

Court File No. 31-OR-207257-T

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

**IN THE MATTER OF THE CONSOLIDATED
BANKRUPTCY OF PORTUS ALTERNATIVE ASSET
MANAGEMENT INC. AND PORTUS ASSET
MANAGEMENT INC.**, both corporations incorporated
pursuant to the *Business Corporations Act* (Ontario) with its
principal place of business in the City of Toronto, in the
Province of Ontario, bankrupts

Report of the Independent Counsel regarding
Fees and Costs in the bankruptcy of PAAM and PAM

REPORT #B6: Fee Period: April, 2009 – September, 2009

GARDINER ROBERTS LLP
Lawyers
40 King Street West
Suite 3100
Toronto, Ontario
M5H 3Y2

Jonathan H. Wigley (20120P)
jwigley@gardiner-roberts.com
Tel : (416) 865-6655
Fax: (416) 865-6636

Independent Costs Counsel

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

**IN THE MATTER OF THE CONSOLIDATED BANKRUPTCY OF
PORTUS ALTERNATIVE ASSET MANAGEMENT INC. AND PORTUS
ASSET MANAGEMENT INC.**, both corporations incorporated pursuant to the
Business Corporations Act (Ontario) with its principal place of business in the
City of Toronto, in the Province of Ontario, bankrupts

Report of the Independent Counsel regarding
Fees and Costs in the Bankruptcy of PAAM and PAM

REPORT #B6:

Fee Period: April, 2009 – September, 2009

**A. Report of Independent Counsel (“Cost Counsel”)
Re: Trustee Fees and Costs**

1. Independent counsel was appointed pursuant to an Order of Mr. Justice C. Campbell dated January 23, 2006 (the “Order”), to review the fees and disbursements of the Receiver, its counsel and representative counsel appointed by this Court. The Bankruptcy of PAAM and PAM subsequently occurred. This report deals with the fees and disbursements in the Estate of PAAM and PAM following their respective bankruptcies and is considered to be subsumed within the general order of the Court noted above.

2. Paragraph 8 of the Order requires the Cost Counsel to consider whether the Professional Fees are fair and reasonable and whether they ought to be assessed and allowed as filed and in doing so to consider, among other things.

- (a) the number of investors;
- (b) the nature of their investments - directly or through RRSPs and/or RRIFs;
- (c) the amounts invested;
- (d) the complexity of the investment structures as described to the investors;
- (e) the deficiencies in the investment structures as actually implemented by the Portus Group;
- (f) the complexity of the flows of funds through the myriad of bank accounts maintained in numerous jurisdictions around the world;
- (g) the commingling of funds and assets which ought to have been kept separate and apart;
- (h) the destruction of the books and records of the Portus Group;
- (i) the refusal of Mr. Boaz Manor to cooperate with the Receiver;
- (j) the efforts of Manor to misappropriate funds received by the Portus Group from investors both prior and subsequent to the appointment of the Receiver;
- (k) the efforts of the Receiver to enforce orders of this Honourable Court in jurisdictions around the world where the Portus group had transferred funds and/or assets acquired with funds received from investors;
- (l) tax issues;
- (m) issues with respect to the promissory notes purchased from Societe Generale (Canada);
- (n) the efforts of the Receiver to enforce orders of the Courts in other jurisdictions around the world where funds and/or assets acquired with funds received from investors were located; and
- (o) the overall complexity of the receivership.

3. In addition to these criteria, Cost Counsel has also considered the provisions of the Bankruptcy and Insolvency Act vis. trustee and other costs, Rule 58.06 of the Rules of Civil Procedure, the reports of the Trustee during the relevant period, the various retainer letters and

other agreements regarding fees of the parties involved and amendments thereto in connection with the initial retainers in the overall matter and has made such inquiries as appeared necessary.

4. For the period April, 2009 to September, 2009, Cost Counsel was provided with those accounts referred to in *Schedule A* attached hereto.

B. Synopsis of Work for the Period and Comments

5. Very briefly, the period April, 2009 to September, 2009 the trustee's fees and expenses are far higher than the receivership. The trustee hours are approximately 2380 and involved significant time dealing with administrative matters including:

- (i) Inspector's meetings, and report preparations, minutes and resolutions;
- (ii) Banking administration including dealing with attempts by unknown non-parties to improperly obtain funds (counterfeit cheques);
- (iii) Banking reconciliation and audit thereof; investor relations; dealing with deceased investor estates, tax returns, database support, cheque administration, the fourth allocation;
- (iv) Litigation related matters including matters related to Mr. Manor's bankruptcy, Fine Arts litigation, Greene litigation, Cairns action, Donald David Drewell Developments Inc. suit, Greenberg litigation, Guendelman litigation, Powerpoint Microsystems action, Faye Manor, Ofer, Lubotta, Ekstein, Cesselli actions; matters relating to the class action lawsuit, settlement issues, Bahamian proceedings, affidavits for use on motions, and a host of other administrative matters.

- (v) Surety bonds relating to the Guarantee Company of North America, and cancellation, CRA claims, RSP claims, and finalization of the estate;

6. The Receiver accrued time during this period is focussed generally on three individuals, Mr. G. Gutfreund, M.Schankula and M. Knoll whose collective time is approximately 86% of the hours employed during this period. M.Knoll and M. Schankula provided most of the administrative time and Mr. Gutfreund was occupied with more coordination issue related matters. Though significant, the time of these individuals appears to have been merited and reasonable. M.Knoll and M. Schankula's rates are \$205 and \$250 per hour whereas Mr. Gutfreund's is \$585 taking into account agreed discounts.

C. Costs Meriting Consideration

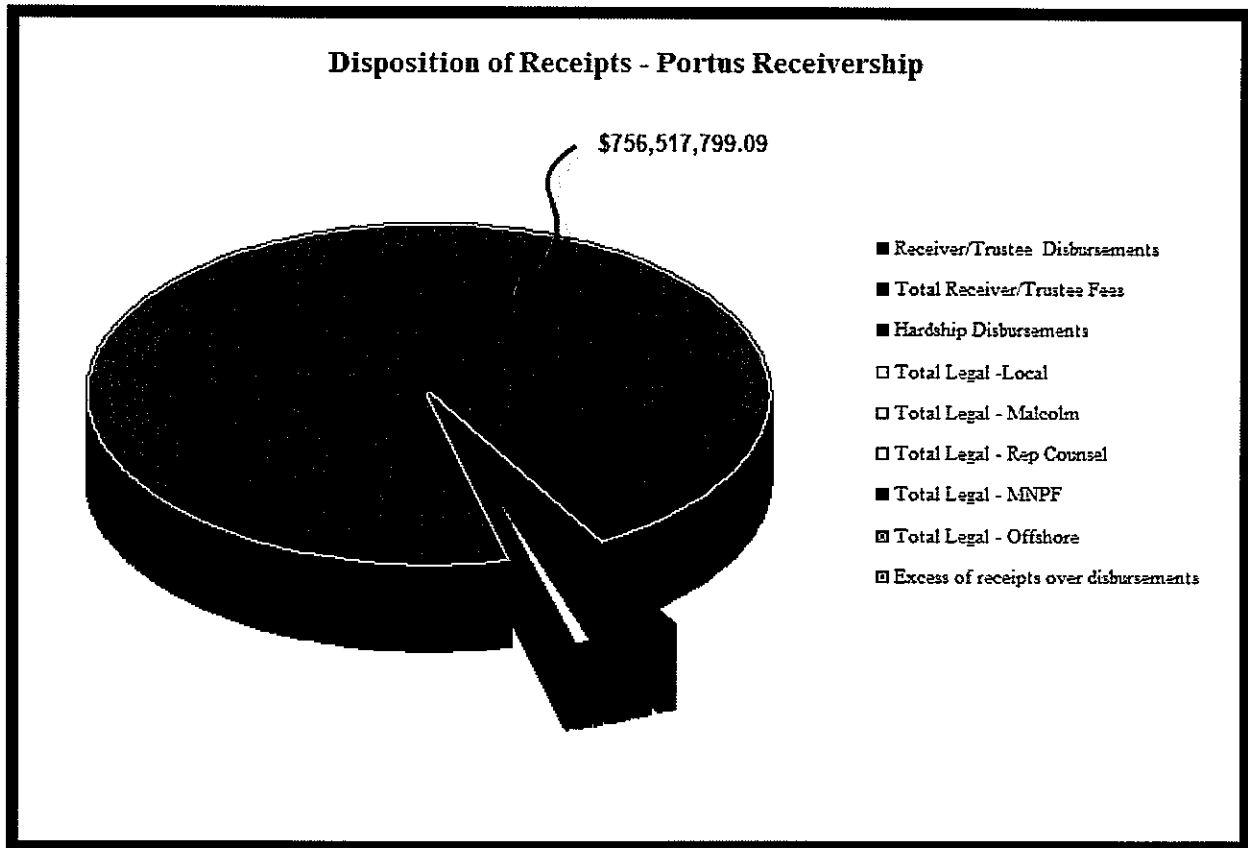
- (i) Accounts for KPMG have been reviewed. The time seems high but based on the narrative and discussions with Mr. Gutfreund, it would appear to be quite justified given the nature of the administration.
- (ii) McCarthy's time records are slightly confusing but after review appear accurate;
- (iii) There are no other accounts which in the opinion of Cost Counsel merit particular attention by the court.

D. Summary and Conclusion

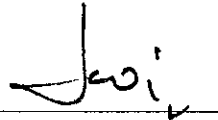
7. Cost Counsel has conducted the review mandated by this Court and considers that for the Period, and, subject to the comments noted above, the services indicated in the accounts were

requested and the fees and expenses charged were fair and reasonable and ought to be assessed and allowed as filed.

8. For information purposes, the graph below shows the relationship of fees in relation to the whole of the collections. Receiver/Trustee fees inclusive of GST expenses and adjusted to reflect hardship payments as a part of the overall collection represent 4.26% at this point in time.



Dated: December 1, 2009



GARDINER ROBERTS LLP

Scotia Plaza, Suite 3100

40 King Street West

Toronto, Ontario

M5H 3Y2

Jonathan H. Wigley (20120P)
jwigley@gardiner-roberts.com

Tel : (416) 865-6655

Fax: (416) 863-6275

Independent Costs Counsel

Schedule A – List of Accounts (April, 2009 to September, 2009)

	April	May	June
1. KPMG	Date: 11/09/09 Reference: CA11406355 [This covers the period from April 1, 2009 to June 30, 2009]		
2. ThorntonGrout Finnigan LLP	Date: 05/15/09 Inv. No. 21107 [For the period ending April 30, 2009]	Date: 06/15/09 Inv. No. 21253 [For the period ending May 31, 2009]	Date: 07/14/09 Inv. No. 21355 [For the period ending June 30, 2009]
3. ThorntonGrout Finnigan LLP (Re: Fine Arts Imports Inc.)			Date: 07/16/09 Inv. No. 21393 [For the period ending June 30, 2009]
4. ThorntonGrout Finnigan LLP (Re: Pamela Greene)			Date: 07/16/09 Inv. No. 21397 [For the period ending June 30, 2009]
5. ThorntonGrout Finnigan LLP (Re: Andrew Cairns)			Date: 07/16/09 Inv. No. 21394 [For the period ending June 30, 2009]
6. ThorntonGrout Finnigan LLP (Re: Boaz Manor)	Date: 05/15/09 Inv. No. 21120 [For the period ending April 30, 2009]	Date: 06/16/09 Inv. No. 21278 [For the period ending May 31, 2009]	Date: 07/17/09 Inv. No. 21436 [For the period ending June 30, 2009]
7. ThorntonGrout Finnigan LLP (Re: Donald David Drewell Developments Inc.)		Date: 06/16/09 Inv. No. 21274 [For the period ending May 31, 2009]	Date: 07/16/09 Inv. No. 21395 [For the period ending June 30, 2009]
8. ThorntonGrout Finnigan LLP (Re: Mendel Greenberg)		Date: 06/16/09 Inv. No. 21276 [For the period ending May 31, 2009]	

	April	May	June
9. ThorntonGrout Finnigan LLP (Re: Eduardo Guendelman)		Date: 06/16/09 Inv. No. 21273 [For the period ending May 31, 2009]	
10. ThorntonGrout Finnigan LLP (Re: Powerpoint Microsystems Holding Corp.)			Date: 07/16/09 Inv. No. 21396 [For the period ending June 30, 2009]
11. ThorntonGrout Finnigan LLP (Re: Faye Manor)		Date: 06/16/09 Inv. No. 21263 [For the period ending May 31, 2009]	
12. ThorntonGrout Finnigan LLP (Re: Effi Ofer)		Date: 06/16/09 Inv. No. 21272 [For the period ending May 31, 2009]	Date: 07/17/09 Inv. No. 21408 [For the period ending June 30, 2009]
13. ThorntonGrout Finnigan LLP (Re: Mariam Lubotta)		Date: 06/16/09 Inv. No. 21271 [For the period ending May 31, 2009]	
14. ThorntonGrout Finnigan LLP (Re: Ricki Ekstein)		Date: 06/16/09 Inv. No. 21277 [For the period ending May 31, 2009]	
15. ThorntonGrout Finnigan LLP (Re: Valerio Cesselli)			Date: 07/17/09 Inv. No. 21402 [For the period ending June 30, 2009]
16. McCarthy Tétrault	Date: 05/28/09 Inv. No. 2330206 [This covers the period from March 4, 2009 to April 30, 2009]		Date: 07/31/09 Inv. No. 2344381 [This covers the period from April 30, 2009 to June 30, 2009]

Schedule A – List of Accounts (April, 2009 to September, 2009)

	July	August	September
1. KPMG	Date: 11/09/09 Reference: CA11406355 [This covers the period from July 1, 2009 to September 30, 2009]		
2. ThorntonGrout Finnigan LLP	Date: 08/11/09 Inv. No. 21522 [For the period ending July 31, 2009]	Date: 09/17/09 Inv. No. 21767 [For the period ending August 31, 2009]	Date: 10/15/09 Inv. No. 21895 [For the period ending September 30, 2009]
3. ThorntonGrout Finnigan LLP (Re: Fine Arts Imports Inc.)			
4. ThorntonGrout Finnigan LLP (Re: Pamela Greene)			Date: 10/15/09 Inv. No. 21896 [For the period ending September 30, 2009]
5. ThorntonGrout Finnigan LLP (Re: Andrew Cairns)			
6. ThorntonGrout Finnigan LLP (Re: Boaz Manor)	Date: 08/10/09 Inv. No. 21508 [For the period ending July 31, 2009]	Date: 09/16/09 Inv. No. 21744 [For the period ending August 31, 2009]	Date: 10/15/09 Inv. No. 21893 [For the period ending September 30, 2009]
7. ThorntonGrout Finnigan LLP (Re: Donald David Drewell Developments Inc.)		Date: 09/16/09 Inv. No. 21746 [For the period ending August 31, 2009]	
8. ThorntonGrout Finnigan LLP (Re: Mendel Greenberg)	Date: 08/13/09 Inv. No. 21589 [For the period ending July 31, 2009]	Date: 09/15/09 Inv. No. 21726 [For the period ending August 31, 2009]	Date: 10/15/09 Inv. No. 21890 [For the period ending September 30, 2009]
9. ThorntonGrout Finnigan LLP (Re: Eduardo Guendelman)			

	July	August	September
10. ThorntonGrout Finnigan LLP (Re: Powerpoint Microsystems Holding Corp.)			
11. ThorntonGrout Finnigan LLP (Re: Faye Manor)			
12. ThorntonGrout Finnigan LLP (Re: Effi Ofer)			
13. ThorntonGrout Finnigan LLP (Re: Marian Lubotta)		Date: 09/16/09 Inv. No. 21741 [For the period ending August 31, 2009]	
14. ThorntonGrout Finnigan LLP (Re: Ricki Ekstein)			Date: 10/13/09 Inv. No. 21839 [For the period ending September 30, 2009]
15. ThorntonGrout Finnigan LLP (Re: Valerio Cesselit)			Date: 10/15/09 Inv. No. 21898 [For the period ending September 30, 2009]
16. McCarthy Tetrauit	Date: 08/31/09 Inv. No. 2351061 [For the period ending July 31, 2009]	Date: 10/06/09 Inv. No. 2357455 [For the period ending August 31, 2009]	Date: 10/14/09 Inv. No. 2359370 (For the period ending September 30, 2009)

IN THE MATTER OF THE CONSOLIDATED BANKRUPTCY OF PORTUS ALTERNATIVE ASSET MANAGEMENT INC. AND PORTUS ASSET MANAGEMENT INC.

Court File No. 31-OR-207257-T

ONTARIO
SUPERIOR COURT OF JUSTICE
(In Bankruptcy and Insolvency)
PROCEEDING COMMENCED AT
TORONTO, ONTARIO

REPORT #B6

GARDINER ROBERTS LLP

Lawyers
40 King Street West
Suite 3100
Toronto, Ontario
M5H 3Y2

Jonathan H. Wigley (20120P)
jwigley@gardiner-roberts.com
Tel: (416) 865-6655
Fax: (416) 865-6636

Independent Costs Counsel

TERMS AND CONDITIONS OF SITE USE

PORTUS ALTERNATIVE ASSET MANAGEMENT INC. (In Receivership / In Bankruptcy)

KPMG Inc., Receiver / KPMG Inc., Trustee in Bankruptcy

These website terms and conditions of use (the "Terms of Use") is a legal agreement between the visitor to this Site ("you") and Portus Alternative Asset Management Inc. by its Receiver and Trustee in Bankruptcy, of the estate of Portus Alternative Asset Management Inc., KPMG Inc. (the "Site Operator") concerning your access to and use of this Site.

BY ACCESSING AND USING THIS SITE YOU ARE ACKNOWLEDGING YOUR ACCEPTANCE OF AND AGREEMENT TO THESE TERMS OF USE AND THAT YOU INTEND TO BE LEGALLY BOUND BY THEM.

IF YOU DO NOT AGREE WITH ONE OR MORE OF THESE TERMS OF USE YOU MAY NOT ACCESS OR USE THE SITE OR ANY INFORMATION CONTAINED ON THE SITE.

In consideration of the mutual covenants contained in these Terms of Use and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), you and the Site Operator agree as follows:

Purpose

The Site contains legal documents, information and data pertaining to the receivership of Portus Alternative Asset Management Inc. (the "Site Content") and is presented by the Site Operator solely and exclusively as a public service for informational purposes only. The Site Operator hereby grants you a personal, non-transferable and non-exclusive right to access, read and download the Site Content which shall only be used by you solely and exclusively for your personal and private use. You agree that you acquire absolutely no rights or licenses to the Site or any Site Content other than the limited right to access and use the Site and Site Content in accordance with these Terms of Use. Transmissions to the Site by you are not protected and no confidentiality will be maintained with respect such transmissions by you which are made at your sole risk.

Limitations

This Site is not an official reporter, and the Site Operator does not guarantee that any Site Content is error free, complete, accurate, reliable or current. The Site Operator uses reasonable efforts to update the Site on the day in which new material is filed with the Court. The Site Operator recommends that all postings be reviewed by you at least 48 hours after posting in order to determine whether any amendments have been made to the posted document. In addition, all Court materials will generally be posted on the Site prior to the hearing of the relevant motion or other proceeding. However, be advised that, due to size restrictions, certain of these materials may be removed from the Site subsequent to the expiry of the relevant appeal period. All materials will continue to be available for public review through the Commercial List Office, 10th Floor, 393 University Avenue, Toronto, Ontario in Court File No. 05-CL-5792 of the Ontario Superior Court of Justice (Commercial List). You acknowledge and agree that this Site does not purport to provide complete records of all litigation and legal documentation (or any other information) pertaining to Portus Alternative Asset Management Inc., in Receivership and/or in Bankruptcy and that the Site contains no legal (or other professional) advice and nothing on the Site or in these Terms of Use shall be taken, implied or construed as an offer to provide, or a provision of, legal advice or as a recommendation for any specific course of action. Changes may be periodically made to the Site and/or the Site Content and may be made at any time. Site Operator reserves the right to change, modify, suspend, or discontinue the Site or any Site Content at any time without notice and may suspend or terminate your access to the Site immediately without prior notice at its sole discretion and for any reason and without further obligation or liability to you.

YOU AGREE THAT THE SITE AND SITE CONTENT ARE PROVIDED ON AN "AS IS" BASIS, AND IS FOR YOUR PERSONAL USE ONLY WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE WHATSOEVER. THE SITE OPERATOR, TO THE FULLEST EXTENT PERMITTED BY LAW, DISCLAIMS ALL EXPRESS OR IMPLIED CONDITION, REPRESENTATIONS AND WARRANTIES, OF ANY KIND OR NATURE AND MAKES NO WARRANTIES ABOUT THE ACCURACY, RELIABILITY, COMPLETENESS, OR TIMELINESS OF ANY SITE CONTENT OR THE SITE OR ANY THIRD PARTY INFORMATION. SITE OPERATOR IS NOT RESPONSIBLE FOR ERRORS OR DELAYS IN TRANSMISSION OVER THE INTERNET AND DOES NOT WARRANT THAT THE SITE WILL OPERATE ERROR-FREE OR UNINTERRUPTED OR THAT THE SITE OR ANY SITE CONTENT IS FREE OF COMPUTER VIRUSES AND OTHER HARMFUL ELEMENTS.

IN NO EVENT SHALL THE SITE OPERATOR, OR ANY AFFILIATES OF KPMG INC. OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, BE LIABLE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES, HARM, INJURY, COST, EXPENSE OR OTHER LOSSES OR ANY KIND OR NATURE WHATSOEVER (WHETHER BASED ON WARRANTY, CONTRACT, TORT, EQUITY, STRICT LIABILITY, PATENT OR COPYRIGHT INFRINGEMENT OR ANY OTHER LEGAL THEORY) RESULTING FROM THE USE OF, OR THE INABILITY TO MAKE USE OF, THE SITE OR ANY SITE CONTENT (INCLUDING IN ANY CONNECTION WITH THE TRANSMISSION OR DOWNLOADING OF ANY SITE CONTENT FROM THE SITE OR SUBMISSIONS TO THE SITE) OR THE USE OF, OR RELIANCE ON, ANY SITE CONTENT OR OTHER INFORMATION CONTAINED ON THE SITE, WHETHER OR NOT SITE OPERATOR OR ITS AFFILIATES ARE ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

You acknowledge and agree that KPMG LLP is not the Site Operator and has no responsibility for this Site or any Site Content.

Links

The Site may include hypertext links to third party web sites solely for the purpose of helping you identify and locate other sources of information that may be of interest. Hypertext links do not imply an endorsement of (including that the Site Operator has reviewed such sites) or association with such third party web sites and the Site Operator, its affiliates and related companies are not responsible for such third party web sites or the information contained on such third party web sites. Use of third party web sites is entirely at your sole discretion and risk and You may not create links from other web sites to this Site. Any copying, republication or redistribution of any part of the Site, including by caching, framing or similar means, is expressly prohibited without the prior written consent of the Site Operator.

Conformance with Law

In addition to complying with these Terms of Use, you agree to use the Site and Site Content for lawful purposes only and in a manner consistent with all applicable local, national or international laws and regulations. The Site shall not be used where, and to any extent, such use is prohibited by law. Your use of the Site from any location is subject to your compliance with all applicable laws and regulations that may be applicable to you. You agree, and confirm, that your use of the Site is in full compliance with the laws of the jurisdiction(s) to which you are subject, and that you are not prohibited from using the Site due to any restriction whatsoever.

Location and Law

The Site is physically located at, and is administered by the Site Operator from its offices in Province of Ontario, Canada. By accessing the Site, you and the Site Operator agree that all matters relating to access to, or use of the Site and all of the communications, transmissions and transactions associated with the Site shall be deemed to have occurred in the Province of Ontario and shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to the conflicts of laws principals thereof. You and the Site Operator also agree and hereby irrevocably submit and attorn to the exclusive personal jurisdiction and venue of the courts of the Province of Ontario with respect to such matters.

Indemnity

You agree to defend, indemnify, and hold harmless the Site Operator, its affiliates and their respective officers, directors, employees, professional advisors and agents, from and against any claims, actions, demands, losses, liabilities, damages, costs and expenses, including without limitation, reasonable legal and accounting fees, alleging or resulting from your access of the Site, your use of the Site Materials or your breach of these Terms of Use.

Severability

If, in any jurisdiction, any of these Terms of Use are held to be unenforceable by a court of competent jurisdiction, such Terms of Use shall be restricted or eliminated to the minimum extent necessary and the remaining Terms of Use shall otherwise remain in full force and effect. A printed version of the Terms and Conditions and any notice given in electronic form shall be admissible in judicial proceedings or administrative proceedings based upon or relating to the Terms of Use to the same extent and subject to the same conditions as other business documents and records originally generated and maintained in printed form.

Entire Agreement

These Terms of Use constitute the entire agreement between you and the Site Operator relating to the access to and use of the Site and the Site Content. Anything on the Site inconsistent with these Terms of Use is superceded by these Terms of Use.

Amendment and Waiver

The Site Operator reserves the right to modify these Terms of Use at any time. It is your responsibility to review these Terms of Use each time you visit the Site and you are deemed to be aware of such amendments. No supplement, modification or amendment to these Terms of Use proposed by you shall be binding on the Site Operator unless agreed to by the Site Operator in writing. No waiver of any of these Terms of Use shall be deemed a further or continuing waiver of such Term of Use or any other term or condition. All waivers by the Site Operator must be in writing and signed by an authorized representative of the Site Operator.

Language

English shall be the language of the Site, and all contents, information and communication in connection with the Site, and the parties waive any right to use and rely upon any other language or translations. Il est la volonté express des parties que le présent Site et tous les affaires qui s'y rapportent soient rédigés en langue anglaise, exception faite des documents pour lesquels la loi exige l'usage exclusif du français.

Termination

The effective date of these Terms of Use is the date on which you have accepted the Terms of Use in accordance with the procedures set out herein. These Terms of Use are effective until terminated by the Site Operator, with or without cause, in the Site Operator's sole and unfettered discretion. The disclaimers, limitations on liability, termination, interpretative provisions, your warranties and indemnities shall survive any termination of these Terms of Use.