



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
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**IN THE MATTER OF THE *SECURITIES ACT*,
RSO 1990, c S.5, AS AMENDED**

- AND -

**NORTH AMERICAN FINANCIAL GROUP INC., NORTH AMERICAN CAPITAL
INC., ALEXANDER FLAVIO ARCONTI, AND LUIGINO ARCONTI**

**TEMPORARY ORDER
Sections 127(1) & 127(5)**

WHEREAS it appears to the Ontario Securities Commission that:

1. North American Financial Group Inc. (“NAFG”) and North American Capital Inc. (“NAC”) are Ontario corporations;
2. Neither NAFG nor NAC is a reporting issuer;
3. Alexander Flavio Arconti (“Flavio”) is the sole registered director and officer of NAFG;
4. Flavio and Luigino Arconti (“Gino”) each own 50% of NAFG;
5. Flavio and Gino are the directing minds of NAFG;
6. Flavio and Gino are the directors of NAC;
7. Gino is the sole officer of NAC;
8. Flavio and Gino each own 50% of the common shares of NAC;
9. Flavio and Gino are the directing minds of NAC;
10. Flavio and Gino were registered with the Ontario Securities Commission through Carter Securities Inc. Its registration was suspended on September 22, 2010;
11. Neither NAFG nor NAC has filed a preliminary prospectus or a prospectus and the Director has not issued a receipt in respect of these companies;
12. NAFG and NAC securities have been distributed, offered for sale, and sold to members of the public who are not accredited investors in Ontario, by representatives of NAFG and NAC;

13. Staff are conducting an investigation into the trading of NAFG and NAC securities, and it appears that NAFG, NAC, Flavio and Gino may have engaged in the following conduct between 2007 and September 2010:

- (i) traded in securities of NAFG and NAC that would be a distribution of securities without an exemption from the prospectus requirement and for which no preliminary prospectus or prospectus has been filed and no receipt has been issued by the Director contrary to section 53(1) of the *Securities Act* RSO 1990, c S.5 (the "Act");
- (ii) made statements that they knew or reasonably ought to have known were in a material respect and at the time and in light of the circumstances, misleading or untrue and had a significant effect on the value of the security contrary to section 126.2 of the Act.

14. Flavio and Gino may have engaged in the following conduct between 2007 and September 2010:

- (i) failed to conduct due diligence to ensure that investors were accredited prior to selling shares of NAFG or NAC to them, contrary to the know your client and suitability obligations of registrants under sections 13.2 and 13.3 respectively of NI 31-103-Registration Requirements and Exemptions;
- (ii) failed to disclose the true financial circumstances of NAFG while trading its securities to their clients contrary to their duty to their clients to act fairly, honestly and in good faith under Section 2.1 of OSC Rule 31-505;
- (iii) traded securities without an exemption from the registration requirement contrary to section 25 of the Act;

15. Staff are concerned that the conduct of NAFG, NAC, Flavio and Gino caused harm to investors and is likely to cause continuing harm to investors;

AND WHEREAS the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as set out in s. 127(5) of the Act;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order;

AND WHEREAS by Commission order made November 1, 2010 pursuant to section 3.5(3) of the Act, any one of James E. A. Turner, Kevin J. Kelly, Carol S. Perry, Patrick J. LeSage, James D. Carnwath and Mary G. Condon, acting alone, is authorized to make orders under section 127 of the Act;

IT IS ORDERED pursuant to clause 2 of subsection 127(1) of the Act that all trading in the securities of NAFG and NAC shall cease;

IT IS FURTHER ORDERED pursuant to clause 2 of subsection 127(1) of the Act that NAFG, NAC, Flavio and Gino cease trading in all securities;

IT IS FURTHER ORDERED pursuant to clause 3 of subsection 127(1) of the Act that any exemptions contained in Ontario securities law do not apply to NAFG, NAC, Flavio or Gino; and

IT IS FURTHER ORDERED pursuant to subsection 127(6) of the Act that this order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission.

Dated at Toronto this 10th day of November, 2010

“James D. Carnwath”