/08/autocanada-expands-into-western-manitoba-with-acquisition-of-kelleher-ford-dealership-and-collision-centre-in-brandon-manitoba/>

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[AutoCanada Announces Results of its Substantial Issuer Bid](#)

<https://investors.autocan.ca/2022/08/autocanada-announces-results-of-its-substantial-issuer-bid/>



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AUTOCANADA REPORTS RECORD THIRD QUARTER RESULTS

November 10, 2022 | AutoCanada

- Revenue was \$1,623.9 million as compared to \$1,206.8 million in the prior year, an increase of 34.6%
- Net income for the period was \$32.9 million versus net income of \$38.8 million in the prior year
- Adjusted EBITDA¹ was \$76.4 million versus \$68.3 million in the prior year, an increase of 11.9%
 - Adjusted EBITDA margin¹ was 4.7% versus the adjusted EBITDA margin¹ of 5.7% in the prior year, a decrease of (1.0) percentage points
- Diluted earnings per share was \$1.16, a decrease of \$(0.11) from \$1.27 in the prior year
- Indebtedness of \$460.3 million at the end of Q3 2022 compares to \$375.0 million at the end of Q2 2022
- Net indebtedness¹ of \$350.8 million at the end of Q3 2022 compares to \$294.1 million at the end of Q2 2022


EDMONTON, AB, Nov. 9, 2022 /CNW/ - AutoCanada Inc. ("AutoCanada" or the "Company") (TSX: ACQ), a multi-location North American automobile dealership group, today reported its financial results for the three month period ended September 30, 2022.

"Results achieved in the third quarter of 2022 demonstrate the ongoing strength of our business model, where our team once again delivered a record quarter with exceptional performance across our operations," said Paul Antony, Executive Chairman of AutoCanada. "Our performance continues the trend of sustainable improvement and reflects our ability to continue navigating a range of industry challenges, including OEM production delays and inventory constraints. I continue to be immeasurably proud of what we've built and our platform's proven ability to thrive in a variety of market conditions and to drive resiliency and stability.

"This strength has allowed us to focus on advancing our acquisition strategy as evidenced with the recent acquisitions of Kelleher Ford Dealership and Collision Centre, Velocity Auto Body, Auto Gallery of Winnipeg, Kavia Auto Body, North Toronto Auction and Excellence Auto. These acquisitions further expand our dealership network, our used digital retail initiative and our national collision centre footprint across Canada. Our M&A pipeline remains strong with a number of dealerships and collision centres representing in excess of \$250 million in annual revenue currently being evaluated.

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AUTOCANADA REPORTS RECORD THIRD QUARTER RESULTS - AutoCanada Investor Relations

 "As we look ahead, AutoCanada is very well positioned to continue to build on our strong momentum and execute on our strategic pillars to deliver industry-leading performance and enhance shareholder returns. With respect to ~~https://investors.autocan.ca~~, we will remain disciplined in the management of our balance sheet and debt levels as we continue to pursue our organic and inorganic growth strategies."

The Company also announced today the planned retirement of Mike Borys from the role of Chief Financial Officer. A search process for his successor has commenced. Mike will continue as Chief Financial Officer until a successor is in place to ensure a seamless transition of responsibilities.

"On behalf of all of us at AutoCanada, I want to thank Mike for his leadership and dedication to the Company," said Mr. Antony. "I am beyond grateful to Mike for all the contributions he has made to AutoCanada, particularly the outstanding work he has done to strengthen our financial position. We wish him well when he embarks on his next phase. We also sincerely appreciate Mike's full support of the transition to his successor."

"I would like to thank the outstanding team at AutoCanada that I have had the privilege of working with," said Mr. Borys. "I am very proud of the accomplishments AutoCanada has achieved and I have every confidence that the Company will continue to execute against a solid business strategy supported by an excellent leadership team."

Third Quarter Key Highlights and Recent Developments

The Company set a third quarter record as revenue reached \$1,623.9 million compared to \$1,206.8 million in the prior year, an increase of 34.6%. Results were driven by continued strong performance across all areas of our complete business model, in particular our finance and insurance ("F&I"), parts, service and collision repair ("PS&CR") business operations, continued improvements from our U.S. Operations, and contributions from our acquisitions.

Net income for the period was \$32.9 million as compared to \$38.8 million in Q3 2021. The \$(5.9) million decrease in net income as compared to the prior year is largely driven by an increase of \$8.5 million in finance costs and \$5.2 million in income taxes, offset by an increase of \$6.5 million in operating profit as compared to prior year. Diluted earnings per share was \$1.16, a decrease of \$(0.11) from \$1.27 in the prior year.

Adjusted EBITDA¹ for the period was \$76.4 million as compared to \$68.3 million in Q3 2021, an improvement of 11.9%. Adjusted EBITDA margin¹ of 4.7% compares to 5.7% in the prior year, a decrease of (1.0) percentage points ("ppts"). This decrease is largely driven by compressed used vehicle gross profit percentage, increased operating expenses before depreciation as a percentage of gross profit, and increased floorplan financing costs.

Gross profit increased by \$53.4 million to \$273.6 million, an increase of 24.3%, as compared to prior year. This increase was largely driven by the increases of \$24.3 million from F&I and \$24.0 million from PS&CR. F&I gross profit per retail unit average² increased to \$3,521, up 17.4% or \$521 per unit. Gross profit percentage² was 16.8% in the quarter as compared to 18.2% in the prior year. This decrease is largely driven by a compression of used vehicle gross profit percentage², as a result of current used vehicle macro environment. As part of our complete business model, while used retail vehicle gross profit percentage² weakened, used retail vehicles sales increased by 3,550 units, up 25.7%, to 17,381, and contributed to the consolidated used to new retail units ratio² moving to 1.89 from 1.49. Used vehicle sales volume also contributed to our strong F&I and PS&CR gross profit performance.

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AUTOCANADA REPORTS RECORD THIRD QUARTER RESULTS - AutoCanada Investor Relations

Our U.S. Operations continue to demonstrate strong growth and contributed \$40.1 million of gross profit, an increase of \$7.5 million or 23.2% as compared to prior year. This improvement in gross profit was primarily driven by <https://investor.autocan.ca>.

Operating expenses before depreciation as a percentage of gross profit² increased by 3.3 ppts to 71.1%. The increase is largely due to increased M&A activity and related costs, inclusive of the expansion of an acquisition and integration team, and increased head count to facilitate organizational growth.

Floorplan financing costs increased by \$6.1 million, or 241%, to \$8.7 million as compared to prior year. The increase is attributable to the combination of rising interest rates and an increase in our used vehicle inventory position. While rising interest rates are expected to impact customer affordability, we consider the availability of vehicle inventory to remain the most significant challenge to sales growth. Additionally, some of the direct impacts of rising interest rates may be offset by vehicle financing products which provide flexibility in financing terms, inclusive of incentives and term extensions. Overall, we currently do not expect interest rates to impact the pace of new and used vehicle sales due to strong levels of demand relative to limited supply. Management continues to monitor the macro environment and will adjust F&I product offerings and other aspects of the business, where necessary, to meet customer needs.

We continue to actively manage our vehicle inventory as the chip shortage remains an issue and continues to impact the supply of new vehicle inventory. While we have seen positive indicators and noted gradual improvements in both the availability of inventory and product allocations, we are not anticipating a return to "normalcy" in inventory levels until late 2023 to 2024. Compensating for constrained new vehicle supply, we have managed our used vehicle inventory position to meet current market demands. As a result of the incremental used vehicle writedown taken in Q2 2022, we were able to more effectively sell through our used vehicle inventory position by (15.7)%, as compared to Q2 2022. No incremental used vehicle writedown to net realizable value was recognized in Q3 2022.

Net indebtedness¹ increased by \$56.8 million from June 30 2022 to \$350.8 million at the end of Q3 2022. This increase is primarily driven by the purchase and cancellation of \$(32.5) million of shares under a Substantial Issuer Bid ("SIB"), the acquisitions of multiple dealerships and collision centres, including Kelleher Ford Dealership and Collision Centre, Velocity Auto Body Inc. collision centre, Auto Gallery of Winnipeg Inc. used vehicle dealership, and North Toronto Auction, a fee-based used vehicle auction business. Free cash flow¹ on a trailing twelve month ("TTM") basis was \$112.1 million at Q3 2022 as compared to \$118.8 million in Q3 2021; the decrease in free cash flow between years was driven primarily by reduced government assistance, increased cash taxes, stock based compensation related cash payments, and changes in working capital. Additionally, our net indebtedness leverage ratio¹ of 1.5x remained well below our target range at the end of Q3 2022, as compared to 0.2x in Q3 2021.

Had all of the acquisitions, completed as of Q3 2022, occurred at October 1, 2021, pro forma net income would have been \$146.8 million for the TTM ended September 30, 2022, as compared to pro forma net income of \$174.8 million for the year ended December 31, 2021. Pro forma normalized adjusted EBITDA¹ would be \$289.9 million for the TTM ended September 30, 2022, as compared to pro forma normalized adjusted EBITDA¹ of \$266.4 million for the year ended December 31, 2021.

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AUTOCANADA REPORTS RECORD THIRD QUARTER RESULTS - AutoCanada Investor Relations

We have established an acquisition pipeline, with dealerships and collision centres representing in excess of \$250 million in annual revenue currently being evaluated. We are at varying stages of the acquisition process with these <https://investors.autocan.ca> letters of intent to signed purchase agreements, with the potential deals remaining subject to due diligence, OEM approvals, and other standard closing conditions. We remain well-positioned to continue to execute on our acquisition strategy in the coming quarters.

Our performance, both in Canada and U.S. Operations, continues our trend of sustainable improvement and demonstrates the efficacy of our complete business model and strategic initiatives. We remain aware that uncertainty continues to exist in the macroeconomic environment given the ongoing challenges associated with the lingering effects of the global pandemic, inflation, rising interest rates, technical recession, and the Russia-Ukraine war. Uncertainties may include potential economic recessions or downturns, continued disruptions to the global automotive manufacturing supply chain, and other general economic conditions resulting in reduced demand for vehicle sales and service. We will continue to remain proactive and vigilant in assessing the impacts on our organization and remain committed to optimizing and building stability and resiliency into our business model to ensure we are able to drive industry-leading performance regardless of changing market condition.

Consolidated AutoCanada Highlights

ANOTHER RECORD SETTING THIRD QUARTER

For the three-month period ended September 30, 2022:

- Revenue was \$1,623.9 million, an increase of \$417.2 million or 34.6%
- Total vehicles² sold were 27,000, an increase of 3,556 units or 15.2%
 - Used retail vehicles² sold increased by 3,550 or 25.7%
- Net income for the period was \$32.9 million (or \$1.16 per diluted share) versus \$38.8 million (or \$1.27 per diluted share)
- Adjusted EBITDA¹ increased by 11.9% to \$76.4 million, an increase of \$8.1 million
 - Adjusted EBITDA¹ on a TTM basis was \$280.0 million as compared to 226.5 million in the prior year
- Net indebtedness¹ of \$350.8 million reflected an increase of \$56.8 million from Q2 2022
- Net indebtedness leverage ratio¹ of 1.5x at the end of Q3 2022, as compared to 1.3x in Q2 2022

Refer to Section 5 Acquisitions, Divestitures, Relocations and Real Estate of the MD&A for acquisitions included in Q3 2022 results.

Canadian Operations Highlights

TOTAL GROSS PROFIT INCREASED BY 24%

Our F&I and PS&CR segments were key drivers of the record performance in Q3 2022. F&I gross profit increased by \$19.0 million or 32.8% to \$76.9 million and PS&CR gross profit increased by \$19.0 million or 33.1% to \$76.5 million as compared to prior year.

Unless stated otherwise, all results for acquired businesses are included in all Canadian references in the press release.

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AUTOCANADA REPORTS RECORD THIRD QUARTER RESULTS - AutoCanada Investor Relations

For the three-month period ended September 30, 2022:



- Revenue was \$1,388.0 million, an increase of 36.3% (<https://investors.autocan.ca>)
- Used retail unit² sales increased by 3,030 or 26.4%
 - Average TTM Canadian used retail unit sales per dealership per month, excluding Used Digital Retail Division dealerships², improved to 61, as compared to 59 in the prior year
- Used to new retail units ratio² increased to 1.84 from 1.48
 - According to DesRosiers Automotive Consultants ("DesRosiers"), our performance places us well ahead of our peers as historical Canadian market used to new retail unit ratio was 0.68 in 2021
 - TTM used to new retail ratio² improved to 1.63 at Q3 2022 as compared to 1.30 at Q3 2021
- F&I gross profit per retail unit average² increased to \$3,431, up 14.1% or \$425 per unit
- Net income for the period was \$30.3 million, down (10.5)% from a net income of \$33.8 million in 2021
- Adjusted EBITDA¹ increased by 11.1% to \$67.6 million, an increase of \$6.7 million
 - Adjusted EBITDA margin¹ was 4.9% as compared to adjusted EBITDA margin¹ of 6.0% in the prior year, a decrease of (1.1) ppts driven primarily by compressed used vehicle gross profit percentage, increased operating expenses before depreciation as a percentage of gross profit, and increased floorplan financing costs

U.S. Operations Highlights

USED RETAIL VEHICLES SOLD INCREASED BY 22%

U.S. Operations continues to improve, as demonstrated by the sixth consecutive quarter of year-over-year growth in adjusted EBITDA¹. This growth was driven by improvements across all aspects of the business, including an 8.5% increase in total retail unit² sales and a 22.2% increase in used retail vehicles².

- Revenue was \$235.9 million, an increase of 25.3%, from \$188.3 million
- Used retail vehicles² sold increased by 520 units or 22.2%
- F&I gross profit per retail unit average² increased to \$4,009 per unit, up 35.0% or \$1,038 per unit
- Net income for the period decreased by \$(2.3) million to \$2.6 million from \$4.9 million
 - Net income on a TTM basis was \$22.2 million as compared to \$8.9 million in the prior year
- Adjusted EBITDA¹ was \$8.8 million as compared to \$7.4 million, an increase of \$1.4 million
 - Adjusted EBITDA¹ on a TTM basis was \$38.5 million as compared to \$21.7 million in the prior year

Same Store Metrics - Canadian Operations

F&I GROSS PROFIT PER RETAIL UNIT AVERAGE INCREASED TO \$3,796, UP 21% OR \$657 PER UNIT

The continued optimization of the Company's complete business model is highlighted by the year-over-year 8.7% improvement in gross profit, which collectively totaled \$197.0 million..

Refer to Section 19 Same Store Results Data of the MD&A for the definition of same store and further information.

- Revenue increased to \$1,147.9 million, an increase of 17.6%
- Gross profit increased by \$15.7 million or 8.7%
- Used to new retail units ratio² increased to 1.75 from 1.29

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- Used retail unit sales² increased by 12.0%, an increase of 1,202 units
- F&I gross profit per retail unit average² increased to \$3,796, up 20.9% or \$657 per unit; F&I gross profit increased to \$66.9 million as compared to \$55.9 million in the prior year, an increase of 19.8%
(<https://investors.autocan.ca/>)
- PS&CR gross profit increased to \$60.6 million, an increase of 11.3%
- PS&CR gross profit percentage² decreased to 55.1% as compared to 55.7% in the prior year

Financing and Investing Activities and Other Recent Developments

ACQUISITION PIPELINE SUPPORTED BY HEALTHY BALANCE SHEET AND LIQUIDITY STRUCTURE

Net indebtedness¹ of \$350.8 million resulted in a net indebtedness leverage ratio¹ of 1.5x. Financing and investing activities included the following:

Acquisitions

The Company completed \$45.2 million of acquisitions in Q3 2022, and \$124.1 million year-to-date. The acquisitions support management's strategic objectives of expanding the Company's presence across Canada and operational capacity.

- On August 2, 2022, the Company acquired 100% of the shares of Kelleher Ford Dealership and Collision Centre ("Kelleher Ford"), a new and used vehicle Ford dealership and collision centre in Brandon, Manitoba.
- On August 12, 2022, the Company acquired 100% of the shares of Velocity Auto Body Inc. ("Velocity Autobody"), a luxury-brand focused collision centre in Markham, Ontario.
- On September 22, 2022, the Company acquired 100% of the shares of Auto Gallery of Winnipeg Inc. ("Auto Gallery of Winnipeg"), an independent used vehicle dealership in Winnipeg, Manitoba.
- On September 28, 2022, the Company acquired 100% of the shares of Northern Auto Auctions of Canada Inc. ("North Toronto Auction"), an entity that operates the North Toronto Auction, a fee-based used vehicle auction business, serving dealers and consumers, located in Innisfil, Ontario.
- On October 27, 2022, the Company acquired 100% of the shares of Kavia Auto Body Inc. ("Kavia Auto Body"), a collision centre located in Saskatoon, Saskatchewan.
- On November 4, 2022, the Company acquired 100% of the shares of Excellence Auto Collision Limited ("Excellence Auto Collision"), two collision centres located in Scarborough, Ontario and Toronto, Ontario.

Share Purchases

- On August 15, 2022, the Company completed a SIB, by way of a modified Dutch auction, to purchase, for cancellation, the common shares of the Company (the "Shares", or, the "Offer"). The Company purchased and cancelled 1,159,707 Shares at a purchase price of \$28.00 per share under the Offer, representing an aggregate purchase price \$32.5 million, which represents 4.37% of the total issued and outstanding Shares of the Company before giving effect to the Offer.
- On November 9, 2022, the Company announced a SIB offer to purchase, for cancellation, up to \$50 million in value of its outstanding common shares at a price range of \$25 to \$28 per share. The offer is set to expire on December 16, 2022.

Third Quarter Financial Information

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The following table summarizes the Company's performance for the quarter:



| (https://investors.autocan.ca) | Three Months Ended September 30 | | |
|--|---------------------------------|------------|----------|
| | 2022 | 2021 | % Change |
| Consolidated Operational Data | | | |
| Revenue | 1,623,949 | 1,206,754 | 34.6 % |
| Gross profit | 273,634 | 220,192 | 24.3 % |
| Gross profit % | 16.8 % | 18.2 % | (1.4) % |
| Operating expenses | 207,266 | 159,880 | 29.6 % |
| Operating profit | 69,303 | 62,841 | 10.3 % |
| Net income for the period | 32,870 | 38,769 | (15.2) % |
| Basic net income per share attributable to AutoCanada shareholders | 1.22 | 1.37 | (10.9) % |
| Diluted net income per share attributable to AutoCanada shareholders | 1.16 | 1.27 | (8.7) % |
| Adjusted EBITDA ¹ | 76,374 | 68,265 | 11.9 % |
| | | | |
| Basic weighted average number of shares outstanding | 25,876,198 | 27,483,596 | (5.8) % |
| Diluted weighted average number of shares outstanding | 27,177,819 | 29,599,494 | (8.2) % |
| Common shares outstanding as at quarter-end date | 25,402,988 | 27,493,016 | (7.6) % |
| | | | |
| New retail vehicles ² sold (units) | 9,186 | 9,255 | (0.7) % |
| New fleet vehicles ² sold (units) | 433 | 358 | 20.9 % |
| Total new vehicles ² sold (units) | 9,619 | 9,613 | 0.1 % |
| Used retail vehicles ² sold (units) | 17,381 | 13,831 | 25.7 % |
| Total vehicles ² sold | 27,000 | 23,444 | 15.2 % |
| Same store new retail vehicles ² sold (units) | 6,400 | 7,771 | (17.6) % |
| Same store new fleet vehicles ² sold (units) | 386 | 358 | 7.8 % |
| Same store used retail vehicles ² sold (units) | 11,228 | 10,026 | 12.0 % |
| Same store total vehicles ² sold | 18,014 | 18,155 | (0.8) % |
| Same store ² revenue | 1,147,921 | 976,454 | 17.6 % |
| Same store ² gross profit | 197,003 | 181,291 | 8.7 % |
| Same store ² gross profit % | 17.2 % | 18.6 % | (1.4) % |

1 See "NON-GAAP AND OTHER FINANCIAL MEASURES" below.

This press release contains "SUPPLEMENTARY FINANCIAL MEASURES". Section 15. NON-GAAP AND OTHER FINANCIAL MEASURES of the Company's Management's Discussion & Analysis for the three month period ended September 30, 2022 ("MD&A") is hereby
 2 incorporated by reference for further information regarding the composition of these measures (accessible through the SEDAR website at www.sedar.com (www.sedar.com)).

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AUTOCANADA REPORTS RECORD THIRD QUARTER RESULTS - AutoCanada Investor Relations

SELECTED QUARTERLY FINANCIAL INFORMATION



The following table shows the unaudited results of the Company for each of the eight most recently completed quarters. The results of operations for these periods are not necessarily indicative of the results of operations to be expected in any given comparable period.

| | <i>MD&A Footnote Reference³</i> | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 REVISED | Q2 2021 REVISED | Q1 2021 REVISED | Q4 2020 |
|--|--|------------|------------|------------|------------|-----------------------|-----------------------|-----------------------|------------|
| Income Statement Data | 4 | | | | | | | | |
| New vehicles ⁴ | 6 | 557,492 | 583,870 | 511,195 | 467,085 | 498,142 | 547,593 | 451,061 | 466,468 |
| Used vehicles ⁴ | 6 | 807,236 | 840,998 | 595,514 | 524,043 | 518,791 | 539,785 | 354,922 | 257,301 |
| Parts, service and collision repair ⁴ | 6 | 161,805 | 160,307 | 152,009 | 136,800 | 116,953 | 122,459 | 108,427 | 105,362 |
| Finance, insurance and other ⁴ | 6 | 97,416 | 100,851 | 83,720 | 67,854 | 72,868 | 71,218 | 55,414 | 46,990 |
| Revenue | | 1,623,949 | 1,686,026 | 1,342,438 | 1,195,782 | 1,206,754 | 1,281,055 | 969,824 | 876,121 |
| New vehicles ⁴ | 6 | 58,760 | 58,950 | 53,384 | 50,632 | 46,525 | 44,619 | 34,639 | 31,199 |
| Used vehicles ⁴ | 6 | 32,627 | 34,125 | 36,772 | 38,118 | 39,669 | 40,269 | 23,206 | 19,787 |
| Parts, service and collision repair ⁴ | 6 | 88,707 | 90,713 | 78,431 | 75,917 | 64,748 | 68,115 | 57,874 | 58,109 |
| Finance, insurance and other ⁴ | 6 | 93,540 | 95,490 | 78,752 | 63,847 | 69,250 | 64,838 | 51,917 | 43,642 |
| Gross Profit | | 273,634 | 279,278 | 247,339 | 228,514 | 220,192 | 217,841 | 167,636 | 152,737 |
| Gross profit % | | 16.8 % | 16.6 % | 18.4 % | 19.1 % | 18.2 % | 17.0 % | 17.3 % | 17.4 % |
| Operating expenses | | 207,266 | 212,709 | 193,646 | 170,008 | 159,880 | 154,773 | 127,948 | 119,442 |
| Operating expenses as a % of gross profit | | 75.7 % | 76.2 % | 78.3 % | 74.4 % | 72.6 % | 71.0 % | 76.3 % | 78.2 % |
| Operating profit | | 69,303 | 69,954 | 56,690 | 99,410 | 62,841 | 66,153 | 41,664 | 46,664 |
| Recovery of non-financial assets | | — | — | — | (39,846) | — | — | — | (11,248) |
| Net income | | 32,870 | 39,058 | 4,322 | 69,398 | 38,769 | 37,698 | 21,334 | 24,320 |
| Basic net income per share attributable to AutoCanada shareholders | | 1.22 | 1.40 | 0.11 | 2.54 | 1.37 | 1.33 | 0.77 | 0.87 |
| Diluted net income per share attributable to AutoCanada shareholders | | 1.16 | 1.33 | 0.10 | 2.38 | 1.27 | 1.23 | 0.71 | 0.81 |

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| Dividends declared per share | | — | — | — | — | — | — | — | — |
|---|---|---------|---------|---------|---------|---------|---------|---------|---------|
| (https://investors.autocan.ca) Adjusted EBITDA ¹ | 2 | 76,374 | 75,561 | 62,196 | 65,873 | 68,265 | 70,491 | 47,234 | 40,472 |
| Free cash flow ¹ | 2 | 35,319 | 63,318 | 5,852 | 7,603 | 12,372 | 67,803 | 19,391 | 19,240 |
| Operating Data | 4 | | | | | | | | |
| New retail vehicles ² sold | 3 | 9,186 | 9,878 | 9,052 | 8,204 | 9,255 | 10,107 | 8,233 | 8,623 |
| New fleet vehicles ² sold | 3 | 433 | 497 | 290 | 199 | 358 | 575 | 740 | 964 |
| Total new vehicles ² sold | 3 | 9,619 | 10,375 | 9,342 | 8,403 | 9,613 | 10,682 | 8,973 | 9,587 |
| Used retail vehicles ² sold | 3 | 17,381 | 17,740 | 14,072 | 11,893 | 13,831 | 13,271 | 9,734 | 7,389 |
| Total vehicles ² sold | 3 | 27,000 | 28,115 | 23,414 | 20,296 | 23,444 | 23,953 | 18,707 | 16,976 |
| # of service and collision repair orders ² completed | 3 | 241,907 | 261,671 | 221,632 | 232,373 | 199,870 | 214,149 | 182,869 | 203,086 |
| # of dealerships at period end | 5 | 85 | 82 | 80 | 80 | 68 | 67 | 67 | 67 |
| # of same store dealerships | 1 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 47 |
| # of service bays at period end | | 1,331 | 1,322 | 1,293 | 1,303 | 1,108 | 1,098 | 1,098 | 1,098 |
| Same stores ² revenue growth | 1 | 17.6 % | 14.2 % | 17.2 % | 14.1 % | 15.0 % | 54.2 % | 27.8 % | 6.3 % |
| Same stores ² gross profit growth | 1 | 8.7 % | 10.3 % | 23.2 % | 29.4 % | 18.6 % | 102.5 % | 35.0 % | 7.7 % |

1 See "NON-GAAP AND OTHER FINANCIAL MEASURES" below.

This press release contains "SUPPLEMENTARY FINANCIAL MEASURES". Section 15. NON-GAAP AND OTHER FINANCIAL MEASURES of the Company's Management's Discussion & Analysis for the three month period ended September 30, 2022 ("MD&A") is hereby incorporated by reference for further information regarding the composition of these measures (accessible through the SEDAR website at www.sedar.com (www.sedar.com)).

2 See the Company's MD&A for the quarter ended September 30, 2022 for complete footnote disclosures.

In Q4 2021, it was determined there were Revenues and Cost of sales accounts incorrectly classified between revenue streams in the first three quarters of 2021 within the U.S. Operations segment. As a result, the classification of these accounts has been corrected and we have revised the Q1, Q2, and Q3 2021 amounts. This reclassification had no impact on total gross profit.

MD&A and Financial Statements

Information included in this press release is a summary of results. It should be read in conjunction with AutoCanada's Consolidated Financial Statements and Management's Discussion and Analysis for the quarter ended September 30, 2022, which can be found on the Company's website at www.autocan.ca (<https://c212.net/c/link/>)

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<https://investors.autocan.ca> or on www.autocan.ca or on www.sedar.com (<https://c212.net/c/link/?t=0&l=en&o=3704739-1&h=660429074&u=http%3A%2F%2Fwww.autocan.ca%2F&a=www.autocan.ca>) or on <https://investors.autocan.ca> or on www.sedar.com (<https://c212.net/c/link/?t=0&l=en&o=3704739-1&h=660429074&u=http%3A%2F%2Fwww.autocan.ca%2F&a=www.autocan.ca>) or on www.sedar.com (<https://c212.net/c/link/?t=0&l=en&o=3704739-1&h=660429074&u=http%3A%2F%2Fwww.autocan.ca%2F&a=www.autocan.ca>)).

NON-GAAP AND OTHER FINANCIAL MEASURES

This press release contains certain financial measures that do not have any standardized meaning prescribed by Canadian GAAP. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned these measures should not be construed as an alternative to net earnings (loss) or to cash provided by (used in) operating, investing, financing activities, cash and cash equivalents, and indebtedness determined in accordance with Canadian GAAP, as indicators of our performance. We provide these additional non-GAAP measures, capital management measures, and supplementary financial measures to assist investors in determining our ability to generate earnings and cash provided by (used in) operating activities and to provide additional information on how these cash resources are used.

Adjusted EBITDA, adjusted EBITDA margin, normalized adjusted EBITDA, income statement impacts and adjusted EBITDA on a pre-IFRS 16 basis, pro forma adjusted EBITDA, pro forma net income, pro forma normalized adjusted EBITDA, free cash flow, net indebtedness, and net indebtedness leverage ratio are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that these non-GAAP measures should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company's methods of calculating referenced non-GAAP measures may differ from the methods used by other issuers. Therefore, these measures may not be comparable to similar measures presented by other issuers.

It should be noted that certain of the financial measures described below include pro forma items estimating the impact of the acquisitions if they had occurred on the first day of the relevant period, or as of a specified date. Readers should understand that these estimates were determined by management in good faith and are not indicative of what the historical results of the businesses acquired in the acquisitions actually were for the relevant period, or what those results would have been if the acquisitions had occurred on the dates indicated, or what they will be for any future period. As a result, the pro forma financial measures may not be indicative of the Company's financial position that would have prevailed, or operating results that would have been obtained, if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the future. These pro forma financial measures are not a forecast or projection of future results. The actual financial position and results of operations of the Company for any period following the closing of the acquisitions will vary from the amounts set forth following pro forma financial measures, and such variation may be material.

We list and define these "NON-GAAP MEASURES" below:

Adjusted EBITDA

Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is an indicator of a company's operating performance over a period of time and ability to incur and service debt. Adjusted EBITDA provides an indication of the results generated by our principal business activities prior to:

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- Interest expense (other than interest expense on floorplan financing), income taxes, depreciation, and amortization,

<https://investors.autocan.ca> (such as share-based compensation amounts attributed to certain equity issuances as a part of the Used Digital Retail Division);

- Non-cash charges (such as impairment, recoveries, gains or losses on free-standing derivatives, revaluation of contingent consideration and revaluation of redemption liabilities);
- Charges outside the normal course of business (such as restructuring, gains and losses on dealership divestitures and real estate transactions); and
- Charges that are non-recurring in nature (such as provisions for wholesale fraud and settlement income).

The Company believes adjusted EBITDA provides improved continuity with respect to the comparison of our operating performance over a period of time.

Normalized Adjusted EBITDA

With the onset of COVID-19 during the second quarter of 2020, the impact of COVID-19 related government restrictions resulted in charges that are one-time in nature, and related government programs resulted in subsidies that are non-recurring in the future.

Normalized adjusted EBITDA is an indicator of a company's operating performance over a period of time and ability to incur and service debt, normalized for charges that are non-recurring in nature related to the pandemic such as:

- Canada Emergency Wage Subsidy ("CEWS") income expected to recur until the Company is no longer eligible for the subsidy;
- Canada Emergency Rent Subsidy ("CERS") expected to recur until the Company is no longer eligible for the subsidy; and
- One-time forgiveness of Small Business Association PPP loans.

The Company believes normalized adjusted EBITDA provides improved continuity with respect to the comparison of our operating performance normalized for impacts related to the COVID-19 pandemic. Refer to the COVID-19 impacts section of Note 4 of the Interim Consolidated Financial Statements for the nine-months ended September 30, 2022 for further details.


Pro Forma Adjusted EBITDA and Pro Forma Normalized Adjusted EBITDA

The Company believes pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA provides improved understanding of the progress of our acquisition strategy as if the acquisitions had occurred at the beginning of the period. Pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA includes management's estimate of the net income generated by our acquisitions prior to interest expense (other than interest expense on floorplan financing), income taxes, depreciation, and amortization, assuming acquisitions in the year had occurred on the first day of the 12 month period ended September 30, 2022, prior to any synergies, pursuant to the terms of the credit facilities. Pro forma adjustments estimated by management were derived from dealership financial statements. The Company's blended rate of Canadian corporate tax of 25.5% was applied to pro forma adjustments where applicable.

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Refer to the Company's Management Discussion & Analysis for the year ended December 31, 2021 for the reconciliation of the pro forma normalized adjusted EBITDA for the year ended December 31, 2021.

 <https://investors.autocan.ca>

Pro Forma Net Income

The Company believes pro forma net income provides improved understanding of the progress of our acquisition strategy as if the acquisitions had occurred at the beginning of the period. Pro forma net income includes management's estimate of the net income generated by our acquisitions, assuming acquisitions in the year had occurred on the first day of the 12 month period ended September 30, 2022, prior to any synergies, pursuant to the terms of the credit facilities. Pro forma adjustments estimated by management were derived from dealership financial statements. The Company's blended rate of Canadian corporate tax of 25.5% was applied to pro forma adjustments where applicable.

Adjusted EBITDA Margin

Adjusted EBITDA margin is an indicator of a company's operating performance specifically in relation to our revenue performance.

The Company believes adjusted EBITDA margin provides improved continuity with respect to the comparison of our operating performance with retaining and growing profitability as our revenue and scale increases over a period of time.

Income Statement Impacts and Adjusted EBITDA on a Pre-IFRS 16 basis

The Company adopted IFRS 16 on January 1, 2019. On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. There are also corresponding income statement impacts to net income and other comprehensive income.

The Company believes adjusted EBITDA on a pre-IFRS 16 basis provides improved continuity for purposes of comparing to our historical operating performance prior to fiscal year 2019. Our Credit Facility financial covenants are calculated and presented on a pre-IFRS 16 basis. In addition, the net indebtedness leverage ratio is calculated on a pre-IFRS 16 basis.



Adjusted EBITDA on a pre-IFRS 16 basis is calculated as adjusted EBITDA less the rental expense, fair market value rent adjustment, and step lease rent adjustment eliminated from the adoption of IFRS 16 lease liabilities accounting standards.

Free Cash Flow

Free cash flow is a measure used by Management to evaluate the Company's performance. While the closest Canadian GAAP measure is cash provided by operating activities, free cash flow is considered relevant because it provides an indication of how much cash generated by operations is available after capital expenditures. It shall be noted that although we consider this measure to be free cash flow, financial and non-financial covenants in our credit facilities and dealer agreements may restrict cash from being available for distributions, re-investment in the Company, potential acquisitions, or other purposes. Investors should be cautioned that free cash flow may not

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actually be available for such purposes. References to "Free cash flow" are to cash provided by (used in) operating activities (including the net change in non-cash working capital balances) less capital expenditure (not including ~~Autocanada~~  ~~Autocanada~~  and dealership facilities).

Net Indebtedness Leverage Ratio

Net indebtedness leverage ratio is a measure used by management to evaluate the liquidity of the Company.

The Company believes presenting the net indebtedness leverage ratio on a pre-IFRS 16 basis provides improved continuity for purposes of comparing to our historical operating performance prior to fiscal year 2019 and remains relevant while our Credit Facility financial covenants continues to be calculated and presented on a pre-IFRS 16 basis. Net indebtedness leverage ratio is calculated as net indebtedness compared to Adjusted EBITDA pre-IFRS 16 on a TTM basis.

We list and define "CAPITAL MANAGEMENT MEASURES" below:

Net Indebtedness

Net indebtedness is used by management to evaluate the liquidity of the Company.

Net indebtedness is calculated as indebtedness, net of unamortized deferred financing costs, adding back embedded derivative asset, and less cash and cash equivalents.

NON-GAAP AND OTHER FINANCIAL MEASURES RECONCILIATIONS

Adjusted EBITDA and Normalized Adjusted EBITDA

The following table illustrates adjusted EBITDA and normalized adjusted EBITDA, for the three-month period ended September 30, over the last two years of operations:

| | 2022 | 2021 |
|---|--------|---------|
| Period from July 1 to September 30 | | |
| Net income for the period | 32,870 | 38,769 |
| Add back: | | |
| Income tax expense | 13,608 | 8,406 |
| Depreciation of property and equipment | 5,371 | 4,121 |
| Interest on long-term indebtedness | 7,436 | 5,591 |
| Depreciation of right of use assets | 7,463 | 6,464 |
| Lease liability interest | 7,227 | 5,487 |
| | 73,975 | 68,838 |
| Add back: | | |
| Unrealized fair value changes in derivative instruments | 1,152 | (2,151) |
| Amortization of loss on terminated hedges | 817 | 817 |

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| | | |
|--|--------|--------|
| Unrealized foreign exchange gains | (121) | (265) |
| Loss on termination of lease, net (https://investors.autocan.ca) | — | 919 |
| Unrealized fair value changes on embedded derivative | — | 116 |
| Loss (gain) on disposal of assets | 551 | (9) |
| Adjusted EBITDA | 76,374 | 68,265 |
| Normalized Adjusted EBITDA | 76,374 | 68,265 |

Segmented Adjusted EBITDA and Segmented Normalized Adjusted EBITDA

The following table illustrates the segmented adjusted EBITDA and normalized adjusted EBITDA, for the three-month period ended September 30, over the last two years of operations:

| | Three Months Ended September 30, 2022 | | | Three Months Ended September 30, 2021 | | |
|---|---------------------------------------|-------|--------|---------------------------------------|-------|---------|
| | Canada | U.S. | Total | Canada | U.S. | Total |
| Period from July 1 to September 30 | | | | | | |
| Net income for the period | 30,288 | 2,582 | 32,870 | 33,839 | 4,930 | 38,769 |
| Add back: | | | | | | |
| Income tax expense | 10,941 | 2,667 | 13,608 | 8,406 | — | 8,406 |
| Depreciation of property and equipment | 4,958 | 413 | 5,371 | 3,811 | 310 | 4,121 |
| Interest on long-term indebtedness | 5,887 | 1,549 | 7,436 | 4,979 | 612 | 5,591 |
| Depreciation of right of use assets | 6,758 | 705 | 7,463 | 5,767 | 697 | 6,464 |
| Lease liability interest | 6,344 | 883 | 7,227 | 4,618 | 869 | 5,487 |
| | 65,176 | 8,799 | 73,975 | 61,420 | 7,418 | 68,838 |
| Add back: | | | | | | |
| Unrealized fair value changes in derivative instruments | 1,152 | — | 1,152 | (2,151) | — | (2,151) |
| Amortization of loss on terminated hedges | 817 | — | 817 | 817 | — | 817 |
| Unrealized foreign exchange gains | (121) | — | (121) | (265) | — | (265) |
| Loss on termination of lease, net | — | — | — | 919 | — | 919 |
| Unrealized fair value changes on embedded derivative | — | — | — | 116 | — | 116 |
| Loss (gain) on disposal of assets | 551 | — | 551 | (9) | — | (9) |
| Adjusted EBITDA | 67,575 | 8,799 | 76,374 | 60,847 | 7,418 | 68,265 |
| Normalized Adjusted EBITDA | 67,575 | 8,799 | 76,374 | 60,847 | 7,418 | 68,265 |

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Pro Forma Adjusted EBITDA and Pro Forma Normalized Adjusted EBITDA Reconciliation


<https://investors.autocan.ca>

The following table illustrates pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA for the trailing twelve month period ended September 30, over the last two years of operations:

| | 2022 | 2021 |
|---|----------|----------|
| Period from October 1 to September 30 | | |
| Net income for the period | 145,648 | 122,121 |
| Add back: | | |
| Income tax expense | 47,293 | 37,588 |
| Depreciation of property and equipment | 20,018 | 17,265 |
| Interest on long-term indebtedness | 27,365 | 19,703 |
| Depreciation of right of use assets | 29,920 | 24,992 |
| Lease liability interest | 28,065 | 21,798 |
| | 298,309 | 243,467 |
| Add back: | | |
| Recoveries of non-financial assets, net | (39,846) | (11,248) |
| Share-based compensation (Used Digital Retail Division) | — | 435 |
| Loss (gain) on redemption liabilities | 14,116 | (2,108) |
| Loss on extinguishment of debt | 9,860 | 1,128 |
| Unrealized fair value changes in derivative instruments | (9,678) | (5,861) |
| Amortization of loss on terminated hedges | 3,268 | 3,268 |
| Unrealized foreign exchange (gains) losses | (280) | 532 |
| Loss on extinguishment of embedded derivative | 29,306 | — |
| (Gain) loss on termination of lease, net | (492) | 919 |
| Unrealized fair value changes on embedded derivative | (24,778) | (4,528) |
| Loss on disposal of assets | 219 | 458 |
| Adjusted EBITDA | 280,004 | 226,462 |
| Normalizing items: | | |
| Add back: | | |
| Inventory write-down | — | 1,841 |
| One-time employee recognition payments | — | 309 |
| Operational incentive payments | — | 851 |

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| | | |
|--|---------|---------|
|  | | |
| Canada Emergency Wage Subsidy (https://investors.autocan.ca) | — | (7,177) |
| Canada Emergency Rent Subsidy | — | (536) |
| Forgiveness of PPP loans | — | (6,728) |
| Normalized Adjusted EBITDA | 280,004 | 215,022 |
| Pro forma items had the acquisitions occurred on October 1: | | |
| Net income for the period | 1,103 | 3,585 |
| Add back: | | |
| Income tax expense | 378 | 1,227 |
| Depreciation of property and equipment | 820 | 1,011 |
| Interest on long-term indebtedness | 4,907 | 4,604 |
| Depreciation of right of use assets | 1,029 | 1,945 |
| Lease liability interest | 1,670 | 3,050 |
| Pro Forma Adjusted EBITDA | 289,911 | 241,884 |
| Pro Forma Normalized Adjusted EBITDA | 289,911 | 230,444 |
| Pro Forma Net Income | 146,751 | 125,706 |

Quarter-to-Date Adjusted EBITDA Margin

The following table illustrates adjusted EBITDA margin for the three-month periods ended September 30, over the last two years of operations:

| | 2022 | 2021 |
|------------------------------------|-----------|-----------|
| Period from July 1 to September 30 | | |
| Adjusted EBITDA | 76,374 | 68,265 |
| Revenue | 1,623,949 | 1,206,754 |
| Adjusted EBITDA Margin | 4.7 % | 5.7 % |


Free Cash Flow

The following table illustrates free cash flow for the last eight consecutive quarters.

| | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
|---------------------------------------|------------|------------|------------|------------|------------|------------|------------|---------|
| Cash provided by operating activities | 37,662 | 64,935 | 7,279 | 10,153 | 13,721 | 68,604 | 20,506 | 20,447 |
| Deduct: | | | | | | | | |

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| | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
|  Purchase of non-growth property and equipment | (2,343) | (1,617) | (1,427) | (2,550) | (1,349) | (801) | (1,115) | (1,207) |
| Free cash flow | 35,319 | 63,318 | 5,852 | 7,603 | 12,372 | 67,803 | 19,391 | 19,240 |
| Free cash flow - TTM | 112,092 | 89,145 | 93,630 | 107,169 | 118,806 | 159,878 | 144,632 | 131,396 |

Net Indebtedness and Net Indebtedness Leverage Ratio Reconciliation

The following table illustrates the Company's net indebtedness and net indebtedness leverage ratio as at September 30, 2022 and December 31, 2021:

| | September 30, 2022 | December 31, 2021 |
|--|--------------------|-------------------|
| | \$ | \$ |
| Syndicated Credit Facility - revolving credit | 83,615 | 63,842 |
| Senior unsecured notes (including embedded derivative asset) | 344,277 | 221,965 |
| Non-recourse mortgages and other debt | 32,426 | 101 |
| Total indebtedness | 460,318 | 285,908 |
| Add back: | | |
| Embedded derivative asset | — | 29,306 |
| Total indebtedness for net indebtedness purpose | 460,318 | 315,214 |
| Cash and cash equivalents | (109,478) | (102,480) |
| Net indebtedness | 350,840 | 212,734 |
| Adjusted EBITDA - pre-IFRS 16 - trailing twelve months | 227,852 | 206,584 |
| Net indebtedness leverage ratio | 1.5x | 1.0x |

Conference Call

A conference call to discuss the results for the three months ended September 30, 2022 will be held on November 10, 2022 at 9:00am Mountain (11:00am Eastern). To participate in the conference call, please dial 1.888.664.6392 approximately 10 minutes prior to the call.

This conference call will also be webcast live over the internet and can be accessed by all interested parties at the following URL: <https://investors.autocan.ca/event/2022-q3-conference-call/> (<https://c212.net/c/link/?t=0&l=en&o=3704739-1&h=421108417&u=https%3A%2F%2Finvestors.autocan.ca%2Fevent%2F2022-q3-conference-call%2F&a=https%3A%2F%2Finvestors.autocan.ca%2Fevent%2F2022-q3-conference-call%2F>).

About AutoCanada

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AUTOCANADA REPORTS RECORD THIRD QUARTER RESULTS - AutoCanada Investor Relations

AutoCanada is a leading North American multi-location automobile dealership group currently operating 81 franchised dealerships, comprised of 28 brands, in eight provinces in Canada as well as a group in Illinois, USA.  <https://investors.autocan.ca> Chrysler, Dodge, Jeep, Ram, FIAT, Alfa Romeo, Chevrolet, GMC, Buick, Cadillac, Ford, Infiniti, Nissan, Hyundai, Subaru, Audi, Volkswagen, Kia, Mazda, Mercedes-Benz, BMW, MINI, Volvo, Toyota, Lincoln, Acura, Honda and Porsche branded vehicles. In addition, AutoCanada's Canadian Operations segment currently operates 3 used vehicle dealerships and 1 used vehicle auction business supporting the Used Digital Retail Division, 11 RightRide division locations, and 9 stand-alone collision centres within our group of 24 collision centres. In 2021, our dealerships sold approximately 86,000 vehicles and processed over 800,000 service and collision repair orders in our 1,303 service bays generating revenue in excess of \$4 billion.

Additional information about AutoCanada Inc. is available at www.sedar.com (<http://www.sedar.com>) and the Company's website at www.autocan.ca (<http://www.autocan.ca>).

Forward Looking Statements

Certain statements contained in this press release are forward-looking statements and information (collectively "forward-looking statements", including "with respect to", "among other things", "future performance", "expense reductions" and the "Go Forward Plan"), within the meaning of the applicable Canadian securities legislation. We hereby provide cautionary statements identifying important factors that could cause our actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "projection", "vision", "goals", "objective", "target", "schedules", "outlook", "anticipate", "expect", "estimate", "could", "should", "plan", "seek", "may", "intend", "likely", "will", "believe", "shall" and similar expressions) are not historical facts and are forward-looking and may involve estimates and assumptions and are subject to risks, uncertainties and other factors some of which are beyond our control and difficult to predict.

Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Therefore, any such forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this press release.

The Company's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website at www.sedar.com (<http://www.sedar.com>)) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Additional Information

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Additional information about AutoCanada is available at the Company's website at www.autocan.ca

 <https://c212.net/c/link/?t=0&l=en&o=3704739->

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[1&h=3669278320&u=http%3A%2F%2Fwww.sedar.com%2F&a=www.sedar.com](https://c212.net/c/link/?t=0&l=en&o=3704739-1&h=3669278320&u=http%3A%2F%2Fwww.sedar.com%2F&a=www.sedar.com)).

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AUTOCANADA EXPANDS PRESENCE IN THE GREATER TORONTO AREA, ACQUIRING TWO LUXURY COLLISION CENTRES IN SCARBOROUGH, ONTARIO

<https://investors.autocan.ca/2022/11/autocanada-expands-presence-in-the-greater-toronto-area-acquiring-two-luxury-collision-centres-in-scarborough-ontario/>

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AUTOCANADA FURTHER EXPANDS INTO SOUTHERN ONTARIO WITH ACQUISITION OF STERLING HONDA

<https://investors.autocan.ca/2022/12/autocanada-further-expands-into-southern-ontario-with-acquisition-of-sterling-honda/>

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AUTOCANADA REPORTS FOURTH QUARTER 2022 RESULTS

March 2, 2023 | AutoCanada

- Revenue was \$1,388.2 million as compared to \$1,195.8 million in the prior year, an increase of 16.1%
- Net income for the period was \$14.8 million versus \$69.4 million in the prior year
- Adjusted EBITDA¹ was \$50.7 million versus \$65.9 million in the prior year, a decrease of \$(15.2) million
- Current year results include an incremental used vehicle writedown provision of \$(12.4) million and an increase in floorplan financing costs of \$(13.3) million
- Adjusted EBITDA margin¹ was 3.6% versus 5.5% in the prior year, a decrease of (1.9) percentage points
- Diluted earnings per share was \$0.52, a decrease of \$(1.86) from \$2.38 in the prior year
- A Substantial Issuer Bid was completed to purchase and cancel 1,851,851 common shares at a purchase price of \$27.00 per share, representing an aggregate purchase price of \$50.0 million in Q4 2022
- For the year ended December 31, 2022, including two Substantial Issuer Bids and the Normal Course Issuer Bid, a total of 4,741,879 common shares were purchased and cancelled for total consideration of \$139.1 million
- Indebtedness of \$555.1 million at the end of Q4 2022 compares to \$285.9 million at the end of Q4 2021
- Net indebtedness¹ of \$446.8 million at the end of Q4 2022 compares to \$212.7 million at the end of Q4 2021

EDMONTON, AB, March 1, 2023 /CNW/ - AutoCanada Inc. ("AutoCanada" or the "Company") (TSX: ACQ), a multi-location North American automobile dealership group, today reported its financial results for the three and twelve month period ended December 31, 2022.

"AutoCanada's finish to the year with record fourth quarter revenue and strong same store performance is a testament to the high-level focus the entire organization placed on our strategic objectives, not only in the quarter but over the full year," said Paul Antony, Executive Chairman of AutoCanada. "I am very proud of the results our team achieved to maximize our complete business model, particularly our continued focus on growing our used to new retail units ratio which gave us the opportunity to leverage our best in class F&I and parts, service and collision repair business operations. Contributions from acquisitions also supported our performance and have exceeded expectations."

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AUTOCANADA REPORTS FOURTH QUARTER 2022 RESULTS - AutoCanada Investor Relations

"I remain excited about what the future holds for AutoCanada. We are confident in our ability to navigate the evolving landscape of the automotive industry given our complete business model, our strong balance sheet and <https://investors.autocan.ca> our platform and remain well positioned to drive value for our shareholders and stakeholders through our many growth opportunities."

In addition, effective February 27, 2023, Mike Borys has retired from the role of Chief Financial Officer. Azim Lalani will be appointed as AutoCanada's new Chief Financial Officer in March 2023.

2022 Fourth Quarter Key Highlights and Recent Developments

All comparisons presented below are between the three-month period ended December 31, 2022 and the three-month period ended December 31, 2021, unless otherwise indicated.

Executive Overview

The business model continued to perform in the fourth quarter. Results in the quarter were being impacted by fluctuations in used vehicle pricing that necessitated the incremental used vehicle writedown provision and by the increase in floorplan costs. Our finance and insurance ("F&I") and parts, service and collision repair ("PS&CR") business operations were strong contributors to performance in the quarter, supported by strong used retail volume. Acquisitions have also been a positive contributor to results and have exceeded Year 1 pro forma targets to date.

Net income for the period was \$14.8 million as compared to \$69.4 million in Q4 2021. Diluted earnings per share was \$0.52, a decrease of \$(1.86) from \$2.38 in the prior year.

Adjusted EBITDA¹ for the period was \$50.7 million as compared to \$65.9 million in Q4 2021. Adjusted EBITDA margin¹ of 3.6% compares to 5.5% in the prior year, a decrease of (1.9) percentage points ("ppts"). This decrease is largely driven by the noted \$(12.4) million incremental used vehicle writedown provision, adjusting used vehicle inventory to net realizable value, and the year-over-year increase of \$(13.3) million in floorplan financing costs.

Gross profit increased by \$14.1 million to \$242.6 million, an increase of 6.2%, as compared to prior year. This increase was largely driven by the increases of \$17.1 million from F&I and \$19.7 million from PS&CR. This continued improvement in our F&I and PS&CR gross profit is representative of our continued optimization and refinement of business processes and integration of acquisitions to date.

Gross profit percentage² was 17.5% in the quarter as compared to 19.1% in the prior year. This decrease is largely driven by the current used vehicle macro environment, resulting in both a compression of used vehicle gross profit percentage² and the incremental used vehicle writedown provision. While used retail vehicle² gross profit percentage² weakened, used retail vehicle² sales increased by 2,525 units, up 21.2%, to 14,418 units, and contributed to the consolidated used to new retail units ratio² moving to 1.78 from 1.45. Used vehicle sales volume also contributed to our strong F&I and PS&CR gross profit performance.

Our U.S. Operations contributed \$34.3 million of gross profit, a decrease of \$(4.9) million or (12.4)% as compared to prior year. This decrease in gross profit was primarily driven by compression of new and used vehicle gross profit percentage² and \$(3.3) million of incremental used vehicle writedown provision taken in the quarter. Used retail vehicles² sales increased 26.0% as compared to the prior year and supports both the increases in F&I gross profit by \$2.7 million, or 22.2%, and PS&CR gross profit by \$4.5 million, or 48.8%.

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Operating expenses before depreciation as a percentage of gross profit² increased by 6.6 ppts to 75.7%. The increase is largely due to the noted compressed gross profit and increased operating expenses before depreciation² increased by \$25.7 million and is largely driven by acquisitions and related costs, and increased head count to facilitate organizational growth.

Floorplan financing costs increased by \$(13.3) million, or 564%, to \$15.7 million as compared to prior year. The increase is attributable to the combination of rising interest rates and an increase in our used vehicle inventory position. While rising interest rates are expected to impact customer affordability, we consider the availability of vehicle inventory to remain the most significant challenge to sales growth. Additionally, some of the direct impacts of rising interest rates may be offset by vehicle financing products which provide flexibility in financing terms, inclusive of incentives and term extensions. Management continues to monitor the macro environment and will adjust F&I product offerings and other aspects of the business, where necessary, to meet customer needs.

We continue to actively manage our vehicle inventory as the chip shortage remains an issue and continues to impact the supply of new vehicle inventory. While we have seen positive indicators and noted gradual improvements in both the availability of inventory and product allocations, we are not anticipating a return to "normalcy" in new vehicle inventory levels until late 2023 to 2024. Compensating for constrained new vehicle supply, we have managed our used vehicle inventory position to meet current market demands.

Net indebtedness¹ increased by \$96.0 million from September 30 2022 to \$446.8 million at the end of Q4 2022. This increase is primarily driven by the purchase and cancellation of \$(50.0) million of common shares under a Substantial Issuer Bid ("SIB"), and \$54.6 million of acquisitions, including Kavia Auto Body Inc., Excellence Auto Collision Limited, and Sterling Honda. Free cash flow¹ on a trailing twelve month ("TTM") basis was \$136.7 million at Q4 2022 as compared to \$107.2 million in Q4 2021; the increase in free cash flow¹ between years was driven primarily by reduced stock based compensation related cash payments and improvements in working capital. Additionally, our net indebtedness leverage ratio¹ of 2.1x remained well below our target range at the end of Q4 2022, as compared to 0.2x in Q4 2021.

Had all of the acquisitions, completed as of Q4 2022, occurred at January 1, 2022, pro forma net income¹ would have been \$91.6 million for the TTM ended December 31, 2022, as compared to pro forma net income¹ of \$174.8 million for the year ended December 31, 2021. Pro forma normalized adjusted EBITDA¹ would be \$274.7 million for the TTM ended December 31, 2022, as compared to pro forma normalized adjusted EBITDA¹ of \$266.4 million for the year ended December 31, 2021.

We have established an acquisition pipeline, with dealerships and collision centres representing in excess of \$395 million in annual revenue currently being evaluated. We are at varying stages of the acquisition process with these targets, ranging from signed letters of intent to signed purchase agreements, with the potential deals remaining subject to due diligence, OEM approvals, and other standard closing conditions. We remain well-positioned to continue to execute on our acquisition strategy in the coming quarters.

Our performance, both in Canada and U.S. Operations, continues our trend of sustainable improvement and demonstrates the efficacy of our complete business model and strategic initiatives. We remain aware that uncertainty continues to exist in the macroeconomic environment given the ongoing challenges associated with the lingering effects of the global pandemic, inflation, rising interest rates, and the ongoing Ukraine conflict. Uncertainties may include potential economic recessions or downturns, continued disruptions to the global

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automotive manufacturing supply chain, and other general economic conditions resulting in reduced demand for vehicle sales and service. We will continue to remain proactive and vigilant in assessing the impacts on our <https://investors.autocan.ca> committed to optimizing and building stability and resiliency into our business model to ensure we are able to drive industry-leading performance regardless of changing market conditions.

Consolidated AutoCanada Highlights

TOTAL VEHICLES² SOLD INCREASED BY 14%

For the three-month period ended December 31, 2022:

- Revenue was \$1,388.2 million, an increase of \$192.4 million or 16.1%
- Total vehicles² sold were 23,190, an increase of 2,894 units or 14.3%
- Used retail vehicles² sold increased by 2,525 or 21.2%
- Net income was \$14.8 million (or \$0.52 per diluted share) versus \$69.4 million (or \$2.38 per diluted share)
- Adjusted EBITDA¹ decreased by (23.1)% to \$50.7 million, a decrease of \$(15.2) million
- Current year results include an incremental used vehicle writedown provision of \$(12.4) million and an increase in floorplan financing costs of \$(13.3) million
- Adjusted EBITDA¹ on a TTM basis was \$264.8 million as compared to \$251.9 million in the prior year
- Net indebtedness¹ of \$446.8 million reflected an increase of \$96.0 million from the end of Q3 2022
- Net indebtedness leverage ratio¹ of 2.1x at the end of Q4 2022, as compared to 1.5x in Q3 2022

Canadian Operations Highlights

TOTAL GROSS PROFIT INCREASED BY 10%

Our F&I and PS&CR segments, driven by 20.2% increase in used retail unit sales, were key drivers of the 10.0% increase in total gross profit. F&I gross profit increased by \$14.4 million or 27.9% to \$65.9 million and PS&CR gross profit increased by \$15.3 million or 22.9% to \$82.0 million as compared to prior year.

Unless stated otherwise, all results for acquired businesses are included in all Canadian references in the press release.


For the three-month period ended December 31, 2022:

- Revenue was \$1,172.7 million, an increase of 17.4%
- Used retail unit² sales increased by 1,962 or 20.2%
 - Average TTM Canadian used retail unit sales per dealership per month, excluding Used Digital Retail Division dealerships², improved to 63, as compared to 52 in the prior year
- Used to new retail units ratio² increased to 1.64 from 1.45
 - TTM used to new retail ratio² improved to 1.67 at Q4 2022 as compared to 1.43 at Q4 2021
- F&I gross profit per retail unit average² increased to \$3,503, up 11.9% or \$373 per unit
- Net income was \$15.0 million, down (75.8)% from a net income of \$62.3 million in 2021
- Adjusted EBITDA¹ decreased by (17.2)% to \$45.7 million, a decrease of \$(9.5) million
 - Current year results include the incremental used vehicle writedown provision of \$(9.1) million

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- Adjusted EBITDA margin¹ was 3.9% as compared to 5.5% in the prior year, a decrease of (1.6) ppts driven primarily by the incremental used vehicle writedown provision and increased floorplan financing costs

 <https://investors.autocan.ca>

U.S. Operations Highlights

USED RETAIL VEHICLES SOLD INCREASED BY 26%

Used retail vehicle unit sales increased by 26.0%. Our F&I and PS&CR departments continue to offset the compressed new and used vehicle gross profit percentage².

- Revenue was \$215.5 million, an increase of 9.4%, from \$197.0 million
- Used retail vehicles² sold increased by 26.0%
- F&I gross profit per retail unit average² increased to \$4,064 per unit, up 20.0% or \$677 per unit
- Net income decreased by \$(7.4) million to \$(0.2) million from \$7.1 million
 - Net income on a TTM basis was \$14.8 million as compared to \$17.1 million in the prior year
- Adjusted EBITDA¹ was \$5.0 million as compared to \$10.7 million, a decrease of \$(5.7) million
 - Current year results include an incremental used vehicle writedown provision of \$(3.3) million
 - Adjusted EBITDA¹ on a TTM basis was \$32.8 million as compared to \$31.2 million in the prior year

Same Store Metrics - Canadian Operations

USED RETAIL VEHICLES² SOLD INCREASED BY 7.6%

The continued optimization of the Company's complete business model is highlighted by the growth in same store used retail vehicle² sales. Our total gross profit of \$165.8 million continues to be driven by our strong F&I and PS&CR performance and included an incremental same store used vehicle writedown provision of \$(6.2) million.

Refer to Section 20 Same Store Results Data of the MD&A for the definition of same store and further information.

- Revenue increased to \$943.8 million, an increase of 2.2%
- Gross profit decreased by \$(9.9) million or (5.7)%
- Used to new retail units ratio² increased to 1.55 from 1.29
 - Used retail vehicles² sold increased by 7.6%, an increase of 628 units
- F&I gross profit per retail unit average² increased to \$3,844, up 16.1% or \$532 per unit; F&I gross profit increased to \$56.1 million as compared to \$48.4 million in the prior year, an increase of 15.8%
- PS&CR gross profit increased to \$64.6 million, an increase of 7.2%
 - PS&CR gross profit percentage² increased to 57.7% as compared to 56.0% in the prior year

Financing and Investing Activities and Other Recent Developments

AMENDED CREDIT FACILITY AGREEMENT EXTENDED TO APRIL 15, 2026

Net indebtedness¹ of \$446.8 million resulted in a net indebtedness leverage ratio¹ of 2.1x. Financing and investing activities included the following:

Acquisitions

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The Company completed \$54.6 million of acquisitions in Q4 2022 and \$178.7 million for the year. The acquisitions support management's strategic objectives of expanding our presence across Canada and operational capacity. [AutoCanada](https://investors.autocan.ca) (<https://investors.autocan.ca>)

- On October 27, 2022, the Company acquired 100% of the shares of Kavia Auto Body Inc. ("Kavia Auto Body"), a collision centre located in Saskatoon, Saskatchewan.
- On November 7, 2022, the Company acquired 100% of the shares of Excellence Auto Collision Limited ("Excellence Auto Collision"), an entity that operates two luxury-brand focused collision centres (Excellence Auto Collision Silver Star and Excellence Auto Collision Midwest) located in Scarborough, Ontario and Toronto, Ontario.
- On December 1, 2022, the Company acquired substantially all of the assets to be used in the operations of Sterling Honda, a Honda dealership in Hamilton, Ontario.
- On February 27, 2023, the Company acquired 100% of the shares of 5121175 Manitoba Ltd. ("DCC Hail"), a paintless dent repair entity, located in Calgary, Alberta. DCC Hail operates with a national presence and specializes in the insurance claim management process and repair of hail damaged vehicles.

Share Purchases

- On December 16, 2022, the Company completed a SIB, by way of a modified Dutch auction, to purchase, for cancellation, the common shares of the Company (the "Second Offer"). The Company purchased and cancelled 1,851,851 common shares at a purchase price of \$27.00 per share under the Offer, representing an aggregate purchase price \$50.0 million, which represents 7.29% of the total issued and outstanding Shares of the Company before giving effect to the Second Offer.
- For the year ended December 31, 2022, a total of 4,741,879 common shares were purchased and cancelled for total consideration of \$139.1 million, net of transaction costs.

Credit Facility Amendments

- On December 12, 2022, the Company executed the accordion feature to increase the revolving credit limit by \$50 million to \$275 million from \$225 million and amended our existing credit facility for administrative changes.
- On January 30, 2023, Standard & Poor's Ratings Services ("S&P") issued a research update where our Issuer Credit Rating remains unchanged at 'B+'.
- On February 3, 2023, the Company amended and extended our existing credit facility to increase our total aggregate bank facilities to \$1.6 billion. This included increasing our revolving credit limit to \$375 million from \$275 million. We maintained a three-year tenor by extending the maturity date to April 15, 2026.

1


See "NON-GAAP AND OTHER FINANCIAL MEASURES" below.

2

This press release contains "SUPPLEMENTARY FINANCIAL MEASURES". Section 15. NON-GAAP AND OTHER FINANCIAL MEASURES of the Company's Management's Discussion & Analysis for the three month period ended December 31, 2022 ("MD&A") is hereby incorporated by reference for further information regarding the composition of these measures (accessible through the SEDAR website at www.sedar.com (www.sedar.com)).

Fourth Quarter Financial Information

The following table summarizes the Company's results for the quarter and year ended December 31, 2022:

|  Consolidated Operational Data (https://investors.autocan.ca) | Three Months Ended December 31 | | | Year Ended December | |
|---|--------------------------------|-----------|-----------|---------------------|-----------|
| | 2022 | 2021 | % Change | 2022 | 2021 |
| Revenue | 1,388,206 | 1,195,782 | 16.1 % | 6,040,619 | 4,653,415 |
| Gross profit | 242,622 | 228,514 | 6.2 % | 1,042,873 | 834,183 |
| Gross profit % | 17.5 % | 19.1 % | -1.6 ppts | 17.3 % | 17.9 % |
| Operating expenses | 197,397 | 170,008 | 16.1 % | 811,018 | 612,609 |
| Operating profit | 58,604 | 99,410 | (41.0) % | 254,551 | 270,068 |
| Net income for the period | 14,810 | 69,398 | (78.7) % | 91,060 | 167,199 |
| Basic net income per share attributable to AutoCanada shareholders | 0.55 | 2.54 | (78.3) % | 3.28 | 5.98 |
| Diluted net income per share attributable to AutoCanada shareholders | 0.52 | 2.38 | (78.2) % | 3.03 | 5.60 |
| Adjusted EBITDA ¹ | 50,669 | 65,873 | (23.1) % | 264,800 | 251,863 |
| New retail vehicles ² sold (units) | 8,100 | 8,204 | (1.3) % | 36,216 | 35,799 |
| New fleet vehicles ² sold (units) | 672 | 199 | 237.7 % | 1,892 | 1,872 |
| Total new vehicles ² sold (units) | 8,772 | 8,403 | 4.4 % | 38,108 | 37,671 |
| Used retail vehicles ² sold (units) | 14,418 | 11,893 | 21.2 % | 63,611 | 48,729 |
| Total vehicles ² sold | 23,190 | 20,296 | 14.3 % | 101,719 | 86,400 |
| Same store new retail vehicles ² sold (units) | 5,714 | 6,380 | (10.4) % | 25,636 | 28,762 |
| Same store new fleet vehicles ² sold (units) | 625 | 192 | 225.5 % | 1,715 | 1,864 |
| Same store used retail vehicles ² sold (units) | 8,876 | 8,248 | 7.6 % | 40,736 | 37,035 |
| Same store total vehicles ² sold | 15,215 | 14,820 | 2.7 % | 68,087 | 67,661 |
| Same store ² revenue | 943,849 | 923,341 | 2.2 % | 4,281,582 | 3,808,650 |
| Same store ² gross profit | 165,804 | 175,749 | (5.7) % | 746,401 | 689,709 |
| Same store ² gross profit % | 17.6 % | 19.0 % | (1.4) % | 17.4 % | 18.1 % |

¹ See "NON-GAAP AND OTHER FINANCIAL MEASURES" below.

² This press release contains "SUPPLEMENTARY FINANCIAL MEASURES". Section 15. NON-GAAP AND OTHER FINANCIAL MEASURES of the Company's Management's Discussion & Analysis for the three month period ended December 31, 2022 ("MD&A") is hereby incorporated by reference for further information regarding the composition of these measures (accessible through the SEDAR website at www.sedar.com (www.sedar.com)).

³ See the Company's MD&A for the quarter and year ended December 31, 2022 for complete footnote disclosures.

⁴ In Q4 2021, it was determined there were Revenues and Cost of sales accounts incorrectly classified between revenue streams in the first three quarters of 2021 within the U.S. Operations segment. As a result, the classification of these accounts has been corrected and we have revised the Q1, Q2, and Q3 2021 amounts. This reclassification had no impact on total gross profit.



SELECTED QUARTERLY FINANCIAL INFORMATION


(<https://investors.autocan.ca>)

The following table shows the unaudited results of the Company for each of the eight most recently completed quarters. The results of operations for these periods are not necessarily indicative of the results of operations to be expected in any given comparable period.

| | MD&A Footnote Reference ³ | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 |
|--|--|------------|------------|------------|------------|
| Income Statement Data | 5 | | | | |
| New vehicles ⁴ | 6 | 508,008 | 557,492 | 583,870 | 511,195 |
| Used vehicles ⁴ | 6 | 626,397 | 807,236 | 840,998 | 595,514 |
| Parts, service and collision repair ⁴ | 6 | 168,544 | 161,805 | 160,307 | 152,009 |
| Finance, insurance and other ⁴ | 6 | 85,257 | 97,416 | 100,851 | 83,720 |
| Revenue | | 1,388,206 | 1,623,949 | 1,686,026 | 1,342,438 |
| New vehicles ⁴ | 6 | 48,218 | 58,760 | 58,950 | 53,384 |
| Used vehicles ⁴ | 6 | 17,775 | 32,627 | 34,125 | 36,772 |
| Parts, service and collision repair ⁴ | 6 | 95,661 | 88,707 | 90,713 | 78,431 |
| Finance, insurance and other ⁴ | 6 | 80,968 | 93,540 | 95,490 | 78,752 |
| Gross Profit | | 242,622 | 273,634 | 279,278 | 247,339 |
| Gross profit % | | 17.5 % | 16.8 % | 16.6 % | 18.4 % |
| Operating expenses | | 197,397 | 207,266 | 212,709 | 193,646 |
| Operating expenses as a % of gross profit | | 81.4 % | 75.7 % | 76.2 % | 78.3 % |
| Operating profit | | 58,604 | 69,303 | 69,954 | 56,690 |
| Recovery of non-financial assets | | (8,691) | — | — | — |
| Net income | | 14,810 | 32,870 | 39,058 | 4,322 |
| Basic net income per share attributable to AutoCanada shareholders | | 0.55 | 1.22 | 1.40 | 0.11 |
| Diluted net income per share attributable to AutoCanada shareholders | | 0.52 | 1.16 | 1.33 | 0.10 |
| Dividends declared per share | | — | — | — | — |
| Adjusted EBITDA ¹ | 3 | 50,669 | 76,374 | 75,561 | 62,196 |
| Free cash flow ¹ | 3 | 32,177 | 35,319 | 63,318 | 5,852 |
| Operating Data | 5 | | | | |
| New retail vehicles ² sold | 4 | 8,100 | 9,186 | 9,878 | 9,052 |
| New fleet vehicles ² sold | 4 | 672 | 433 | 497 | 290 |

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| | | | | | |
|--|------|---------|---------|---------|---------|
|  Total new vehicles ² sold | 4 | 8,772 | 9,619 | 10,375 | 9,342 |
| Used retail vehicles ² sold (https://investors.autocan.ca) | 4 | 14,418 | 17,381 | 17,740 | 14,072 |
| Total vehicles sold ² | 4 | 23,190 | 27,000 | 28,115 | 23,414 |
| # of service and collision repair orders completed ² | 4 | 263,796 | 241,907 | 261,671 | 221,632 |
| # of dealerships at period end | 1 | 86 | 85 | 82 | 80 |
| # of same store dealerships | 1, 2 | 49 | 49 | 49 | 49 |
| # of service bays at period end | | 1,367 | 1,331 | 1,322 | 1,293 |
| Same store ² revenue growth | 2 | 2.2 % | 17.6 % | 14.2 % | 17.2 % |
| Same store ² gross profit growth | 2 | (5.7) % | 8.7 % | 10.3 % | 23.2 % |

¹ See "NON-GAAP AND OTHER FINANCIAL MEASURES" below.

² This press release contains "SUPPLEMENTARY FINANCIAL MEASURES". Section 15. NON-GAAP AND OTHER FINANCIAL MEASURES of the Company's Management's Discussion & Analysis for the three month period ended December 31, 2022 ("MD&A") is hereby incorporated by reference for further information regarding the composition of these measures (accessible through the SEDAR website at www.sedar.com (www.sedar.com)).

³ See the Company's MD&A for the quarter and year ended December 31, 2022 for complete footnote disclosures.

⁴ In Q4 2021, it was determined there were Revenues and Cost of sales accounts incorrectly classified between revenue streams in the first three quarters of 2021 within the U.S. Operations segment. As a result, the classification of these accounts has been corrected and we have revised the Q1, Q2, and Q3 2021 amounts. This reclassification had no impact on total gross profit.

MD&A and Financial Statements

Information included in this press release is a summary of results. It should be read in conjunction with AutoCanada's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2022, which can be found on the Company's website at www.autocan.ca (<https://c212.net/c/link/?t=0&l=en&o=3797680-2&h=3280606317&u=http%3A%2F%2Fwww.autocan.ca%2F&a=www.autocan.ca>) or on www.sedar.com (<https://c212.net/c/link/?t=0&l=en&o=3797680-2&h=1046737679&u=http%3A%2F%2Fwww.sedar.com%2F&a=www.sedar.com>).

NON-GAAP AND OTHER FINANCIAL MEASURES

This press release contains certain financial measures that do not have any standardized meaning prescribed by Canadian GAAP. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned these measures should not be construed as an alternative to net earnings (loss) or to cash provided by (used in) operating, investing, financing activities, cash and cash equivalents, and indebtedness determined in accordance with Canadian GAAP, as indicators of our performance. We provide these additional non-GAAP measures, capital management measures, and supplementary financial measures to assist investors in determining our ability to generate earnings and cash provided by (used in) operating activities and to provide additional information on how these cash resources are used.

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Adjusted EBITDA, adjusted EBITDA margin, normalized adjusted EBITDA, income statement impacts and adjusted EBITDA on a pre-IFRS basis, pro forma adjusted EBITDA, pro forma normalized adjusted EBITDA, pro forma net indebtedness, and net indebtedness leverage ratio are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that these non-GAAP measures should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company's methods of calculating referenced non-GAAP measures may differ from the methods used by other issuers. Therefore, these measures may not be comparable to similar measures presented by other issuers.

It should be noted that certain of the financial measures described below include pro forma items estimating the impact of the acquisitions if they had occurred on the first day of the relevant period, or as of a specified date. Readers should understand that these estimates were determined by management in good faith and are not indicative of what the historical results of the businesses acquired in the acquisitions actually were for the relevant period, or what those results would have been if the acquisitions had occurred on the dates indicated, or what they will be for any future period. As a result, the pro forma financial measures may not be indicative of the Company's financial position that would have prevailed, or operating results that would have been obtained, if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the future. These pro forma financial measures are not a forecast or projection of future results. The actual financial position and results of operations of the Company for any period following the closing of the acquisitions will vary from the amounts set forth following pro forma financial measures, and such variation may be material.

We list and define these "NON-GAAP MEASURES" below:

Adjusted EBITDA

Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is an indicator of a company's operating performance over a period of time and ability to incur and service debt. Adjusted EBITDA provides an indication of the results generated by our principal business activities prior to:

- Interest expense (other than interest expense on floorplan financing), income taxes, depreciation, and amortization;
- Charges that introduce volatility unrelated to operating performance by virtue of the impact of external factors (such as share-based compensation amounts attributed to certain equity issuances as a part of the Used Digital Retail Division);
- Non-cash charges (such as impairment, recoveries, gains or losses on free-standing derivatives, revaluation of contingent consideration and revaluation of redemption liabilities);
- Charges outside the normal course of business (such as restructuring, gains and losses on dealership divestitures and real estate transactions); and
- Charges that are non-recurring in nature (such as provisions for wholesale fraud and settlement income).

The Company believes adjusted EBITDA provides improved continuity with respect to the comparison of our operating performance over a period of time.

Normalized Adjusted EBITDA

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With the onset of COVID-19 during the second quarter of 2020, the impact of COVID-19 related government restrictions resulted in charges that are one-time in nature, and related government programs resulted in subsidies <https://investors.autocan.ca> future.

Normalized adjusted EBITDA is an indicator of a company's operating performance over a period of time and ability to incur and service debt, normalized for charges that are non-recurring in nature related to the pandemic such as:

- Canada Emergency Wage Subsidy ("CEWS") income, expected to recur until the Company is no longer eligible for the subsidy;
- Canada Emergency Rent Subsidy ("CERS"), expected to recur until the Company is no longer eligible for the subsidy;
- One-time forgiveness of Small Business Association Paycheck Protection Program ("PPP") loans;

The Company believes normalized adjusted EBITDA provides improved continuity with respect to the comparison of our operating performance normalized for impacts related to the COVID-19 pandemic.

Pro Forma Adjusted EBITDA and Pro Forma Normalized Adjusted EBITDA

The Company believes pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA provides improved understanding of the progress of our acquisition strategy as if the acquisitions had occurred at the beginning of the period. Pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA includes management's estimate of the net income generated by our acquisitions prior to interest expense (other than interest expense on floorplan financing), income taxes, depreciation, and amortization, assuming acquisitions in the year had occurred on the first day of the year ended December 31, 2022 prior to any synergies, pursuant to the terms of the credit facilities. Pro forma adjustments estimated by management were derived from dealership financial statements. The Company's blended rate of Canadian corporate tax of 25.5% was applied to pro forma adjustments where applicable.

Refer to the Notes to the Consolidated Financial Statements for the year ended December 31, 2022 and Section 5, Acquisitions, Divestitures, Relocations, and Real Estate of the Company's MD&A for further details.

Pro Forma Net Income

The Company believes pro forma net income provides improved understanding of the progress of our acquisition strategy as if the acquisitions had occurred at the beginning of the period. Pro forma net income includes management's estimate of the net income generated by our acquisitions, assuming acquisitions in the year had occurred on the first day of the year ended December 31, 2022, prior to any synergies, pursuant to the terms of the credit facilities. Pro forma adjustments estimated by management were derived from dealership financial statements. The Company's blended rate of Canadian corporate tax of 25.5% was applied to pro forma adjustments where applicable.

Refer to the Notes to the Consolidated Financial Statements for the year ended December 31, 2022 and Section 5, Acquisitions, Divestitures, Relocations, and Real Estate of the Company's MD&A for further details.

Adjusted EBITDA Margin

Adjusted EBITDA margin is an indicator of a company's operating performance specifically in relation to our revenue performance.

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The Company believes adjusted EBITDA margin provides improved continuity with respect to the comparison of our operating performance with retaining and growing profitability as our revenue and scale increases over a period of <https://investors.autocan.ca>

Income Statement Impacts and Adjusted EBITDA on a Pre-IFRS 16 basis

The Company adopted IFRS 16 on January 1, 2019. On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. There are also corresponding income statement impacts to net income and other comprehensive income.

The Company believes adjusted EBITDA on a pre-IFRS 16 basis provides improved continuity for purposes of comparing to our historical operating performance prior to fiscal year 2019. Our Credit Facility financial covenants are calculated and presented on a pre-IFRS 16 basis. In addition, the net indebtedness leverage ratio is calculated on a pre-IFRS 16 basis.

Adjusted EBITDA on a pre-IFRS 16 basis is calculated as adjusted EBITDA less the rental expense, fair market value rent adjustment and step lease rent adjustment eliminated from the adoption of IFRS 16 lease liabilities accounting standards.

Refer to the Notes to the Consolidated Financial Statements for the year ended December 31, 2022 for further details.

Free Cash Flow

Free cash flow is a measure used by Management to evaluate the Company's performance. While the closest Canadian GAAP measure is cash provided by operating activities, free cash flow is considered relevant because it provides an indication of how much cash generated by operations is available after capital expenditures. It shall be noted that although we consider this measure to be free cash flow, financial and non-financial covenants in our credit facilities and dealer agreements may restrict cash from being available for distributions, re-investment in the Company, potential acquisitions, or other purposes. Investors should be cautioned that free cash flow may not actually be available for such purposes. References to "Free cash flow" are to cash provided by (used in) operating activities (including the net change in non-cash working capital balances) less capital expenditure (not including acquisitions of dealerships and dealership facilities).

Net Indebtedness Leverage Ratio

Net indebtedness leverage ratio is a measure used by management to evaluate the liquidity of the Company.

The Company believes presenting the net indebtedness leverage ratio on a pre-IFRS 16 basis provides improved continuity for purposes of comparing to our historical operating performance prior to fiscal year 2019 and remains relevant while our Credit Facility financial covenants continues to be calculated and presented on a pre-IFRS 16 basis. Net indebtedness leverage ratio is calculated as net indebtedness compared to Adjusted EBITDA pre-IFRS 16 on a TTM basis.

We list and define "CAPITAL MANAGEMENT MEASURES" below:

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Net indebtedness is used by management to evaluate the liquidity of the Company.
<https://investors.autocan.ca>

Net indebtedness is calculated as indebtedness, net of unamortized deferred financing costs, adding back embedded derivative asset, and less cash and cash equivalents.

NON-GAAP AND OTHER FINANCIAL MEASURES RECONCILIATIONS

Adjusted EBITDA, Normalized Adjusted EBITDA, Pro Forma Adjusted EBITDA, and Pro Forma Normalized Adjusted EBITDA Reconciliation

The following table illustrates adjusted EBITDA for the three-month periods ended December 31, over the last two years of operations:

| | 2022 | 2021 |
|---|---------|----------|
| Period from October 1 to December 31 | | |
| Net income for the period | 14,810 | 69,398 |
| Add back: | | |
| Income tax expense | 9,994 | 24,463 |
| Depreciation of property and equipment | 5,664 | 4,830 |
| Interest on long-term indebtedness | 8,121 | 6,161 |
| Depreciation of right of use assets | 8,326 | 7,465 |
| Lease liability interest | 8,283 | 6,520 |
| | 55,198 | 118,837 |
| Add back: | | |
| Recoveries of non-financial assets, net | (8,691) | (39,846) |
| Share-based compensation (Used Digital Retail Division) | 391 | — |
| Loss on redemption liabilities | 4,829 | 14,116 |
| Unrealized fair value changes in derivative instruments | (2,496) | (2,853) |
| Amortization of loss on terminated hedges | 817 | 817 |
| Unrealized foreign exchange losses | 497 | 25 |
| Gain on termination of lease | — | (492) |
| Unrealized fair value changes on embedded derivative | — | (24,778) |
| Loss on disposal of assets, net | 124 | 47 |
| Adjusted EBITDA | 50,669 | 65,873 |

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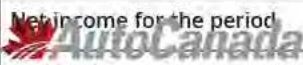
AUTOCANADA REPORTS FOURTH QUARTER 2022 RESULTS - AutoCanada Investor Relations

The following table illustrates adjusted EBITDA, normalized adjusted EBITDA, pro forma adjusted EBITDA, and pro forma normalized adjusted EBITDA for the trailing twelve month period ended December 31, over the last two years (<https://investors.autocan.ca>)

| | 2022 | 2021 |
|---|---------|----------|
| Period from January 1 to December 31 | | |
| Net income for the period | 91,060 | 167,199 |
| Add back: | | |
| Income tax expense | 32,824 | 54,021 |
| Depreciation of property and equipment | 20,852 | 17,272 |
| Interest on long-term indebtedness | 29,325 | 21,900 |
| Depreciation of right of use assets | 30,781 | 26,420 |
| Lease liability interest | 29,828 | 23,062 |
| | 234,670 | 309,874 |
| Add back: | | |
| Recoveries of non-financial assets, net | (8,691) | (39,846) |
| Share-based compensation (Used Digital Retail Division) | 391 | — |
| Loss on redemption liabilities | 4,829 | 14,116 |
| Loss on extinguishment of debt | 9,860 | 1,128 |
| Unrealized fair value changes in derivative instruments | (9,321) | (7,873) |
| Amortization of loss on terminated hedges | 3,268 | 3,268 |
| Unrealized foreign exchange losses | 192 | 115 |
| Loss on extinguishment of embedded derivative | 29,306 | — |
| Loss on termination of lease, net | — | 427 |
| Unrealized fair value changes on embedded derivative | — | (29,306) |
| Loss (gain) on disposal of assets | 296 | (40) |
| Adjusted EBITDA | 264,800 | 251,863 |
| Normalizing items: | | |
| Less: | | |
| Canada Emergency Wage Subsidy | — | (4,388) |
| Canada Emergency Rent Subsidy | — | (336) |
| Forgiveness of PPP loans | — | (6,728) |
| Normalized Adjusted EBITDA | 264,800 | 240,411 |
| Pro forma items had the acquisitions occurred on January 1: | | |

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| | | |
|--|---------|---------|
| Net income for the period  | 583 | 7,634 |
| Add back: (https://investors.autocan.ca) | | |
| Income tax expense | 200 | 2,464 |
| Depreciation of property and equipment | 689 | 1,765 |
| Interest on long-term indebtedness | 5,058 | 5,698 |
| Depreciation of right of use assets | 1,185 | 3,224 |
| Lease liability interest | 2,207 | 5,235 |
| Pro Forma Adjusted EBITDA | 274,722 | 277,883 |
| Pro Forma Normalized Adjusted EBITDA | 274,722 | 266,431 |
| Pro Forma Net Income | 91,643 | 174,833 |

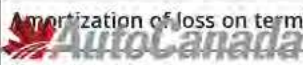
Segmented Adjusted EBITDA and Segmented Normalized Adjusted EBITDA

The following table illustrates segmented adjusted EBITDA for the three-month period ended December 31, over the last two years of operations:

| | Three Months Ended December 31, 2022 | | | Three Months Ended December 31, 2021 | | |
|---|--------------------------------------|-------|---------|--------------------------------------|--------|----------|
| | Canada | U.S. | Total | Canada | U.S. | Total |
| Period from October 1 to December 31 | | | | | | |
| Net income (loss) for the period | 15,043 | (233) | 14,810 | 62,253 | 7,145 | 69,398 |
| Add back: | | | | | | |
| Income tax expense | 9,908 | 86 | 9,994 | 24,144 | 319 | 24,463 |
| Depreciation of property and equipment | 5,168 | 496 | 5,664 | 4,467 | 363 | 4,830 |
| Interest on long-term indebtedness | 5,100 | 3,021 | 8,121 | 4,818 | 1,343 | 6,161 |
| Depreciation of right of use assets | 7,658 | 668 | 8,326 | 6,796 | 669 | 7,465 |
| Lease liability interest | 7,305 | 978 | 8,283 | 5,630 | 890 | 6,520 |
| | 50,182 | 5,016 | 55,198 | 108,108 | 10,729 | 118,837 |
| Add back: | | | | | | |
| Recoveries of non-financial assets, net | (8,691) | — | (8,691) | (39,846) | — | (39,846) |
| Share-based compensation (Used Digital Retail Division) | 391 | — | 391 | — | — | — |
| Loss on redemption liabilities | 4,829 | — | 4,829 | 14,116 | — | 14,116 |
| Unrealized fair value changes in derivative instruments | (2,496) | — | (2,496) | (2,853) | — | (2,853) |

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| | | | | | | |
|---|--------|-------|--------|----------|--------|----------|
|  Amortization of loss on terminated hedges | 817 | — | 817 | 817 | — | 817 |
| Unrealized foreign exchange losses (https://investors.autocan.ca) | 497 | — | 497 | 25 | — | 25 |
| Gain on termination of lease | — | — | — | (492) | — | (492) |
| Unrealized fair value changes on embedded derivative | — | — | — | (24,778) | — | (24,778) |
| Loss on disposal of assets, net | 124 | — | 124 | 47 | — | 47 |
| Adjusted EBITDA | 45,653 | 5,016 | 50,669 | 55,144 | 10,729 | 65,873 |

The following table illustrates segmented adjusted EBITDA and normalized adjusted EBITDA for the year ended December 31 for the last two years of operations:

| | Year Ended December 31, 2022 | | | Year Ended December 31, 2021 | | |
|---|------------------------------|--------|---------|------------------------------|--------|----------|
| | Canada | U.S. | Total | Canada | U.S. | Total |
| Period from January 1 to December 31 | | | | | | |
| Net income for the period | 76,263 | 14,797 | 91,060 | 150,104 | 17,095 | 167,199 |
| Add back: | | | | | | |
| Income tax expense | 29,626 | 3,198 | 32,824 | 53,702 | 319 | 54,021 |
| Depreciation of property and equipment | 19,117 | 1,735 | 20,852 | 15,995 | 1,277 | 17,272 |
| Interest on long-term indebtedness | 22,605 | 6,720 | 29,325 | 15,631 | 6,269 | 21,900 |
| Depreciation of right of use assets | 28,033 | 2,748 | 30,781 | 23,759 | 2,661 | 26,420 |
| Lease liability interest | 26,271 | 3,557 | 29,828 | 19,503 | 3,559 | 23,062 |
| | 201,915 | 32,755 | 234,670 | 278,694 | 31,180 | 309,874 |
| Add back: | | | | | | |
| Recoveries of non-financial assets, net | (8,691) | — | (8,691) | (39,846) | — | (39,846) |
| Share-based compensation (Used Digital Retail Division) | 391 | — | 391 | — | — | — |
| Loss on redemption liabilities | 4,829 | — | 4,829 | 14,116 | — | 14,116 |
| Loss on extinguishment of debt | 9,860 | — | 9,860 | 1,128 | — | 1,128 |
| Unrealized fair value changes in derivative instruments | (9,321) | — | (9,321) | (7,873) | — | (7,873) |
| Amortization of loss on terminated hedges | 3,268 | — | 3,268 | 3,268 | — | 3,268 |
| Unrealized foreign exchange losses | 192 | — | 192 | 115 | — | 115 |
| Loss on extinguishment of embedded derivative | 29,306 | — | 29,306 | — | — | — |
| Loss on termination of lease, net | — | — | — | 427 | — | 427 |
| Unrealized fair value changes on embedded derivative | — | — | — | (29,306) | — | (29,306) |
| Loss (gain) on disposal of assets, net | 296 | — | 296 | (40) | — | (40) |

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AUTOCANADA REPORTS FOURTH QUARTER 2022 RESULTS - AutoCanada Investor Relations

| | | | | | | |
|---|---------|--------|---------|---------|---------|---------|
|  Adjusted EBITDA | 232,045 | 32,755 | 264,800 | 220,683 | 31,180 | 251,863 |
| Normalizing Items: (https://investors.autocan.ca) | | | | | | |
| Less: | | | | | | |
| Canada Emergency Wage Subsidy | — | — | — | (4,388) | — | (4,388) |
| Canada Emergency Rent Subsidy | — | — | — | (336) | — | (336) |
| Forgiveness of PPP loans | — | — | — | — | (6,728) | (6,728) |
| Normalized Adjusted EBITDA | 232,045 | 32,755 | 264,800 | 215,959 | 24,452 | 240,411 |

Adjusted EBITDA Margin

The following table illustrates adjusted EBITDA margin for the three-month periods ended December 31, over the last two years of operations:

| | 2022 | 2021 |
|--------------------------------------|-----------|-----------|
| Period from October 1 to December 31 | | |
| Adjusted EBITDA | 50,669 | 65,873 |
| Revenue | 1,388,206 | 1,195,782 |
| Adjusted EBITDA Margin | 3.6 % | 5.5 % |

Free Cash Flow

The following table illustrates free cash flow for the last eight consecutive quarters:

| | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Cash provided by operating activities | 38,099 | 37,662 | 64,935 | 7,279 | 10,153 | 13,721 | 68,604 | 20,506 |
| Deduct: | | | | | | | | |
| Purchase of non-growth property and equipment | (5,922) | (2,343) | (1,617) | (1,427) | (2,550) | (1,349) | (801) | (1,115) |
| Free cash flow | 32,177 | 35,319 | 63,318 | 5,852 | 7,603 | 12,372 | 67,803 | 19,391 |
| Free cash flow - TTM | 136,666 | 112,092 | 89,145 | 93,630 | 107,169 | 118,806 | 159,878 | 144,632 |

Net Indebtedness and Net Indebtedness Leverage Ratio Reconciliation

The following table illustrates the Company's net indebtedness and net indebtedness leverage ratio as at December 31, 2022 and December 31, 2021:

3/2/23, 10:47 AM

AUTOCANADA REPORTS FOURTH QUARTER 2022 RESULTS - AutoCanada Investor Relations

|  (https://investors.autocan.ca) | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Syndicated Credit Facility - revolving credit | 178,588 | 63,842 |
| Senior unsecured notes (including embedded derivative asset) | 344,502 | 221,965 |
| Mortgage and other debt | 32,038 | 101 |
| Total Indebtedness | 555,128 | 285,908 |
| Add back: | | |
| Embedded derivative asset | — | 29,306 |
| Total Indebtedness for net indebtedness purpose | 555,128 | 315,214 |
| Cash and cash equivalents | (108,301) | (102,480) |
| Net indebtedness | 446,827 | 212,734 |
| Adjusted EBITDA - pre-IFRS 16 - trailing twelve months | 210,761 | 206,584 |
| Net indebtedness leverage ratio | 2.1x | 1.0x |

Conference Call

A conference call to discuss the results for the three months ended December 31, 2022 will be held on March 2, 2023 at 9:00am Mountain (11:00am Eastern). To participate in the conference call, please dial 1.888.664.6392 approximately 10 minutes prior to the call.

This conference call will also be webcast live over the internet and can be accessed by all interested parties at the following URL: <https://investors.autocan.ca/event/2022-q4-conference-call/> (<https://c212.net/c/link/?t=0&l=en&o=3797680-2&h=4154193802&u=https%3A%2F%2Finvestors.autocan.ca%2Fevent%2F2022-q4-conference-call%2F&a=https%3A%2F%2Finvestors.autocan.ca%2Fevent%2F2022-q4-conference-call%2F>)

About AutoCanada

AutoCanada is a leading North American multi-location automobile dealership group currently operating 82 franchised dealerships, comprised of 28 brands, in eight provinces in Canada as well as a group in Illinois, USA. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Alfa Romeo, Chevrolet, GMC, Buick, Cadillac, Ford, Infiniti, Nissan, Hyundai, Subaru, Audi, Volkswagen, Kia, Mazda, Mercedes-Benz, BMW, MINI, Volvo, Toyota, Lincoln, Acura, Honda and Porsche branded vehicles. In addition, AutoCanada's Canadian Operations segment currently operates 3 used vehicle dealerships and 1 used vehicle auction business supporting the Used Digital Retail Division, 11 RightRide division locations, and 10 stand-alone collision centres within our group of 25 collision centres. In 2022, our dealerships sold approximately 100,000 vehicles and processed over 900,000 service and collision repair orders in our 1,367 service bays generating revenue in excess of \$6 billion.

Additional information about AutoCanada Inc. is available at www.sedar.com (<https://c212.net/c/link/?t=0&l=en&o=3797680-2&h=1046737679&u=http%3A%2F%2Fwww.sedar.com%2F&a=www.sedar.com>) and the Company's website at www.autocan.ca (<https://c212.net/c/link/?t=0&l=en&o=3797680->

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AUTOCANADA REPORTS FOURTH QUARTER 2022 RESULTS - AutoCanada Investor Relations

[2&h=3280606317&u=http%3A%2F%2Fwww.autocan.ca%2F&a=www.autocan.ca](https://investors.autocan.ca/2023/03/autocanada-reports-fourth-quarter-2022-results/)).



Forward Looking Statements
(<https://investors.autocan.ca/>)

Certain statements contained in this press release are forward-looking statements and information (collectively "forward-looking statements", including "with respect to", "among other things", "future performance", "expense reductions" and the "Go Forward Plan"), within the meaning of the applicable Canadian securities legislation. We hereby provide cautionary statements identifying important factors that could cause our actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "projection", "vision", "goals", "objective", "target", "schedules", "outlook", "anticipate", "expect", "estimate", "could", "should", "plan", "seek", "may", "intend", "likely", "will", "believe", "shall" and similar expressions) are not historical facts and are forward-looking and may involve estimates and assumptions and are subject to risks, uncertainties and other factors some of which are beyond our control and difficult to predict.

Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Therefore, any such forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this press release.

The Company's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website at www.sedar.com (<http://www.sedar.com>)) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for Management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Additional Information

Additional information about AutoCanada is available at the Company's website at www.autocan.ca (<https://c212.net/c/link/?t=0&l=en&o=3797680-2&h=3280606317&u=http%3A%2F%2Fwww.autocan.ca%2F&a=www.autocan.ca>) and www.sedar.com (<https://c212.net/c/link/?t=0&l=en&o=3797680-2&h=1046737679&u=http%3A%2F%2Fwww.sedar.com%2F&a=www.sedar.com>).

SOURCE AutoCanada Inc.

For further information: Casey Charleson, Vice President, Finance, Phone: (780) 509 2804, Email: ccharleson@autocan.ca



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[PREVIOUS: PRESS RELEASES](#)

[AUTOCANADA ACQUIRES DCCHAIL, A LEADING HAIL DAMAGE REPAIR COMPANY](#)

[\(https://investors.autocan.ca/2023/02/autocanada-acquires-dcchail-a-leading-hail-damage-repair-company/\)](https://investors.autocan.ca/2023/02/autocanada-acquires-dcchail-a-leading-hail-damage-repair-company/)

AutoCanada Inc.



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Located at:

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Edmonton, AB T5V 0C3 (https://goo.gl/maps/1ZFQz9LEhgB2)

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 **AutoCanada**

2022



**Annual
Information
Form**

Dated March 24, 2023

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Corporate structure

AutoCanada Inc. was incorporated under the *Canada Business Corporations Act* (“CBC”) on October 29, 2009. AutoCanada Inc. amalgamated with its wholly-owned subsidiary, AutoCanada GP Inc., on January 1, 2011 and continued under the name AutoCanada Inc.

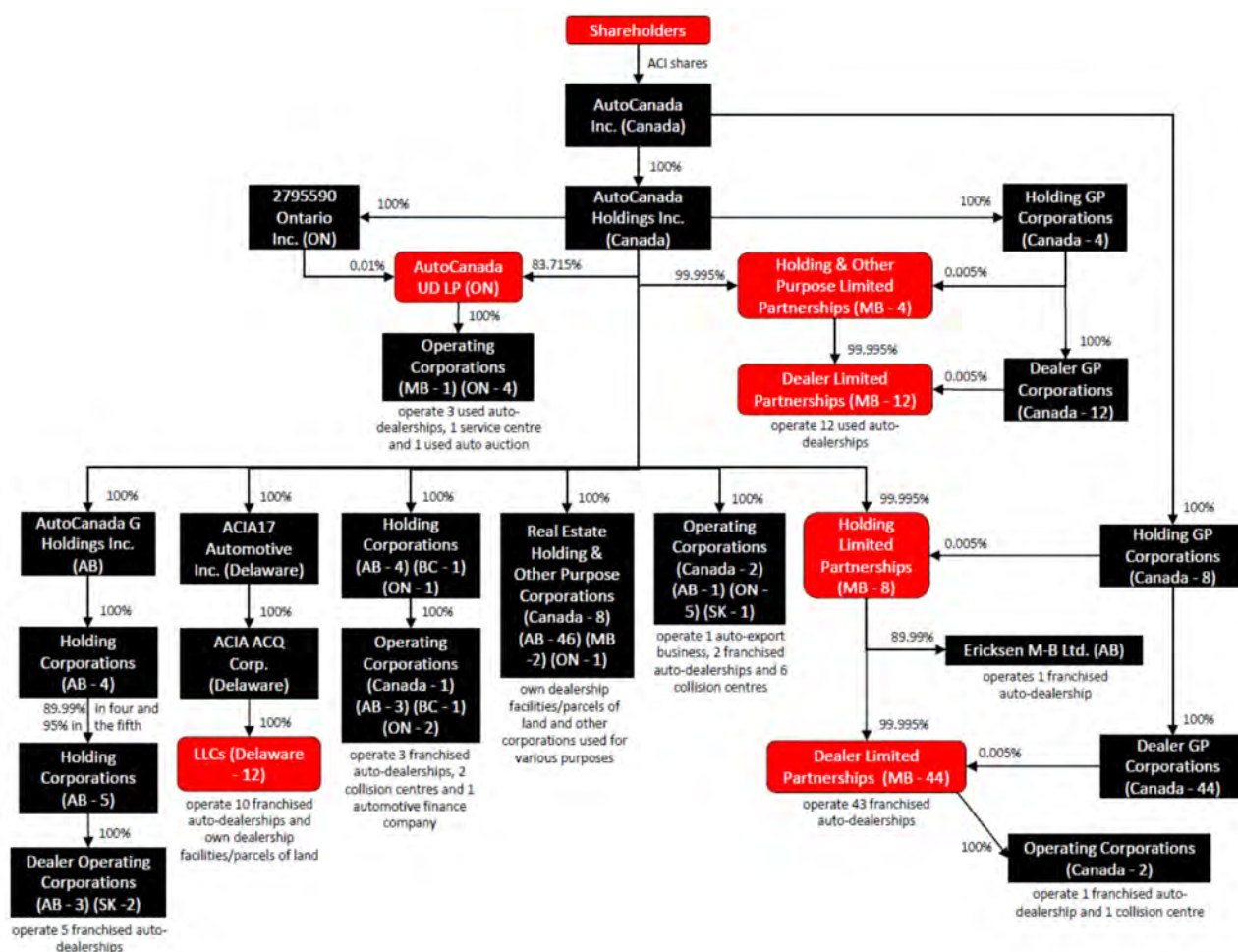
The principal and head office of AutoCanada Inc. is located at 200 – 15511 – 123 Avenue NW, Edmonton, Alberta T5V 0C3. The registered office of AutoCanada Inc. is located at 1900, 520 – 3rd Avenue S.W., Calgary, Alberta T2P 0R3.

Inter corporate Relationships

The significant subsidiaries of AutoCanada Inc. are AutoCanada Holdings Inc., a wholly-owned subsidiary incorporated under the CBC, and each of the Holding LPs and Dealer LPs. AutoCanada Holdings Inc. was incorporated under the CBC on October 29, 2009.

Each of the Holding LPs and Dealer LPs is a limited partnership formed under the laws of the Province of Manitoba. Each Dealer LP had been formed to acquire the assets and undertaking relating to one of the franchised automobile dealerships. Each of the Holdings GPs and the Dealer GPs were incorporated under the CBC.

The following chart illustrates our corporate structure as at December 31, 2022:



| Dealership (Name, Location) 7 | Franchise 7 Represented 7 | Year 7 Established 7 | Year Acquired by ACI |
|---|--|-------------------------|-------------------------|
| Waterloo o a Waterloo H 7 | o a 2 | 019 2 | 0 1 |
| 401 Dixie yu ai Mississauga H 7 | yu ai | 1996 2 7 | 010 |
| Welli gto Motors Guelph 7 | Stella tis 7 | 1940 | 016 |
| Guelph yu ai Guelph H | yu ai | 1984 7 | 016 |
| 41 Nissa Ottawa 7 | Nissa 7 | 015 7 | 015 |
| Cambri ge yu ai Cambri ge H 7 | yu ai 7 | 1996 7 | 008 |
| u t Club Nissa Ottawa | Nissa 7 | 015 7 | 015 |
| Rose City For Wi sor 7 | For | 981 7 | 018 |
| Porsche Ce tre Lo o Lo o 7 | Porsche 2 7 | 010 | 0 |
| Au i Wi sor Wi sor 7 | Au i 2 7 | 015 | 0 |
| QUEBEC | | | |
| BMW Mo tréal Ce tre a MINI Mo tréal Ce tre Mo tréal 7 | BMW/MINI | 19 0 | 014 |
| BMW Laval a MINI Laval Laval 7 | BMW/MINI 7 | 19 3 7 | 014 |
| Merce es-Be z Rive Su Gree fiel Park 7 | Merce es-Be z 7 | 1965 | 01 |
| Pla ète Maz a Mirabel 7 | Maz a 7 | 198 | 01 |
| NEW BRUNSWICK | | | |
| Mo cto Chrysler Do ge Jeep Ram, Mo cto 7 | tella tis | 1986 7 | 001 |
| NOVA SCOTIA | | | |
| Dartmouth Chrysler Do ge Jeep Ram, Dartmouth 7 | Stella tis 7 | 19 0 2 7 | 006 |
| ILLINOIS | | | |
| Toyota of Li col Park Chicago 7 | Toyota | 19 8 | 018 |
| North City o a Chicago H | o a | 19 8 | 018 |
| yu ai of Li col woo Li col woo 7 | yu ai | 19 8 | 018 |
| Kia of Li col woo Li col woo 7 | ia | 19 8 | 018 |
| Toyota of Li col woo Li col wo 7 | oyota 7 | 19 8 | 018 |
| Bloomi gto /Normal Auto Mall Bloomi gto /Normal 7 | Volvo Merce es Be z Au i Subaru 7 Volkswage Li col 7 | 19 8 7 | 018 |
| yu ai of Palati e Palati e H | yu ai | 19 8 | 018 |
| Chevrolet of Palati e Palati e 7 | Ge eral Motors | 19 8 7 | 018 |
| Autohaus of Peoria Peoria 7 | Porsche Au i Merce es-Be z 7 Volkswage | 009 7 | 0 0 7 |
| Crystal Lake Chrysler Do ge Jeep Ram, Crystal Lake | Stella tis | 19 6 | 0 1 |

The following table shows the location of our Used Digital Retail Division operating entities as at December 31, 2022.

| Used Digital Retail Division Dealership (Name, Location) | Franchise 7 Represented | Year 7 Established | Year Acquired by ACI |
|--|----------------------------|-----------------------|-------------------------|
| MANITOBA | | | |
| Auto Gallery of Wi ipeg Wi ipeg 7 | Use Vehicles 2 | 00 | 0 |
| ONTARIO | | | |
| Haldimand Motors, Cayuga 7 | Use Vehicles | 1984 7 | 0 0 |
| Mark Wilso 's Better Use Cars Guelph 7 | Use Vehicles 2 | 015 7 | 0 1 7 |
| North Toro to Auctio I isfil | Use Vehicles 2 7 | 00 | 0 |

Marketing

advertising and marketing efforts are focused at the local market level, with the aim of building the businesses of our dealerships with a broad base of repeat, referral and new customers. Our marketing mix is undergoing digitalization, as we recognize the potential of the internet and e-commerce in building our franchised automobile dealerships' brands and expanding our customer base. While we still utilize traditional advertising mediums like local newspapers, radio, direct mail, and television, our investment in digital mediums represents our additional advertising efforts.

Print and Media Advertising

The retail automotive industry has traditionally relied locally produced, largely non-professional materials, often developed under the direction of each franchised automobile dealership's dealership principal. We have created common marketing materials for our brand and names at some of our dealerships using our own expertise and professional advertising agencies.

Internet and e-Commerce

We believe that the Internet and e-commerce represents a substantial opportunity to build our franchised automobile dealerships' brands and expand the geographic reach of their markets. We see the scope and size of our operations to expand the use of the Internet in our sales of new and used vehicles, as we believe our customers are increasingly using the Internet as a key part of their purchasing process.

Each of our franchised automobile dealerships has established a website that incorporates a professional design to reinforce the dealership's unique brand and advanced functionalities to ensure that the website can hold the attention of customers and perform the informational and interactive functions for which the internet is uniquely suited. A automobile manufacturer website links provide our dealerships with key sources of referrals. Many of our dealerships use the internet to communicate with customers both prior to vehicle purchase and after purchase to coordinate and market maintenance and repair services.

ACI has made significant investments in new technology and improving our websites to better accommodate our customers and improve our marketing and communication with potential customers. Our centralized marketing department has a number of initiatives under way to increase traffic to these sites and improve the functionality of the websites and search friendliness. Our centralized marketing department will continue to be a driving force in leading generation activities and search engine optimization for our dealerships.

ACI has also been working with our dealership teams to improve internet sales processes and ensuring that phone, email and internet leads are being appropriately handled. Our executive team and dealers recognize the importance of our online presence and believe the virtual showroom will be a major contributor to sales in the future. Internet marketing represents a significant opportunity for our dealerships to improve customer relationships and increase sales in all areas of the business.

Management Information Systems

We consolidate financial, accounting and operational data received from our franchised automobile dealerships nationwide through an exclusive private communications network.

Financial information, operational and accounting data and the related statistical information are consolidated, processed and maintained at our headquarters in Edmonton, Alberta in a cloud-based data lakehouse. The system is also off-site storage maintained by CDK Global in a Las Vegas data center. The flexible nature of our installed network allows for accumulation, processing and distribution of information using CDK Global. CDK Global provides software for many companies in Canada, including franchised automobile dealerships. All sales and expense information, and other data related to the operations of each of our dealerships are entered at each location. This system allows our senior management to access detailed information on a near "real time" basis from all of our dealerships regarding, for example, the makes and models of vehicles in our inventory, the mix of new and used vehicle sales, the number of vehicles being sold or leased, the percentage of vehicles for which we arranged financing or sold ancillary products and services, the profit margins achieved on sales and the relative performances of our dealerships to each other. This information is also available to each of our dealership principals. Reports can be generated within the system itself and via a Business Intelligence software (available to decision makers across the Company) that sets forth and compares revenue and expense data by department and by dealership, allowing management to quickly analyze the results of operations, identify trends in the business and focus on areas that require attention or improvement.

We believe that our management information system is a key factor to successfully incorporating newly acquired businesses. Following each acquisition, we install our management information system at the dealership location as soon as possible, thereby making financial, accounting and other operational data easily and quickly accessible to senior management. With access to this data, we can more efficiently incorporate our operating strategy at the newly acquired dealership. As our management information system is scalable, we can integrate new acquisitions without significantly increasing the cost of operating the system.

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Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

| | | | |
|-----------------------------|--|---|---------------------|
| <hr/> | |) | |
| FEDERAL TRADE COMMISSION, | |) | |
| | |) | |
| Petitioner, | |) | |
| | |) | Case No. 23-cv-2500 |
| v. | |) | |
| | |) | |
| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
| | |) | |
| Respondents. | |) | |
| <hr/> | |) | |

**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit D

Williams, Sherri CTR

From: TrackingUpdates@fedex.com
Sent: Wednesday, December 28, 2022 2:24 PM
To: Williams, Sherri CTR
Subject: FedEx Shipment 770861576188: Your package has been delivered



x

Hi. Your package was
delivered Wed, 12/28/2022 at
1:16pm.



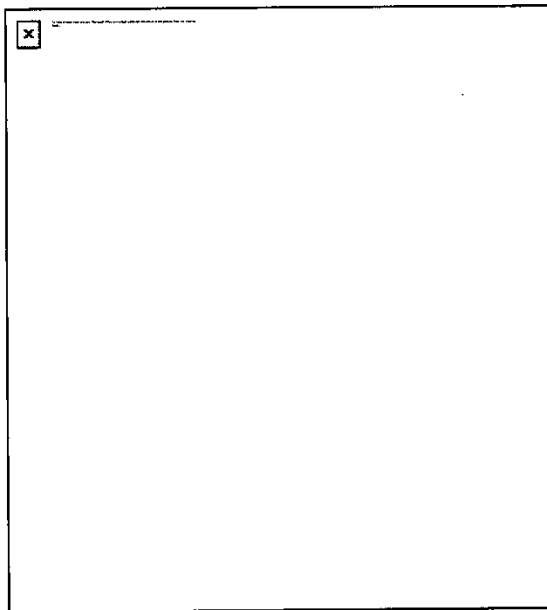
Delivered to 1561 N FREMONT ST, CHICAGO, IL 60642
Received by M.YOUNG

OBTAIN PROOF OF DELIVERY

| | |
|------------------------|--|
| TRACKING NUMBER | <u>770861576188</u> |
| FROM | Sherri Williams 400 Seventh Street S.W. Washington, DC, US, 20024 |
| TO | d/b/a Leader Automotive Group ACIA 17 Automotive, Inc. and ACIA A Attn: James Douvas VP of U.S Operat 1561 N. Fremont St. 2ND Floor CHICAGO, IL, US, 60642 |

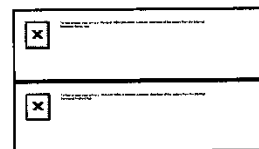
1

PURCHASE ORDER NUMBER 0612
REFERENCE 2323004-606429
SHIPPER REFERENCE 2323004-606429
SHIP DATE Thu 12/22/2022 05:26 PM
DELIVERED TO Receptionist/Front Desk
PACKAGING TYPE FedEx Envelope
ORIGIN Washington, DC, US, 20024
DESTINATION CHICAGO, IL, US, 60642
SPECIAL HANDLING Deliver Weekday
Residential Delivery
DSR
NUMBER OF PIECES 1
TOTAL SHIPMENT WEIGHT 0.50 LB
SERVICE TYPE FedEx 2Day

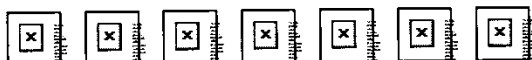



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Thank you for your business.

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Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

| | | | |
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| <hr/> | |) | |
| FEDERAL TRADE COMMISSION, | |) | |
| | |) | |
| Petitioner, | |) | |
| | |) | Case No. 23-cv-2500 |
| v. | |) | |
| | |) | |
| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
| | |) | |
| Respondents. | |) | |
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**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit E

From: j [Dav...ame](#)
To: j [Ira M. Levin](#)
Cc: j [Denny Samantha](#)
Subject: j RE: proposed production timeline
Date: j Tuesday, January 10, 2023 12:34:00 PM
Attachments: [image001.png](#)
[image002.png](#)

Understood – thanks for the update.

From: Ira M. Levin <ILevin@burkelaw.com>

Sent: Tuesday, January 10, 2023 1:31 PM

To: Davis, James <jdavis@ftc.gov>

Subject: proposed production timeline

Jim: I was trying to get you a realistic timeline for production in advance of our call, but I need to clarify some things on our call and then talk more with the client.

Ira M. Levin

Burke, Warren, MacKay & Serritella, P.C. j
330 N Wabash Ave, 21st Floor | Chicago, IL 60611
P [312-840-7065](tel:312-840-7065) | F 312-840-7900
ILevin@burkelaw.com | www.burkelaw.com
[Profile](#) | [vCard](#) j



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James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

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| _____ |) | |
| FEDERAL TRADE COMMISSION, |) | |
| |) | |
| Petitioner, |) | |
| |) | Case No. 23-cv-2500 |
| v. |) | |
| |) | |
| ACIA17 Automotive, Inc. and |) | |
| ACIA ACQ Corporation dba |) | |
| Leader Automotive Group, |) | |
| |) | |
| Respondents. |) | |
| _____ |) | |

**FEDERAL TRADE COMMISSION'S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner's Exhibit F

From: J [Elizabeth M. Pall](#)
To: J [Ira M. Levin](#); [Denny, Samantha](#); [Davis, James](#)
Cc: J [Carson, Christine](#); [Marksteiner, Ryne](#)
Subject: J RE: Federal Trade Commission, Matter No. 2323004 - Leader Automotive Group
Date: J Thursday, January 12, 2023 5:00:46 PM
Attachments: [image_003.png](#)
[image_004.png](#)

Sam,

Ira and I are meeting with our client tomorrow and anticipate being able to get you a proposed production schedule (and maybe even some initial information/records) next week. In the meantime, I believe our deadline to file a Petition to Limit or Quash the CID is Monday (which would probably be Tuesday since Monday is a holiday.) While we are working on that schedule and gathering the requested records and information, is the FTC agreeable to extending the time for ACIA to file a Petition to Limit or Quash the CID? I think if we extend that deadline to the end of the month, it will give us more time to continue to discuss the production schedule and potential means of limiting some of the requests (such as the sampling we discussed on Tuesday's call.) Please advise regarding the FTC's position on such an extension at your earliest convenience.

Thank you,

Liz

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Ira M. Levin <ILevin@burkelaw.com>

Sent: Wednesday, January 11, 2023 10:57 AM

To: Denny, Samantha <sdenny@ftc.gov>; Davis, James <jdavis@ftc.gov>

Cc: Elizabeth M. Pall <EPall@burkelaw.com>; Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>

Subject: Federal Trade Commission, Matter No. 2323004 - Leader Automotive Group

Samantha: Thanks for your email. Deal jackets were not being scanned throughout the period requested in the subpoena, which was a more recent development as I recall, and there was a change in systems as well. We will follow up with you on this and other issues.

Ira M. Levin

P 312-840-7065 | F 312-840-7900 | ILevin@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Denny, Samantha <sdenny@ftc.gov>

Sent: Wednesday, January 11, 2023 10:16 AM

To: Ira M. Levin <ILevin@burkelaw.com>; Davis, James <jdavis@ftc.gov>

Cc: Elizabeth M. Pall <EPall@burkelaw.com>; Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>

Subject: RE: Federal Trade Commission, Matter No. 2323004 - Leader Automotive Group

[EXTERNAL]

Ira and Liz,

Thank you for meeting with us yesterday to discuss Leader's compliance with the CID.

With respect to the production of documents and data, there were a couple of points that we wanted to clarify. To the extent that documents and data are kept in electronic form we would J

expect to receive the entire set of documents and data as this should be an easy matter produce electronically. For example, this is understood that deal jackets are scanned and uploaded to our servers maintained by CDK or another third party service provider. These documents, and any other responsive, electronically stored documents and information, should be produced in their entirety. For documents or data only a a table and copy, we are open to accepting an agreed-upon representative sample.

Further, please forward your proposed production timeline as soon as practicable. As you know, any extensions in responding to the CID are to be reviewed and agreed to by our management.

Please let us know you have any questions regarding any of this.

Best,
Sam

Samantha ("Sam") Denny (she/her) | Staff Attorney | Federal Trade Commission | 230 South Dearborn, Ste. 3030, Chicago, IL 60604

Office: 312.960.5623 | Cell: 202.766.7169 | Fax: 312.960.5600 | sdenny@ftc.gov

From: Ira M. Levin <ILevin@burkelaw.com>

Sent: Monday, January 9, 2023 9:08 AM

To: Das, James <jdas@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>

Cc: Elzabet M. Pall <EPall@burkelaw.com>; Carson, Christine <ccarson@ftc.gov>

Subject: RE: Federal Trade Commission, Matter No. 2323004 - Leader Automotive Group
Jim: When I booked our meeting, I did not recall I had another call that one of my partners was booking at the same time but had not yet put in my calendar. Can we move our call to 4pm CT tomorrow?

Ira M. Levin

P 312-840-7065 | F 312-840-7900 | ILevin@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Das, James <jdas@ftc.gov>

Sent: Monday, January 2, 2023 12:58 PM

To: Ira M. Levin <ILevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>

Cc: Elzabet M. Pall <EPall@burkelaw.com>; Joshua J. Carlson <jcarlson@burkelaw.com>; Carson, Christine <ccarson@ftc.gov>

Subject: RE: Federal Trade Commission, Matter No. 2323004 - Leader Automotive Group

[EXTERNAL]

Ira,

Thanks for your email. January 10 at 3pm CT works on our end. I am also copying Chris Carson, a paralegal in our office. Chris is mostly joining as well. Would you like to meet in person, a Teams/Zoom, or by telephone? We are flexible.

Best,
Jim

From: Ira M. Levin <ILevin@burkelaw.com>

Sent: Monday, January 2, 2023 9:40 AM

To: Das, James <jdas@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>

Cc: Elzabet M. Pall <EPall@burkelaw.com>; Joshua J. Carlson <jcarlson@burkelaw.com>

Subject: Federal Trade Commission, Matter No. 2323004 - Leader Automotive Group

Jim: This will confirm that my law firm will be representing the Respondents in connection with the w

FTC's CID tice, c pies f which re tt che . We h ve sche ule c ll t meet c fer 1
with y u J u ry O, 2022. I believe we s i 3pm CT, but I w si my c r whe wet lke s 1
ple se c firm the time. I the me time, I will get y u pr p se sche ule. Th ky u. 1

Ira M. Levin 1

Burke, Warren, Mackay & Serritella, P.C. 1
330 N Wabash Ave, 21st Floor | Chicago, IL 60611 1

P 312-840-7065 | F 312-840-7900 1

Levin@burkelaw.com | www.burkelaw.com 1

[Profile](#) | [vCard](#) 1



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email and destroy all copies of the original message. 1*

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

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| FEDERAL TRADE COMMISSION, | |) | |
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| Petitioner, | |) | |
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**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit G

From: J [Elizabeth M. Pall](#)
To: J [Ira M. Levin](#); [Denny, Samantha](#); [Davis, James](#)
Cc: J [Carson, Christine](#); [Marksteiner, Ryne](#)
Subject: J RE: Federal Trade Commission, Matter No. 2323004 - Leader Automotive Group
Date: J Thursday, January 12, 2023 5:00:45 PM
Attachments: [image_003.png](#)
[image_004.png](#)

Sam,

Ira and I are meeting with our client tomorrow and anticipate being able to get you a proposed production schedule (and maybe even some initial information/records) next week. In the meantime, I believe our deadline to file a Petition to Limit or Quash the CID is Monday (which would probably be Tuesday since Monday is a holiday.) While we are working on that schedule and gathering the requested records and information, is the FTC agreeable to extending the time for ACIA to file a Petition to Limit or Quash the CID? I think if we extend that deadline to the end of the month, it will give us more time to continue to discuss the production schedule and potential means of limiting some of the requests (such as the sampling we discussed on Tuesday's call.) Please advise regarding the FTC's position on such an extension at your earliest convenience.

Thank you,
Liz

Elizabeth M. Pall | *Partner*

P [312-840-7099](tel:312-840-7099) | F [312-840-7900](tel:312-840-7900) | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Ira M. Levin <ILevin@burkelaw.com>
Sent: Wednesday, January 11, 2023 10:57 AM
To: Denny, Samantha <sdenny@ftc.gov>; Davis, James <jdavis@ftc.gov>
Cc: Elizabeth M. Pall <EPall@burkelaw.com>; Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>
Subject: Federal Trade Commission, Matter No. 2323004 - Leader Automotive Group

Samantha: Thanks for your email. Deal jackets were not being scanned throughout the period requested in the subpoena, which was a more recent development as I recall, and there was a change in systems as well. We will follow up with you on this and other issues.

Ira M. Levin

P [312-840-7065](tel:312-840-7065) | F [312-840-7900](tel:312-840-7900) | ILevin@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Denny, Samantha <sdenny@ftc.gov>
Sent: Wednesday, January 11, 2023 10:16 AM
To: Ira M. Levin <ILevin@burkelaw.com>; Davis, James <jdavis@ftc.gov>
Cc: Elizabeth M. Pall <EPall@burkelaw.com>; Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov> J

Subject: Federal Trade Commission, Matter No. 22-004 - Leader Automotive Group

[EXTERNAL]

Ira and Liz,

Thank you for meeting with us yesterday to discuss Leader's compliance with the CID. 3

With respect to the production of documents and data, there were a couple of points that we wanted to clarify. To the extent that documents and data are kept in electronic form we would expect to receive the full universe of documents and data as it should be an easy matter produce electronic files. For example, it is our understanding that deal jackets are scanned and uploaded to offsite servers maintained by CDK or another third party service provider. These documents, and any other responsive, electronically stored documents and information, should be produced in their entirety. For documents or data only available in hard copy, we are open to accepting an agreed-upon representative sample. 3

Further, please forward your proposed production timeline as soon as practicable. As you know, any extensions in responding to the CID have to be reviewed and agreed to by our management.

Please let us know if you have any questions regarding any of this. 3

Best,

Sam

Samantha ("Sam") Denny (she/her) | Staff Attorney | Federal Trade Commission | 200 South Dearborn, Ste. 600, Chicago, IL 60604
Office 12.960.562 | Cell 202.766.7169 | Fax 12.960.5600 | sdenny@ftc.gov

From: Ira M. Levin <ILevin@burkelaw.com>

Sent: Monday, January 9, 2023 9:08 AM

To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>

Cc: Elizabeth M. Pall <EPall@burkelaw.com>; Carson, Christine <ccarson@ftc.gov>

Subject: Federal Trade Commission, Matter No. 22-004 - Leader Automotive Group

Jim : When I booked our meeting, I did not recall I had another call that one of my partners was booking at the same time but had not yet put in my calendar. Can we move our call to 4pm CT tomorrow?

Ira M. Levin

P 312-840-7065 | F 312-840-7900 | ILevin@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov> 3

Sent: Monday, April 2, 2023 12:58 PM
To: Ira M. Levin <ILevin@burkelaw.com>; Debra Smith <s_e@ftc.gov>
Cc: Elizabeth M. P. Ill <EP_Ill@burkelaw.com>; Joshua J. C. Uhor <jc_uhor@burkelaw.com>; C. R. So
Christie <cc_rso@ftc.gov>
Subject: RE: Federal Trade Commission Matter No. 2323004 - Letter Automotive Group

[EXTERNAL]

Ira

Thanks for your email. I will get back to you by 3pm CT works for me. I am also copying Chris Christie for legal counsel. Chris will most likely join us as well. Would you like to meet personally via Teams/Zoom, or by telephone? We are flexible.

Best

Jim

From: Ira M. Levin <ILevin@burkelaw.com>
Sent: Monday, April 2, 2023 9:40 AM
To: David James <j_v_s@ftc.gov>; Debra Smith <s_e@ftc.gov>
Cc: Elizabeth M. P. Ill <EP_Ill@burkelaw.com>; Joshua J. C. Uhor <jc_uhor@burkelaw.com>
Subject: Federal Trade Commission Matter No. 2323004 - Letter Automotive Group

Jim: This will confirm that my wife will be representing the Respondents' collection with the FTC's CID Notice copies of which are attached. We have scheduled to meet together with you on April 10, 2023. I believe we will meet at 3pm CT but I will let you know if we would like to please confirm the time. I will get you propose schedule. Thank you. i

Ira M. Levin

Burke, Warren, MacKay & Serritella, P.C.
330 N Wabash Ave, 21st Floor | Chicago, IL 60611
P 312-840-7065 | F 312-840-7900
ILevin@burkelaw.com | www.burkelaw.com
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i

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

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| FEDERAL TRADE COMMISSION, | |) | |
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| Petitioner, | |) | |
| | |) | Case No. 23-cv-2500 |
| v. | |) | |
| | |) | |
| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
| | |) | |
| Respondents. | |) | |
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**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit H

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U I A OF AMERICA
B FOR H EF RAL RA COMMI ION

In the Matter of 1)
)
) o. 2323004
 December 27, 2022 Civil Investigative Demand 1)
 Issued to ACIA 17 Automotive Inc. and ACIA)
 ACQ Corp.)
)
)

ACIA 17 AUTOMOTIVE INC. & ACIA ACQ CORP.’
P E T I T I O N T O M O D I F Y, L I M I T O R Q U A S H C I V I L I N V E S T I G A T I V E D E M A N D

Petitioners, ACIA17 Automotive Inc. and ACIA ACQ Corp. (collectively, “ACIA” or the “Company”), by and through undersigned counsel, pursuant to 16 C.F.R. § 2.10, respectfully petition the Federal Trade Commission (“FTC”) to: (a) extend the deadline for 30 days to file, if necessary, a more detailed petition to limit or quash the FTC’s Civil Investigative Demand served on ACIA (the “CID,” Exhibit 1); or (b), in the alternative, for the reasons stated below, quash or limit the CID.

I. I N T R O D U C T I O N

Despite serving the extensive CID on December 27, 2022 with more than 230 unique requests for information and documents, the FTC has refused ACIA’s request for a brief extension to allow ACIA to work through any objections to the CID with the FTC and then, if at an impasse, file a petition to limit or quash the CID. Under 16 C.F.R. § 2.10, a petition would be due on Tuesday, January 17, 2023¹. On the very day the CID was served, December 27, 2022, ACIA’s lead outside U.S. counsel, Ira M. Levin, who at the time was out of town on a family vacation until January 9, 2023, contacted counsel for the FTC to advise the FTC of his schedule, and scheduled a meet and confer with the FTC for January 10, 2023.

¹ The 20-day period would fall on January 16, 2023, which is a national holiday, making the due date January 17, 2023.

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On May 10, 2023, counsel for ACIA met with counsel for the FTC via Microsoft Teams. Counsel for ACIA then also formed FTC counsel that Josh Chorley, one of the attorneys who will be responsible for handling ACIA's response to the CID, was subsequently invited from May 11 through May 16, 2023. During the May 10, 2023 meeting conference, which lasted approximately one hour, counsel for ACIA asked a number of clarifying questions regarding the CID, suggested several changes to the CID and advised the FTC that it would have to further confer with its client.

On May 12, 2023, counsel for ACIA requested that the FTC agree to extend for two weeks the date by which ACIA had to file a petition to quash or limit the CID to permit ACIA to meet with its client, further meet and confer with the FTC, and hopefully come to an agreement where possible on limiting the scope of the CID. On May 13, 2023, counsel for the FTC sent

an email denying the request. (Exhibit 2). ACIA submits that the FTC's positions are so broad, especially given the fact that Mr. Levitt and Mr. Chorley were both out of the office for the vast majority of the 20-day period which ACIA had to file the instant Petition and for the reasons stated below.

II. BACKGROUND

AutoCAD operates automobile dealerships in the United States, including Illinois: ACIA Motors LLC d/b/ Bloomington-Normal Auto Mall; ACIA KL Auto LLC d/b/ Kof Locolwood; ACIA HN Auto LLC d/b/ Hyundai of Locolwood; ACIA PH Auto LLC d/b/ Hyundai of Platteville; ACIA CH Auto LLC d/b/ North County Honda; ACIA PG Auto LLC d/b/ Chevrolet of Platteville; ACIA TN Auto LLC d/b/ Toyota of Locolwood; ACIA TC Auto LLC, d/b/ Toyota of Locol Park; ACIA P LLC d/b/ Autos of Peoria; and ACIA CL LLC d/b/

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al Lake h le Dodge Jeep Ram. In he pa wo ea alone he A IA Deale hip have old mo e han 30 000 new and u ed au omobile .

On Decembe 27 2022 A IA eceived he ID con aining 25² in e oga o ie (72 in e oga o ie including ubpa) 17 documen eque (19 documen eque including ubpa) and 2 “da a eque ” con aining 54 and 85 ubpa e pec ivel . (Exhibi 1.) In o al he FT ’ ID con ain 230 epa a e eque fo info ma ion and eco d .

Upon he unde igned coun el’ e u n f om a famil vaca ion on Janua 10 2023 coun el fo A IA and he FT conduc ed an ini ial mee and confe confe ence ega ding he ID. On ha call while he ep e en ed ha A IA in ended o compl wi h he FT ’ eque in he ID o he ex en ea onable he unde igned coun el eque ed ha he FT na ow he cope of he ID a eve al eque appea o be ove b oad and undul bu den ome uch ha e ponding o uch eque would di up he bu ine of A IA. Specificall :

- The pe iod ha applie o all bu one of he FT ’ eque (Ap il 1 2018 h ough he da e of compliance) cea e an undue bu den on he ompan . Fo example In e oga o No. 9 demand ha he compan calcula e he ave age and median co o he A IA Deale hip of: (1) p epa ing a u ed vehicle fo ale (2) conduc ing a p e-delive in pec ion (3) econdi ioning a vehicle and (4) ob aining a manufac u e ce ifica ion. Documen Reque No. 8 eque all documen which ub an ia e ha calcula ion. Re ponding o he e eque would equi e omeone o examine e vice eco d fo mo e han 35 000 u ed vehicle old ove he cou e of five ea and calcula e he above figu e .
- A e fo h above A IA ell mo e han 15 000 vehicle pe ea meaning ha he FT ’ eque fo a comple e cop of eve deal jacke be ween Janua 1 2021 and he da e of compliance wi h he ID eque hund ed of hou and if no a million o mo e page of eco d . Pe hap ecognizing hi he FT in he ID eque ed A IA “[p]lea e confe wi h he FT coun el befo e e ponding if he numbe of e pon ive an ac ion would exceed 500 ” which A IA a emp ed o do du ing he Janua 10 2023 confe ence in o de , o limi documen o be ga he ed and p oduced o a ea onable level.
- In e oga o No . 2 and 3 which eque a va ie of info ma ion ega ding cu en and fo me emplo ee ove he pa five ea man of whom would have no elevan

² Al ough he final in e oga o i labeled “21 ” i appea he e wa an e o in he numbe ing of he in e oga o ie and he e a e wo in e oga o ie each wi h he numbe 15 16 17 and 18. (See Exhibi 1 pp. 4-5.)

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edge regarding the subject of the investigation. Gathering the requested information would require substantial effort through hundreds of individual personnel files. Moreover, the FTC contacting ACIA's current and former employees, which they have already started to do, is highly disruptive to the Company's business.

On January 12, 2023, because for ACIA requested that the FTC agree to extend the date by which ACIA should petition the FTC to quash or lift the CID to permit the FTC and ACIA time to evaluate and confer and to agree to hereinafter possible limiting the scope of the CID. On January 13, 2023, because for the FTC denied the request. (Exhibit 2.)

Moreover, because for the FTC and ACIA expressed a desire and intend to come agree to ACIA's terms, the FTC would be able to provide confidential information agree to lift the CID within the time period ACIA would need to file a petition to quash or lift the CID. Accordingly, to preserve and to give its ability to petition to quash or lift the CID under 16 C.F.R. § 2.10(a)(1), ACIA petitions the FTC to extend the time to petition the FTC to quash or lift the CID in the instance it cannot agree to the scope of the CID. Should the FTC decide to provide an extension, ACIA petitions, in the alternative, for an order quashing or lifting the CID.

III. ARGUMENT

A. Request for Extension

Petition to quash or lift a CID should be filed within 20 days of service. 16 C.F.R. § 2.10(a)(1). Courts have held that if the subject of a CID fails to file such a petition, it has effectively waived its right to challenge the CID, e.g., *FTC v. Complete Merch. Sols., LLC*, No. 2:19-cv-00996-HCN-EJF, 2020 U.S. Dist. LEXIS 75540, at *23–*24 (D. Utah Apr. 28, 2020); *FTC v. Tracers Info. Specialists, Inc.*, No. 8:16-MC-18TGW, 2016 U.S. Dist. LEXIS 96048, at *11 (M.D. Fla. Jul. 10, 2016), thus arguing that the subject of a CID preserve a right to petition to lift or quash the deadlines bypassing reserved and conferred considerations. The

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y extend the deadline to petition to lift or quash the ID while the and the subject work to resolve any potential objections to the ID. *See* 16 C.F.R. § 2.10(c)(5).

Here, as set forth above, counsel for AIA were unavailable for most of the 20-day period in which AIA had to file Petition to Lift or Quash the ID. While it appears AIA and the will be able to resolve the majority, if not all, of AIA's concerns by narrowing the scope of and clarifying the ID, the parties would not be able to do so by July 17, 2023 — the date by which AIA must petition under 16 C.F.R. § 2.10(c)(1) to quash or lift the ID in the instance AIA and the cannot agree. On July 12, 2023, AIA requested that the agree to reasonable extension of time in which AIA could file such petition if necessary, but the represented that it could not do so. (Exhibit 2.)

b AIA's request is not sought to delay this matter. It anticipates being able to make the first inrolling production of information and/or documents by the initial return date in the ID of July 20, 2023. After working to discern potential production timelines from AIA's vendors and regarding preparation of documents, AIA intends to propose to the reasonable timeline for production on an agreed scope of documents and information.

b Yet, because AIA cannot reasonably work through all potential issues to the tens of thousands of transactions for which the seeks documentation and information by July 17, 2023, and certainly cannot cooperate to agree with the on such issues by that date, AIA respectfully seeks 30-day extension in the date it must file petition to quash or lift the ID, to end on July 15, 2023.

b

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B I Al r a iv , P i io o Limi or Quas**1 T CID Was No Prop rl S rv d a d S ould T r for B Quas d**

The CID was directed only to ACIA17 Automotive Inc. and ACIA ACQ Corp., neither of which are automobile dealerships. During the parties' January 10, 2023 meet and confer conference, counsel for ACIA inquired about the scope of the CID and learned for the first time that the interrogatories, document requests, and data requests set forth in the CID were intended to be directed to the ten (10) automobile dealerships operated through AutoCanada Holdings Inc. ("AutoCanada") in the United States, namely: ACIA Motors LLC, ACIA KL Auto LLC, ACIA HN Auto LLC, ACIA PH Auto LLC, ACIA CH Auto LLC, ACIA PG Auto LLC, ACIA TN Auto LLC, ACIA TC Auto LLC, ACIA P LLC, and ACIA CL LLC (collectively, the "ACIA Dealerships"). The CID, however, did not reference any of the individual ACIA Dealerships, all of which are separate and distinct legal entities. Accordingly, the CID was not properly served on those entities. Nevertheless, after clarifying the additional parties the FTC was seeking records and information from, ACIA was willing to work with the FTC to include the other entities as responsive parties. However, ACIA requested time to continue to work through the issues in light of the extensive nature of the CID and the number of dealerships involved.

Accordingly, given the FTC's refusal to cooperate regarding the requested extension, ACIA moves to quash the subpoena on the grounds that it fails to have been served and directed at the proper parties. y

2 T CID is Obj c io abl Ov rbroad a d S ould T r for b Quas d or Limi d

As set forth above, the initial review of the CID by ACIA reflects various issues and y objections with the production of the information requested. While an agency may issue a CID to investigate a potential violation of the law, its power has limits. "It is contrary to the first principles

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tice t all wa earch thr gh all the re p ndent' rec rd , relevant r irrelevant, in the h pe that smething will t rn p. *FTC v. Am. Tobacco Co.*, 264 U.S. 306 (1924). Th , an agency' CID h ld n t be en rced i the demand i n t “within the a th rity the agency, i “t indite, r i “n t rea nably relevant t the inq ury. *U.S. v. Morton Salt Co.*, 338 U.S. 632, 652 (1950). “The gi t the pr tecti n i in the req irement. . . that the di cl re ght hall n t be nrea nable. C rre p ndingly, the need r m oerati n in the bp ena' call i a matter rea nablene . *SEC v. Arthur Young & Co.*, 584 F.2d 1018, 1030 (D.C. Cir. 1978). “[R]ea nablene . . . c me d wn t peci icati n the d c ment t be pr d ced adeq ate, b t n t exce ive, r the p rp e the relevant inq ury. *Id.* An admini trative bp ena may be al be deemed nd ly b rden me i “c mpliance threaten[] t nd ly di r pt r eri ly hinder n rmal perati n . *Dow Chemical Co. v. Allen*, 672 F.2d 1262, 1274 (7th Cir. 1982) (citing *FTC v. Texaco, Inc.*, 555 F.2d 862, 882 (D.C. Cir. 1977)).

Here, the CID c ntain 25 interr gat rie (72 interr gat rie incl ding bpart), 17 d c ment req e t (19 d c ment req e t incl ding bpart), and 2 “data req e t , c ntaining 54 and 85 bpart , re pectively. The req e t pan a peri d ive (5) year and ten th and vehicle tran acti n , with each tran acti n inv lving a materially igni icant am ont d c mentati n. It rther req ire the pr d cti n d c ment in a technical rmat req iring ACIA t engage a third-party di c very vend r t pr ce and prepare the in rmati n. (*See Exhibit 1*, pp. 8, A1-A2.) The e req e t are exce ive and threaten t nd ly di r pt r eri ly hinder ACIA' b ine perati n .

” Acc rdingly, h ld the FTC re e t grant ACIA' req e ted exten i n t ile a petiti n t q a h r limit, ACIA petiti n , in the alternative, r an rder q a hing the CID r limiting the req e t in the CID t the calendar year 2021 and 2022.

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I C C L U I

ACIA respectfully requests a 30- day extension of time to resolve any objections to the CID and, in the event of an impasse over such objections, allow ACIA to file a more complete petition to quash, modify or limit the CID. Alternatively, for the reasons stated herein, ACIA petitions for an order limiting or quashing the CID as ineffective in that it was not served on the intended parties that are the target of the CID and that the requests in the CID are unduly burdensome, overly broad and irrelevant.

Date : January 16, 2023

Respectfully submitted,

ACIA17 AUTOMOTIVE INC. and ACIA d
ACQ CORP., Petitioners

By: /s/ Ira M. Levin
One of Its Attorneys

Ira M. Levin (ilevin@burkelaw.com) (IL ARDC No. 6192178)
Elizabeth M. Pall (epall@burkelaw.com) (IL ARDC No. 6306604)
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330 North Wabash Avenue, 21st Floor
Chicago, Illinois 60611
T: (312) 840-7000 // F: (312) 840-7900
Attorneys for Petitioners ACIA17 Automotive Inc. and ACIA ACQ. Corp.

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C I I C I O N O F G O O D I H C O N N C

Pursuant to 16 C.F. . § 2.7(d)(2), on January 10, 2023 at 4:00 p.m. Central Time, counsel for Petitioners, ACIA17 Automotive Inc. and ACIA ACQ Corp., Ira M. Levin, Esq. and Elizabeth M. Pall, Esq., conferred via Teams teleconference with counsel for the Federal Trade Commission, James Davis, Esq. and Samantha Denny, Esq., and subsequently via email on January 12 and 13, 2023, in a good faith effort to resolve the issues raised by the instant petition. Counsel for the Petitioner and the Federal Trade Commission were unable to reach a formal agreement prior to the deadline to file the instant petition provided by 16 C.F. . § 2.10(a)(1).

| | | |
|---|---|---|
| | | <u>/s/ Ira M. Levin</u> |
| | | Ira M. Levin, Esq. |
| R | R | R <i>One of the Attorneys for Petitioners</i> |
| | R | |

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P E VICE

I hereby certify that, on January 1, 2023, an electronic copy in Adobe portable document format of the foregoing and the exhibits thereto were served via electronic mail upon the following: 6

6 Office of the Secretary
Federal Trade Commission
Pennsylvania Avenue, NW
Suite CC-5 1
Washington, D.C. 20580
electronicfilings@ftc.gov

James Davis, Esq. (jdavis@ftc.gov)
Samantha Denny, Esq. (sdenny@ftc.gov) 6
Federal Trade Commission
23 South Dearborn Street, Suite 303
Chicago, IL 60604

/s/ Ira M. Levin
Ira M. Levin, Esq.
6 One of the Attorneys for Petitioners

I further certify that, on January 17, 2023³, an original and twelve paper copies of the foregoing and the exhibits thereto were served by first-class U.S. Mail, postage prepaid, upon the following: 6

6 Office of the Secretary
Federal Trade Commission
Pennsylvania Avenue, NW
Suite CC-5 1
Washington, D.C. 20580

James Davis, Esq.
Samantha Denny, Esq.
Federal Trade Commission
23 South Dearborn Street, Suite 303
Chicago, IL 60604

/s/
Ira M. Levin, Esq.
6 One of the Attorneys for Petitioners

³ January 1, 2023 is a national holiday and hard copies could not be mailed until the following day, January 17, 2023. 6

EXHIBIT 1



UNITED STATES FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Office of the Secretary

December 21, 2022

Via FedEx

Chrysler Automotive, Inc. and Chrysler Group LLC
d/b/a Chrysler Group LLC
Attention: James Douvas, Vice President of U.S. Operations
1561 North Dearborn Street, 2nd Floor
Chicago, IL 60642

TC File No. 2323004

Dear Mr. Douvas:

The Federal Trade Commission ("FTC") has issued the attached Civil Investigative Demand ("CID") asking for information as part of a non-public investigation. The purpose is to determine whether the Company, as defined herein, has made false or deceptive representations, or engaged in unfair conduct in violation of the FTC Act, 15 U.S.C. § 45, or has discriminated on a prohibited basis in violation of the Equal Credit Opportunity Act, 15 U.S.C. § 1691 *et seq.*, resulting in higher vehicle sale prices, periodic payments, or add-on charges, and whether Commission action to obtain monetary relief would be in the public interest. Please read the attached documents carefully. Here are a few important points we would like to highlight:

- 1. Contact FTC counsel, James Davis (202-312-960-5596, jdavis@ftc.gov), as soon as possible to schedule a telephone call to be held within 7 days.** During that telephone call, FTC counsel can address any questions or concerns you have regarding this CID, including whether there are changes to how you comply with the CID that would reduce your cost or burden while still giving the FTC the information it needs. Please read the attached documents for more information about that meeting.
- 2. You must immediately stop any routine procedures for electronic or paper document destruction, and you must preserve all paper or electronic documents** that are in any way relevant to this investigation, even if you believe the documents are protected from discovery by a privilege or some other reason.
- 3. The FTC will use information you provide in response to the CID for the purpose of investigating violations of the laws the FTC enforces.** We will not disclose the information under the Freedom of Information Act, 5 U.S.C. § 552. We may disclose the information in response to a valid request from Congress, or to other civil or criminal law enforcement agencies for their official law enforcement purposes. The FTC or other agencies may use and disclose your response in any civil or

or criminal record in , or if required to do so by law. However, we will not publicly disclose your information without giving you prior notice .

4. **Please read the attached document closely.** They contain important information about how you should review your responses .

Please contact FTC counsels as soon as possible to schedule an initial meeting . We appreciate your cooperation.

Very truly yours,



Ari J. Tabor
Secretary



United States of America
Federal Trade Commission

CIVIL INVESTIGATIVE DEMAND

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| <p>1. TO</p> <p>ACIA17 Automotive, Inc. and ACIA ACQ Corp. d/b/a Leader Automotive Group Attn: Mr. James Douvas, Vice President of U.S. Operations 1561 N. Fremont St., 2nd Floor Chicago, IL 60642</p> | <p>1a. MATTER NUMBER</p> <p>2323004</p> |
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This demand is issued pursuant to Section 20 of the Federal Trade Commission Act, 15 U.S.C. § 57b-1, in the course of an investigation to determine whether there is, has been, or may be a violation of any laws administered by the Federal Trade Commission by conduct, activities or proposed action as described in Item 3.

2. ACTION REQUIRED

You are required to appear and testify.


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| <p>LOCATION OF HEARING</p> | <p>YOUR APPEARANCE WILL BE BEFORE</p> |
| | <p>DATE AND TIME OF HEARING OR DEPOSITION</p> |

- You are required to produce all documents described in the attached schedule that are in your possession, custody, or control, and to make them available at your address indicated above for inspection and copying or reproduction at the date and time specified below.
- You are required to answer the interrogatories or provide the written report described on the attached schedule. Answer each interrogatory or report separately and fully in writing. Submit your answers or report to the Records Custodian named in Item 4 on or before the date specified below.
- You are required to produce the tangible things described on the attached schedule. Produce such things to the Records Custodian named in Item 4 on or before the date specified below.

DATE AND TIME THE DOCUMENTS, ANSWERS TO INTERROGATORIES, REPORTS, AND/OR TANGIBLE THINGS MUST BE AVAILABLE
January 20, 2023 by 5pm ET

3. SUBJECT OF INVESTIGATION
See attached schedule and resolutions.

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| <p>4. RECORDS CUSTODIAN/DEPUTY RECORDS CUSTODIAN</p> <p>Todd M. Kossow (Regional Director) Christine Carson (Deputy) Federal Trade Commission, Midwest Region 230 S. Dearborn St, Suite 3030, Chicago, IL 60604</p> | <p>5. COMMISSION COUNSEL</p> <p>James Davis (jdavis@ftc.gov; 312-960-5596) Federal Trade Commission, Midwest Region 230 S. Dearborn St, Suite 3030, Chicago IL 60604</p> |
|---|--|

| | |
|--------------------------------------|--|
| <p>DATE ISSUED</p> <p>12/21/2022</p> | <p>COMMISSIONER'S SIGNATURE</p>  |
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INSTRUCTIONS AND NOTICES

The delivery of this demand to you by any method prescribed by the Commission's Rules of Practice is legal service and may subject you to a penalty imposed by law for failure to comply. The production of documents or the submission of answers and report in response to this demand must be made under a sworn certificate, in the form printed on the second page of this demand, by the person to whom this demand is directed or, if not a natural person, by a person or persons having knowledge of the facts and circumstances of such production or responsible for answering each interrogatory or report question. This demand does not require approval by OMB under the Paperwork Reduction Act of 1980.

PETITION TO LIMIT OR QUASH

The Commission's Rules of Practice require that any petition to limit or quash this demand be filed within 20 days after service, or, if the return date is less than 20 days after service, prior to the return date. The original and twelve copies of the petition must be filed with the Secretary of the Federal Trade Commission, and one copy should be sent to the Commission Counsel named in Item 5.

YOUR RIGHTS TO REGULATORY ENFORCEMENT FAIRNESS

The FTC has a longstanding commitment to a fair regulatory enforcement environment. If you are a small business (under Small Business Administration standards), you have a right to contact the Small Business Administration's National Ombudsman at 1-888-REGFAIR (1-888-734-3247) or www.sba.gov/ombudsman regarding the fairness of the compliance and enforcement activities of the agency. You should understand, however, that the National Ombudsman cannot change, stop, or delay a federal agency enforcement action.

The FTC strictly forbids retaliatory acts by its employees, and you will not be penalized for expressing a concern about these activities.

TRAVEL EXPENSES

Use the enclosed travel voucher to claim compensation to which you are entitled as a witness for the Commission. The completed travel voucher and this demand should be presented to Commission Counsel for payment. If you are permanently or temporarily living somewhere other than the address on this demand and it would require excessive travel for you to appear, you must get prior approval from Commission Counsel.

A copy of the Commission's Rules of Practice is available online at <http://bit.ly/FTCSRulesofPractice>. Paper copies are available upon request.

Form of Certificate of Compliance*

I/We do certify that all of the documents, information and tangible things required by the attached Civil Investigative Demand which are in the possession, custody, control, or knowledge of the person to whom the demand is directed have been submitted to a custodian named herein.

If a document or tangible thing responsive to this Civil Investigative Demand has not been submitted, the objections to its submission and the reasons for the objection have been stated.

If an interrogatory or a portion of the request has not been fully answered or a portion of the report has not been completed, the objections to its submission and the reasons for the objections have been stated.

Signature _____

Title _____

Sworn to before me this day

Notary Public

*In the event that more than one person is responsible for complying with this demand, the certificate shall identify the documents for which each certifying individual was responsible. In place of a sworn statement, the above certificate of compliance may be supported by an unsworn declaration as provided for by 28 U.S.C. § 1746.

FEDERAL TRADE COMMISSION
VOLUNTARY DISCLOSURE SCHEDULE
File No. 232300

Conference: You must contact FTC counsel **James Davis (312-960-5596; jdavis@ftc.gov)**, as soon as possible to schedule a telephonic meeting to be held within fourteen (14) days after You receive this CID. At the meeting, You must discuss with FTC counsel any questions You have regarding this CID or any possible CID modifications that could reduce Your cost, burden, or response time yet still provide the FTC with the information it needs to pursue its investigation. The meeting also will address how to assert any claims of protected status (e.g., privilege, work-product, etc.) and the production of electronically stored information. You must make available at the meeting personnel knowledgeable about Your information or records management systems, Your systems for electronically stored information, custodians likely to have information responsive to this CID, and any other issues relevant to compliance with this CID.

Document Retention: You must retain all documentary materials used in preparing responses to this CID. The FTC may require the submission of additional Documents later during this investigation. **Accordingly, You must suspend any routine procedures for Document destruction and take other measures to prevent the destruction of Documents in Your possession, custody, or control** that are in any way relevant to this investigation, even if those Documents are being retained by a third-party or You believe those Documents are protected from discovery. *See* 15 U.S.C. § 50; *see also* 18 U.S.C. §§ 1505, 1519.

Sharing of Information: The FTC will use information You provide in response to the CID for the purpose of investigating violations of the laws the FTC enforces. We will not disclose such information under the Freedom of Information Act, 5 U.S.C. § 552. We also will not disclose such information, except as allowed under the FTC Act (15 U.S.C. § 57b-2), the Commission's Rules of Practice (16 C.F.R. §§ 4.10 & 4.11), or if required by a legal obligation. Under the FTC Act, we may provide Your information in response to a request from Congress or a proper request from another law enforcement agency. However, we will not publicly disclose such information without giving You prior notice.

Order of Production: Contact Christine Carson (ccarson@ftc.gov; 312-960-5594) by email or telephone at least five days before the return date for instructions on how to produce information responsive to this CID.

Certification of Compliance: You or any person with knowledge of the facts and circumstances relating to the responses to this CID must certify that such responses are complete by signing the "Certification of Compliance" attached to this CID.

Certification of Records of Regularly Conducted Activity: Attached is a Certification of Records of Regularly Conducted Activity. Please execute and return this Certification with Your response. Completing this certification may reduce the need to subpoena You to testify at future proceedings to establish the admissibility of Documents produced in response to this CID. 4

Definition Instructions : Please carefully review the Definitions and Instructions that appear after the Specifications and provide important information regarding compliance with this CID.

. **SUBJECT OF INVESTIGATION**

Whether the Company, as defined herein, has made false or deceptive representations, or engaged in unfair conduct in violation of the FTC Act, 15 U.S.C. § 45, or has discriminated on a prohibited basis in violation of the Equal Credit Opportunity Act, 15 U.S.C. § 1691 *et seq.*, resulting in higher vehicle sale prices, periodic payments, or Add-on charges, and whether Commission action to obtain monetary relief would be in the public interest. See also attached resolutions.

. **SPECIFICATIONS**

Applicable Time Period : Unless otherwise directed, the applicable time period for the requests set forth below is **from April 1, 2018 until the effective full compliance with this CID.**

A. INTERROGATORIES

1. State the following information for the Company:
 - a. Its full legal name and all other names under which it has done business;
 - b. The mailing address, street address, and telephone number of its headquarters;
 - c. The date and state(s) in which it is incorporated;
 - d. The names and titles of all its officers, directors, principal stockholders and owners;
 - e. The names and percentages of ownership of all persons holding five percent or more ownership in it;
 - f. The names, addresses, officers, directors, owners, and states of incorporation of any parent, subsidiary, affiliate company, or division and the relationship of each to the Company; and
 - g. The names and addresses of all dealerships operated by the Company in the United States.

2. Identify all current or former managers, supervisors, and employees responsible for designing, implementing, modifying, training, or ensuring compliance with the Company's policies and procedures, stating, for each such individual:
 - a. Date hired;
 - b. Date and reason employment ended, if any;
 - c. Which dealership the person was employed by;
 - d. Contact information; and
 - e. Title(s) and description of position(s) held at the Company.

3. Identify each person (not previously identified in response to Interrogatory 2) currently or formerly employed by the Company with any responsibility relating to

the sale of vehicles, financing, customer service, complaint handling, respite, and finance, including the person's:

- a. with Date hired;
- b. Date and reason employment ended, if any;
- c. Which dealership(s) the person was employed by;
- d. Contact information; and
- e. Title(s) and description of position(s) held at the Company.

Please continue with the FTC complaint being responding to this investigation if the number of responses filed would exceed 250.

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4. Identify each financial institution used to obtain financing for consumer purchase of vehicles. You and, for each financial institution, the percentage of the Company's sales financed by that institution.
5. State whether, and to what extent, the Company bears any risk in any vehicle sale financed by a third-party financial institution at the consumer's expense.
6. Identify payment processes used by the Company's payroll.
7. State whether the Company's vehicle financing consumers, including on an initial basis, regardless of whether the loan is a late model.
8. Describe the process of preparing a used vehicle sale, including identifying the vehicle and obtaining manufacturer certification.

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9. For each of the Company's dealerships, state the average and median cost of the dealership, and the average cost of the dealership, each including:
 - a. Preparing a used vehicle sale;
 - b. Conducting a pre-delivery inspection;
 - c. Recertifying a vehicle; and
 - d. Obtaining manufacturer certification.

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10. For each of the Company's dealerships, state whether the advertised sales prices of used and certified used vehicles includes each of the following:
 - a. The cost of preparing a used vehicle sale;
 - b. The cost of any pre-delivery inspection;
 - c. The cost of recertifying the vehicle; and
 - d. The cost of obtaining manufacturer certification.

11. Identify each registered importer (including its registered importer) as well as any third party utilized by the Company to buy, transport, import used cars outside the United States for the purpose of selling such cars to consumers at your U.S. dealerships.

12. Identify all types of Add-ons sold, offered, or sold by the Company, and state each:

- a. 1 Its first representative;
 - b. Its strategic relationship with the Company;
 - c. Its strategic relationship with its members;
 - d. 1 Whether this materiality;
 - e. Whether this materiality is a factor;
 - f. Whether it may be perceived as a result of the relationship with the Add-on; 1
 - g. Whether this is a relationship with a full or partial relationship with a set period of time; and
 - h. Whether this is a relationship with a full or partial relationship at a particular time before this filing period.
3. Identify each provision of Add-on's sold, transferred for sale by the Company, and state thereof:
 - a. 1 The Add-on name;
 - b. The number of Add-on's sold, monthly basis;
 - c. The number of (range of number of) transferred to Year or Year employees of each type of Add-on's sold;
 - d. The aggregate amount paid by Year's members for Add-on's, annual basis;
 - e. The number of Year employees received in connection with the sale of Add-on's, annual basis; and
 - f. The number of the Company received in connection with the sale of Add-on's, annual basis.
 4. Describe in detail all methods that the Company has used to solicit, procure, or otherwise obtain customer reviews of the Company's or its U.S. dealerships.
 5. Identify each person, company, website, or other entity that the Company has paid to procure or create customer reviews of the Company's or its dealerships and, if a provision thereof, describe in detail work performed on behalf of the Company, including:
 - a. The number of reviews created;
 - b. How much Year paid;
 - c. The platform or website where the reviews appeared; and
 - d. The methods Year used to communicate with the provider.
 6. Does the Company deduct the award payment for a bonus, staff, or other employee's will generate a post-award customer review? If yes, describe the relevant platform in detail.
 7. Describe in detail any Company policies regarding employees, their families, or acquaintances posting or writing reviews of the Company's or its dealerships in detail.
 8. For each of the Company's dealerships, state the following as an aggregate, annual basis as paid by each dealer's motor vehicles sold or leased:

- a. Year Number of vehicles sold;
 - b. Total cost of vehicles sold;
 - c. Revenue from vehicle sales;
 - d. Number of vehicles which the Company offered to purchase through a range financing;
 - e. Number of vehicle leases;
 - f. Total cost of vehicles leased;
 - g. Total number of used vehicles imported from outside the United States for sale at one of the dealerships identified above in Interrogatory 1(g); and
 - h. Revenue from vehicle leases.
15. Identify and describe the Company's databases and systems, both internal and external, that contain contact and transaction information regarding the Company's current and former customers. This request includes, with all limitations, any customer relationship management system, dealer management system, deskings tool, similar system. Identify the types of data collected in these systems and describe the reports they are capable of generating.
16. List any federal, state, or local law enforcement or governmental actions, citations, demands, inquiries, investigations, proceedings, subpoenas, and any arbitrations, mediations, lawsuits, private lawsuits, including and relating to the sale of a motor vehicle, financing, including (a) the identity of the law enforcement or governmental entity, if applicable; (b) the nature of the action; (c) the name, number, jurisdiction, and any other identifying information about the action, if applicable; (d) the parties involved; and (e) the status of the action, including the date and resolution of the action, if applicable.
17. Describe the services that the Company provides to the dealerships it represents, including any financing, accounting, information technology, marketing, customer service, complaint handling, resolution, compliance, legal services.
18. List any employees of the Company who provide or have provided services to or on behalf of the Company's dealerships, the dealerships to which they provide or have provided services, and the nature of the services provided.
19. Describe in detail any Company policies and procedures regarding the handling, storage, copying, and contents of deal packets. Identify all Documents that are required to be included in a deal packet.
20. List any transactions between the Company and the dealerships it represents, between any of the dealerships.
21. Please see Section C ("Data Request") below. P

B. DOCUMENTS

Please provide the following Documents:

1. Documents sufficient to show the Company's organizational structure, including, but not limited to, the relationship between and among the Company and each dealership as well as the Company and AutoCanada.
2. A copy of each unique Advertisement referring or relating to the sale, lease, or financing of motor vehicles by the Company. Please confer with FTC counsel before production if the number of Advertisements responsive to this request exceeds 500.
3. Documents sufficient to show any policies or procedures, whether formal or informal, regarding the Company's handling, processing, or resolution of consumer complaints and inquiries about the Company's Advertising, promotion, offering for sale, or sale of any vehicle or Add-on, including the effective dates of such policies and procedures.
4. Documents sufficient to show the Company's written social media policies, including, without limitation, any policies or procedures related to the posting of, or compensation for, online customer reviews.
5. Documents sufficient to show the Company's written policies and procedures related to social media.
6. Documents sufficient to show any policies, procedures, employee manuals, and training materials referring or relating to the Company's Advertising, marketing, sales, financing, leasing, and legal compliance. This request includes, without limitation, all Documents referring or relating to compliance with the Equal Credit Opportunity Act, the Federal Trade Commission Act, the Truth In Lending Act, state laws governing the sale of automobiles, and the "in-house F&I [finance and insurance] training program and team" referenced in AutoCanada submissions to the SEDAR filing system, including its March 31, 2022 Annual Information Form.
7. All deal packets, including deal jackets, four squares, cost out sheets, pencils, sales quotes, deal sheets, retail installment sale contracts, financing applications, copies of consumers' driver's licenses, and correspondence with consumers for transactions from January 1, 2021 until the date of full and complete compliance with this CID. Please confer with FTC counsel before production if the number of transactions responsive to this request exceeds 500.
8. Service records or other Documents sufficient to substantiate Your response to Interrogatory No. 9.

9. All Documents regarding the rights, including:
 - a. The Company's right to acquire, purchase, or otherwise obtain, in whole or in part, any of the shares of the Company, including the shares of the Company held by the Company, its subsidiaries, or its affiliates. This right shall include the right to acquire, purchase, or otherwise obtain, in whole or in part, any of the shares of the Company, including the shares of the Company held by the Company, its subsidiaries, or its affiliates; and
 - b. The right to acquire, purchase, or otherwise obtain, in whole or in part, any of the shares of the Company, including the shares of the Company held by the Company, its subsidiaries, or its affiliates; and
 - c. The right to acquire, purchase, or otherwise obtain, in whole or in part, any of the shares of the Company, including the shares of the Company held by the Company, its subsidiaries, or its affiliates.
10. To the extent covered by Document 9 above, all Documents shall constitute the entire agreement between the parties regarding the subject matter hereof, and no oral or written agreement, understanding, or arrangement shall be binding on the parties unless it is in writing and signed by both parties.
11. All Documents regarding the company's operations, discipline, or other matters of the Company shall be subject to the review of the Board of Directors.
12. All Documents regarding the company's operations, discipline, or other matters of the Company shall be subject to the review of the Board of Directors, including the right to acquire, purchase, or otherwise obtain, in whole or in part, any of the shares of the Company, including the shares of the Company held by the Company, its subsidiaries, or its affiliates. This specific right shall include the right to acquire, purchase, or otherwise obtain, in whole or in part, any of the shares of the Company, including the shares of the Company held by the Company, its subsidiaries, or its affiliates; and
13. All documents regarding the company's operations, discipline, or other matters of the Company shall be subject to the review of the Board of Directors.
14. Documents shall not show the company's operations, discipline, or other matters of the Company, including the right to acquire, purchase, or otherwise obtain, in whole or in part, any of the shares of the Company, including the shares of the Company held by the Company, its subsidiaries, or its affiliates.
15. All Company shares shall be held by the Company and shall be subject to the review of the Board of Directors.

- 16. Doc s s ffici o show r pr s a iv scr sho s a d r por s of h sys ~~id~~ ifi di r spo s oI rroga ory 15.
- 17. Doc s s ffici o show h Co apy's doc r io or d s r c io A polici s d ri g h pplicabl Ti P ri od.

C. DATA REQUEST

- 1. For all v hiel sal s (fi a c d p rchas s, cash p rchas s, a d l as s) d ri g h pplicabl Ti P ri od, pl as prod c i a ~~chi~~ -r adabl for ~~a~~ .g. CSV, TXT, XLS, XLSX, XML, S S, DT , MDB, CCDB) h followi g da a:
 - a. D al r a
 - b. A D al r addr ss, i cl di g s para ly providi g s r addr ss, ci y, s a , a d zip cod
 - c. m bD al r
 - d. D al da
 - e. S ock n b
 - f. D al S a s
 - g. A B y r las a
 - h. A B y r fir s a
 - i. B A r addr ss, i cl di g s para ly providi g s r addr ss, ci y, s a , a d zip cod
 - j. B y r i h addr ss;
 - k. B y r l pho b;
 - l. B y r da of bir h
 - m. N w, s d or c r ifi d v hiel
 - n. If s d or c r ifi d, i ~~or~~ di o h U i d S a s fro a o h r co ry (Y/N)
 - o. V hiel id ifica io b
 - p. Mak a d d bl of v hiel
 - q. Mod l y ar
 - r. Tri of v hiel
 - s. g of v hiel (i ohs)
 - t. Origi al li ag
 - u. Pric his ory, i cl di g i i al, adv r is d, q o d or p cil d pric of car
 - v. Cos o d al r
 - w. V hiel book val
 - x. MSRP
 - y. Sal pric of car
 - z. Trad -i ac al cash val
 - aa. Trad -i allowa c
 - bb. R ba a o
 - cc. Tax s
 - dd. R gis r d s a
 - e. R co di io i g f s
 - ff. D al r pr p f s

- gg. Certi i ti ees
- hh. Pre-delivery i spe ti ees
- ii. Sh p ees
- jj. Origi ti ees
- kk. D ume t ees
- ll. Title ees
- mm. ie ees
- . Registr ti ees
- . St te i spe ti ees
- pp. A y ther ees, itemized L
- qq. C st redit li e pur h sed
- rr. C st g p i sur e pur h sed
- ss. C st dis bility i sur e pur h sed
- tt. C st servi e tr t pur h sed
- uu. C st tire d wheel ver ge pur h sed
- vv. C st m a te e tr t pur h sed
- ww. C st i teri r r exteri r pr te ti p k ge pur h sed, i ludi g, with ut limit ti , y Xzil pr du t,
- xx. C st d r gu rds pur h sed
- yy. C st ti-the t pr du ts pur h sed, i ludi g, with ut limit ti , y j k pr du t
- zz. C st y ther Add- s pur h sed, itemized
- . De ler sh
- bbb. C sh pur h se, l , r le se (Y/N)

2. F r i ed vehi le s les ly duri g the Appli ble Time Peri d, ple se pr du e i m hi e-re d ble r m a (e.g. CSV, TXT, X S, X SX, XM , SAS, DTA, MDB, ACCDB) the ll wi g d t :

- . De ler me
- b. De ler d dres, i ludi g sep r tely pr vidi g street d dres, ity, st te, d zip de
- . e der
- d. Subve ted l Y/N
- e. L De l umber
- . De l d te
- g. St k umber
- h. St tus
- i. Buyer's l st me
- j. L Buyer's irst me
- k. L Buyer d dres, i ludi g sep r tely pr vidi g street d dres, ity, st te, d zip de
- l. Buyer d te birth
- m. New r used r erti ied vehi le
- . Vehi le ide ti i ti umber
- . M ke d m a del vehi le L
- p. M del ye r

- q. Trim o hiel
- r. Ag hiel (in months)
- s. C riginal mil ag O
- t. ric hist ry, including initial, ad rtis d, qu t d r p ncil d pric car P
- u. st t d al r
- . hiel b k alu V
- w. al r cash D
- x. dditit nal c mp nsati n paid by l nd r t d al r A
- y. c nditi ning C s R
- z. al r pr p s D
- aa. rti icati n s
- bb. r -d li ry insp cti n s P
- cc. h p s S
- dd. riginati n s O
- . al pric car S
- . rm T
- gg. ntract annual p rc ntag rat
- hh. uy rat B
- ii. al r r s r r D al r Participati n D
- jj. D al r r s r lat
- kk. rad -in actual cash alu C T
- ll. ay am cunt P
- mm. rad -in all wanc T
- nn. ash d wn am cunt
- . bat am cunt R
- pp. tal d wn am cunt T
- qq. gist r d stat R
- rr. cum ent s D
- ss. itl s T
- tt. i n s L
- uu. gistrati n s R
- . tat insp cti n s S
- ww. ny th r s, it miz d A
- xx. ax s T
- yy. st cr dit li purchas d
- zz. st gap insuranc purchas d
- aaa. st disability insuranc purchas d C
- bbb. st s r ic c ntract purchas d
- ccc. st tir and wh l c rag purchas d
- ddd. st maint nanc c ntract purchas d
- . st int ri r r xt ri r pr t cti n packag purchas d, including with ut C
- . limitati n, any Xzil n pr duct
- . st d r guards purchas d
- ggg. st anti-th t pr ducts purchas d, including, with ut limitati n, any
- L jack pr duct
- hhh. st any th r Add- ns purchas d, it miz d
- iii. MSRP

- jjj. Amou ced
- kkk. Mo hly p yme mou
- lll. Borrower's cred score
- mmm. Borrower's booked cred er
- . Ow /re
- ooo. Mo hs res de ce
- ppp. Sel employed Y/N)
- qqq. Borrower employer
- rrr. Mo h employed
- sss. Borrower come
- . Coborrower l s me
- uuu. Coborrower rs me
- vvv. Coborrower d d r e s s e, d z pcode (
- www. Coborrower d e o b r h
- xxx. Coborrower cred score
- yyy. Coborrower come
- zzz. Lo o v lue
- . Deb o come
- bbbb. P yme o come
- cccc. A y dd o l d used o de erm i e co sumer's mo hly p yme (
- dddd. De ler c l ed lo Y/N)
- eeee. M x mum le der- l l o w e d m a k u p o d e l, o r d r e c l o s
- . C s h p u r c h s e, l o , o r l e s e
- gggg. Buydow mou

(
RFPA AND SARS NOTICE: This CID does not seek any financial records for which prior customer notice is required under the Right to Financial Privacy Act (“RFPA”), 12 U.S.C. §§ 3401 et seq. This CID seeks only information relating to customer accounts in connection with the FTC’s lawful investigation directed at one or more legal entities that are not customers. See 12 U.S.C. § 3413(h)(1)(A). This CID also does not seek any Suspicious Activity Reports (SARs). Do not produce any SARs or provide any financial records beyond those specifically requested in this CID. If You have any questions, please contact FTC counsel before providing responsive information.

Attached to this CID is a Certificate of Compliance that certifies that this CID complies with RFPA. Good faith reliance on the attached certificate relieves a financial institution and its employees and agents of any liability to customers in connection with the requested disclosures of financial records. See 12 U.S.C. § 3417(c).

III. DEFINITIONS

The ollow g de o s pply o h s CID:

D-1. **“Add-on”** me s y produc or serv ce h m a y b e m a k e d, o e r e d, p r o v d e d, s o l d, o r r r g e d b y m o o r v e h c l e d e l e r r e l g o h e s l e o r c g o m o o r v e h c l e d h s o p r o v d e d o r s l l e d b y h e m o o r v e h c l e m a u c u r e r, c l u d g b u o l m i e d o e x e d e d (

warranted payment programs guaranteed automobile protection or guaranteed auto protection (“GAP” or “GAP insurance”) including service or maintenance and repair contract theft protection or security device global positioning system start interrupt device undecoating rust roofing fabric protection road service or club membership hire a car product credit life insurance credit accident or disability insurance credit loss of income insurance and debt cancellation and debt union coverage. These items include any such product or service that the dealer provides to the consumer at no charge.

D-2. **“Advertisement” or “Advertising” or “Ad”** mean any written or verbal statement illustration or depiction that promotes the sale of a good or service or is designed to increase consumer interest in a brand good or service. Advertising media include but is not limited to: packaging and labeling; promotional material; print; television; radio; and Internet social media and other digital content.

D-3. **“AutoCanada”** mean AutoCanada Inc. the parent company of ACIA17 Automotive Inc. and ACIA ACQ Corp. d/b/a Leader Automotive Group.

D-4. **“Communication”** mean any written or verbal statement including without limitation mail (including those on which the Company was co-identified or blind co-identified) text message instant message delivered through service such as Sky and Slack message changed through the Company’s online consumer chat portal and message delivered through any marketplace or marketplace application.

D-5. **“Company” “You” or “Your”** mean **ACIA17 Automotive, Inc. and ACIA ACQ Corp.** d/b/a Leader Automotive Group their wholly or partially owned subsidiaries unincorporated division joint venture operation under a common name and affiliate and all director officer member employee agent consultant and other person working for or on behalf of the foregoing.

D-6. **“Dealer Participation”** mean the entire range of dealer deviation from the Company’s risk-based buy rate whether received by increasing or decreasing the buy rate such as by altering the interest rate or buying down the rate. “Dealer Participation” does not include the Company’s decision to modify the buy rate. “Dealer Participation” does not include a dealer’s buying down of the buy rate with respect to all consumers to the extent such special offer is clearly advertised to all consumers.

D-7. **“Document”** mean the complete original all draft and any non-identical copy whether different from the original because of notation on the copy different metadata or other writing of any item covered by 15 U.S.C. § 57b-1(a)(5) 16 C.F.R. § 2.7(a)(2) or Federal Rule of Civil Procedure 34(a)(1)(A).

D-8. **“Identify” or “the Identity of”** require identification of (a) natural person by name title or name but in affiliation or name but in address telephone number and mail address or if a person but in affiliation or name but in address is not known then last known business and home address; and (b) business or other organization by name address and the identity of your contact person at the business or organization. x

IV. INS I S

I-1. **Petitions to Limit or Quash:** You must file any petition to limit or quash this CID with the Secretary of the FTC no later than twenty (20) days after service of the CID, or, if the return date is less than twenty (20) days after service, prior to the return date. Such petition must set forth all assertions of protected status or other factual and legal objections to the CID and comply with the requirements set forth in 16 C.F.R. § 2.10(a)(1) – (2). **The FTC will not consider petitions to quash or limit if You have not previously met and conferred with FTC staff and, absent extraordinary circumstances, will consider only issues raised during the meet and confer process.** 16 C.F.R. § 2.7(k); *see also* § 2.11(b). **If You file a petition to limit or quash, You must still timely respond to all requests that You do not seek to modify or set aside in Your petition.** 15 U.S.C. § 57b-1(f); 16 C.F.R. § 2.10(b).

I-2. **Withholding requested Material / Privilege claims:** For specifications requesting production of Documents or answers to written interrogatories, if you withhold from production any material responsive to this CID based on a claim of privilege, work product protection, statutory exemption, or any similar claim, you must assert the claim no later than the return date of this CID, and you must submit a detailed log, in a searchable electronic format, of the items withheld that identifies the basis for withholding the material and meets all the requirements set forth in 16 C.F.R. § 2.11(a) – (c). The information in the log must be of sufficient detail to enable FTC staff to assess the validity of the claim for each Document, including attachments, without disclosing the protected information. If only some portion of any responsive material is privileged, you must submit all non-privileged portions of the material. Otherwise, produce all responsive information and material without redaction. 16 C.F.R. § 2.11(c). The failure to provide information sufficient to support a claim of protected status may result in denial of the claim. 16 C.F.R. § 2.11(a)(1).

I-3. **Modification of Specifications:** The Bureau Director, a Deputy Bureau Director, Associate Director, Regional Director, or Assistant Regional Director must agree in writing to any modifications of this CID. 16 C.F.R. § 2.7(l).

I-4. **Scope of Search:** This CID covers Documents and information in your possession or yours under your actual or constructive custody or control, including Documents and information in the possession, custody, or control of your attorneys, accountants, directors, officers, employees, service providers, and other agents and consultants, whether or not such Documents or information were received from or disseminated to any person or entity.

I-5. **Identification of responsive Documents:** For specifications requesting production of Documents, you must identify in writing the Documents that are responsive to the specification. Documents that may be responsive to more than one specification of this CID need not be produced more than once. If any Documents responsive to this CID have been previously supplied to the FTC, you may identify the Documents previously provided and the date of submission.

I-6. **Maintain Document order:** For specifications requesting production of Documents, you must produce Documents in the order in which they appear in your files or as electronically stored. If Documents are removed from their original folders, binders, covers, containers, or yours

electronic source, You must specify the folder, binder, cover, container, or electronic media or file path from which each Document came.

I-7. **Numbering of Documents:** For each category requesting production of Documents, You must number all Documents You submit in accordance with a unique identifier such as a Bates number or a Document ID.

I-8. **Production of Copies:** For each category requesting production of Documents, unless otherwise stated, You may submit copies of original Documents if they are true, correct, and complete copies of the original and You preserve and retain the original the same date as of the time You received the CID. Submission of copies constitutes a waiver of a claim to the authenticity of the copies hold the FTC produce each copy as evidence in any legal proceeding.

I-9. **Production in Color:** For each category requesting production of Documents, You must produce copies of Advertisements in color, and You must produce copies of other material in color if necessary to interpret them or render them intelligible.

I-10. **Electronically Stored Information:** For each category requesting production of Documents, see the attached FTC Bureau of Consumer Protection Product Request (“Product Request”), which details all requirements for the production of electronically stored information to the FTC. You must disclose information relating to the production of electronically stored information with FTC staff **prior to** production.

I-11. **Sensitive Personally Identifiable Information (“Sensitive PII”) or Sensitive Health Information (“SHI”):** For each category requesting production of Documents or a answer to written interrogatories, if any responsive material contains Sensitive PII or SHI, please contact FTC counsel before producing the material to disclose whether there are steps You can take to minimize the amount of Sensitive PII or SHI You produce, and how to securely transmit each format to the FTC.

Sensitive PII include a dividend’s Social Security number; a dividend’s biometric data; a dividend’s name, address, or phone number combined with one or more of the following: date of birth, driver’s license or state identification number (or foreign country equivalent), military identification number, passport number, financial account number, credit card number, or debit card number. Biometric data include biometric identifier, such as fingerprint or retina scan, biometric identifier of photograph (with the exception of photograph and corresponding gallery used or marketed in connection with facial recognition software) or voice recording and image (with the exception of those stored in a database added to verify a person’s identity). SHI include medical records and other digitally identifiable health information relating to the patient, present, or future physical or mental health or condition of a dividend, the provision of health care to a dividend, or the patient, present, or future payment for the provision of health care to a dividend.

I-12. **Interrogatory Responses:** For each category requesting a answer to written interrogatories: (a) answer each interrogatory and each interrogatory subpart separately, fully, and truthfully; and (b) verify that Your answers are true and correct by signing Your answers.

under the following statement: "I verify under penalty of perjury that the foregoing is true and correct. Executed on (date). (Signature)." The verification must be submitted electronically with your interrogatory responses.

I.13. Submission of Documents in Lieu of Interrogatory Answers: You may answer any written interrogatory by submitting previously existing documents that contain information requested in the interrogatory so long as you clearly indicate in each written interrogatory response which documents contain the responsive information. For any interrogatory that asks you identify documents, you may, at your option, produce the documents responsive to the interrogatory so long as you clearly indicate the specific interrogatory to which such documents are responsive.)

CERTIFICATION OF COM PIA CE

ursuant to 28 U.S.C. § 1746

I _____ certify the following with respect to the Federal Trade Commission’s (“FTC”) Civil Investigative Demand directed to ACIA17 Automotive, Inc. and ACIA ACQ Corp., d/b/a Leader Automotive Group (the “Company”) (FTC File No. 2323004) (the “CID”):

1. The Company has identified all documents information and/or tangible things (“responsive information”) in the Company’s possession custody or control responsive to the CID and either:

- (a) provided such responsive information to the FTC; or
- (b) for any responsive information not provided given the FTC written objections setting forth the basis for withholding the responsive information.

I verify that the responses to the CID are complete and true and correct to my knowledge. ,

I certify under penalty of perjury that the foregoing is true and correct. ,

Date: _____

Signature

Printed Name ,

Title ,

CERTIFICATION OF RECORDS OF REGULARLY CONDUCTED ACTIVITY
Pursuant to 28 U.S.C. § 176

1. I, _____, have personal knowledge of the facts set forth below and am competent to testify as follows:
2. I have authority to certify the authenticity of the records produced by ACIA17 Automotive, Inc. and ACIA ACQ Corp., d/b/a Leader Automotive Group (the “Company”), and attached hereto.
3. The documents produced and attached hereto by the Company are originals or true copies of records of regularly conducted activity that:
 - a) Were made at or near the time of the occurrence of the matters set forth by, or from information transmitted by, a person with knowledge of those matters;
 - b) Were kept in the course of the regularly conducted activity of the Company; and
 - c) Were made by the regularly conducted activity as a regular practice of the Company.

I certify under penalty of perjury that the foregoing is true and correct.

Date: 4 _____ 4

Signature 4

CERTIFICATE OF COMPLIANCE WITH THE RFPA

This certifies that the provisions of the Right to Financial Privacy Act of 1978 (“RFPA”), 12 U.S.C. §§ 3401 *et seq.*, have been complied with as to the attached Civil Investigative Demand.

The attached Civil Investigative Demand seeks financial records in connection with the Federal Trade Commission’s lawful investigation into whether one or more legal entities that are not customers within the meaning of the RFPA are in compliance with laws administered by the Commission. *See* 12 U.S.C § 3413 (h)(1)(A). The information may be transferred to another government agency or department consistent with the RFPA.

According to the RFPA, good faith reliance on this certificate relieves a financial institution and its employees and agents of any liability to customers in connection with the requested disclosures of financial records. *See* 12 U.S.C. § 3417(c).

TODD KOSSOW Digitally signed by TODD KOSSOW
Date: 2022.12.13 17:01:07 -06'00'

Todd Kossow
Regional Director, Midwest Region
Bureau of Consumer Protection
Federal Trade Commission

Date: December 13, 2022

Federal Commission - Bureau of Consumer Protection
Production Requirements

Revised July 2020

In producing information to the FTC, comply with the following requirements, unless the FTC agrees otherwise. If you have questions about these requirements, please contact FTC counsel before production.

Production Format

1. **General Format:** Provide load-ready electronic productions with:

- a. A delimited data load file (.DAT) containing a line for every document, unique identifier number for every document (DocID), metadata fields, and native file links where applicable; and
- b. A document level text file, named for the DocID, containing the text of each produced document.

Do not produce corresponding image renderings (e.g., TIFF or JPEG) for files in native format unless the FTC requests them. If the FTC requests corresponding image renderings, provide an Opticon image load file (.OPT) containing a line for every image file.

2. **Electronic Stored Information (ESI):** Documents stored in electronic format in the ordinary course of business must be produced in the following format:

- a. For ESI other than the categories below, submit in native format with all metadata and either document level extracted text or Optical Character Recognition (OCR). Do not produce corresponding image renderings (e.g., TIFF or JPEG) for files in native format unless the FTC requests them. If the FTC requests corresponding image renderings, they should be converted to Group IV, 300 DPI, single-page TIFF (or color JPEG images when necessary to interpret the contents or render them intelligible.)
- b. For Microsoft Excel, Access, or PowerPoint files, submit in native format with extracted text and metadata. Data compilations in Excel spreadsheets or delimited text formats must contain all underlying data, formulas, and algorithms without redaction.
- c. For other spreadsheet, database, presentation, or multimedia formats; instant messages; or proprietary applications, discuss the production format with FTC counsel.

3. **Hard Copy Documents:** Documents stored in hard copy in the ordinary course of business must be scanned and submitted as either one multi-page pdf per document or as 300 DPI single page TIFFs (or color JPEGs when necessary to interpret the contents or render them intelligible), with corresponding document-level OCR text and logical document termination in an accompanying load file.

4. **Document Identification:** Provide a unique DocID for each hard copy or electronic document, consisting of a prefix and a consistent number of numerals using leading zeros. Do not use a space to separate the prefix from numbers.

5. **Attachments:** Preserve the parent/child relationship by producing attachments as separate documents, numbering them consecutively to the parent email, and including a reference to attachments.
6. **Metadata Production:** For each document submitted electronically, include the standard metadata fields listed below in a standard delimited data load file. The first line of the data load file shall include the field names. Submit date and time data in separate fields. Use these standard Concordance delimiters in delimited data load files:

| Description | Symbol | ASCII Character |
|------------------------|--------|-----------------|
| Field Separator | ¶ | 20 |
| Quote Character | ” | 254 |
| Multi-Entry delimiter | ® | 174 |
| <Return> Value in data | ~ | 126 |

7. **Deduplication:** Do not use de-duplication or email threading software without FTC approval.
8. **Password-Protected Files:** Remove passwords prior to production. If password removal is not possible, provide the original and production filenames and the passwords, under separate cover.

Producing Data to the FTC

1. Prior to production, scan all data and media for viruses and confirm they are virus-free.
2. For productions smaller than 50 GB, submit data electronically using the FTC’s secure file transfer protocol. Contact FTC counsel for instructions. **Transfer data to the FTC as a .zip file via Dropbox, Google Drive, OneDrive, or other third-party file transfer sites.**
3. If you submit data using physical media:
 - a. Use only CDs, DVDs, flash drives, or hard drives. Format the media for use with Windows 7;
 - b. Use data encryption to protect any Sensitive Personally Identifiable Information or Sensitive Health Information (as defined in the instructions), and provide passwords in advance of delivery, under separate cover; and
 - c. Use a courier service (e.g., Federal Express, UPS) because heightened security measures delay postal delivery.
4. Provide a transmittal letter with each production that includes:
 - a. Production volume name (e.g., Volume 1) and date of production;
 - b. Numeric Document ID range of all documents in the production, and any gaps in the Document ID range; and
 - c. List of custodians and the Document ID range for each custodian.

Standard Metadata Fields

| DAT FILE FIELDS | DEFINITIONS | POPULATE FIELD FOR: |
|------------------------|--|--|
| DocID | Unique ID number for each document | All Documents |
| FamilyID | Unique ID for all documents in a family including parent and all child documents | All Documents |
| ParentID | Document ID of the parent document. This field will only be populated on child items | All Documents |
| File Path | Path to produced native file | All Documents |
| TextPath | Path to document level text or OCR file | All Documents |
| Custodian | Name of the record owner/holder | All Documents |
| AllCustodians | Names of all custodians that had copy of this record (populate if data was deduplicated or email threading was used) | All Documents |
| Source | Source of documents: CID, Subpoena, Third Party Data, etc. | All Documents |
| Filename | Original file name | All Documents |
| File Size | Size of documents | All Documents |
| File Extensions | Extension of file type | All Documents |
| MDS Hash | Unique identifier for electronic data used in de-duplication | All Documents |
| PRODUCTION_VOLUME | Production Volume | All Documents |
| HASREDACTIONS | Redacted document | All Documents |
| Exception Reason | Reason for exception encountered during processing (e.g., empty file, source file, password-protected file, virus) | All Documents |
| PRODBEG | Beginning production bates number | Documents with Produced Images |
| PRODEND | Ending production bates number | Documents with Produced Images |
| PRODBEG_ATTACH | Beginning production family bates number | Documents with Produced Images |
| PRODEND_ATTACH | Ending production family bates number | Documents with Produced Images |
| Page Count | The number of pages the document contains | Documents with Produced Images |
| From | Names retrieved from the FROM field in a message | Emails |
| To | Names retrieved from the TO field in a message; the recipient(s) | Emails |
| CC | Names retrieved from the CC field in a message; the copied recipient(s) | Emails |
| BCC | Names retrieved from the BCC field in a message; the blind copied recipient(s) | Emails |
| EmailSubject | Email subject line | Emails |
| Date Sent | The date an email message was sent | Emails |
| Time Sent | The time an email message was sent | Emails |
| Date Received | The date an email message was received | Emails |
| Time Received | The time an email message was received | Emails |
| Author | File Author | Loose Native Files and Email Attachments |
| Title | File Title | Loose Native Files and Email Attachments |
| Subject | File Subject | Loose Native Files and Email Attachments |
| Date Created | Date a document was created by the file system | Loose Native Files and Email Attachments |
| Time Created | Time a document was created by the file system | Loose Native Files and Email Attachments |
| Date Modified | Last date a document was modified and recorded by the file system | Loose Native Files and Email Attachments |
| Time Modified | Last time a document was modified and recorded by the file system | Loose Native Files and Email Attachments |
| Date Printed | Last date a document was printed and recorded by the file system | Loose Native Files and Email Attachments |
| Time Printed | Last time a document was printed and recorded by the file system | Loose Native Files and Email Attachments |

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: James C. Miller III, Chairman
Michael Pertschuk
Patricia P. Bailey
George W. Douglas
Terry Calvani

RESOLUTION DIRECTING USE OF COMPULSORY
PROCESS IN NONPUBLIC INVESTIGATION

File No. 832 3127

Nature and Scope of Investigation: To determine whether unnamed persons, partnerships, corporations or others engaged in the advertising, marketing, offering for sale, sale or financing of motor vehicles, have been engaging or may be engaging in violations of the Truth in Lending Act, 15 U.S.C. §1601 et seq., as amended, or Regulation Z, 12 C.F.R. Part 226, as amended, or in unfair or deceptive acts or practices or unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. §45, as amended.


The investigation is also to determine whether Commission action to obtain redress of injury to consumers or others would be in the public interest.

The Federal Trade Commission hereby resolves and directs that any and all compulsory processes available to it be used in connection with this investigation.

Authority to Conduct Investigation:

Sections 6, 9, 10, and 20 of Federal Trade Commission Act, 15 U.S.C. §§ 46, 49, 50, and 57b-1, as amended; FTC Procedures and Rules of Practices, 16 C.F.R. § 1.1., et seq., and supplements thereto; and Title 1 of the Consumer Credit Protection Act, Section 108(c), 15 U.S.C. § 1607; 12 C.F.R. §226.1(e), and supplements thereto.

By direction of the Commission.


Emily H. Rock
Secretary

Dated: December 20, 1983

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

COMMISSIONERS: Janet D. Steiger, Chairman
Mary L. Azcuenaga
Deborah K. Owen
Roscoe B. Starek, III
Dennis A. Yao

**RESOLUTION DIRECTING USE OF COMPULSORY PROCESS
IN NONPUBLIC INVESTIGATION**

Unnamed Violators of the Equal Credit Opportunity Act
File Number P944809

Nature and Scope of Investigation:

To determine whether certain unnamed persons, partnerships, corporations, associations or other entities have been or may be engaged in acts or practices in violation of the Equal Credit Opportunity Act, 15 U.S.C. § 1691 et seq. and Regulation B, 12 C.F.R. § 202 et seq., and to determine whether these persons, partnerships, corporations, associations or other entities have been or are engaged in unfair or deceptive acts or practices in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, as amended. Such acts or practices may include, but are not limited to, discriminating in the extension of credit on the basis of an applicant's gender, race, marital status, national origin, color, age, religion, receipt of public assistance income, or because an applicant in good faith exercised any right under the Consumer Credit Protection Act. This investigation is also to determine whether Commission action to obtain redress of injury to consumers or others would be in the public interest.

The Federal Trade Commission hereby resolves and directs that any and all compulsory processes available to it be used in connection with this investigation.

Authority to Conduct Investigation:

Sections 6, 9, 10, and 20 of the Federal Trade Commission Act, 15 U.S.C. §§ 46, 49, 50 and 57b-1, as amended; FTC Procedures and Rules of Practice 16 C.F.R. § 1.1 et seq. and supplements thereto; Title VI of the Consumer Credit Protection

Act, Section 621, 15 U.S.C. § 1681 (s); and Regulation B, 12 C.F.R. § 202 et seq.

By direction of the Commission.

C. Landis Plummer
C. Landis Plummer
Acting Secretary

DATED: August 1, 1994

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Rebecca Kelly Slaughter, Acting Chairwoman**
 Noah Joshua Phillips
 Rohit Chopra
 Christine S. Wilson

**RESOLUTION DIRECTING USE OF COMPULSORY PROCESS IN A
NON-PUBLIC INVESTIGATION OF UNNAMED MARKETERS
USING ENDORSEMENTS OR TESTIMONIALS**

File No. 112 3162

Nature and Scope of Investigation:


To determine whether unnamed persons, partnerships, corporations, or others have engaged or are engaging in deceptive or unfair acts or practices in or affecting commerce in the advertising, marketing, or sale of products or services through the use of endorsements or testimonials, in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, as amended. The investigation is also to determine whether Commission action to obtain monetary relief would be in the public interest.

The Federal Trade Commission hereby resolves and directs that any and all compulsory processes available to it be used in connection with this investigation for a period not to exceed five (5) years from the date of issuance of this resolution. The expiration of this five-year period shall not limit or terminate the investigation or the legal effect of any compulsory process issued during the five-year period. The Federal Trade Commission specifically authorizes the filing or continuation of actions to enforce any such compulsory process after the expiration of the five-year period.

Authority to Conduct Investigation:

Sections 6, 9, 10, and 20 of the Federal Trade Commission Act, 15 U.S.C. §§ 46, 49, 50, and 57b-1, as amended; and FTC Procedures and Rules of Practice, 16 C.F.R. § 1.1 *et seq.*, and supplements thereto.

By direction of the Commission.


April J. Tabor
Secretary

Issued: March 26, 2021
Expires: March 26, 2026

EXHIBIT 2

Elizabeth Pall

From: Davis, James <jdavis@ftc.gov> f
Sen : @ Friday, January 13, 2023 2:54 PM
To:@ Elizabeth M. Pall; Ira M. Levin; Denny, Samantha
Cc: @ Carson, Christin ; Marksteiner, Ryne
Subject : @ RE: Federal Trade Commission, Matter No. 2323004 - Leader Automotive Group

[EXTERNAL]

Dear Liz, @

Thank you for your message. After conferring with our managers, we are unable to grant an extension of the motion to quash or limit the CID. As you know from the Liberty Auto matter, such extensions are granted only under extraordinary circumstances and we do not see a basis for doing so here. Indeed, your email articulates no reason why such an extension is warranted.

Your request is further undermined by its timing. We served the CID via email on December 27, 2022. That afternoon, I received a voicemail from Ira, which I promptly returned. During our brief call, we agreed to schedule a meet and confer on or about January 10, 2023; I suggested that Ira prepare a proposed production schedule prior to that meeting; and he agreed to attempt to do so. In a follow up email sent the day of our meet and confer, January 10, 2023, Ira indicated that he would not be able to provide such a schedule until conferring with the client and clarifying certain issues with the FTC. We met later that afternoon for approximately one hour and discussed a variety of issues related to the CID. At no time during any of these interactions was the subject of an extension to file a motion to quash or limit the CID raised. Your email, sent just days before the existing deadline, is the first indication during this two and a half week period that your client would request an extension of the motion to quash deadline. And it provides no justification whatsoever for the extension, let alone the extraordinary circumstances that are required.

Although we are not willing to grant your request, as discussed during our meet and confer, we are open to extending the production deadline subject to certain conditions. As also discussed, to the extent that you believe certain requests to be particularly burdensome, we are willing to discuss with you the possibility of narrowing the scope of such requests. Please note, however, that any agreement to accept information or documents less than the full scope of a particular CID specification will not serve to modify that specification, and we will reserve the right to obtain a complete response if that proves necessary at a later date.

We look forward to working with you and appreciate your cooperation.

Best, @

Jim

James Davis

Attorney, Federal Trade Commission | Midwest Region
230 South Dearborn Street, Suite 3030, Chicago, IL 60604 @
jdavis@ftc.gov | (312) 960-5596

From: Elizabeth M. Pall <EPall@burkelaw.com>

Sent: Thursday, January 12, 2023 5:00 PM

To: Ira M. Levin <ILevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>; Davis, James <jdavis@ftc.gov> @

Cc: Carri Crie <ccar@ftc.gov>; Mark teier Ry e <rmark teier@ftc.gov>
S bject: RE: Federal Trade Commission Matter No. 2323004 - Leader Automotive Group

Sam,

Ira would like to meet with you on Wednesday at 10:00 AM. I believe your deadline for the Petition Limiting the CIO is Monday (which would probably be Tuesday if it is a holiday.) While we are working on that deadline, I would like to request a deadline for the FTC agreeable to extend the time for ACIA to file a Petition Limiting the CIO? It is important that we extend the deadline to the extent possible. I will give you more time to contact the product committee deadline as per the limit on the request (which is a time to amplify the Wednesday call.) Please advise regarding the FTC's position on the extension at your earliest convenience.

Ta ky u
Liz

Elizabeth M. Pall | Partner

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Ira M. Levi <ILevi@burkelaw.com>

Sent: Wednesday, January 11, 2023 10:57 AM

To: Deputy Samantha <deputy@ftc.gov>; David James <jdavi@ftc.gov>

Cc: Elizabeth M. Pall <EPall@burkelaw.com>; Carri Crie <ccar@ftc.gov>; Mark teier Ry e <rmark teier@ftc.gov>

S bject: Federal Trade Commission Matter No. 2323004 - Leader Automotive Group

Samantha: Thank you for your email. Deal jacket were being caught regarding the period requested in the subpoena which was a more recent development. I recall a date where we agreed to meet with you on Tuesday.

Ira M. Levin

P 312-840-7065 | F 312-840-7900 | ILevin@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Deputy Samantha <deputy@ftc.gov>

Sent: Wednesday, January 11, 2023 10:16 AM

To: Ira M. Levi <ILevi@burkelaw.com>; David James <jdavi@ftc.gov>

Cc: Elizabeth M. Pall <EPall@burkelaw.com>; Carri Crie <ccar@ftc.gov>; Mark teier Ry e <rmark teier@ftc.gov>

S bject: RE: Federal Trade Commission Matter No. 2323004 - Leader Automotive Group

[EXTERNAL]

Ira and Liz

Ta ky u for meeting with you yesterday regarding the Leader's compliance with the CIO.

With respect to the product information that was provided to us, we would expect to receive the full information that was provided to us. It would be a key matter to produce electronic files. For example, it is our understanding that deal jacket u

are scanned and all website servers maintained by CDK rather than their party service provider. These comments, and any other responsive, electronic systems and information, should be received in their entirety. For comments that are not available in hard copy, we are not accepting an agreement on representative sample.

Further, please forward your respective retention timeline assessment as a practical exercise. As you know, any extensions in reviewing the CID have to be reviewed and agreed to by management.

Please let us know if you have any questions regarding any of this.

Best,

Sam

Samantha ("Sam") Denny (she/her) | Staff Attorney | Federal Trade Commission | 230 South Dearborn, Ste. 3030, Chicago, IL 60604
Office: 312.960.5623 | Cell: 202.766.7169 | Fax: 312.960.5600 | senny@ftc.gov

From: Ira M. Levin <ILevin@burkelaw.com>
Sent: Monday, January 9, 2023 9:08 AM
To: Davis, James <javis@ftc.gov>; Denny, Samantha <senny@ftc.gov>
Cc: Elizabeth M. Pa <EPa@burkelaw.com>; Carsen, Christine <ccarsen@ftc.gov>
Subject: RE: Federal Trade Commission, Matter No. 2323004 - Learner Automotive Group

Jim: When I booked our meeting, I indicated that I had another call that one of my partners was booking at the same time but that isn't yet true in my calendar. Can we move our call to 4 PM CT tomorrow?

Ira M. Levin

P 312-840-7065 | F 312-840-7900 | ILevin@burkelaw.com | www.burkelaw.com
Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <javis@ftc.gov>
Sent: Monday, January 2, 2023 12:58 PM
To: Ira M. Levin <ILevin@burkelaw.com>; Denny, Samantha <senny@ftc.gov>
Cc: Elizabeth M. Pa <EPa@burkelaw.com>; Joshua J. Cahern <jcahern@burkelaw.com>; Carsen, Christine <ccarsen@ftc.gov>
Subject: RE: Federal Trade Commission, Matter No. 2323004 - Learner Automotive Group

[EXTERNAL]

Ira,

Thanks for your email. January 10 at 3 PM CT works for me. I am scheduling Chris Carsen, a paralegal in our office. Chris will most likely join us as well. Would you like to meet in person, via Teams/Zoom, or by telephone? We are flexible.

Best,

Jim

From: Ira M. Levin <ILevin@burkelaw.com>
Sent: Monday, January 2, 2023 9:40 AM

To: David A. jdav@ftc.gov; Denny Santora <denny@ftc.gov>
Cc: Elizabeth M. Pall <EPall@burkelaw.com>; Joshua S. Cauhorn <jcauhorn@burkelaw.com>
Subject: Federal Trade Commission Matter No. 2323004 - Leader Automobile Group

The email confirms that your law firm will be representing the Respondent in connection with the FTC's CID and Notice copies of which are attached. We have scheduled a call to meet and confer with you on January 10, 2022. I believe we agreed to 3p CT but I was not clear when we talked to please confirm the time in the attached. I will get you a proposed schedule. Thank you.

Ira M. Levin

Burke, Warren, MacKay & Serritella, P.C. c
330 N Wabash Ave, 21st Floor | Chicago, IL 60611
P 312-840-7065 | F 312-840-7900
ILEvin@burkelaw.com | www.burkelaw.com
Profile | vCard



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c

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

| | | |
|-----------------------------|---|---------------------|
| FEDERAL TRADE COMMISSION, |) | |
| |) | |
| Petitioner, |) | |
| |) | Case No. 23-cv-2500 |
| v. |) | |
| |) | |
| ACIA17 Automotive, Inc. and |) | |
| ACIA ACQ Corporation dba |) | |
| Leader Automotive Group, |) | |
| |) | |
| Respondents. |) | |

**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit I

BURKE, W RRE , K & SERRITELL , P. . :

330 NORTH WAB SH VE UE
SUITE 2100
HI GO, ILLI OIS 60611-3607
TELEPHO E (312) 840-7000
F SI LE (312) 840-7900

ELIZ BETH .P LL :
DIRE T DI L U ER B
(312) 840-7099
epall@burkelaw.com

: : January 20, 2023

VIA EMAIL

James Davis, Esq.
Samantha Denny, Esq.
Federal Trade ommission
230 S. Dearborn St., Suite 3030
hicago, IL 60604

Re: FTC Matter No. 2323004

Dear Jim and Samantha

Without waiving our objections to the FT ’s December 21, 2022 ivil Investigative Demand (the “ ID”), we have been working with our client to determine a reasonable timeline to produce the information responsive to the ID. ou clarified in our recent meeting that the scope of the FT ’s requests include all 10 U.S. dealership rooftops.

In the interim, enclosed please find the following

1. Organizational hart, bates labeled I 00000001. This document is responsive to Interrogatory o. 1 and Document Request o. 1.
2. Employee Handbooks between 2018 and present, bates labeled I 00000002-140. These documents are responsive to Document Request os. 6 and Interrogatory o. 19.

dditionally, as it relates to Document Request o. 7 and Data Requests os. 1 and 2, between arch 1, 2021 (when the ompany began using third-party vendor DK) and December 31, 2022, the U.S. Dealerships sold 31,676 new and used vehicles, broken down as follows

- January 1, 2022 – December 31, 2022
- ew 5,049
 - Used 11,553 :

James Dav s
ama a De y
Ja uary 20, 2023
Page 2

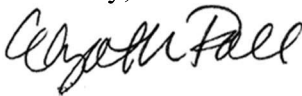
Marc 1, 2021-December 31, 2021 9

- New: 7,2 1
- Used: 7,783

Our cle s wa g o ear back from CDK regard g e process of dow load g deal 9
jacke s for ese per ods. We w ll keep you appr sed.

9 9 9 9 9 9

cerely,



9

9 9 9 Elizabeth M. Pall 9

cc: Ira M. Lev
9 Jos ua J. Cau or

9

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

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| FEDERAL TRADE COMMISSION, | |) | |
| | |) | |
| Petitioner, | |) | |
| | |) | Case No. 23-cv-2500 |
| v. | |) | |
| | |) | |
| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
| | |) | |
| Respondents. | |) | |
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**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit J

BURKE, WARRER, KOWAL & SERRITELL, P.C. :

330 NORTH WABASH AVENUE
SUITE 2100
CHICAGO, ILLINOIS 60611-3607
TELEPHONE (312) 840-7000
FACSIMILE (312) 840-7900

ELIZABETH PALL :
DIRECTOR
(312) 840-7099
epall@burkelaw.com

: February 3, 2023

VIA EMAIL

James Davis, Esq.
Samantha Denny, Esq.
Federal Trade Commission
230 S. Dearborn St., Suite 3030
Chicago, IL 60604

Re: FTC Matter No. 2323004

Dear Jim and Samantha

We are writing to provide you with an update on our clients' (collectively the "Company") production of information and documents responsive to the FTC's December 21, 2022 Civil Investigative Demand (the "CID"), as well as share some concerns we have with the FTC's contact with the Company's employees, customers and vendors. This communication does not waive any of the Company's objections to the CID.

First, an attorney from the FTC recently contacted Chad Kowal, the Company's Corporate Strategy Manager. Kowal is a member of the Company's control group and any communications to him, or other members of the control group, should be directed only to our office. Contact by counsel for the FTC violates the Illinois and Federal Rules of Professional Conduct, Rule 4.2 ("...a lawyer shall not communicate about the subject of the representation with a person the lawyer knows to be represented by another lawyer in the matter...")

We have also been made aware that the FTC has contacted certain third parties, including vendors and customers of the Company, and informed them that the FTC is conducting an investigation into Leader Automotive Group related to "false and deceptive representations" and "unfair conduct." While we understand the FTC has some discretion in contacting third parties, it is highly prejudicial and disruptive to use this type of language when there has been no finding that the Company engaged in any such practices. Moreover, the dealerships that are the subject of the CID are part of a public company and statements to third parties may influence the shares of Auto Canada. We suggest that, going forward, comments by the FTC to third parties be limited to those similar to comments found appropriate by the court in *FTC v. Invention Submission Corp.*, :

James Davis
ama a De y
February 3, 2023
Page 2

Case No. 89-22, U.S. Dist. Ct. Lexi 5523 (D.C. Cir. 1991), where the FTC “suggested a conversation with customers and data back partners, will save a lot of Commission resources generally and a specific accusation of wrongdoing have been made.”

With respect to the Company’s response to the CID, we have continued to work with our client to determine a reasonable method to produce responsive information. We are capable of providing answers to interrogatories in seven (7) days. We also are capable of producing you much of the data requested. Data Request Nos. 1 and 2 are the same timeframe. However, we have a few questions about the meaning of some of the terms in Data Request specifically, what does the term “Cos dealer” (request v) refer to? Additionally, where the word “cos” is used (request qq through zz (e.g. “cos of read wheel coverage purchased”; “cos of a year Add-on purchased”) does it refer to the cos owner or the cos dealer’s?

With respect to copies of physical deal jackets (Request No.), CDK recently advised our client that they can provide electronic copies of the deal jackets; rather, our client would have to download each individual deal jacket, one at a time. As this process takes about 10 minutes per deal jacket, it would take a total amount of time to download more than 30,000 files. As a response, we suggest that we provide the FTC with a sampling of deal jackets for each store. We will work with you on the process of selecting those samples.

7 Our client also could gather information and records responsive to the FTC’s other requests. We discussed on January 10, 2023 that, prior to providing the information requested in Interrogatory Nos. 2 and 3, we would provide you the total number of employees employed at the dealerships between April 1, 2018 and present. That number is approximately 3,300 different employees that were employed over that time period. Given that number, please advise where you are available to discuss potentially further limiting the information requested in Interrogatory Nos. 2 and 3.

7 Additionally, our client has completed the information responsive to Interrogatory No. 4 (request regarding the Company’s use of each fact used to obtain a fact for customers and the percentage of the Company’s sales factored by that use). Please see ACIA 000000141-10, attached hereto.

7 Finally, in addition to Interrogatory Nos. 2 and 3, we would like to schedule a meeting to discuss the following requests from the CID, including those that are requested:

7

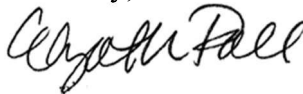
James Davis
ama a De y
February 3, 2023
Page 2

- I errogatory No. 9 (re ues g a e Compa y s a e, for eac dealers p, e average a d med a cos o e dealers p, a d e ra ge of cos s o e dealers p, for (a) prepar g a used ve cle for sale; (b) co duc g a pre-del very spec o ; (c) reco d o g a ve cle; a d (d) ob a g ma ufac urer cer f ca o);
- I errogatory No. 20 (re ues g a e compa y l s a y ra sfers of fu ds be wee e Compa y a d e dealers p opera es or be wee a y of e dealers ps);
- Docume Re ues No. 2 (re ues g a copy of eac u ue adver seme referr g or rela g o e sale, lease or f a c g of mo or ve cles by e Compa y);
- Docume Re ues No. 8 (re ues g serv ce records or o er docume s suff ce o subs a a e e Compa y's respo se o I errogatory No. 9);
- Docume Re ues No. 9 (re ues g all docume s referr g or rela g o co sumer u res);
- Docume Re ues No. 10 (re ues g all docume s a d commu ca o s referr g or q rela g o a y re ues o ob a a refu d, c argeback, reversal, or ca cella o of a Add- o);
- Docume Re ues No. 11 (re ues g all docume s referr g or rela g o e suspe so , d sc pl e, or erm i a o of a y employee by e Compa y or Au oCa ada regard g e ubjec of e I ves ga o); a d
- Docume Re ues No. 14 (re ues g docume s o s ow e compe sa o s ruc ure for e Compa y's employees...rela g o e sale of a mo or ve cle, add-o , or f a c g, clud g bo uses, ce ves, or ra ses).

If you would l ke o d scuss ese ma ers, please prov de a few da es a d me a you are q
ava lable for a o er mee -a d-co fer co fere ce.

q

cerely,



El zabe M. Pall

q

q

cc: Ira M. Lev
Jos ua J. Cau or

q

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

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| FEDERAL TRADE COMMISSION, | |) | |
| | |) | |
| Petitioner, | |) | |
| | |) | Case No. 23-cv-2500 |
| v. | |) | |
| | |) | |
| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
| | |) | |
| Respondents. | |) | |
| <hr/> | |) | |

**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit K



United States of America
FEDERAL TRADE COMMISSION
Midwest Region

James D. Viti
Staff Attorney

230 S. Dearborn Street, Suite 3030
Chicago, Illinois 60604
Tel.: (312) 960-5596
Email: jd.viti@ftc.gov

February 6, 2023

By E-Mail

Elizabeth M. Piller
Irvin M. Levin
John J. Cuharnik
Burke, Warren, MacKinnon & Serritella, P.C.
330 North Wabash Avenue, Suite 2100
Chicago, IL 60611-3607
Email: epiller@burkelaw.com

Re: Lederer Automotive Group, Matter No. 2323004

Dear Counsel:

This responds to your February 3, 2023, letter concerning the Civil Investigative Demand (“CID”) issued to CI 17 Automotive, Inc. and CI CQC Corp., d/b/a Lederer Automotive Group (“Lederer”).¹

A. Ethical and Professional Responsibility Issues

Before addressing your concern regarding Lederer’s compliance with the CID, we will respond to the allegation in your letter that FTC staff have unlawfully conducted themselves inappropriately in their communication with third parties. The allegation is without merit.

Your letter cites two examples. First, you incorrectly state that an FTC staff member misdirected the number Lederer employee attempted to reach concerning² the staff member introduced themselves and asked for the contact number, the Lederer employee, who you’ve represented to be Chad Kwil, immediately hung up. Mr. Kwil subsequently called the FTC number back and did not leave a message. This is the full extent of

¹ Please note that nothing in this correspondence modifies the terms or specific provisions in the CID or extend the deadline for compliance. An agreement by FTC staff to accept more limited production than specific provisions otherwise require is without prejudice to the Commission’s ability to demand full compliance with the specific provisions.

² Both numbers related in close proximity to one another concerning compliance information provided by third parties to the FTC.

en erac n. Based n sc n ex , we nk s uld a e been abundan ly clear a e call was un n en nal and n , as y u sugges , an a e pby e FTC c n ca ew s e n Leader’s “c n r l gr up.”

Sec nd, y u bjec e FTC allegedly c n ca ng w “cer a n rd par es” ab u e ex s ence f s n es ga n, nclud ng purp r edly referenc ng n ese c n ca ns a e n es ga n c ncerns w a y u c arac er ze as “false and decep e represen a ns” as well as “unfa r c nduc .”³ We w ll nm m u n en ur c n ca ns w rd par es rela ed e n es ga n bey nd assur ng y u a suc c n ca ns c l p w e C ss n’s Rules f Prac ce. See, e.g., 16 C.F.R. § 2.6. We sugges a y u re ew ese rules.⁴

F nally, we w uld l ke re nd y u fy ur wn bl ga ns under e Ill n s Rules f Pr fess nal C nduc as ey per a n c n ca ng w p en al w nesses n s a er. I s ur unders and ng a y u and represen a es f Leader a e been n c n ac w nd duals w a e expressed an neres n c pera ng w e FTC. We rus a y u are n d ng s h arass r n da e ese nd duals r under ne e n egr y f e C ss n’s n es ga n.

B. CID Compliance

In e pe n quas , y u represen ed e C ss n a Leader d d n seek delay c pl ance w e CID bu ns ead an c pa ed lang a ser es fr ll ng pr duc ns as well as pr p s ng “a reas nable lene f r pr duc n n an agreed sc pe f d cu res and nf r a n” (Pe n Quas a 5). T da e, re an a n afer ser ce f e CID and weeks afer exp ra n f e ex s ng deadl ne, Leader as ye c rcula e a pr p sed pr duc n sc edule; and ese “r ll ng pr duc ns” c ns s fn ng re an an e lpyee and b k, a ne-page c rp ra e rgan za nal c ar , w da a p ns ab u e cle sales a are a a lable n Au Canada’s publ c fl ngs, and a l s ff nanc al ns u ns used secure l ans f r c nsu rs. T s d es n represen a g d fa eff r c l p w e CID.

1. Burden Objections (RFPs 2, 7-11, 14, and Interrogatories 2-3)

Many f e ssues ra sed n y ur le er appear be burden bjec ns. F r exa ple, y u refer e purp r edly ass c a ed w d wnl ad ng elec r n cally s red deal jacke s a are resp ns e Reques f r Pr duc n 7; y u den fy e large nu e f e lpyees resp ns e In err ga r es 2 and 3; and y u sugges a we c nfer regard ng p en al

³ W le we d n kn w w pr ded y u w s nf r a n r a e any way f uc ng f r e accuracy f ese qu es, please bear n nd a s language w uld be c ns s en w e “subjec f n es ga n” paraprag a acc an es e spec f ca ns ser ed n rec p en s f a CID n s n es ga n.

⁴ Y ur c ncern regard ng e allegedly “ g ly prejud cal” effec a e FTC’s c un ca ns w rd par es w ll supp sedly a e n Leader s cur us g en y ur dec s n f le a pe n quas e CID, w c w ll k e publ c e ex s ence f e n es ga n. h

answers in a wide array of specific cases, including Inerrant 9 and 20 as well as Requests for Production 2, 8, 9, 10, 11, and 14.

The extent to which the burden of these requests would be unduly burdensome, especially in light of the fact that the necessary assessment of these requests. Moreover, as noted, the production of records is a redacted jack-in-the-box with the burden of production on the requester. Under the CID framework, the production of records is a redacted jack-in-the-box with the burden of production on the requester. Before recording any discovery requests, we need to determine whether the production of records is a redacted jack-in-the-box with the burden of production on the requester. Thus far, your refusal to engage with us on these matters does not give us a basis to accept anything less than the full scope of what is called for under the specific cases.⁵

2. Interrogatories and Data Requests

Your earlier decision has you expect to produce "an answer" to the interrogatories as well as "a copy of the data requested" by the CID's Data Requests within the next few days. While we appreciate Leader's efforts to produce this information, given your lack of engagement and the absence of any production schedule, we feel compelled to state that we have not agreed to any discovery requests or to the extent of specific cases, unless a response schedule has been proposed by you or your authorized representative.

3. Requests for Production

You raise several questions regarding our discovery requests and suggest that we should discuss these questions. While we welcome the opportunity to continue this dialogue, we would like to expect a response going forward to ensure that we can work cooperatively to obtain the responses we need.

Typically, when a CID includes specific cases, it also includes ESI, the parties agree to a production of documents, search and review. We raised this in our January 10, 2023 letter and confirmed and requested that you begin this process. The extent to which you have conducted any discovery in these matters, we would greatly appreciate if you would be prepared to further discuss Leader's production of documents and search and review before our next meeting, preferably, unless you have a different view.

4. Miscellaneous

In response to the above questions raised by you:

- **Interrogatories 2 and 3:** As we indicated previously during the January 10, 2023, letter and confirmed, we are willing to accept a narrower response to these interrogatories.

⁵ As a matter of respect for the records, we would propose having your ESI specifications engage in discussion with representatives of CDK.

our proposal does not identify the specific names and we reserve the right to request additional information as a matter of course. We suggest the following categories: (1) general managers; (2) general sales managers; (3) general service managers; (4) controllers; (5) officers; (6) finance managers; (7) finance directors; and (8) call center representatives.

- **Interrogatory No. 4:** Thank you for responding to this interrogatory. In accordance with Order 17, please produce a copy of the CID, please produce a copy of the data as a Microsoft Excel spreadsheet as a detailed exhibit.
- **Data Requests:** As used in these requests, the term “car dealer” refers to “dealer cars” or the actual cars sold by Leader Finance, whether new or used. For new cars, your understanding should be that this is also known as the “net price.” With respect to your other questions, as used in these requests, “cars” refers to the amount paid by buyers for cars sold by Leader.

C. Tolling Agreement

While we understand that the parties may wish to resolve this matter, regardless of the outcome, we and our client, Leader, will request an extension of the new CID deadline set by the Commission. It is generally the policy of the Bureau of Consumer Protection to require parties to execute a tolling agreement in connection with such requests. We have heretofore attached a draft tolling agreement that we ask you to review and sign by February 13, 2023.

* * *

We look forward to discussing these matters with you at your next meeting and conference. If you have any questions, please feel free to contact me at (312) 960-5596 or JDass@fcg.com and Sarah Denny at (312) 960-5623 or sdenny@fcg.com.

Sincerely,

O

s/J. D. Ass

Cc: Sarah Denny O
Ryne Marks e ner
Chris ne Cars n O

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

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| FEDERAL TRADE COMMISSION, | |) | |
| | |) | |
| Petitioner, | |) | |
| | |) | Case No. 23-cv-2500 |
| v. | |) | |
| | |) | |
| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
| | |) | |
| Respondents. | |) | |
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**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit L

From: [Elizabeth M. Pall](#)
To: [Davis, James](#); [Ira M. Levin](#); [Denny, Samantha](#)
Cc: [Carson, Christine](#); [Marksteiner, Ryne](#); [Wernikoff, Steven M.](#)
Subject: RE: FTC Matter No. 2323004
Date: Wednesday, February 22, 2023 9:13:09 AM
Attachments: [image004.png](#)
[image002.png](#)

Jim and Sam,

As an update, the reports responsive to Data Request Nos. 1 and 2 are taking a bit longer than we expected. We should have what we promised on our last call to you by the end of the week.

Thanks,

Liz

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>
Sent: Wednesday, February 8, 2023 11:20 AM
To: Ira M. Levin <ILevin@burkelaw.com>; Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Ira,

Thanks for your message. We obviously know Steve and welcome the opportunity to work with him. We are available this Monday at 2pm CT to meet. It would be helpful if you are prepared to discuss the proposed tolling agreement. Thanks again.

Best,

Jim

From: Ira M. Levin <ILevin@burkelaw.com>
Sent: Tuesday, February 7, 2023 6:04 PM
To: Davis, James <jdavis@ftc.gov>; Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: FTC Matter No. 2323004

Jim: I am out at a meeting all afternoon tomorrow, so that will not work. Monday afternoon at 2 or 3pm is good if that works for your team. This will also advise that we are adding another attorney to our team, Steve Wernikoff of Honigman. He will be available for the call as well. Let us know on the time.

Ira M. Levin

P 312-840-7065 | F 312-840-7900 | ILevin@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>

Sent: Monday, February 6, 2023 5:40 PM

To: Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>

Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Liz,

Please see attached letter and proposed tolling agreement.

We are available to meet this Wednesday between 12 and 2pm and after 3pm CT.

Best,

Jim

From: Elizabeth M. Pall <EPall@burkelaw.com>

Sent: Monday, February 6, 2023 11:58 AM

To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>

Subject: RE: FTC Matter No. 2323004

Jim,

Thank you. As a heads up, I will be traveling to and attending a deposition out of state on Thursday and Friday this week, so those days will not work for us.

Thanks,

Liz

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>

Sent: Monday, February 6, 2023 10:28 AM

To: Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>

Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Liz,

Later in the week will probably be better for us. We will be back in touch soon with a proposed time.

Thanks.

Best,

Jim

From: Elizabeth M. Pall <EPall@burkelaw.com>

Sent: Saturday, February 4, 2023 7:37 AM

To: Denny, Samantha <sdenny@ftc.gov>; Davis, James <jdavis@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>

Subject: Re: FTC Matter No. 2323004

Sam,

Would Tuesday at 10:30am work for you all?

Thanks,

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C., 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Denny, Samantha <sdenny@ftc.gov>

Sent: Friday, February 3, 2023 5:06:42 PM

To: Elizabeth M. Pall <EPall@burkelaw.com>; Davis, James <jdavis@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ilevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>

Subject: Re: FTC Matter No. 2323004

[EXTERNAL]

Thank you, Elizabeth.

What is your and Ira's availability for a meeting next week?

Best,

Sam

Get [Outlook for iOS](#)

From: Elizabeth M. Pall <EPall@burkelaw.com>

Sent: Friday, February 3, 2023 4:27:20 PM

To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ilevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>

Subject: RE: FTC Matter No. 2323004

Jim and Samantha,

Please see the enclosed correspondence and supplemental production.

Thank you,

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C., 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Elizabeth M. Pall

Sent: Friday, January 20, 2023 4:26 PM

To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ilevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>

Subject: FTC Matter No. 2323004

Jim and Sam,

Please see the enclosed correspondence and production.

Thank you,

Elizabeth M. Pall

Partner

Burke, Warren, MacKay & Serritella, P.C.

330 N Wabash Ave, 21st Floor | Chicago, IL 60611

P 312-840-7099 | F 312-840-7900

EPall@burkelaw.com | www.burkelaw.com
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Sealed Document Pursuant to LR 26.2

James Davis
Samantha Denny
Rachel F. Sifuentes
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230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

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| FEDERAL TRADE COMMISSION, | |) | |
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| Petitioner, | |) | |
| | |) | Case No. 23-cv-2500 |
| v. | |) | |
| | |) | |
| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
| | |) | |
| Respondents. | |) | |
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**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit M

Sealed Document Pursuant to LR 26.2

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

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| FEDERAL TRADE COMMISSION, | |) | |
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| Petitioner, | |) | |
| | |) | Case No. 23-cv-2500 |
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| | |) | |
| ACIA17 Automotive, Inc. and | |) | |
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| Leader Automotive Group, | |) | |
| | |) | |
| Respondents. | |) | |
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**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit N

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Lina M. Khan, Chair**
 Rebecca Kelly Slaughter
 Christine S. Wilson
 Alvaro M. Bedoya

_____)
In the Matter of)

) **File No. 232-3004**
CIVIL INVESTIGATIVE DEMAND TO)
ACIA17 Automotive, Inc. and ACIA ACQ Corp.)
d/b/a Leader Automotive Group)
DATED DECEMBER 21, 2022.)

**ORDER DENYING PETITION TO MODIFY, LIMIT,
OR QUASH CIVIL INVESTIGATIVE DEMAND**

By BEDOYA, Commissioner:

ACIA17 Automotive Inc. and ACIA ACQ Corp. d/b/a Leader Automotive Group (collectively hereafter “Leader”) petition the Commission (a) to extend by 30 days the deadline to file, if necessary, a more detailed petition to limit or quash the FTC’s Civil Investigative Demand, *see* Pet. Ex. 1 (“CID”), served on Leader on December 27, 2022, or in the alternative (b) to quash or limit the CID. The Commission served the CID in connection with the Commission’s investigation into whether Leader has engaged in unfair or deceptive practices with respect to the marketing, sale, and financing of automobiles in violation of Section 5 of the FTC Act and the Equal Credit Opportunity Act (“ECOA”). For the reasons set forth below, we deny Leader’s petition.

I. Background

Leader owns and operates ten automobile dealerships in Illinois selling a variety of vehicle makes including Kia, Hyundai, Honda, Chevrolet, Toyota, Chrysler, Dodge, Jeep, and Ram. In the past two years, the Leader dealerships have sold more than 30,000 new and used automobiles. Pet. at 2–3.

In November 2022, the Commission initiated an investigation into whether Leader has engaged in violations of the FTC Act and ECOA. In particular, the Commission sought to determine whether Leader’s auto sales and lending practices constituted unfair or deceptive practices or reflected discrimination on a prohibited basis—resulting in higher vehicle sales

prices, periodic payments, “add-on” charges, or other harm to consumers.¹ On December 21, 2022, the Commission issued a CID to Leader seeking responses to interrogatories as well as the production of documents and data. The CID defines Leader to include its ten automobile dealerships, *see* CID at 12, and requests information related to Leader’s financing and add-on practices, data regarding Leader’s auto financing transactions, and consumer complaints, among other documents and information. *See id.*, CID at 2–5 (interrogatories), 6–8 (documents), 8–11 (data). The CID’s specified time period is April 1, 2018, through compliance with the CID, *id.* at 2, except that the time period for deal packets is January 1, 2021, through compliance with the CID, *id.* at 6.

The Commission served the CID on Leader via email on December 27, 2022. Pet. at 1.² That day, Leader’s lead U.S. counsel, Ira M. Levin, notified FTC staff that he was on vacation out of town until January 9, 2023, and Mr. Levin and FTC staff agreed to meet and confer on January 10, 2023. *Id.* He also agreed to attempt to provide staff with a proposed production schedule by January 10, 2023. Pet. Ex. 2 at 1. On January 2, 2023, Mr. Levin confirmed his representation of Leader and the meet and confer appointment, copying two other lawyers in his firm, Elizabeth M. Pall and Joshua J. Cauhorn. Pet. Ex. 2 at 4.

During the January 10 meet and confer, Leader raised several concerns with the CID, including that some requests seemed overbroad and unduly burdensome, possibly disrupting Leader’s business. *See* Pet. at 2. FTC staff clarified the scope of certain requests while observing that many documents and much of the data appeared to be maintained electronically, suggesting that the burden claims were overstated. Leader did not produce a proposed production schedule by January 10.

Writing on behalf of Leader on January 12, Ms. Pall stated that Leader hoped to provide a production schedule the week of January 16. Pet. Ex. 2 at 2. In addition, Ms. Pall requested a two-week extension of the deadline to file a petition to quash the CID, which by Commission rules was set for January 17, 2023, *see* 16 C.F.R. §§ 2.10(a)(1), 4.3(a). Pet. Ex. 2 at 2. In support of the request, Ms. Pall stated that an extension “will give us more time to continue to discuss the production schedule and potential means of limiting some of the requests . . .” *Id.* FTC staff denied the request on January 13, explaining that extensions are not granted absent extraordinary circumstances and that Leader’s request had articulated no reason warranting an extension. *Id.* at 1. FTC staff expressed its willingness to continue to negotiate about the CID’s scope and a production schedule. *Id.*

Leader filed its petition to modify, limit, or quash the CID on January 16. Pet. at 10. At that time, Leader had not provided FTC staff with a proposed production schedule, while producing just a handful of documents and virtually none of the requested data.

¹ “Add-ons” are additional products or services not provided by the vehicle manufacturer, for which Leader charges consumers a fee. *See* Pet. Ex. 1, CID at 11–12.

² Commission records indicate that Leader received the CID by FedEx on December 28, 2022.

II. Analysis

A. There Is No Good Cause To Extend The Petition To Quash Deadline.

Leader first requests a 30-day extension of the date by which it must file a petition to quash or limit the CID. Pet. at 4–5. The Commission’s rules require petitions to quash or modify compulsory process to be filed within 20 days of service. 16 C.F.R. § 2.10(a)(1). That timeline exists to facilitate efficient investigations of potentially unlawful practices. CIDs such as the one directed to Leader issue only if there is reason to believe that the recipient may have information or documents relevant to unfair or deceptive practices. *See* 15 U.S.C. § 57b-1(c). CIDs enable Commission staff to obtain information needed to investigate potentially unlawful conduct, which may be significantly harming consumers. The 20-day period ensures that disputes regarding a CID’s validity or scope are promptly presented to the Commission for resolution, which in turn enables the staff investigation to proceed efficiently and without delay—or to be adjusted as needed depending on the Commission’s ruling.

As a threshold matter, Leader has failed to provide a factual basis for its petition. Mere statements by counsel in a brief do not suffice, because a petition to quash must include “all appropriate arguments, affidavits, and other supporting documentation.” 16 C.F.R. § 2.10 (a)(1). Other than the petition, the CID, and emails exchanged between counsel to Leader and FTC staff, Leader provided none of required factual support for its claims. The Commission routinely denies petitions to quash that lack an adequate evidentiary basis.³ As the Supreme Court has explained, recipients challenging FTC compulsory process must “ma[ke] a record that would convince us of the measure of their grievance rather than ask us to assume it.” *United States v. Morton Salt Co.*, 338 U.S. 632, 653–54 (1950) (rejecting as inadequate “mere assertions in . . . briefs”); *see also EEOC v. Md. Cup Corp.*, 785 F.2d 471, 477 (4th Cir. 1986) (mere “conclusory allegations . . . do not constitute evidence” that could show that an administrative subpoena is unduly burdensome).

Leader’s request for an extension is premised on the need for additional time to negotiate with FTC staff “a reasonable timeline for production on an agreed scope of documents and information” and to “reasonably work through all potential issues as to the tens of thousands of transactions for which the FTC seeks documentation and information.” Pet. at 2. The Commission applies a “good cause” standard to requests to extend the time to file a petition to quash. *See In re Civil Investigative Demand to Liberty Auto City, Inc.*, dated April 12, 2022, FTC File No. 222-3077, at 3 (June 13, 2022). Although certain FTC officials possess “the authority to rule upon” such “requests for extensions of time,” 16 C.F.R. § 2.10(a)(5), the decision whether to grant an extension rests within the sound discretion of those officials. Setting aside Leader’s

³ *See, e.g., In re October 30, 2013 Civil Investigative Demand Issued to HealthyLife Sciences, LLC*, FTC File No. 122-3287 (Dec. 20, 2013), at 2 (rejecting claim of undue burden where CID recipient “has not provided any affidavits or other evidence” to establish that burden); *In re February 11, 2014 Civil Investigative Demand Issued to Ziegler Supersystems, Inc.*, FTC File No. 131-0206 (Apr. 21, 2014), at 10–11 (noting that CID recipient must make a factual record to support a claim of undue burden); *In re January 16, 2014 Civil Investigative Demand Issued to The College Network, Inc.*, FTC File No. 132-3236 (Apr. 21, 2014), at 8, 11 (denying petition to quash CID specification where recipient provided “no factual support” for its claimed burden).

failure to provide evidence in support of its petition, we find that neither Leader's request to FTC staff nor the petition itself supplies good cause to extend the deadline.

The grounds for challenging a Commission CID are limited to whether the agency has exceeded its authority, whether CID itself is "too indefinite," whether "the information sought is reasonably relevant," and whether, on the whole, the CID is "not . . . unreasonable." *Morton Salt Co.*, 338 U.S. at 652–63. Leader has provided no evidence as to why it needs an extension to assess whether the CID satisfies the *Morton Salt* requirements. Indeed, it does not even assert that it needs more time to make this assessment. Leader's January 12, 2023, email in which Ms. Pall requested an extension gives no reason for why Leader could not meet the petition deadline. Rather, it simply states that more time will allow continued negotiation regarding the production schedule and the scope of the CID. Pet. Ex. 2 at 2. In its petition, Leader suggests that two of its lawyers were unavailable for portions of the time established by the Commission rules for deciding whether to file a petition to quash, Pet. at 2, 5, but provides no evidence, such as an affidavit, demonstrating that the time available did not suffice for those or other lawyers to determine whether Leader should petition to quash and prepare such a petition. Nor did Leader provide evidence that it was diligent in making its assessment of whether to file a petition. *See Capitol Sprinkler Inspection, Inc. v. Guest Servs., Inc.*, 630 F.3d 217, 226 (D.C. Cir. 2011) (finding good cause to extend deadlines when the party seeking relief can "show that the deadlines cannot reasonably be met despite [the party's] diligence" (cleaned up)). Indeed, Leader's repeated failures to provide FTC staff with a proposed production schedule suggest a lack of "diligence." *Id.*

The thrust of Leader's request is not that Leader needs more time to determine whether the CID as issued warrants quashing but instead that it cannot decide whether to petition to quash until it knows if its negotiations with staff will address "Leader's concerns by narrowing the scope of and clarifying the CID." Pet. at 5. But Leader's desire to know the outcome of those negotiations does not provide good cause for an extension. If the CID, as issued, is unreasonable, the Commission rules require that a petition to quash be filed "within 20 days" of service. 16 C.F.R. § 2.10(a)(1). An extension to permit negotiations with FTC staff to narrow and clarify its scope will not diminish the reasonableness of the CID, and thus the outcome of those negotiations cannot provide good cause for an extension where none existed in the first place. If the CID, as issued, is not unreasonable, neither is one that is narrowed and clarified.

In any event, Leader has obtained more time to engage in negotiations with FTC staff. Because the timely filing of a petition to quash or limit Commission compulsory process "shall stay the remaining amount of time permitted for compliance," 16 C.F.R. § 2.10(b), the original return date for the CID, here, January 20, 2023, has effectively been extended by the filing of Leader's petition. The Commission urges Leader to negotiate diligently and in good faith to meet the new production deadline set below or as FTC staff may modify it hereafter.

B. The CID Is Not Unduly Burdensome Or Unreasonable.

Leader also requests, in the alternative, that the Commission limit or quash the CID because, Leader asserts, the CID (1) "was not properly served" and (2) is "objectionably overbroad," "excessive and threaten[s] to unduly disrupt or seriously hinder Leader's business operations." Pet. at 6, 7. We deny this request, too.

First, the Commission properly served the CID on Leader. Its petition, however, contends that at the January 10 meet and confer Leader’s counsel “learned for the first time that the interrogatories, document requests, and data requests set forth in the CID were intended to be directed to the ten (10) automobile dealerships operated through AutoCanada Holdings” in the United States. Pet. at 6. That claim is unsupported. The CID defines ACIA17 Automotive, Inc. and ACIA ACQ Corp., d/b/a Leader Automotive Group as the “Company” to which the CID is directed, and “Company” includes “wholly or partially owned subsidiaries, unincorporated divisions, joint ventures, operations under assumed names, and affiliates” CID at 12. Thus, by definition the CID is directed to the ten automobile dealerships. Further, the CID’s specifications include numerous requests making clear that they apply to Leader’s dealerships, including Interrogatory 1(g), asking that Leader state “the names and addresses of all dealerships operated by the Company in the United States” and numerous other interrogatories that explicitly apply to all “dealerships” (e.g., CID Interrogatories 9–11, 14, 15, 17, 18, and 20). CID at 2–5. It is untenable to maintain that the CID could be read as not applying to Leader’s dealerships. Nor does Leader dispute that it received the CID via both email, which is confirmed by Mr. Levin’s January 2, 2023, email to the FTC, *see* Pet. Ex. 2 at 4, and the FedEx receipt on file with the Commission’s Office of the Secretary.

Second, the CID is not “objectionably overbroad” and “excessive” and does not “threaten to unduly disrupt or seriously hinder Leader’s business operations.” Pet. at 6–7. Agency process is not unduly burdensome unless compliance “threatens to unduly disrupt or seriously hinder normal operations” of the recipient’s business. *FTC v. Texaco, Inc.*, 555 F.2d 862, 882 (D.C. Cir. 1977) (en banc). Of course, “[s]ome burden on subpoenaed parties is to be expected and is necessary in furtherance of the agency’s legitimate inquiry and the public interest.” *Id.* Accordingly, the test for undue burden “is not easily met.” *Id.*; *see also Md. Cup*, 785 F.2d at 477, 479. Leader has not made the required showing.

Leader cites the number of the CID’s interrogatories (25, or 72 with subparts), document requests (17, or 19 with subparts), and data requests (2, one with 54 and the other with 85 subparts). Pet. at 7. As an initial matter, the number of requests or volume of responsive documents alone does not show undue burden. *See, e.g., In re March 19, 2014 Civil Investigative Demand Issued to Police Protective Fund, Inc.* (“PPF”), FTC File No. 132-3239 (May 22, 2014) (“[A] ‘sheer volume of requests’ does not itself establish that the CID is overbroad or imposes undue burden.”); *FDIC v. Garner*, 126 F.3d 1138, 1145–46 (9th Cir. 1997) (mere fact that a subpoena called for thousands of financial documents and one million other documents was not sufficient to establish undue burden); *FTC v. Jim Walter Corp.*, 651 F.2d 251, 258 (5th Cir. 1981) (“[a]bsent a showing of disruption, the sheer number of documents sought does not demonstrate” undue burden). Indeed, the numbers are comparable to those the Commission finds reasonable in *Liberty Auto City, Inc.*, FTC File No. 222-3077, at 4. Moreover, the numbers are entirely reasonable given the nature of the investigation and size of Leader’s business. *See* Pet. at 3 (noting that Leader sells over 15,000 vehicles per year). Further, the CID’s requests are limited in time, and are tailored to provide the agency with specific information about Leader’s add-on sales and procedures and its financing practices—areas plainly relevant to assessing compliance with the fair lending and consumer protection laws at issue. *See Texaco*,

555 F.2d at 882 (recognizing that subpoenas were “broad in scope” but finding that breadth necessary to match the FTC’s “comprehensive” investigation).⁴

Nor does Leader provide any affidavits or other factual documentation to support its conclusory claim that complying with the CID will “unduly disrupt or seriously hinder” its operations. Pet. at 7. A CID recipient bears the burden to show how a CID interferes with its ability to operate its business. *See Garner*, 126 F.3d at 1146 (rejecting claim of undue burden where recipient failed “to enunciate how these subpoenas constitute a ‘fishing expedition’”); *see also FTC v. Standard Am., Inc.*, 306 F.2d 231, 235 (3d Cir. 1962) (finding no undue burden where subpoena recipients “did not adduce a single shred of evidence” to support their claim that compliance would result in “the virtual destruction of a successful business”); *Texaco*, 555 F.2d at 882. The conclusory statements Leader advances “do not constitute evidence that the company’s normal operations will be seriously disrupted” by producing the requested material.” *Maryland Cup*, 785 F.2d at 477; *see also Doe v. United States (In re Admin. Subpoena)*, 253 F.3d 256, 268–69 (6th Cir. 2001) (finding insufficient recipient’s “general and conclusory statement” regarding burden).

Finally, Leader argues that the CID is unduly burdensome because responding to it will require engaging a “third-party discovery vendor to process and prepare the information” requested by the CID. Pet. at 7. As the D.C. Circuit explained in another FTC matter, “[t]he difficulty with [this] argument is that it could be made with respect to almost any investigation.” *FTC v. Invention Submission Corp.*, 965 F.2d 1086, 1090 (D.C. Cir. 1992). Such burdens fall within the ordinary, reasonable costs that attend any government investigation and do not make the CID unduly burdensome. *See id.*; *see also Texaco*, 555 F.2d at 882 (“Some burden on subpoenaed parties is to be expected and is necessary in furtherance of the agency’s legitimate inquiry and the public interest.”). As we have previously explained, it is not enough merely to assert that a CID request “is overbroad and burdensome and that ‘gathering, copying, and scanning all documents and responses [to the CID] would take a significant amount of time and resources that the organization simply does not have.’”⁵ *PPF*, FTC File No. 132-3239, at 7. Those assertions need to be supported with competent evidence that makes a specific showing of severe business disruption. *See id.* (noting that “a blanket objection” does not suffice, and that a CID recipient must show that a request is “highly disruptive”).

Nor has Leader shown that the cost of such efforts is too high “relative to the financial positions” of the company when “measured against the public interest of this investigation.” *FTC v. Carter*, 464 F. Supp. 633, 641 (D.D.C. 1979), *aff’d*, 636 F.2d 781 (D.C. Cir. 1980); *see also*

⁴ Leader does not seriously dispute that the information sought is relevant. The final sentence of the Petition asserts that the CID’s requests are “irrelevant,” Pet. at 8, but the Petition contains no elaboration or evidence supporting this claim. The Commission has no obligation to consider such a throwaway claim, which is unsupported and wrong in any event.

⁵ To the extent the asserted burdens stem from Leader’s own document practices such burdens “cannot excuse” Leader from compliance with the CID. *See, e.g., Letter Ruling re Civil Investigative Demands Issued to D. R. Horton, Inc. and Lennar Corp.*, FTC File Nos. 102-3050 & 102-3051 (Mar. 9, 2010), at 6 (“Burden caused by Petitioners’ own organizational design cannot excuse them from compliance with the CIDs.”).

Md. Cup, 785 F.2d at 479 (holding that the cost of compliance is not unduly burdensome “in the light of the company’s normal operating costs”). In fact, Leader has provided no information about its financial position, human resources, or other capabilities relevant to complying with the CID, giving us no factual basis to conclude that the burden on the company is undue.

Moreover, as Leader acknowledges, Commission staff have repeatedly expressed willingness to further narrow or limit some of the CID’s requests, including in light of Leader’s concerns. *See* Pet. at 3, 4. Again, the Commission urges Leader to engage with FTC staff who, we are confident, will seek to accommodate any reasonable requests that are consistent with the needs of the investigation.

III. CONCLUSION

For the foregoing reasons, Leader’s petition to quash is denied.

IT IS HEREBY ORDERED THAT Leader Automotive Group’s Petition to Modify, Limit or Quash the December 21, 2022, Civil Investigative Demand be, and hereby is, **DENIED**.

IT IS FURTHER ORDERED THAT Leader shall comply in full with the Commission’s Civil Investigative Demand no later than **Friday, March 10, 2023, at 9:00 a.m. (Central Time)**, or at such other later date, time, and location as the Commission staff may determine.

By the Commission,

April J. Tabor
Secretary

SEAL:
ISSUED: **February 27, 2023**

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**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

| | | |
|-----------------------------|---|---------------------|
| FEDERAL TRADE COMMISSION, |) | |
| |) | |
| Petitioner, |) | |
| |) | Case No. 23-cv-2500 |
| v. |) | |
| |) | |
| ACIA17 Automotive, Inc. and |) | |
| ACIA ACQ Corporation dba |) | |
| Leader Automotive Group, |) | |
| |) | |
| Respondents. |) | |

**FEDERAL TRADE COMMISSION'S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner's Exhibit O



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United States of America
FEDERAL TRADE COMMISSION
Midwest Region

March 3, 2023

By E-Mail

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Dear Counsel:

This letter addresses your February 24, 2023, production in response to the Civil Investigative Demand (“CID”) issued by the Federal Trade Commission to ACIA17 Automotive, Inc. and ACIA ACQ Corp., d/b/a Leader Automotive Group (“Leader”) issued on December 21, 2022.

Importantly, Leader produced these documents despite having filed a Petition to Modify, Limit or Quash the CID (“Petition”), thus indicating an ongoing recognition of, and effort to meet, the CID’s obligations. On February 27, 2023, the Commission issued an Order denying the Petition in full and directing Leader to comply no later than March 10, 2023 or other such time as staff may determine.

Based on our review of the information produced to date, and in the interests of avoiding further proceedings, we are willing to extend this deadline to **March 17, 2023**. We expect, however, that Leader will comply in full with the CID as directed and further will address certain specific deficiencies. In summary, these deficiencies include:

- Two months after being served with the CID, Leader has produced virtually no documents;
- Despite prior assurances both to staff and the Commission, the company has not yet provided a production schedule. Instead, many of Leader’s CID responses simply state, without elaboration, that the “investigation continues”;
- The few interrogatories that Leader has responded to provide no meaningful information;

- Leader appears to be determining which documents to produce based on an inappropriately narrow standard that has no applicability to administrative subpoenas; and
- Without explanation and without properly conferring with FTC staff, Leader has withheld responsive information in data produced to the Commission.

We address these deficiencies in greater detail below. If Leader does not comply as directed by the Commission and correct these deficiencies by **March 17, 2023**,¹ we will refer this matter to the FTC's Office of General Counsel for authorization to seek judicial enforcement.

A. Leader's Improper Objections and Confidentiality Request

Leader has asserted several objections, including (1) that it will withhold from the Commission allegedly-privileged documents without providing a privilege log; (2) that some specifications are not relevant or proportional; (3) that the cost of producing documents in the Commission's identified format is unduly burdensome; and (4) that the Commission must provide protections for Leader's confidential information.

These objections are not properly before us. As provided by Rule 2.10, a party filing a petition to quash must include "all assertions of protected status or other factual and legal objections to the Commission compulsory process, including all appropriate arguments, affidavits, and other supporting documentation." 16 C.F.R. § 2.10(a)(1). These objections were available to Leader at the time it filed its Petition; accordingly, any objections Leader raises now that were not in the Petition are waived.²

In any event, each lacks merit. For instance, Leader gives no reason why it cannot produce a privilege log as required by the Commission's rule, common law, and well-established general practice. *See, e.g., In Re Grand Jury Investigation*, 974 F.2d 1068, 1070-71 (9th Cir. 1992) (party asserting privilege has the burden of establishing it through privilege log). Leader's objection on relevance and proportionality grounds likewise has no basis. Such concepts apply in discovery under the Federal Rules of Civil Procedure; they do not apply in administrative investigations into potential law violations.³ Leader's claim of a undue burden from complying

¹ This extends the deadline set by the Commission in its order denying Leader's Petition to Quash by an additional week.

² We acknowledge that Leader's Petition included a claim of undue burden resulting from the required format for production of electronically-stored information. To the extent its present objection represents any additional burden argument not presented in the petition, that additional argument is waived.

³ The Federal Rules of Civil Procedure were written for post-complaint litigation. As a result, most of the Federal Rules do not apply to pre-complaint enforcement of an administrative subpoena. *See United States v. Markwood*, 48 F.3d 969, 982 (6th Cir. 1995); *see also Linde Thomsen Langworthy Kohn & Van Dyke, P.C. v. RTC*, 5 F.3d 1508, 1513 (D.C. Cir. 1993) ("Unlike a discovery procedure, an administrative investigation is a proceeding distinct from any litigation that may flow from it"). For example, in administrative investigations such as this, relevance is measured against the resolution authorizing the

with the Commission's ESI protocol fails to meet the standard for such claims because Leader has not demonstrated how complying would "unduly disrupt or seriously hinder" its normal operations, particularly where the business in question generates over \$200 million in revenue each quarter.⁴ This objection is also not supported considering that the use of such production specifications is routine and widely-accepted for the benefit of all parties.⁵ Finally, with respect to Leader's confidentiality objection, this too is unfounded. The Commission has robust and court-approved laws and regulations to safeguard confidential information submitted in response to compulsory process. *See FTC v. Rockefeller*, 441 F.Supp. 234, 242 (S.D.N.Y. 1977).

B. Leader's Deficient CID Responses

1. Interrogatories 2 and 8: Identity of Employees Responsible for Training and Compliance; Process of Preparing a Used Car for Resale, Reconditioning, or Certification

Leader's responses to these two interrogatories cannot represent complete answers verifiable under oath.

Interrogatory 2 states as follows:

Identify all current or former managers, supervisors, and employees responsible for designing, implementing, modifying, training, or ensuring compliance with the Company's policies and procedures, stating, for each such individual:

- a. Date hired;
- b. Date and reason employment ended, if any;
- c. Which dealership(s) the person was employed by;
- d. Contact information; and
- e. Title(s) and description of position(s) held at the Company.

In response, Leader objected to the interrogatory as "overbroad, unduly burdensome, and not proportional to the Subject of Investigation," and then provided the following answer:

CID, not by reference to extraneous matters. *FTC v. Texaco*, 555 F.2d 862, 874 (D.C. Cir. 1977) (en banc); *FTC v. Anderson*, 631 F.2d 741, 746 (D.C. Cir. 1979); *FTC v. Invention Submission Corp.*, 965 F.2d 1086, 1090 (D.C. Cir. 1992) ("The requested material, therefore, need only be relevant to the *investigation* – the boundary of which may be defined quite generally, as it was in the Commission's resolution here." (emphasis in original; internal citations omitted)).

⁴ *Texaco*, 555 F.2d at 882 & n.52 (citing *SEC v. Savage*, 513 F.2d 188, 189 (7th Cir. 1975); *EEOC v. Bay Shipbuilding Corp.*, 668 F.2d 304, 313 (7th Cir. 1981); *FTC v. Jim Walter Corp.*, 651 F.2d 251, 258 (5th Cir. 1981) (compliance costs ranging from \$392,000 to \$4,000,000 are not unreasonable).

⁵ For example, see the DOJ's production requirements: <https://www.justice.gov/atr/case-document/file/494686/download>.

[T]he identity of “all current or former managers, supervisors, and employees responsible for designing, implementing, modifying, training, or ensuring compliance with the Company’s policies and procedures” could conceivably request information for every employee of all of the dealerships set forth in response to Interrogatory No. 1(g) (hereafter, the “ACIA Dealerships”). Subject to and without waiving any of the foregoing general or specific objections, managers, directors and officers of ACIA and ACIA Dealerships are generally responsible for training and ensuring compliance with the Company’s policies and procedures. Further answering, please see the enclosed spreadsheet.⁶

This answer cannot be squared with a company that operates in the highly-regulated automobile sales industry – an industry subject to compliance obligations imposed by federal, state, and local authorities.

Interrogatory 8 asks Leader to “[d]escribe the process of preparing a used vehicle for sale, including reconditioning the vehicle and obtaining manufacturer certification.”

In response, Leader stated in full:

ACIA objects to this interrogatory as overbroad and not proportional to the Subject of Investigation as set forth on page 2 of the CID, including because the “process of preparing a used vehicle” varies widely from vehicle to vehicle and is rarely uniform, generating many possible responses. Subject to and without waiving any of the foregoing general or specific objections, generally, each used vehicle acquired by ACIA is subject to a used car inspection. Certain used vehicles will be reconditioned. Used vehicles that may qualify for manufacturer certification will be considered on a case-by-case basis.

This answer too is not plausible given Leader’s position as a conglomerate responsible for selling thousands of used vehicles per year. Further, the suggestion that Leader has no formal, standardized policies or procedures governing how its vehicles are evaluated and prepared for sale runs directly contrary to regulatory filings by the company’s publicly traded parent entity.⁷

Under a CID, “Each reporting requirement or question in a civil investigative demand shall be answered separately and fully in writing under oath . . . and it shall be submitted under a sworn certificate. 15 U.S.C. § 57b-1(c)(13). Ultimately, it is Leader’s responsibility to ensure complete compliance with the CID and provide us with a Certificate of Compliance upon fulfilling its obligations.

⁶ The spreadsheet referred to in this answer consists of over 200 current and former Leader employees.

⁷ See, e.g., AutoCanada, 2022 Annual Information Form at 13-14: “We actively manage the quality and age of our used vehicle inventory and monitor our used inventory appraisal values, reconditioning costs, pricing, online marketing, stocking levels, turnover, and return on investment. . . . Certain used vehicles acquired by us as ‘trade-ins’ may not be suitable for sale in our used vehicle business because of their age, mileage or physical condition.

Leader must produce revised or supplemental answers to Interrogatories 2 and 8, along with the requisite sworn declaration, by **March 17, 2023**.

2. Interrogatory 3: Identity of Current and Former Employees

Leader originally requested that we narrow this specification on grounds of burden and we agreed to review a sample for further consideration. Upon review of the information submitted – which appears to be a spreadsheet routinely generated from a database – we see no justifiable claims of burden sufficient to narrow the scope of the request as initially proposed. Thus, a complete response to this interrogatory should consist of a spreadsheet identifying all current and former employees during the applicable time period, including all responsive contact information.⁸

Leader must produce this revised spreadsheet by **March 17, 2023**.

3. Section C: Data Requests

Although no modification of this interrogatory has been agreed upon, the spreadsheets that you submitted in response to the Commission's data requests are grossly deficient, omitting multiple requested data points. A non-exhaustive list of these omissions includes:

- Buyer street address (C.1.i; C.2.k);
- Buyer email address (C.1.j);
- Buyer telephone number (C.1.k);
- Buyer date of birth (C.1.l);
- New, used, or certified vehicle (C.1.m; C.2.m);
- Cost of disability insurance purchased (C.1.ss; C.2.aaa);
- Cost of tire and wheel coverage purchased (C.1.uu; C.2.ccc);
- Cost of maintenance contract purchased (C.1.vv; C.2.ddd);
- Cost of door guards purchased (C.1.xx; C.2.fff);
- Cost of anti-theft products purchased (C.1.yy; C.2.ggg);
- Cost of any other Add-ons purchase, itemized (C.1.zz; C.2.hhh)
- Price history of vehicle (C.2.t);
- Cost to dealer (C.2.u);
- Vehicle book value (C.2.v);
- All taxes and fees requested by Specification C; and
- Much of the data related to financing (e.g., term, origination fee, APR, buy rate, etc.);

Of the more than 80 unique data points we requested, Leader provided approximately half and it did so without explanation and without meaningfully conferring with staff. Leader must therefore provide a complete response to this interrogatory consisting of all information

⁸ "Identify" is a defined term in the specifications that requires the identification of email address and phone numbers for responsive individuals.

requested in Sections C.1 and 2 during the applicable time period. If Leader does not maintain a specific item requested, either at all or for only part of the time period, Leader must identify this item in writing.

Leader must produce revised spreadsheets with all responsive information, or a detailed explanation supporting the omission of any requests, by **March 17, 2023**.

4. Interrogatories 9, 10, 11, 12, 13, 18, 19, 20, 21, 22, 23, 24⁹

Two months after being served with the CID, Leader has not responded substantively to these interrogatories, claiming simply that its “investigation continues.” In every case, without any elaboration, Leader asserts that the requests are both “unduly burdensome” and “not proportional” to the subject of investigation articulated in the Commission’s CID. As described above, Leader’s objections are not well-founded or have been rejected by the Commission and thus present no basis for its continued noncompliance. *Order Denying Petition to Modify, Limit, or Quash Civil Investigative Demand*, at p. 5 (February 27, 2023).

Leader must produce complete answers to Interrogatories 9, 10, 11, 12, 13, 18, 19, 20, 21, 22, 23, 24, along with the requisite sworn declaration, by **March 17, 2023**.

5. Interrogatories 1, 4, 5, 6, 7, 14, 15, 16, 17

Leader has not provided a sworn declaration in support of these responses. 15 U.S.C. § 57b-1(c)(13). Leader must do so by **March 17, 2023**.

6. Requests for Production 2, 3, 6, 8, 14

Leader claims simply that its “investigation continues” into these document requests. This unsupported statement provides no basis for noncompliance, particularly for a CID issued to the company over two months ago in December 2022.

Leader must produce all responsive documents to RFPs 2, 3, 6, 8, and 14 by **March 17, 2023**.

7. Deal Jackets: Request for Production 7

Based on prior discussions regarding this request, it is our understanding that all, or nearly all, responsive documents are scanned by Leader and electronically uploaded to a cloud-based platform managed by CDK, a third-party vendor. We further understand that you have

⁹ We acknowledge the numbering error that took place with the Interrogatories starting at 15. With the approval of Midwest Regional Director below, we are therefore formally modifying the CID as follows: Interrogatory No. 15 will now be No. 19; Interrogatory No. 16 will now be No. 20; Interrogatory No. 17 will now be No. 21; Interrogatory No. 18 will now be No. 22; Interrogatory No. 19 will now be 23 and Interrogatory No. 20 will now be No. 24.

been informed by representatives of CDK that there is no way for its clients to export all of their files off of this platform onto an external device without downloading them individually using the client's dashboard or service portal. Our discussions to address this issue through random sampling have proved unavailing and Leader has yet to produce a single deal jacket. Under these circumstances, we have determined that, to comply with this specification, Leader must produce 12 complete deal jackets for each of its 18 dealerships for each month from January 2021 to the present consisting of: (a) the first 3 used car sales of each month; (b) the first three new car sales of each month; (c) the last 3 used car sales of each month; and (c) the last 3 new car sales of each month. The Commission reserves all rights to seek production of additional responsive deal jacket materials.

Leader must produce these documents by **March 17, 2023**.

8. ESI: Requests for Production 9, 10, 11, 12, 15

As previously discussed, these requests require establishing an ESI protocol to govern the collection and identification of responsive documents. Our discussions to date have involved search terms and custodians.

On search terms, we acknowledge that you provided proposed terms in your February 24, 2023 letter, but we have reservations about the effectiveness of these terms.¹⁰ While Leader itself bears the risk of unduly narrow search terms, we will provide a revised search term list within the next few days that we expect Leader will employ in its searches.

Similarly, on custodians, we anticipate that Leader will soon provide an initial proposed list. We will respond shortly after the list is received and identify those custodians that we expect Leader will include in its search.¹¹

To remain in compliance, Leader must agree to the following preliminary ESI protocol:

- **March 17, 2023:** Finalize search terms and custodians; and
- **April 3, 2023:** Produce responsive documents and communications, including email and text messages, for Jim Douvas.

The Commission reserves the right to establish deadlines for the remaining custodians at a later date.

¹⁰ For example, these terms appear largely duplicative of the ones agreed to in *FTC v. North American Automotive Services, Inc. also d/b/a Ed Napleton Automotive Group, et al.* These terms omit several critical topics, such as complaints, refunds, and cancellations, but do include keywords lacking relevance to this investigation such as “mopar,” “floor mats,” and “platinum protection”.

¹¹ If Leader objects to any of the Commission's selected terms or custodians, Leader must support that objection with specific and demonstrable data or information.

9. Request for Production 16

Leader claims that it cannot respond to this request because there are two interrogatories labeled 15. RFP 16 refers to modified Interrogatory 19 which states:

Identify and describe the Company's databases and systems, both internal and external, that contain contact and transaction information regarding the Company's current and former customers. This request includes, without limitation, any customer relationship management system, dealer management system, desking tool, or similar system. Identify the types of data collected in these systems and describe the reports they are capable of generating.

Leader must produce all responsive documents to RFP 16 by **March 17, 2023**.

D. Summary

To comply with the CID and the Commission's Order, Leader must meet the deadlines set forth below:

1. By **March 17, 2023**, Leader must provide complete, sworn answers to all interrogatories and Section C ("Data Requests");
2. By **March 17, 2023**, Leader must produce documents responsive to RFP 7 consisting of 12 complete deal jackets for each of its 18 dealerships for each month from January 2021 to the present consisting of: (a) the first 3 used car sales of each month; (b) the first three new car sales of each month; (c) the last 3 used car sales of each month; and (c) the last 3 new car sales of each month;
3. By **March 17, 2023**, Leader must produce all non-privileged documents responsive to RFPs 2, 3, 6, 8, 14, 16; and
4. For the purpose of searching for documents responsive to RFPs 2, 3, 6, 8, 14, and 18, Leader must:
 - a. Agree to a finalized list of search terms and document custodians by **March 17, 2023**; and
 - b. Produce all non-privileged responsive documents and communications, including email and text messages, for Jim Douvas by **April 3, 2023**.

Leader Automotive Group, FTC Matter No. 2323004

March 3, 2023

Page 9

Failure to meet any of these deadlines may constitute grounds for a referral of this matter to the FTC's Office of General Counsel for authorization to seek judicial enforcement.

Sincerely,

**JAMES
DAVIS**

Jim Davis

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DAVIS
Date: 2023.03.03 16:31:34
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APPROVED:

TODD KOSSOW

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Date: 2023.03.03 16:25:31
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**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
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| Respondents. |) | |
| _____ |) | |

**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit P

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March 17, 2023

VIA EMAIL

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Re: FTC Matter No. 2323004

Dear Jim and Samantha:

This will respond to your letter of March 3, 2023. As an initial matter, we take exception to your comment that ACIA17 Automotive Inc. and ACIA ACQ Corp. (collectively, the “Company”) have produced “virtually no documents.” As you know, on February 24, 2023, we produced spreadsheets which contain data related to nearly **60,000** vehicle sale and lease transactions. The Company has also produced information related to hundreds of current and former employees and various other documents requested in the CID. Additional documents and information are produced herein. (*See* ACIA17 Automotive Inc. and ACIA ACQ Corp.’s First Amended Answers to Federal Trade Commission Civil Investigative Demand, providing amended responses to Interrogatory Nos. 10, 11, 19 (previously 15), 20 (previously 16), 21 (previously 17) and 24 (previously 20) and Request for Production Nos. 2, 3 and 16.) We have further addressed the points raised in your March 3rd letter below.

A. Objections and Confidentiality Request

Your March 3rd letter states that the Company has stated that “it will withhold from the Commission allegedly privileged documents without providing a privilege log.” The Company has never made such a statement. While the Company’s Response to the CID states that it objects to the FTC’s requests to the extent they seek documents subject to the attorney-client privilege and/or attorney work product doctrine, the Company has not, to date, withheld any document or information on that basis. Therefore, there is no privilege log to produce.

James Davis
Samantha Denny
March 17, 2023
Page 2

Similarly, while the Company has made objections, both in its Petition to Modify, Limit or Quash the CID and in its Response to the CID, that certain requests are overly broad and unduly burdensome, the Company has not unilaterally withheld any information, documents, or data on that basis. Rather, the Company has worked with the FTC in an attempt to narrow the scope of those requests.

B. CID Responses

1. Interrogatory Nos. 2 and 3 (Employee Information)

Interrogatory No. 2 requested that the Company “identify all current or former managers, supervisors and employees responsible for designing, implementing, modifying, training, or ensuring compliance with the Company policies and procedures.” In response, the Company stated that managers, directors and officers are generally responsible for training and ensuring compliance with the Company’s policies and procedures. The Company further produced an excel spreadsheet with the requested information for every employee in the categories set forth in the FTC’s February 6, 2023 letter. In your March 3rd letter, you state “this answer cannot be squared with a company that operates in the highly regulated automobile sales industry,” but your letter does not state *why* the answer is deficient in any manner. We are happy to meet and confer regarding this interrogatory, but we do not understand the FTC’s objection to the Company’s response as stated.

Interrogatory No. 3 requested that the Company “identify each person (not previously identified in response to Interrogatory 2) currently or formerly employed by the Company with any responsibility relating to the sale of motor vehicles, financing, customer service, complaint handling or resolution, or compliance.” Consistent with the FTC’s letter of February 6, 2023, the Company produced the requested information for general managers, general sales manager, service managers, controllers, officers, finance managers, finance directors, and business development center (BDC) representatives. Please advise why that information is insufficient.

2. Interrogatory No. 8 (Used Car Processes)

Interrogatory No. 8 requested that the Company “describe the process of preparing a used vehicle for sale.” In response, the Company stated that used vehicles are subject to a used vehicle inspection and that some cars will be reconditioned. The Company further stated that used vehicles that may qualify for a manufacturer certification will be considered on a case by case basis. Again, the FTC states that this answer is “not plausible” without stating why. The FTC asked a very broad question related to the Company’s processes with respect to *all* used cars, however the processes vary widely depending on the used vehicle at issue. If you would like to meet and confer further, we would be happy to do so.

James Davis
 Samantha Denny
 March 17, 2023
 Page 3

3. Request for Production No. 7 (Deal Jackets)

In your March 3rd letter, you state that the Company has failed to produce a single deal jacket. This assertion is disingenuous given that the parties agreed that the FTC would provide a proposition with respect to sampling of deal jackets – which it just did for the first time on March 3rd. The foregoing notwithstanding, we do not believe the FTC’s proposal is feasible. You requested 12 deal jackets per dealership¹ per month for 26 months. That is 3,120 deal jackets. As it takes at least 15 minutes to download each deal jacket, it would take someone doing nothing but downloading deal jackets for 8 hours per day approximately 97.5 work days to complete this task. We would like to meet and confer about further narrowing the scope of this request.

4. Data Requests

The Company is not withholding data that was requested by the FTC. Rather, the data points that the Company did not produce were either not available or not accurately recorded.

5. Production Schedule

The Company proposes the following production schedule.

| Request | Respond By |
|--|------------|
| Interrogatory Nos. 9, 22 (previously 18); Document Request Nos. 6, 8 | 3/24/2023 |
| Interrogatory Nos. 12, 13; Document Request No. 12 | 3/31/2023 |
| Interrogatory Nos. 18, 23 (previously 19); Document Request Nos. 11, 14, 17 | 4/7/2023 |
| Produce documents from Jim Douvas’ emails and texts that contain agreed upon search terms. | 4/14/2023 |

The Company will plan on submitting any required certificate once its response and production is complete.

6. Search Terms and Custodians

We are surprised at your reaction to our proposed list of search terms. As you acknowledged in your March 3rd letter, these terms were previously negotiated with and approved

¹ Your letter references 18 dealerships, but there are 10 dealerships. While some of the dealerships sell more than one brand of vehicle, there not 18 independent dealerships.

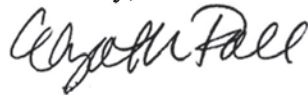
James Davis
Samantha Denny
March 17, 2023
Page 4

by FTC staff in a similar matter. We thought that basing our search terms on that list would save time. We will review your revised proposed list provided on March 7, 2023 and provide our comments.

With respect to the custodians, we have identified all the current and former employees who were employed in the positions set forth in our February 24, 2023 letter. The Company's IT manager is currently reviewing the list to determine whether the inboxes for the former employees are still available to be searched. We will provide the list as soon as we have it.

Please feel free to call me if you have any questions regarding the above or the enclosed documents.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth M. Pall". The signature is fluid and cursive.

Elizabeth M. Pall

Enc.

cc: Ira M. Levin
Steven M. Wernikoff

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

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| FEDERAL TRADE COMMISSION, | |) | |
| | |) | |
| Petitioner, | |) | |
| | |) | Case No. 23-cv-2500 |
| v. | |) | |
| | |) | |
| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
| | |) | |
| Respondents. | |) | |
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**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit Q



James Davis
Staff Attorney

230 S. Dearborn Street, Suite 3030
Chicago, Illinois 60604
Tel.: (312) 960-5596
Email: jdavis@ftc.gov

United States of America
FEDERAL TRADE COMMISSION
Midwest Region

March 20, 2023

By E-Mail

Elizabeth M. Pall
Ira M. Levin
Burke, Warren, MacKay & Serritella, P.C.
330 North Wabash Avenue, Suite 2100
Chicago, IL 60611-3607
Email: epall@burkelaw.com

Dear Counsel:

This responds to your March 17, 2023, correspondence and First Amended Response (“Amended Response”) to the Civil Investigative Demand (“CID”) issued by the Federal Trade Commission to ACIA17 Automotive, Inc. and ACIA ACQ Corp., d/b/a Leader Automotive Group (“Leader”) on December 21, 2022.

Leader has not complied with the Commission’s February 27, 2023, Order denying the company’s Petition to Modify, Limit or Quash the CID (“Petition”) and has failed to timely cure the deficiencies outlined in our letter dated March 3, 2023. For these reasons, we are referring this matter to the FTC’s Office of General Counsel for authorization to seek judicial enforcement of the CID in federal court.

In our March 3, 2023, letter, we outlined the following compliance deficiencies and set a March 17, 2023, deadline for curing these deficiencies:¹

- Leader failed to provide sworn answers to its interrogatories as required by 15 U.S.C. § 57b-1(c)(13). None of the interrogatories in the company’s Amended Response are answered under oath.
- The company’s answers to **Interrogatories 2 and 8** appeared inherently implausible and incomplete given the scope and complexity of Leader’s business

¹ In addition to these deficiencies, we note that Leader has continued to assert its improper burden and relevancy objections without acknowledging or addressing the flaws with these objections that are highlighted in our March 17, 2023, letter.

operations. The answers to these interrogatories are unchanged in the Amended Response.

- We asked Leader to comply in full with **Interrogatory 3** based on the absence of any valid burden claim.² Leader produced no additional information as part of its Amended Response.
- Without explanation and without attempting to properly meet and confer, the company produced certain spreadsheets in response to **Section C** (“Data Requests”) that omit dozens of requested data points. Leader has provided no additional responsive information as part of its Amended Response.
- Leader failed to answer **Interrogatories 9, 12, 13, 18, 22, 23, and 24**. With respect to all but one, the company continues to simply assert that its “investigation continues.” The amended answer to Interrogatory 24 does not constitute a valid response to this request, which requires the company to list specific transfers of funds between Leader and its dealerships.
- Leader produced nothing in response to **Requests for Production 2, 3, 6, 8, 14, 16, and 17**, asserting, without any elaboration, that its “investigation continues.” The Amended Response does not cure these deficiencies.³
- Leader has not produced any deal jackets in response to **Request for Production 7**. In our March 3, 2023, letter, we proposed that the company produce a subset of responsive deal jackets. Rather than attempting to comply with this proposal in whole or part, Leader has, without substantiation, rejected it entirely as unduly burdensome and produced nothing with its Amended Response.
- Leader has failed to agree, much less engage with us in any meaningful way, on an ESI protocol applicable for **Requests for Production 9, 10, 11, 12, 15**. In a February 27, 2023, email, we requested that you provide us with a list of proposed document custodians. Later that same day, counsel responded that Leader would “work on the list of custodians.” In our March 3, 2023, letter, we outlined our concerns with your proposed search terms and set a March 17, 2023, deadline for establishing an ESI protocol. We provided you with our proposed search terms on March 7, 2023. To date, Leader has not identified its proposed custodians by

² We specified that full compliance would consist of a spreadsheet identifying all current and former employees during the applicable time period that includes each employee’s contact information.

³ The handful of documents produced by Leader on March 17, 2023 purportedly in response to RFPs 3 and 16 are plainly deficient. For example, Request for Production 3 requires the company to produce policies and procedures relating to the handling and resolution of consumer complaints. In response, Leader produced a five-page document consisting of the “Contact Us” screen from the company’s website with a “How can we help?” form that purportedly allows consumers to submit comments.

Leader Automotive Group, FTC Matter No. 2323004

March 20, 2023

Page 3

name, provided any substantive feedback regarding our search terms, or given any indication that it intends to engage on these issues.

In sum, Leader has failed to cure any of the above-referenced deficiencies and is in default of the CID. To put the company's lack of diligence and good faith in perspective, nearly three months after being served with the CID, and almost a month after the Commission's order denying the Petition, Leader has produced *less than 200 pages* of documents responsive to seventeen separate requests.⁴

This letter does not modify the CID or extend any of its deadlines.⁵ In light of Leader's failure to cure its noncompliance, we are referring this matter to the Office of General Counsel for enforcement.

Sincerely,

JAMES
DAVIS

Digitally signed by
JAMES DAVIS
Date: 2023.03.20
11:18:01 -05'00'

Jim Davis

Cc: Steven Wernikoff, Honigman
Samantha Denny, FTC Midwest Region
Rachel Sifuentes, FTC Midwest Region
Christine Carson, FTC Midwest Region
Ryne Marksteiner, FTC Bureau of Economics
Burke Kappler, FTC Office of General Counsel
Michele Arington, FTC Office of General Counsel

⁴ The vast majority of these documents consist of three slightly different versions of the same employee handbook.

⁵ Leader's proposed "production schedule" as well as its offer to meet and confer regarding certain specifications are untimely given the Commission's rejection of the Petition and the company's ongoing refusal to comply and lack of good faith.

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

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| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
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**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit R

BURKE, WARREN, MACKAY & SERRITELLA, P.C.

330 NORTH WABASH AVENUE
SUITE 2100
CHICAGO, ILLINOIS 60611-3607
TELEPHONE: (312) 840-7000
FACSIMILE: (312) 840-7900

ELIZABETH M. PALL
DIRECT DIAL NUMBER
(312) 840-7099
epall@burkelaw.com

March 21, 2023

VIA EMAIL

James Davis, Esq.
Samantha Denny, Esq.
Federal Trade Commission
230 S. Dearborn St., Suite 3030
Chicago, IL 60604

Re: FTC Matter No. 2323004

Dear Jim and Samantha:

This will respond to Jim's letter of March 20, 2023.

As an initial matter, your letter states that the Company has produced less than 200 pages of documents responsive to the CID. As set forth in our letter of March 17, 2023, the Company has produced excel spreadsheets responsive to several of the requests in the CID (which is how the CID requested that the information be produced.) If one were to print the excel spreadsheets produced to date, it would amount to 14,194 pages. Your statement is therefore a mischaracterization regarding the scope of the Company's production thus far.

Your letter of March 20, 2023 also ignores several of the statements made in our March 17, 2023 letter. For example, with respect to the response to Section C ("Data Requests"), we explained that the Company did not "omit" data points in its production of data related to vehicle sale and lease transactions; rather, some of the 139 data points requested by the FTC were either not available or not accurately recorded in the Company's system. Your letter also states that the Company has failed to answer Interrogatory Nos. 9, 12, 13, 18, 22 and 23, but we have informed you that the Company is still working on those requests and provided dates within the coming weeks by which we expect to answer them.

Your letter further states that the Company's responses to Request for Production Nos. 3 and 16 are "plainly deficient." For Request for Production No. 3, which requested policies and procedures relating to the handling and resolution of consumer complaints, the Company does not have any written policies or procedures related to the "handling and resolution of consumer

James Davis
Samantha Denny
March 21, 2023
Page 2

complaints,” so we produced the only written documentation relating to how the company handles such complaints – which can be found on their website. Your letter does not provide any reason why the Company’s response to Request for Production No. 16 was deficient.

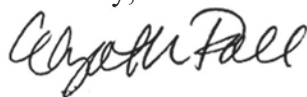
With respect to the Company’s production of deal jackets in response to Request for Production No. 7, we will begin a rolling production of deal jackets as we obtain them. As we noted in our March 17th letter, despite the Company’s best efforts, it will take months to download the 3,120 deal jackets that you are presently requiring. For that reason, we asked to meet and confer with you regarding potentially narrowing the request (something we are aware the FTC has agreed to in other similar matters). It also bears noting that the information contained in the deal jackets is largely duplicative of data already provided in the spreadsheets the Company produced on February 24, 2023.

We are surprised by your contention that the Company failed to respond to Interrogatory No. 24, which requested that the Company identify transfers between ACIA17 Automotive, Inc., ACIA ACQ Corp., and the various automobile dealerships. We spoke about this request during our call on February 13, 2023 and explained that this would be potentially dozens of transactions per day over the course of five years. In response, you agreed that the Company could provide a list of the types of transactions, which it did. Accordingly, the Company provided exactly what the narrowed request called for.

With respect to ESI protocol, we just received the list of employees in the categories we previously proposed whose email accounts have been preserved and thus would be searchable. That list is enclosed.

Finally, based on your letter -- specifically, footnote 5 -- we understand that FTC staff is unwilling to meet and confer to discuss the various matters we raised in our March 17, 2023 letter (or any other matters) aimed at assisting with our compliance efforts concerning the CID requests. If you change your position on this, please let us know.

Sincerely,



Elizabeth M. Pall

Enc.

cc: Ira M. Levin
Steven M. Wernikoff

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

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| Petitioner, | |) | |
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| v. | |) | |
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| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
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**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit S



United States of America
FEDERAL TRADE COMMISSION
Midwest Region

James Davis
Staff Attorney

230 S. Dearborn Street, Suite 3030
Chicago, Illinois 60604
Tel.: (312) 960-5596
Email: jdavis@ftc.gov

March 28, 2023

By E-Mail

Elizabeth M. Pall
Ira M. Levin
Burke, Warren, MacKay & Serritella, P.C.
330 North Wabash Avenue, Suite 2100
Chicago, IL 60611-3607
Email: epall@burkelaw.com

Dear Counsel:

This responds to your recent correspondence and productions from March 21 and March 24, 2023. In our letters dated March 3 and March 20, 2023, we informed Leader that it was in default of the Commission's February 27, 2023, order denying the company's Petition to Modify, Limit or Quash the FTC's Civil Investigative Demand ("CID"). Our letters outlined in detail the minimum steps that Leader would need to take to avoid judicial enforcement of the CID in federal court and set a deadline of March 17, 2023, for compliance. The company's current and proposed productions do not purport to comply with these requirements. While we encourage Leader to cure all outstanding deficiencies to avoid process enforcement, we reserve all rights as noted in our prior correspondence.

Sincerely,
/s/ James Davis
Jim Davis

Cc: Steven Wernikoff, Honigman
Samantha Denny, FTC Midwest Region
Rachel Sifuentes, FTC Midwest Region
Christine Carson, FTC Midwest Region
Ryne Marksteiner, FTC Bureau of Economics
Burke Kappler, FTC Office of General Counsel
Michele Arington, FTC Office of General Counsel

Sealed Document Pursuant to LR 26.2

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

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| v. | |) | |
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| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
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| Respondents. | |) | |
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**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit T

Sealed Document Pursuant to LR 26.2

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
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| FEDERAL TRADE COMMISSION, |) | |
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| ACIA17 Automotive, Inc. and |) | |
| ACIA ACQ Corporation dba |) | |
| Leader Automotive Group, |) | |
| |) | |
| Respondents. |) | |

**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit U

From: [Wernikoff, Steven M.](#)
To: [Davis, James](#); [Elizabeth M. Pall](#)
Cc: [Carson, Christine](#); [Marksteiner, Ryne](#); [Ira M. Levin](#); [Denny, Samantha](#); [Sifuentes, Rachel](#); [Arlington, Michele](#); [Kappler, Burke](#)
Subject: RE: FTC Matter No. 2323004
Date: Monday, April 10, 2023 9:11:14 PM
Attachments: [image001.png](#)
[image002.png](#)

Hi Jim,

We do think that it would be helpful to have a call. We understand that you are not willing to provide any deadline extensions or will otherwise agree to lessen the burden on our client. We simply would like to provide information about what we are doing to comply with your requests, and possibly receive some guidance on outstanding issues.

The client already has responded to the majority of the staff's requests. I understand that you should receive responses to the bulk of the outstanding requests – Interrogatories No. 12, 13, 18 and 23, and RFP No. 17 – in the near future.

After that, I believe that the only outstanding requests will be: (1) the deal jackets (RFP No. 7), and (2) communications (RFP No. 9, 10, and 15).

With respect to the deal jackets, we have identified the practical issue with providing FTC staff with the number of deal jackets it has requested – again, it takes about 15 minutes to download each deal jacket, and you have requested 3,120 of them. In a comparable investigation, FTC staff agreed to receive a random sample of 150 deal jackets. It is not clear why FTC staff seeks 20 times that amount in this matter, particularly in the face of the clear burden on our client. Still, the client is working hard to pull this information (we expect to provide over 100 more deal jackets to you in the coming days), and is attempting to build a tool to assist with the process, which we could discuss on a call.

With respect to the communications, the client has solicited bids from various third-party vendors to assist with searching the numerous custodian email accounts you are requesting here. We would like to discuss that process. We also would appreciate if you would comment on the custodian list that we sent to you on March 21st.

Finally, you have characterized the client as having “withheld” information regarding some of the 139 data points FTC staff requested with respect to thousands of vehicle transactions. The client provided a response with information for all of the data points that were accurately stored in its electronic database. We understand that accurate information regarding the other data points are contained in the individual deal jackets, which, again, require significant effort to obtain. We would be happy to explore any ideas that you have on how best to provide this information to you under these circumstances.

The theme of this email is that we would be happy to discuss with you practical ways to get FTC staff the information that it is requesting while minimizing the undue burden on our client. If you are

interested in having such a call, please let us know what days and times work on your end.

Thanks,

-steve

Steven M. Wernikoff

HONIGMAN LLP

O 312.701.9380

M 847.494.3497

swernikoff@honigman.com

**Honigman celebrates 75 years of service
1948 - 2023**

From: Davis, James <jdavis@ftc.gov>

Sent: Monday, April 3, 2023 3:23 PM

To: Elizabeth M. Pall <EPall@burkelaw.com>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>; Sifuentes, Rachel <rsifuentes@ftc.gov>; Arington, Michele <MARINGTON@ftc.gov>; Kappler, Burke <bkappler@ftc.gov>

Subject: RE: FTC Matter No. 2323004

[EXTERNAL EMAIL]

Dear Liz,

Thank you for your email. With respect to your request that we meet next Monday, can you be more specific about what you would like to discuss? While we are willing to schedule a meeting, it remains the FTC's position that Leader is in default of the CID. No extensions of the March 17, 2023, deadline have been granted, and none of the CID's specifications have been modified. Nor are we open to considering any extensions or modifications at this point given that your client is in default and has not complied with the Commission's production order. Finally, nothing about your recent productions demonstrates the good faith or diligence that would cause us to withdraw our referral to the Office of General Counsel for judicial enforcement of the CID. To cite just two ongoing deficiencies, Leader continues to withhold vast quantities of data responsive to Specification C and unilaterally chose to produce a fraction of the deal jackets that we requested as a preliminary response to Document Request 7.

But if you provide us an indication of what you would like to discuss, we'll consider the request and coordinate a mutually convenient time.

Best,

Jim

James Davis

Attorney, Federal Trade Commission | Midwest Region
230 South Dearborn Street, Suite 3030, Chicago, IL 60604
jdavis@ftc.gov | (312) 960-5596

From: Elizabeth M. Pall <EPall@burkelaw.com>
Sent: Friday, March 31, 2023 3:40 PM
To: Davis, James <jdavis@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>; Sifuentes, Rachel <rsifuentes@ftc.gov>; Arington, Michele <MARINGTON@ftc.gov>; Kappler, Burke <bkappler@ftc.gov>
Subject: RE: FTC Matter No. 2323004

Jim and Sam,

Enclosed please find the Company's Third Amended Responses to the CID, which include Responses to Request for Production Nos. 11, 12, and 14. We are also making an initial production of deal jackets pursuant to Request for Production No. 7. This production, labeled ACIA 00000602 – 2675, consists of the first new and used and last new and used deals from every dealership in the month of December 2022. The Company is continuing the process of downloading additional deal jackets responsive to Request for Production No. 7.

The document production can be accessed here: [2023-03-31 Production \(FTC Matter No. 2323004\)](#)

I will be out of town next week on a family vacation, but I am hoping to have another production ready next week.

Finally, please advise if you would be available for a call with me, Ira and Steve to discuss the status of this matter. We are available on April 10th if that works for you.

Thank you,
Liz

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com
Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Elizabeth M. Pall

Sent: Friday, March 24, 2023 4:35 PM

To: Davis, James <jdavis@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ilevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>; Sifuentes, Rachel <rsifuentes@ftc.gov>; Arington, Michele <MARINGTON@ftc.gov>; Kappler, Burke <bkappler@ftc.gov>

Subject: RE: FTC Matter No. 2323004

Jim and Sam,

Pursuant to our proposed production schedule, enclosed please find:

- The Company's Second Amended Response to the Civil Investigative Demand;
- An Excel spreadsheet containing information responsive to Interrogatory No. 9 and Request for Production No. 8;
- An Excel spreadsheet containing information responsive to Interrogatory No. 22; and
- A PDF production labeled ACIA 00000181-344, responsive to Request for Production No. 6.

Please note that if one were to print the enclosed spreadsheets, it would be a little more than 2,300 pages.

Thank you,

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Elizabeth M. Pall

Sent: Tuesday, March 21, 2023 3:00 PM

To: Davis, James <jdavis@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ilevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>; Sifuentes, Rachel <rsifuentes@ftc.gov>; Arington, Michele <MARINGTON@ftc.gov>; Kappler, Burke <bkappler@ftc.gov>

Subject: RE: FTC Matter No. 2323004

Jim,

Please see the enclosed correspondence.

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>
Sent: Monday, March 20, 2023 11:23 AM
To: Elizabeth M. Pall <EPall@burkelaw.com>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>; Sifuentes, Rachel <rsifuentes@ftc.gov>; Arington, Michele <MARINGTON@ftc.gov>; Kappler, Burke <bkappler@ftc.gov>
Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Dear Liz and Ira,

Please see the attached correspondence.

Best,

Jim

James Davis

Attorney, Federal Trade Commission | Midwest Region
230 South Dearborn Street, Suite 3030, Chicago, IL 60604
jdavis@ftc.gov | (312) 960-5596

From: Elizabeth M. Pall <EPall@burkelaw.com>
Sent: Friday, March 17, 2023 1:26 PM
To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

Jim and Sam,

Please see the enclosed correspondence, amended response to CID, and supplemental production of documents.

Thank you,

Elizabeth M. Pall | *Partner*

P [312-840-7099](tel:312-840-7099) | F [312-840-7900](tel:312-840-7900) | EPall@burkelaw.com | www.burkelaw.com
Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>
Sent: Friday, March 3, 2023 4:35 PM

To: Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Dear Liz, Ira and Steve,

Please see the attached correspondence.

Best,

Jim

James Davis

Attorney, Federal Trade Commission | Midwest Region
230 South Dearborn Street, Suite 3030, Chicago, IL 60604
jdavis@ftc.gov | (312) 960-5596

From: Elizabeth M. Pall <EPall@burkelaw.com>
Sent: Monday, February 27, 2023 10:10 AM
To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

Jim,

Please see attached Word version of the proposed search terms. We will work on the list of custodians.

Thank you,
Liz

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>
Sent: Monday, February 27, 2023 9:39 AM
To: Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff,

Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>

Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Liz,

We are preparing a letter responding to this production that will be sent later in the week. In the meantime, we would appreciate if you would provide us with a Word version of your proposed keywords. With respect to document custodians, while we welcome your proposal to include certain job categories, it would be helpful for the purpose of our review if you could provide a list comprehensively identifying these individuals (preferably as an Excel spreadsheet). Thanks so much.

Best,

Jim

James Davis

Attorney, Federal Trade Commission | Midwest Region
230 South Dearborn Street, Suite 3030, Chicago, IL 60604
jdavis@ftc.gov | (312) 960-5596

From: Elizabeth M. Pall <EPall@burkelaw.com>

Sent: Friday, February 24, 2023 7:31 PM

To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>

Subject: RE: FTC Matter No. 2323004

Jim and Sam,

Please see the enclosed letter and response to CID. Below is a OneDrive link to the production of documents and data:

[2023-02-24 Production \(FTC Matter No. 2323004\)](#)

Please let me know if you have any trouble accessing the documents.

Thank you,

Liz

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Elizabeth M. Pall
Sent: Wednesday, February 22, 2023 9:13 AM
To: Davis, James <jdavis@ftc.gov>; Ira M. Levin <ilevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>
Subject: RE: FTC Matter No. 2323004

Jim and Sam,

As an update, the reports responsive to Data Request Nos. 1 and 2 are taking a bit longer than we expected. We should have what we promised on our last call to you by the end of the week.

Thanks,
Liz

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>
Sent: Wednesday, February 8, 2023 11:20 AM
To: Ira M. Levin <ilevin@burkelaw.com>; Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Ira,

Thanks for your message. We obviously know Steve and welcome the opportunity to work with him. We are available this Monday at 2pm CT to meet. It would be helpful if you are prepared to discuss the proposed tolling agreement. Thanks again.

Best,

Jim

From: Ira M. Levin <ilevin@burkelaw.com>
Sent: Tuesday, February 7, 2023 6:04 PM
To: Davis, James <jdavis@ftc.gov>; Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: FTC Matter No. 2323004

Jim: I am out at a meeting all afternoon tomorrow, so that will not work. Monday afternoon at 2 or 3pm is good if that works for your team. This will also advise that we are adding another attorney to our team, Steve Wernikoff of Honigman. He will be available for the call as well. Let us know on the time.

Ira M. Levin

P 312-840-7065 | F 312-840-7900 | ILevin@burkelaw.com | www.burkelaw.com
Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>
Sent: Monday, February 6, 2023 5:40 PM
To: Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Liz,

Please see attached letter and proposed tolling agreement.

We are available to meet this Wednesday between 12 and 2pm and after 3pm CT.

Best,

Jim

From: Elizabeth M. Pall <EPall@burkelaw.com>
Sent: Monday, February 6, 2023 11:58 AM
To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

Jim,

Thank you. As a heads up, I will be traveling to and attending a deposition out of state on Thursday and Friday this week, so those days will not work for us.

Thanks,
Liz

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>
Sent: Monday, February 6, 2023 10:28 AM
To: Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Liz,

Later in the week will probably be better for us. We will be back in touch soon with a proposed time. Thanks.

Best,

Jim

From: Elizabeth M. Pall <EPall@burkelaw.com>
Sent: Saturday, February 4, 2023 7:37 AM
To: Denny, Samantha <sdenny@ftc.gov>; Davis, James <jdavis@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: Re: FTC Matter No. 2323004

Sam,

Would Tuesday at 10:30am work for you all?

Thanks,

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Denny, Samantha <sdenny@ftc.gov>
Sent: Friday, February 3, 2023 5:06:42 PM
To: Elizabeth M. Pall <EPall@burkelaw.com>; Davis, James <jdavis@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: Re: FTC Matter No. 2323004

[EXTERNAL]

Thank you, Elizabeth.

What is your and Ira's availability for a meeting next week?

Best,

Sam

Get [Outlook for iOS](#)

From: Elizabeth M. Pall <EPall@burkelaw.com>

Sent: Friday, February 3, 2023 4:27:20 PM

To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ilevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>

Subject: RE: FTC Matter No. 2323004

Jim and Samantha,

Please see the enclosed correspondence and supplemental production.

Thank you,

Elizabeth M. Pall | *Partner*

P [312-840-7099](tel:312-840-7099) | F [312-840-7900](tel:312-840-7900) | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Elizabeth M. Pall

Sent: Friday, January 20, 2023 4:26 PM

To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ilevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>

Subject: FTC Matter No. 2323004

Jim and Sam,

Please see the enclosed correspondence and production.

Thank you,

Elizabeth M. Pall

Partner

Burke, Warren, MacKay & Serritella, P.C.
330 N Wabash Ave, 21st Floor | Chicago, IL 60611
P 312-840-7099 | F 312-840-7900
EPall@burkelaw.com | www.burkelaw.com
[Profile](#) | [vCard](#)



BURKE, WARREN,
MACKAY & SERRITELLA, P.C.

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This e-mail may contain confidential or privileged information. If you are not the intended recipient, please delete it and notify the sender of the error.

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

| | | | |
|-----------------------------|--|---|---------------------|
| <hr/> | |) | |
| FEDERAL TRADE COMMISSION, | |) | |
| | |) | |
| Petitioner, | |) | |
| | |) | Case No. 23-cv-2500 |
| v. | |) | |
| | |) | |
| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
| | |) | |
| Respondents. | |) | |
| <hr/> | |) | |

**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit V

From: [Davis, James](#)
To: [Wernikoff, Steven M.](#); [Elizabeth M. Pall](#)
Cc: [Carson, Christine](#); [Marksteiner, Ryne](#); [Ira M. Levin](#); [Denny, Samantha](#); [Sifuentes, Rachel](#); [Arington, Michele](#); [Kappler, Burke](#)
Subject: RE: FTC Matter No. 2323004
Date: Monday, April 17, 2023 5:33:30 PM
Attachments: [image001.png](#)
[image002.png](#)

Dear Liz, Steve and Ira,

Leader fundamentally misapprehends the status of this matter. It filed a petition to quash in which it was to have asserted all possible legal objections to the Commission's CID. The Commission denied that petition in its entirety, rejecting all of Leader's claims, directing Leader to comply by a date certain, and giving staff limited authority to extend the deadline (which staff exercised by providing a one-week extension). Leader has not met either the deadline imposed by the Commission, or the extended deadline granted by staff (or, for that matter, its own unilaterally imposed deadline of April 14) and thus is unquestionably in default of the CID. Indeed, the representations in your April 10 email about Leader's belated efforts, nearly four months after issuance of the CID, to attempt to comply by finding vendor support, building a tool for producing deal jackets (which we do not concede is necessary based on the absence of any factual support for the purported burden associated with downloading these files), and seeking to engage with staff on its level of compliance, only highlight Leader's lack of diligence to date.

Your email also refers to the burden that the CID purportedly imposes on Leader. Leader made this same claim in its petition and the Commission rejected it, finding that Leader provided "no factual basis to conclude that the burden on the company is undue." There continues to be no evidence that compliance with the CID has imposed any meaningful burden on Leader.

We disagree that the efforts you describe amount to sufficient compliance, let alone full compliance. Rather, with some exceptions, Leader has made only token and incomplete productions that fall well short of what you appear to characterize as complete "responses" to our previous requests and the CID's specifications. We outlined many of these deficiencies in our prior correspondence, explaining that the company's failure to timely cure them would result in the referral of this matter to the FTC's Office of General Counsel for judicial enforcement. Leader has chosen to disregard most of these compliance deficiencies. By way of example Leader:

- Continues to assert that it has not produced information responsive to Specification C's data requests because this information is not "accurate." This objection was not presented to the Commission but in any event is without merit because the CID requires Leader to provide all responsive information in its possession, custody, or control regardless of whether Leader may perceive it to be inaccurate. *See* 15 U.S.C. § 57b-1(11);
- Has not adhered to the production schedule that it unilaterally set for itself in counsel's March 17 letter. As a result, Leader has not responded substantively to multiple outstanding CID requests and has failed to produce any communications related to Mr. Douvas;
- Refuses to identify employees responsible for compliance functions, as required by Interrogatory 2;

Continues to withhold information regarding current and former employees responsive to Interrogatory 3; and

- Has not provided any meaningful information in response to Interrogatories 2 and 8.

Again, these are just a few of the many examples of ongoing deficiencies.

With respect to your request for a meeting, we are willing to schedule a time to speak, but such a meeting would be productive only if Leader agrees to provide in advance of any meeting a concrete timeline for promptly curing all compliance deficiencies. At this stage, after Leader's Petition to Quash has been denied and all deadlines for compliance have long passed, that is the only fruitful topic for any discussion. Given this, please immediately advise if you would like to go forward with a meeting, and if so, when we can expect the requested timeline.

Best,

Jim

James Davis

Attorney, Federal Trade Commission | Midwest Region
230 South Dearborn Street, Suite 3030, Chicago, IL 60604
jdavis@ftc.gov | (312) 960-5596

From: Wernikoff, Steven M. <SWernikoff@honigman.com>

Sent: Monday, April 10, 2023 9:11 PM

To: Davis, James <jdavis@ftc.gov>; Elizabeth M. Pall <EPall@burkelaw.com>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>; Sifuentes, Rachel <rsifuentes@ftc.gov>; Arington, Michele <MARINGTON@ftc.gov>; Kappler, Burke <bkappler@ftc.gov>

Subject: RE: FTC Matter No. 2323004

Hi Jim,

We do think that it would be helpful to have a call. We understand that you are not willing to provide any deadline extensions or will otherwise agree to lessen the burden on our client. We simply would like to provide information about what we are doing to comply with your requests, and possibly receive some guidance on outstanding issues.

The client already has responded to the majority of the staff's requests. I understand that you should receive responses to the bulk of the outstanding requests – Interrogatories No. 12, 13, 18 and 23, and RFP No. 17 – in the near future.

After that, I believe that the only outstanding requests will be: (1) the deal jackets (RFP No. 7), and

(2) communications (RFP No. 9, 10, and 15).

With respect to the deal jackets, we have identified the practical issue with providing FTC staff with the number of deal jackets it has requested – again, it takes about 15 minutes to download each deal jacket, and you have requested 3,120 of them. In a comparable investigation, FTC staff agreed to receive a random sample of 150 deal jackets. It is not clear why FTC staff seeks 20 times that amount in this matter, particularly in the face of the clear burden on our client. Still, the client is working hard to pull this information (we expect to provide over 100 more deal jackets to you in the coming days), and is attempting to build a tool to assist with the process, which we could discuss on a call.

With respect to the communications, the client has solicited bids from various third-party vendors to assist with searching the numerous custodian email accounts you are requesting here. We would like to discuss that process. We also would appreciate if you would comment on the custodian list that we sent to you on March 21st.

Finally, you have characterized the client as having “withheld” information regarding some of the 139 data points FTC staff requested with respect to thousands of vehicle transactions. The client provided a response with information for all of the data points that were accurately stored in its electronic database. We understand that accurate information regarding the other data points are contained in the individual deal jackets, which, again, require significant effort to obtain. We would be happy to explore any ideas that you have on how best to provide this information to you under these circumstances.

The theme of this email is that we would be happy to discuss with you practical ways to get FTC staff the information that it is requesting while minimizing the undue burden on our client. If you are interested in having such a call, please let us know what days and times work on your end.

Thanks,

-steve

Steven M. Wernikoff

HONIGMAN LLP

O [312.701.9380](tel:312.701.9380)

M [847.494.3497](tel:847.494.3497)

swernikoff@honigman.com

**Honigman celebrates 75 years of service
1948 - 2023**

From: Davis, James <jdavis@ftc.gov>

Sent: Monday, April 3, 2023 3:23 PM

To: Elizabeth M. Pall <EPall@burkelaw.com>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff,

Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>; Sifuentes, Rachel <rsifuentes@ftc.gov>; Arington, Michele <MARINGTON@ftc.gov>; Kappler, Burke <bkappler@ftc.gov>

Subject: RE: FTC Matter No. 2323004

[EXTERNAL EMAIL]

Dear Liz,

Thank you for your email. With respect to your request that we meet next Monday, can you be more specific about what you would like to discuss? While we are willing to schedule a meeting, it remains the FTC's position that Leader is in default of the CID. No extensions of the March 17, 2023, deadline have been granted, and none of the CID's specifications have been modified. Nor are we open to considering any extensions or modifications at this point given that your client is in default and has not complied with the Commission's production order. Finally, nothing about your recent productions demonstrates the good faith or diligence that would cause us to withdraw our referral to the Office of General Counsel for judicial enforcement of the CID. To cite just two ongoing deficiencies, Leader continues to withhold vast quantities of data responsive to Specification C and unilaterally chose to produce a fraction of the deal jackets that we requested as a preliminary response to Document Request 7.

But if you provide us an indication of what you would like to discuss, we'll consider the request and coordinate a mutually convenient time.

Best,

Jim

James Davis

Attorney, Federal Trade Commission | Midwest Region
230 South Dearborn Street, Suite 3030, Chicago, IL 60604
jdavis@ftc.gov | (312) 960-5596

From: Elizabeth M. Pall <EPall@burkelaw.com>

Sent: Friday, March 31, 2023 3:40 PM

To: Davis, James <jdavis@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>; Sifuentes, Rachel <rsifuentes@ftc.gov>; Arington, Michele <MARINGTON@ftc.gov>; Kappler, Burke <bkappler@ftc.gov>

Subject: RE: FTC Matter No. 2323004

Jim and Sam,

Enclosed please find the Company's Third Amended Responses to the CID, which include Responses to Request for Production Nos. 11, 12, and 14. We are also making an initial production of deal jackets pursuant to Request for Production No. 7. This production, labeled ACIA 00000602 – 2675, consists of the first new and used and last new and used deals from every dealership in the month of December 2022. The Company is continuing the process of downloading additional deal jackets responsive to Request for Production No. 7.

The document production can be accessed here: [2023-03-31 Production \(FTC Matter No. 2323004\)](#)

I will be out of town next week on a family vacation, but I am hoping to have another production ready next week.

Finally, please advise if you would be available for a call with me, Ira and Steve to discuss the status of this matter. We are available on April 10th if that works for you.

Thank you,
Liz

Elizabeth M. Pall | *Partner*

P [312-840-7099](tel:312-840-7099) | F [312-840-7900](tel:312-840-7900) | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Elizabeth M. Pall

Sent: Friday, March 24, 2023 4:35 PM

To: Davis, James <jdavis@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ilevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>; Sifuentes, Rachel <rsifuentes@ftc.gov>; Arington, Michele <MARINGTON@ftc.gov>; Kappler, Burke <bkappler@ftc.gov>

Subject: RE: FTC Matter No. 2323004

Jim and Sam,

Pursuant to our proposed production schedule, enclosed please find:

- The Company's Second Amended Response to the Civil Investigative Demand;
- An Excel spreadsheet containing information responsive to Interrogatory No. 9 and Request for Production No. 8;
- An Excel spreadsheet containing information responsive to Interrogatory No. 22; and
- A PDF production labeled ACIA 00000181-344, responsive to Request for Production No. 6.

Please note that if one were to print the enclosed spreadsheets, it would be a little more than 2,300 pages.

Thank you,

Elizabeth M. Pall | *Partner*

P [312-840-7099](tel:312-840-7099) | F [312-840-7900](tel:312-840-7900) | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Elizabeth M. Pall

Sent: Tuesday, March 21, 2023 3:00 PM

To: Davis, James <jdavis@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ilevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>; Sifuentes, Rachel <rsifuentes@ftc.gov>; Arington, Michele <MARINGTON@ftc.gov>; Kappler, Burke <bkappler@ftc.gov>

Subject: RE: FTC Matter No. 2323004

Jim,

Please see the enclosed correspondence.

Elizabeth M. Pall | *Partner*

P [312-840-7099](tel:312-840-7099) | F [312-840-7900](tel:312-840-7900) | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>

Sent: Monday, March 20, 2023 11:23 AM

To: Elizabeth M. Pall <EPall@burkelaw.com>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ilevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>; Sifuentes, Rachel <rsifuentes@ftc.gov>; Arington, Michele <MARINGTON@ftc.gov>; Kappler, Burke <bkappler@ftc.gov>

Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Dear Liz and Ira,

Please see the attached correspondence.

Best,

Jim

James Davis

Attorney, Federal Trade Commission | Midwest Region

230 South Dearborn Street, Suite 3030, Chicago, IL 60604
jdavis@ftc.gov | (312) 960-5596

From: Elizabeth M. Pall <EPall@burkelaw.com>
Sent: Friday, March 17, 2023 1:26 PM
To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

Jim and Sam,

Please see the enclosed correspondence, amended response to CID, and supplemental production of documents.

Thank you,

Elizabeth M. Pall | *Partner*

P [312-840-7099](tel:312-840-7099) | F [312-840-7900](tel:312-840-7900) | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>
Sent: Friday, March 3, 2023 4:35 PM
To: Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Dear Liz, Ira and Steve,

Please see the attached correspondence.

Best,

Jim

James Davis

Attorney, Federal Trade Commission | Midwest Region
230 South Dearborn Street, Suite 3030, Chicago, IL 60604
jdavis@ftc.gov | (312) 960-5596

From: Elizabeth M. Pall <EPall@burkelaw.com>
Sent: Monday, February 27, 2023 10:10 AM
To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

Jim,

Please see attached Word version of the proposed search terms. We will work on the list of custodians.

Thank you,
Liz

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>
Sent: Monday, February 27, 2023 9:39 AM
To: Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Liz,

We are preparing a letter responding to this production that will be sent later in the week. In the meantime, we would appreciate if you would provide us with a Word version of your proposed keywords. With respect to document custodians, while we welcome your proposal to include certain job categories, it would be helpful for the purpose of our review if you could provide a list comprehensively identifying these individuals (preferably as an Excel spreadsheet). Thanks so much.

Best,

Jim

James Davis

Attorney, Federal Trade Commission | Midwest Region
230 South Dearborn Street, Suite 3030, Chicago, IL 60604
jdavis@ftc.gov | (312) 960-5596

From: Elizabeth M. Pall <EPall@burkelaw.com>

Sent: Friday, February 24, 2023 7:31 PM

To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>; Ira M. Levin <ILevin@burkelaw.com>

Subject: RE: FTC Matter No. 2323004

Jim and Sam,

Please see the enclosed letter and response to CID. Below is a OneDrive link to the production of documents and data:

[2023-02-24 Production \(FTC Matter No. 2323004\)](#)

Please let me know if you have any trouble accessing the documents.

Thank you,

Liz

Elizabeth M. Pall | *Partner*

P [312-840-7099](tel:312-840-7099) | F [312-840-7900](tel:312-840-7900) | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Elizabeth M. Pall

Sent: Wednesday, February 22, 2023 9:13 AM

To: Davis, James <jdavis@ftc.gov>; Ira M. Levin <ilevin@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Wernikoff, Steven M. <SWernikoff@honigman.com>

Subject: RE: FTC Matter No. 2323004

Jim and Sam,

As an update, the reports responsive to Data Request Nos. 1 and 2 are taking a bit longer than we expected. We should have what we promised on our last call to you by the end of the week.

Thanks,

Liz

Elizabeth M. Pall | *Partner*

P [312-840-7099](tel:312-840-7099) | F [312-840-7900](tel:312-840-7900) | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>
Sent: Wednesday, February 8, 2023 11:20 AM
To: Ira M. Levin <llevin@burkelaw.com>; Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Ira,

Thanks for your message. We obviously know Steve and welcome the opportunity to work with him. We are available this Monday at 2pm CT to meet. It would be helpful if you are prepared to discuss the proposed tolling agreement. Thanks again.

Best,

Jim

From: Ira M. Levin <llevin@burkelaw.com>
Sent: Tuesday, February 7, 2023 6:04 PM
To: Davis, James <jdavis@ftc.gov>; Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: FTC Matter No. 2323004

Jim: I am out at a meeting all afternoon tomorrow, so that will not work. Monday afternoon at 2 or 3pm is good if that works for your team. This will also advise that we are adding another attorney to our team, Steve Wernikoff of Honigman. He will be available for the call as well. Let us know on the time.

Ira M. Levin

P [312-840-7065](tel:312-840-7065) | F [312-840-7900](tel:312-840-7900) | llevin@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>
Sent: Monday, February 6, 2023 5:40 PM
To: Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <llevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Liz,

Please see attached letter and proposed tolling agreement.

We are available to meet this Wednesday between 12 and 2pm and after 3pm CT.

Best,

Jim

From: Elizabeth M. Pall <EPall@burkelaw.com>

Sent: Monday, February 6, 2023 11:58 AM

To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>

Subject: RE: FTC Matter No. 2323004

Jim,

Thank you. As a heads up, I will be traveling to and attending a deposition out of state on Thursday and Friday this week, so those days will not work for us.

Thanks,

Liz

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Davis, James <jdavis@ftc.gov>

Sent: Monday, February 6, 2023 10:28 AM

To: Elizabeth M. Pall <EPall@burkelaw.com>; Denny, Samantha <sdenny@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>

Subject: RE: FTC Matter No. 2323004

[EXTERNAL]

Liz,

Later in the week will probably be better for us. We will be back in touch soon with a proposed time.
Thanks.

Best,

Jim

From: Elizabeth M. Pall <EPall@burkelaw.com>
Sent: Saturday, February 4, 2023 7:37 AM
To: Denny, Samantha <sdenny@ftc.gov>; Davis, James <jdavis@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: Re: FTC Matter No. 2323004

Sam,

Would Tuesday at 10:30am work for you all?

Thanks,

Elizabeth M. Pall | *Partner*

P 312-840-7099 | F 312-840-7900 | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Denny, Samantha <sdenny@ftc.gov>
Sent: Friday, February 3, 2023 5:06:42 PM
To: Elizabeth M. Pall <EPall@burkelaw.com>; Davis, James <jdavis@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: Re: FTC Matter No. 2323004

[EXTERNAL]

Thank you, Elizabeth.

What is your and Ira's availability for a meeting next week?

Best,

Sam

Get [Outlook for iOS](#)

From: Elizabeth M. Pall <EPall@burkelaw.com>
Sent: Friday, February 3, 2023 4:27:20 PM
To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>
Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <ILevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>
Subject: RE: FTC Matter No. 2323004

Jim and Samantha,

Please see the enclosed correspondence and supplemental production.

Thank you,

Elizabeth M. Pall | *Partner*

P [312-840-7099](tel:312-840-7099) | F [312-840-7900](tel:312-840-7900) | EPall@burkelaw.com | www.burkelaw.com

Burke, Warren, MacKay & Serritella, P.C. 330 N Wabash Ave, Suite 2100, Chicago IL 60611

From: Elizabeth M. Pall

Sent: Friday, January 20, 2023 4:26 PM

To: Davis, James <jdavis@ftc.gov>; Denny, Samantha <sdenny@ftc.gov>

Cc: Carson, Christine <ccarson@ftc.gov>; Marksteiner, Ryne <rmarksteiner@ftc.gov>; Ira M. Levin <jlevin@burkelaw.com>; Joshua J. Cauhorn <jcauhorn@burkelaw.com>

Subject: FTC Matter No. 2323004

Jim and Sam,

Please see the enclosed correspondence and production.

Thank you,

Elizabeth M. Pall

Partner

Burke, Warren, MacKay & Serritella, P.C.

330 N Wabash Ave, 21st Floor | Chicago, IL 60611

P [312-840-7099](tel:312-840-7099) | F [312-840-7900](tel:312-840-7900)

EPall@burkelaw.com | www.burkelaw.com

[Profile](#) | [vCard](#)



BURKE, WARREN,
MACKAY & SERRITELLA, P.C.

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This e-mail may contain confidential or privileged information. If you are not the intended recipient, please delete it and notify the sender of the error.

Sealed Document Pursuant to LR 26.2

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

| | | | |
|-----------------------------|--|---|---------------------|
| <hr/> | |) | |
| FEDERAL TRADE COMMISSION, | |) | |
| | |) | |
| Petitioner, | |) | |
| | |) | Case No. 23-cv-2500 |
| v. | |) | |
| | |) | |
| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
| | |) | |
| Respondents. | |) | |
| <hr/> | |) | |

**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit W

Sealed Document Pursuant to LR 26.2

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

| | | | |
|-----------------------------|--|---|---------------------|
| <hr/> | |) | |
| FEDERAL TRADE COMMISSION, | |) | |
| | |) | |
| Petitioner, | |) | |
| | |) | Case No. 23-cv-2500 |
| v. | |) | |
| | |) | |
| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
| | |) | |
| Respondents. | |) | |
| <hr/> | |) | |

**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit X

The screenshot shows a web browser window with the URL leaderauto.com/contact-us/. The page features a teal header with the "LEADER AUTOMOTIVE GROUP" logo and navigation links: "New Vehicles", "Pre-Owned Vehicles", "Sell Your Vehicle", "Service", "Financing", and "About". A "Store Locations" link is also present. Below the header is a large image of a silver SUV driving on a road. A dark blue banner at the bottom of the image contains the text "Contact Us".

Contact Us

Contact Leader Auto Group

We Welcome Your Feedback and Comments

Do you have questions or comments for us? We'd love to hear them! Click on a link below, fill out the form and we will get back to you as soon as possible.

If you need help with any aspect of the buying process, please don't hesitate to ask us. Our customer service representatives will be happy to assist you in any way. Whether through email, phone or in person, we're here to help you get the customer service you deserve.

At the bottom of the page, there are social media icons for YouTube, Facebook, Instagram, and a star icon, along with a chat bubble icon.

The screenshot shows the 'Leader Auto Group Dealerships' page. At the top, there is a navigation bar with the 'LEADER' logo and links for 'New Vehicles', 'Pre-Owned Vehicles', 'Sell Your Vehicle', 'Service', 'Financing', and 'About'. Below this is a 'Choose Your Location' section with a grid of nine dealership cards. Each card features a brand logo, the dealership name, a phone number, and a list of sales hours for each day of the week. A 'Contact Us' button is located at the bottom of each card. The grid includes dealerships for Audi, Chevrolet, Chrysler/Dodge/Jeep/Ram, and Hyundai. The bottom row shows partial cards for Kia, Lincoln, and Mercedes-Benz.

| Dealership Name | Phone Number | Sales Hours |
|--------------------------------------|--------------|--|
| Audi Bloomington Normal | 309-807-8090 | Monday - Friday: 9:00AM - 8:00PM Saturday: 9:00AM - 6:00PM Sunday: Closed |
| Audi Peoria | 309-240-0849 | Monday: 9:00AM - 8:00PM Tuesday: 9:00AM - 8:00PM Wednesday - Thursday: 9:00AM - 8:00PM Friday: 9:00AM - 6:00PM Saturday: 9:00AM - 6:00PM Sunday: Closed |
| Chevrolet of Palatine | 847-496-0097 | Monday - Friday: 9:00AM - 8:00PM Saturday: 9:00AM - 6:00PM Sunday: Closed |
| Crystal Lake Chrysler Dodge Jeep Ram | 815-316-0877 | Monday - Thursday: 9:00AM - 8:00PM Friday: 9:00AM - 6:00PM Saturday: 9:00AM - 6:00PM Sunday: Closed |
| Hyundai of Lincolnwood | 847-929-9200 | Monday - Friday: 9:00AM - 8:00PM Saturday: 9:00AM - 6:00PM Sunday: Closed |
| Hyundai of Palatine | 847-239-9400 | Monday - Friday: 9:00AM - 8:00PM Saturday: 9:00AM - 6:00PM Sunday: Closed |
| Kia | | |
| Lincoln | | |
| Mercedes-Benz | | |

The screenshot displays the 'Contact Us' page of the Leader Auto Group website. The page features a grid of nine dealership contact cards, each for a different brand. Each card includes the brand logo, the dealership name, a sales phone number, and detailed sales hours for each day of the week. A 'Contact Us' button is located at the bottom of each card. The website header includes the 'LEADER' logo and navigation links for 'New Vehicles', 'Pre-Owned Vehicles', 'Sell Your Vehicle', 'Services', 'Financing', and 'About'. A search bar is also present in the top right corner.

| Brand | Dealership Name | Sales Phone | Sales Hours |
|---------------|-------------------------------------|--------------|--|
| KIA | Kia of Lincolnwood | 847-928-9943 | Monday - Friday: 9:00AM - 8:00PM Saturday: 9:00AM - 7:00PM Sunday: Closed |
| LINCOLN | Lincoln of Normal | 309-407-9355 | Monday - Thursday: 9:00AM - 8:00PM Friday: 9:00AM - 7:00PM Saturday: 9:00AM - 6:00PM Sunday: Closed |
| Mercedes-Benz | Mercedes-Benz of Bloomington Normal | 309-807-4033 | Monday - Thursday: 9:00AM - 6:00PM Friday: 9:00AM - 7:00PM Saturday: 9:00AM - 6:00PM Sunday: Closed |
| Mercedes-Benz | Mercedes-Benz of Peoria | 309-340-6889 | Monday: 9:00AM - 8:00PM Tuesday: 9:00AM - 6:00PM Wednesday - Thursday: 9:00AM - 8:00PM Friday: 9:00AM - 6:00PM Saturday: 9:00AM - 5:00PM Sunday: Closed |
| HONDA | North City Honda | 773-649-6001 | Monday - Friday: 9:00AM - 8:00PM Saturday: 9:00AM - 7:00PM Sunday: Closed |
| PORSCHE | Porsche Peoria | 309-340-6884 | Monday: 9:00AM - 8:00PM Tuesday: 9:00AM - 6:00PM Wednesday - Thursday: 9:00AM - 8:00PM Friday: 9:00AM - 6:00PM Saturday: 9:00AM - 5:00PM Sunday: Closed |
| SUBARU | Subaru of Bloomington Normal | 309-807-9975 | Monday - Thursday: 9:00AM - 8:00PM Friday: 9:00AM - 7:00PM Saturday: 9:00AM - 6:00PM Sunday: Closed |
| TOYOTA | Toyota of Lincoln Park | 312-300-0930 | Monday - Friday: 9:00AM - 8:00PM Saturday: 9:00AM - 7:00PM Sunday: Closed |
| TOYOTA | Toyota of Lincolnwood | 847-929-9924 | Monday - Friday: 9:00AM - 8:00PM Saturday: 9:00AM - 7:00PM Sunday: Closed |

The screenshot shows the 'Contact Us' page of the Leader Auto Group website. The page features a grid of six dealership location cards, each with a brand logo, dealership name, sales phone number, and sales hours. At the bottom, there is a search bar for directions to a location.

| Brand | Dealership Name | Sales Phone | Sales Hours |
|------------|----------------------------------|--------------|--|
| Subaru | Subaru of Bloomington Normal | 309-807-9075 | Monday - Thursday: 9:00AM - 8:00PM Friday: 9:00AM - 7:00PM Saturday: 9:00AM - 6:00PM Sunday: Closed |
| Toyota | Toyota of Lincoln Park | 312-336-0920 | Monday - Friday: 9:00AM - 8:00PM Saturday: 9:00AM - 7:00PM Sunday: Closed |
| Toyota | Toyota of Lincolnwood | 847-839-9824 | Monday - Friday: 9:00AM - 9:00PM Saturday: 9:00AM - 7:00PM Sunday: Closed |
| Volkswagen | Volkswagen of Bloomington Normal | 309-807-4986 | Monday - Thursday: 9:00AM - 8:00PM Friday: 9:00AM - 7:00PM Saturday: 9:00AM - 6:00PM Sunday: Closed |
| Volkswagen | Volkswagen of Peoria | 309-733-0118 | Monday: 9:00AM - 8:00PM Tuesday: 9:00AM - 6:00PM Wednesday - Thursday: 9:00AM - 8:00PM Friday: 9:00AM - 6:00PM Saturday: 9:00AM - 5:00PM Sunday: Closed |
| Volvo | Volvo Cars Normal | 309-807-5295 | Monday - Thursday: 9:00AM - 8:00PM Friday: 9:00AM - 7:00PM Saturday: 9:00AM - 6:00PM Sunday: Closed |

Get directions to one of our locations

Select Location Go

Contact Us | Leader Auto Group | Contact Audi Bloomington Normal

audibr.com/contact.htm

Sales: (309) 807-9090 | 1430 Fort Jesse Road, Normal, IL 61761

Audi Bloomington Normal

New Vehicles | Pre-Owned Vehicles | Specials | Service & Parts | Finance | About Us

Can't find what you're looking for? [Let us help!](#)

Contact Us & Directions

Make an Inquiry
Audi Bloomington Normal
1430 Fort Jesse Road
Normal, IL 61761
Call: 309-807-9090

[Get Directions](#) [See All Department Hours](#) [Send a Message](#)

Sales Hours

| | |
|-----------|-----------------|
| Monday | 9:00am - 8:00pm |
| Tuesday | 9:00am - 8:00pm |
| Wednesday | 9:00am - 8:00pm |
| Thursday | 9:00am - 8:00pm |
| Friday | 9:00am - 8:00pm |
| Saturday | 9:00am - 6:00pm |
| Sunday | Closed |

Service Hours

| | |
|-----------|-----------------|
| Monday | 7:00am - 8:00pm |
| Tuesday | 7:00am - 6:00pm |
| Wednesday | 7:00am - 6:00pm |
| Thursday | 7:00am - 6:00pm |
| Friday | 7:00am - 6:00pm |
| Saturday | 7:00am - 8:00pm |
| Sunday | Closed |

Parts Hours

| | |
|-----------|-----------------|
| Monday | 7:00am - 6:00pm |
| Tuesday | 7:00am - 6:00pm |
| Wednesday | 7:00am - 6:00pm |
| Thursday | 7:00am - 6:00pm |
| Friday | 7:00am - 6:00pm |
| Saturday | 7:00am - 8:00pm |
| Sunday | Closed |

How can we help?

* Indicates a required field

First Name*

Last Name*

Zip Code*

Contact Me by*

Email*

Phone

Comments

[Send Message](#)

Map | Satellite | Street View

James Davis
Samantha Denny
Rachel F. Sifuentes
FEDERAL TRADE COMMISSION
230 South Dearborn Street, Suite 3030
Chicago, Illinois 60604
Telephone: 312-960-5634
Attorneys for Petitioner Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

| | | | |
|-----------------------------|--|---|---------------------|
| <hr/> | |) | |
| FEDERAL TRADE COMMISSION, | |) | |
| | |) | |
| Petitioner, | |) | |
| | |) | Case No. 23-cv-2500 |
| v. | |) | |
| | |) | |
| ACIA17 Automotive, Inc. and | |) | |
| ACIA ACQ Corporation dba | |) | |
| Leader Automotive Group, | |) | |
| | |) | |
| Respondents. | |) | |
| <hr/> | |) | |

**FEDERAL TRADE COMMISSION’S
PETITION FOR AN ORDER TO ENFORCE CIVIL INVESTIGATIVE DEMAND**

Petitioner’s Exhibit Y



Digital Marketing Intern

 **Leader Automotive Group**  Chicago, IL  Full Time

APPLY NOW

or

APPLY WITH INDEED

AutoCanada is seeking a Marketing Coordinator Summer Intern for their US dealerships located in the Chicago area. This candidate will assist with the coordination of the Company's overall marketing, digital & social media strategy; developing brand awareness, generating inbound traffic and encouraging audience engagement on social platforms. This role coordinates with agencies, team members, outside service providers, and dealership group Sales and Service Leaders to support their respective missions, ensuring consistency and effectiveness across all marketing platforms.

Job Responsibilities:

Website Management:

- Assist in managing daily/weekly/monthly content updates for the dealerships various websites ensuring accuracy and relevance on each platform: including, but not limited to, overall site design management, landing page development, site design and functionality, and site updates
- Collaborate with Leaders of Fixed Ops to fully optimize service center web content & creative, keeping them up-to-date and relevant with content, videos, and coupons/specials
- Stay current with industry and competitive trends related to website marketing
- Ongoing conference calls/communications with website provider account teams to review performance and maintain thorough understanding of cutting-edge product and services
- Act as liaison between dealerships and Website Provider Account reps to troubleshoot website technical issues as they arise and act as main point-of-contact on issue resolution, including site functionality, inventory feeds, etc.
- Serve as a creative advisor to leadership providing recommendations
- Manage frequent one-off requests from each dealership as it pertains to their individual website(s)
- Assist with optimizing About Us and Staff pages across all dealership sites.

Social Media Marketing/Online Reputation:

- Assist with the overall company social media strategy, coordinating with stakeholders across the Company to ensure its effectiveness and quality content
 - Assist with managing the company's online reputation and social presence in social networking sites including Facebook, Twitter, Instagram, YouTube and other similar community sites, posting relevant blogs, and seeding automotive-related content daily into social applications as needed
 - Daily monitoring of all customer reviews posted on Yelp, Google My Business, Facebook and third-party review sites
 - Daily responses to negative reviews and appropriate positive reviews, working directly with specified contacts at each dealership to ensure customer concern resolution for all negative reviews

- Become an advocate of the Company in social media spaces, engaging in dialogues and answering questions where appropriate
- Monitor trends in social media tools, trends, and applications
- Complete assigned general marketing administrative tasks as requested with accuracy and timeliness

Third Party Lead Programs:

- Analyze the productivity of third party programs currently in place and identify poor performing programs as well as review new opportunities consistent with objectives for sales and profitability
- Monitor inventory feeds as necessary and trouble shoot issues that may arise
- Review third party sites monthly/quarterly or as needed for accurate content, hours, phone numbers, staffing, etc.

Digital Campaigns:

- Assist with development and execution of sales/service campaigns, both internally and through third party and OEM programs
- Assist with development and execution including campaign reporting of sales and services email marketing to customers and prospects

General Marketing:

- Assist Marketing/Advertising agency with the marketing strategy of the company and assists in campaign development and execution
- Assist Marketing/Advertising agency and outside service providers with monthly marketing campaigns across the organization
- Share campaign performance with various dealership and executive leadership

Qualifications:

- Experience with analytic platforms (Google Analytics)
- Deep experience in social media, website/ content management
- Experience taking photos and videos using a DSLR or Mirrorless Camera
- Proficient with Microsoft Office Products (Office, Word, Excel, PowerPoint)
- Nimble and agile team player with ability to thrive in a fast-paced environment where direction and goals can pivot quickly to meet business objectives
- Avid communication with a natural attention to detail and solutions-oriented mindset
- Quantitative and data-driven thinking to marketing ideation, planning and execution
- Must have valid driver's license, clean driving record, and be able to travel to various dealership locations throughout the area

Experience:

- Customer Service Experience preferred.

Education:

- Working towards Bachelor's Degree, preferably in marketing, advertising, communications or similar (Required)

Main Office:

- 1561 N Fremont St, Chicago, IL 60642

[↑ Hide full job description](#)

Apply for Digital Marketing Intern

I would like to receive updates about my application via SMS

State/Province

IL



Were you referred by anyone? (optional)

Yes

No

Please add your resume

10MB limit; .pdf, .doc, and .docx file types are accepted.

ATTACH FILE

SUBMIT YOUR APPLICATION

Please contact us if you would like to better understand our data collection and usage policies.

Leader Automotive Group

If you have questions, please contact HR@Leaderauto.com

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**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN ILLINOIS**

FEDERAL TRADE COMMISSION,

Petitioner,

v.

ACIA17 Automotive, Inc. and
ACIA ACQ Corporation dba Leader Automotive
Group,

Respondents.

Case No. 23-cv-2500

[Proposed] ORDER COMPELLING RESPONDENTS TO COMPLY WITH FEDERAL TRADE COMMISSION'S CIVIL INVESTIGATIVE DEMAND OR TO SHOW CAUSE

Upon consideration of the petition of the Federal Trade Commission ("FTC") for an order to enforce the Civil Investigative Demand ("CID") addressed to ACIA17 Automotive, Inc. and ACIA ACQ Corporation, doing business as Leader Automotive Group ("Leader"), this Court finds that it has jurisdiction of this petition pursuant to Section 20 of the Federal Trade Commission Act, 15 U.S.C. § 57b-1, and that the FTC has shown good cause for entry of an order to show cause.

It is, therefore, ORDERED that, within ____ days after the entry of this Order, by _____, 2022, Leader SHALL:

(1) Produce forthwith to the Commission all documents responsive to the CID, provide the Commission with written responses to each interrogatory in the CID, and deliver to the Commission a sworn certification in accordance with 15 U.S.C. § 57b-1(c)(11), (13), attesting that the production and responses are complete;

OR

(2) Within _____ days of this order, file and serve a response to the Commission's petition showing good cause as to why it should not be compelled to comply with the CID.

Any objections that Leader failed to raise in its administrative petition to quash are waived and shall not be considered. Any reply by the Commission to any response filed by the Leader shall be filed and served no later than _____ days after service of Leader's response.

IT IS FURTHER ORDERED that each Respondent filing an opposition shall appear at: _____ a.m./p.m. on the ____ day of _____, 2023, in Courtroom No. _____, of the _____, and show cause, if any there be, why this Court should not enter an order, subject to the penalty of contempt, directing them to comply with the Commission's CID.

Unless the Court determines otherwise, notwithstanding the filing or pending of any procedural or other motions, all issues raised by the petition and supporting papers and any opposition to the petition will be considered at the hearing on the petition, and the allegations of said petition shall be deemed admitted unless controverted by a specific factual showing.

IT IS FURTHER ORDERED, pursuant to Fed. R. Civ. P. 81(a)(5), that this is a summary proceeding and that no party shall be entitled to discovery without further order of the Court upon a specific showing of need; and the dates for a hearing and the filing of papers established by this Order shall not be altered without prior order of the Court upon good cause shown; and

IT IS FURTHER ORDERED, pursuant to Fed. R. Civ. P. 81(a)(5), that a copy of this Order and copies of said petition and all other papers filed herein (to the extent not previously

served), shall be served forthwith upon Leader or its counsel by the Commission using as expeditious means as practicable.

SO ORDERED

United States District Judge

Dated:

CERTIFICATE OF SERVICE

I, the undersigned attorney, certify that I electronically filed the Federal Trade Commission's Petition for an Order to Enforce Civil Investigative Demand, Memorandum in Support, and accompanying declaration and exhibits, using the CM/ECF system on April 20, 2023. I served the foregoing documents via email and U.S. mail on the following:

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Dated: April 20, 2023.

/s/ Rachel F. Sifuentes
Rachel F. Sifuentes