

MAR 15 2012

INDIANA
SECRETARY OF STATE

STATE OF INDIANA
OFFICE OF THE SECRETARY OF STATE
AUTO DEALER SERVICES DIVISION

IN THE MATTER OF:)
) Cause No. DLR 11-0328 RO
ADAM AUTO SALES, INC.)
and MAHMOUD ABDELMEGID,)
)
Respondents.)

**FINDINGS OF FACT,
CONCLUSIONS OF LAW, JUDGMENT, AND FINAL ORDER**

The Staff of the Office of the Indiana Secretary of State - Dealer Services Division ("Division") filed a Notice of Default in reference to Respondents, Adam Auto Sales, Inc. ("AAS") and Mahmoud Abdelmegid ("Abdelmegid"), for failure to file an answer to the Petition for Order of Revocation and Order of Revocation within the fifteen (15) day time period allotted by the Order of Revocation filed in the above-captioned matter on October 21, 2011.

Having considered the pleadings, the Securities Commissioner now enters the following Findings of Fact, Conclusions of Law, Judgment and Final Order.

I. FINDINGS OF FACT

1. AAS is a business entity. AAS has a last known business address of 100 N. Center St., Ste. 228, Mishawaka, Indiana 46544. Pet. for Rev. ¶ 5.
2. The agent for service of process for AAS is Justin Abdelmegid ("Abdelmegid") at 100 N. Center St., Ste. 228, Mishawaka, Indiana 46544. *Id.* ¶ 6.
3. AAS and Abdelmegid are wholesale dealers, or other entities defined by Indiana Code § 9-23-2-1, that hold license number 1000041. *Id.* ¶ 7.

4. Abdelmegid is an individual, and upon information and belief, an owner and principal of AAS. Abdelmegid has a last known residential address of [REDACTED]

[REDACTED]. *Id.* ¶ 8.

5. On October 21, 2011, the Petitioner filed a Petition for Order of Revocation against AAS and Abdelmegid alleging violations of the Indiana Motor Vehicle Manufacturers, Distributors, and Dealers Act, Indiana Code § 9-23-2 (“Act”). Notice of Default ¶ 1.

6. On October 21, 2011, the Commissioner issued an Order of Revocation, Ordering AAS and Abdelmegid to file an answer to the Petition for Order of Revocation within fifteen (15) days following the date of their receipt of the service of the Order of Revocation. *Id.* ¶ 2.

7. On October 24, 2011, the Petition for Order of Revocation and the Order of Revocation were mailed via Certified Mail, Return Receipt Requested, to both Respondents at their last known addresses. *Id.* ¶ 3.

8. On October 26, 2011, the Petition for Order of Revocation and the Order of Revocation were served on AAS and Abdelmegid at their last known business address and were signed for by B. Calahan. *Id.* ¶ 4.

9. On or about March 1, 2011, Adam Auto and Abdelmegid filed an application for an Indiana dealer’s license (“license application”). *Pet. for Rev.* ¶ 9.

10. On the license application, Abdelmegid supplied the information that Adam Auto and Abdelmegid possessed liability insurance or garage liability insurance, policy no. GZ106472, issued by Northfield Insurance Company. *Id.* ¶ 10.

11. On or about May 10, 2011, the Division received a notice from the

Insurance Carrier that the liability insurance and/or garage liability insurance for Adam Auto is terminated effective April 17, 2011. *Id.* ¶ 11.

12. AAS and Abdelmegid have not notified the Division that the insurance for AAS, filed with the Division, has been terminated. *Id.* ¶ 12.

13. AAS and Abdelmegid have not supplied the Division with any information on a subsequent, current insurance carrier. *Id.* ¶ 13.

14. AAS and Abdelmegid have failed to file an answer to the Petition for Order of Revocation or a motion for extension of time to answer the Petition for Order of Revocation on or before fifteen (15) days after proper service was effected on AAS and Abdelmegid as required by the Order of Revocation. Not. of Default ¶ 6.

II. CONCLUSIONS OF LAW

15. All Findings of Fact are incorporated by reference as Conclusions of Law, and all Conclusions of Law are incorporated as Findings of Fact.

16. The Auto Dealer Services Division (“Division”) is a division of the Office of the Secretary of State and has jurisdiction over persons engaging in the business of buying or selling motor vehicles, as provided by Indiana Code § 9-23-2 (“Act”).

17. Pursuant to Indiana Code § 9-23-0.7-1, the Secretary of State may delegate any or all of the rights, duties, or obligations of the Secretary of State under this article to: (1) the Securities Commissioner (“Commissioner”) appointed under Indiana Code § 23-19-6-1(a), or (2) another designee under the supervision and control of the Secretary of State.

18. The Act authorizes the Commissioner, among other things, to regulate the licensing of (1) an automobile auctioneer, (2) a converter manufacturer, (3) a dealer, (4) a

distributor, (5) a distributor branch, (6) a distributor representative, (7) a factory branch, (8) a factory representative, (9) a manufacturer, (10) a transfer dealer, or (11) a wholesale dealer. *See* Indiana Code § 9-23-2-1.

19. This action was brought pursuant to the enforcement authority conferred by Indiana Code § 9-23-2-14, wherein the Commissioner has, *inter alia*, the authority to deny, suspend, or revoke a license issued under this chapter.

Prohibited Acts

20. Indiana Code § 9-23-2-10 states,

(a) A person licensed under this article shall furnish evidence that the person currently has liability insurance or garage liability insurance covering the person's place of business. The policy must have limits of not less than the following:

(1) One hundred thousand dollars (\$100,000.00) for bodily injury to one (1) person.

(2) Three hundred thousand dollars (\$300,000.00) for bodily injury for each accident.

(3) Fifty thousand dollars (\$50,000.00) for property damage.

(b) The minimum amounts required by subsection (a) must be maintained during the time the license is valid.

21. AAS and Abdelmegid are in violation of Indiana Code § 9-23-2-10(a) for failure to furnish evidence that the person currently has liability insurance or garage liability insurance covering the person's place of business.

22. AAS and Abdelmegid are in violation of Indiana Code § 9-23-2-10(b) for failure to maintain liability insurance or garage liability insurance during the time their dealer license is valid.

23. Indiana Code § 9-23-2-14(c)(1) states that "[t]he secretary of state may issue an order . . . denying, suspending, or revoking a license issued under this chapter for any . . . [m]aterial misrepresentation in the application for the license or other information

filed with the secretary of state.”

24. AAS and Abdelmegid are in violation of Indiana Code § 9-23-2-14(c)(1) for supplying liability insurance or garage liability insurance information on AAS’ dealer application and failing to notify the Division that the insurance was not renewed or was terminated.

25. Indiana Code § 9-23-2-14(c)(3) states that “[t]he secretary of state may issue an order . . . denying, suspending, or revoking a license issued under this chapter for any . . . [w]illful failure to comply with the provisions of this article or a rule adopted by the secretary of state under this article.”

26. AAS and Abdelmegid are in violation of Indiana Code § 9-23-2-14(c)(3) for failure to have and maintain liability insurance or garage liability insurance as required by Indiana Code § 9-23-2-10(a) & (b).

III. JUDGMENT AND FINAL ORDER

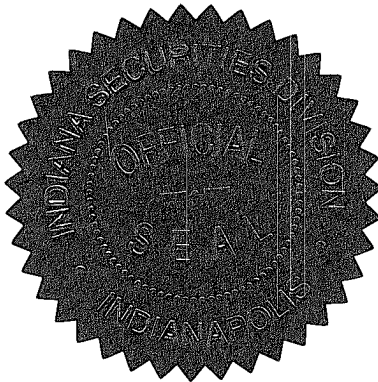
Upon Consideration of the foregoing Findings of Fact and Conclusions of Law, the Securities Commissioner now determines that AAS and Abdelmegid were properly served with the Petition for Order of Revocation. Nevertheless, AAS and Abdelmegid failed to file an answer to the Petition. Therefore, AAS and Abdelmegid are deemed to be in default and the allegations set forth in the Petition as to all Respondents are deemed to be true.

THE COMMISSIONER HEREBY ORDERS THAT:

- A. AAS and Abdelmegid shall immediately and PERMANENTLY CEASE AND DESIST from violating any provision of the Indiana Dealer Services Act;

- B. AAS and Abdelmegid are permanently barred from dealer services in Indiana and from engaging in any activity requiring registration or licensing with the Indiana Dealer Services Division;
- C. AAS and Abdelmegid, jointly and severally, shall pay a civil penalty in the amount of Five Thousand Dollars (\$5,000.00); and
- D. AAS and Abdelmegid shall disgorge all monies received while operating as a dealer.

ORDERED at Indianapolis, Indiana the 15TH day of MARCH, 2012.



OFFICE OF THE INDIANA
SECRETARY OF STATE

A handwritten signature in black ink, appearing to read "CN", written over a faint grid background.

CHRIS NAYLOR
INDIANA SECURITIES COMMISSIONER