



NORTHERN FINANCIAL REPORTS ON OSC DECISION

TORONTO, ONTARIO, December 20, 2013 – Northern Financial Corporation (TSX-V: NFC) (“**Northern Financial**” or the “**Company**”) today announced that the Ontario Securities Commission (“OSC”) released its decision and reasons for its decision on the application brought by Northern Securities Inc. (“NSI”), Vic Alboini (“Alboini”), Doug Chornoboy (“Chornoboy”) and Fred Vance (“Vance”) (collectively the “Applicants”) to the OSC for a hearing and review of an IIROC Panel decision (the “IIROC Decision”).

The IIROC Panel in its decision imposed the following sanctions and costs on the Applicants: a fine of \$300,000 and costs of \$150,000 on NSI; a fine of \$625,000, costs of \$125,000, a disgorgement of commissions, a two year suspension from registration and a permanent ban as Ultimate Designated Person against Alboini; a fine of \$25,000 and costs of \$15,000 against Chornoboy; and a fine of \$50,000 and costs of \$50,000 against Vance.

The OSC decided that “the IIROC Panel should have provided reasons on the merits prior to the sanctions and costs hearing in order to permit the Applicants to effectively make submissions.” The OSC decided that “the conduct of the sanctions and costs hearing was procedurally unfair to the Applicants”, constituted an error in law and the OSC “set aside the IIROC Panel’s sanctions and costs imposed on the Applicants.”

The OSC decided that it will hold “a hearing *de novo* solely on the question of the appropriate sanctions and costs to be imposed on the Applicants.” The OSC determined that “the Applicants may introduce new evidence concerning the following: (a) financial commitments received by Alboini from third party investors; (b) background financial information regarding the cross guarantees between the Jaguar Main Account and Jaguar Project Accounts; (c) fees received by NSI through its dealings with the Jaguar Project Accounts; (d) the consequences and impact of the IIROC Decision on sanctions and costs on the Applicants”.

The OSC also set aside the IIROC Decision that Alboini and Vance “repeatedly failed to ensure that NSI corrected deficiencies found in three business conduct compliance reviews and one trading conduct review, thereby engaging in conduct unbecoming or detrimental to the public interest” (the “Deficiencies Matter”). The OSC decided that “the IIROC Panel made an error in law in concluding that it could overturn an IIROC Staff decision or interpretation only if the interpretation was ‘unreasonable, arbitrary, contrary to law or beyond its jurisdiction’.” The OSC stated that “no deference was owed by the IIROC Panel to the decisions and interpretations of IIROC Staff.”

On the Deficiencies Matter the OSC decided on the following: “We refer that matter back to IIROC for disposition. IIROC shall be entitled to decide whether [this matter] shall be re-heard in a trial *de novo* before a different IIROC Panel. Given the nature of [this matter], the practical challenges in rehearing it and the level of sanctions imposed by the IIROC Panel in respect of it, we might have simply dismissed [this matter]. However, we have concluded, on balance, that

IIROC should have the option to decide whether [this matter] should be re-heard if IIROC considers that to be important from a regulatory perspective. Any such decision to re-hear [this matter] shall be made by IIROC, and communicated to NSI, Alboini and Vance, on or before February 14, 2014, or by such other date as may be agreed to by those Applicants, failing which [this matter] shall be dismissed.”

The OSC also decided that, with reference to the IIROC Decision that Alboini engaged in a trading practice which improperly obtained access to credit for his client and in doing so risked the capital of both NSI and its carrying broker, “the IIROC Panel was entitled to conclude, as it did, that Alboini’s conduct constituted conduct unbecoming or detrimental to the public interest contrary to IIROC Rule 29.1”.

With reference to the IIROC Decision that Alboini and Chornoboy filed or permitted to be filed inaccurate Monthly Financial Reports which failed to account for leasehold improvement costs, thereby misstating NSI’s risk adjusted capital, the OSC deferred to the IIROC Panel’s decision on this matter.

About Northern Financial Corporation

Northern Financial Corporation is a financial advisory firm and merchant bank, with a specialization in mergers and acquisitions, merchant banking investments, risk arbitrage merger and acquisition investments, financial restructurings, proxy solicitation and information agent services.

FOR FURTHER INFORMATION PLEASE CONTACT:

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