



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- AND -

**IN THE MATTER OF NORTHERN SECURITIES INC., VICTOR PHILIP ALBOINI,
DOUGLAS MICHAEL CHORNOBOY AND FREDERICK EARL VANCE**

- AND -

**IN THE MATTER OF DECISIONS OF A HEARING PANEL OF THE
INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA DATED
JULY 23, 2012 AND NOVEMBER 10, 2012**

ORDER
(Section 21.7 and Subsection 8(3) of the *Securities Act*)

WHEREAS on August 20, 2012, the applicants Northern Securities Inc. ("NSI"), Victor Philip Alboini ("Alboini"), Douglas Michael Chornoboy ("Chornoboy") and Frederick Earl Vance ("Vance") (collectively the "Applicants") filed with the Ontario Securities Commission (the "Commission") a notice of application (the "Application") pursuant to section 21.7 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), for a hearing and review of the decision of a hearing panel (the "Hearing Panel") of the Investment Industry Regulatory Organization of Canada ("IIROC") dated July 23, 2012 (the "Initial Decision");

AND WHEREAS on November 10, 2012, the Hearing Panel issued its final decision (together with the Initial Decision, the "Decision");

AND WHEREAS on November 15, 2012, the Applicants brought a motion for an order granting a stay of the sanctions and penalties imposed on the applicants by the IIROC Hearing Panel in the Decision pending the determination of the Application (the "Stay Motion");

AND WHEREAS on November 19, 2012 the Commission held a hearing to consider the Stay Motion and upon considering the submissions of the Applicants, IIROC Staff and Commission Staff, the Commission ordered an interim stay, pursuant to section 21.7 and subsection 8(4) of the Act, of the sanctions and penalties imposed by the Decision, to continue until December 18, 2012 (the “Interim Stay”);

AND WHEREAS the Applicants, IIROC Staff and Commission Staff agreed and the Commission ordered that a further hearing should be scheduled for December 17, 2012 at 11:00 a.m., for the purposes of setting a date for hearing of the Application and, if necessary, considering whether the Interim Stay should be continued or a stay pending disposition of the Application should be granted;

AND WHEREAS on December 7, 2012, the Applicants filed with the Commission an Amended Application for Hearing and Review pursuant to section 21.7 of the Act for a hearing and review of the Decision (the “Hearing and Review”);

AND WHEREAS the Applicants, IIROC Staff and Commission Staff agreed that the Hearing and Review would be heard on February 14, 15 and 20, 2013 and the Interim Stay should be continued until the conclusion of the Hearing and Review;

AND WHEREAS on December 17, 2012 the Commission ordered that the Hearing and Review be scheduled for February 14, 15 and 20, 2013 and, pursuant to section 21.7 and subsection 8(4) of the Act, that the sanctions and penalties imposed by the IIROC Hearing Panel be stayed until February 22, 2013, or further order of the Commission;

AND WHEREAS on February 20, 2013, the Commission ordered on consent of the parties that pursuant to section 21.7 and subsection 8(4) of the Act, the sanctions and penalties imposed by the IIROC Hearing Panel be stayed until 30 days after the issuance of the decision and reasons for the Hearing and Review or until further order of the Commission;

AND WHEREAS the Hearing and Review was heard over three days on February 14, 15, and 20, 2013, and the Commission released its decision and reasons on December 19, 2013, in which *inter alia*, it set aside the sanctions and costs imposed on the Applicants by the IIROC Hearing Panel and ordered that the Commission would hold a hearing *de novo* solely on the

question of the appropriate sanctions and costs to be imposed on the Applicants based on the findings of the IIROC Hearing Panel other than its finding with respect to Count 3;

AND WHEREAS on January 27, 2014, upon considering the submissions of the Applicants, IIROC Staff and Commission Staff, the Commission ordered that the hearing regarding sanctions and costs be heard on June 9, 10 and 11, 2014 (the “Sanctions and Costs Hearing”) commencing at 10:00 a.m. each day, and that the parties adhere to the schedule to which they had agreed as set out in the January 27, 2014 order (the “Schedule”);

AND WHEREAS on February 19, 2014, Alboini, on behalf of himself and NSI, filed a Notice of Intention to Act in Person in this proceeding;

AND WHEREAS a confidential pre-hearing conference was held on March 4, 2014 and all the parties attended but for Vance;

AND WHEREAS on March 4, 2014, the parties (but for Vance) agreed to the following revised Schedule (the “Revised Schedule”):

1. By March 17, 2014, the Applicants will serve and file affidavits, documentary evidence and/or witness statements containing the substance of the anticipated evidence and containing reference to the relevant documents from the record of proceeding and any proposed new evidence;
2. By April 4, 2014, IIROC Staff will serve and file any motion relating to the new evidence proposed by the Applicants; and
3. If IIROC Staff does not request a motion, it will serve and file affidavits, documentary evidence and/or witness statements containing the substance of the anticipated evidence and containing reference to the relevant documents from the record of proceeding and any proposed new evidence by April 11, 2014;

AND WHEREAS on March 4, 2014, upon considering the submissions of the Applicants (but for Vance), IIROC Staff and Commission Staff, the Commission ordered:

1. The parties to adhere to the Revised Schedule, subject to further order of the Commission;
2. If IIROC files any motion relating to the new evidence proposed by the Applicants such motion to be heard on May 12, 2014 at 10:00 a.m., or on May 26, 2014 at 2:00 p.m. or on such other date as is agreed by the parties and set by the Office of the Secretary;

AND WHEREAS on April 21, 2014, IIROC Staff brought a motion to limit the scope of Alboini and NSI's proposed evidence at the Sanctions and Costs Hearing (the "IIROC Motion");

AND WHEREAS on May 5, 2014, Alboini and NSI filed a cross-motion to dismiss the IIROC proceeding (the "Cross-Motion");

AND WHEREAS on May 12, 2014, the Commission held a hearing to consider both the IIROC Motion and the Cross-Motion;

AND WHEREAS upon considering the submissions of Alboini and NSI, IIROC Staff and Commission Staff, the Commission concluded that it is in the public interest to make the following order;

IT IS HEREBY ORDERED THAT:

1. Alboini and NSI's Cross-Motion is dismissed;
2. The IIROC Motion is granted as follows:
 - (a) The Financial Commitments Affidavits and NSI Fees Affidavit filed by Alboini and NSI shall be excluded from evidence at the Sanctions and Costs Hearing;
 - (b) Witnesses W.R., J.K., and E.M. may testify at the Sanctions and Costs Hearing only as to the character of Alboini and their satisfaction in their dealings with Alboini and NSI;

- (c) Witness J.S. may testify at the Sanctions and Costs Hearing only as to the character of Alboini and his level of satisfaction in his dealings with Alboini and NSI in terms of transparency, fair dealing, integrity and honesty; and
 - (d) Alboini's testimony at the Sanctions and Costs Hearing shall be limited to the matters described in the oral reasons of the Commission given at the motions hearing on May 12, 2014;
3. Except as provided in paragraph 2 of this Order, the other affidavits and materials previously tendered to the Commission by Alboini and NSI may be included in the evidence at the Sanctions and Costs Hearing;
4. The parties shall adhere to the following schedule for filing materials in relation to the Sanctions and Costs Hearing:
- (a) IIROC Staff shall serve and file their materials by May 30, 2014;
 - (b) The Applicants shall serve and file their materials in response by June 4, 2014;
and
 - (c) IIROC Staff shall serve and file their materials in reply, if any, by June 6, 2014;
and
5. A confidential pre-hearing conference shall be held on May 26, 2014 at 2:00 p.m. or on such other date as is agreed by the parties and set by the Office of the Secretary.

DATED at Toronto this 12th day of May, 2014.

“James E. A. Turner”

“Judith N. Robertson”

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