

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

-and-

**PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC. AND BANCNOTE
CORP.**

Respondents

Report of the Independent Counsel regarding
Fees and Costs of the Receiver

REPORT #9: Fee Period #9: October, 2008 – December, 2008

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Independent Costs Counsel

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REPORT #9:

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- A. Report of Independent Counsel (“Cost Counsel”)
Re: Receiver Fees and Costs
1. Independent counsel was appointed pursuant to an Order of Mr. Justice C. Campbell dated January 23, 2006, to review the fees and disbursements of the Receiver, its counsel and representative counsel appointed by this Court.
 2. Paragraph 8 of such 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 Rule 58.06 of the Rules of Civil Procedure, has examined the reports of the Receiver during the relevant period, the various retainer letters and other agreements regarding fees of the parties involved and amendments thereto and has made such inquiries as appeared necessary.
4. For the period October, 2008 to December, 2008, Cost Counsel was provided with those accounts referred to in *Schedule A* attached hereto.

B. Synopsis of Work for the Period and Comments

5. The period October, 2008 to December, 2008 was not nearly as intensive in terms of work as previous periods. The relevant work involved the following

- (i) The SocGen Settlement. This included a number of discussions regarding procedure with respect to the disposition of the SocGen Notes (main assets being held by the Receiver);
- (ii) The Second interim allocation in December of 2008;
- (iii) Ongoing Israeli legal proceedings, and
- (iv) Normal administrative matters including the distribution of the second allocation. .

C. Costs Meriting Consideration

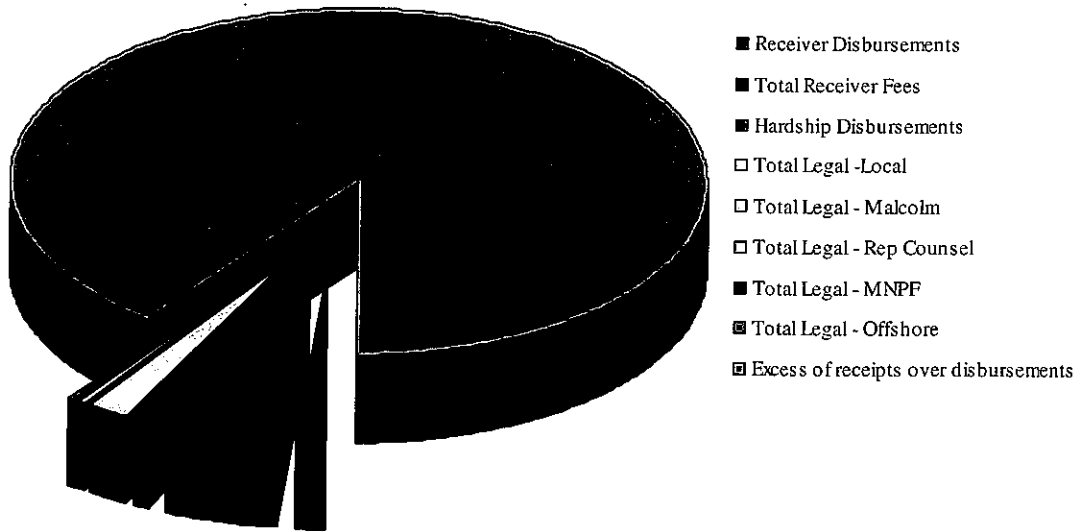
- (v) There are no costs in this Period that require particular consideration by the Court in Cost Counsel's opinion in connection with the Receivership accounts.
- (vi) The rates charged by the receiver and counsel are in accordance with the rate structures agreed at the outset of the matter;
- (vii) The narrative for the work performed adequately describes

D. Summary and Conclusion

6. Cost Counsel has conducted the review mandated by this Court and considers that, for the Period, the services indicated in the accounts were requested and the fees and expenses charged are fair and reasonable. It is recommended that the Receivership accounts be assessed and allowed as filed.

7. To give the court some consideration of the overall picture of fees and disbursements connected with the receivership, the following graph is based on the R&D of the Receiver to December 31, 2008. The green area represents the excess of receipts over disbursements and the funds which are "available" for distribution. Adjusting for the hardship payments and related costs, the overall fees are 9.7% of the overall receipts.

Disposition of Receipts - Portus Receivership



Dated: May 11, 2009

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Schedule A – List of Accounts (October, 2008 to December, 2008)

	October	November	December
1. KPMG	Date: 03/12/09 Inv. No. CA001-11224782 [This covers the period from October 1, 2008 to December 31, 2008]		
2. ThorntonGrout Finnigan LLP	Date: 11/11/08 Inv. No. 20096 [For the period ending October 31, 2008]	Date: 12/10/08 Inv. No. 20227 [For the period ending November 30, 2008]	Date: 01/21/09 Inv. No. 20411 [For the period ending December 31, 2008]
3. ThorntonGrout Finnigan LLP (Re: Thomas Ross Anthony Malcolm)	Date: 11/10/08 Inv. No. 20054 [For the period ending October 31, 2008]		Date: 01/21/09 Inv. No. 20413 [For the period ending December 31, 2008]
4. Fraser Milner Casgrain LLP	Date: 07/14/08 Inv. No. 2602301 [For the period from June 24, 2008 to June 26, 2008] Date: 11/24/08 Inv. No. 2634059 [For the period from July 17, 2008 to October 8, 2008]	Date: 01/31/09 Inv. No. 2654219 [For the period from November 24, 2008 to January 21, 2009]	
5. Crill Canavan	Date: 12/03/08 Inv. No. 1011060		

ONTARIO SECURITIES COMMISSION
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-and-

PORTUS ALTERNATIVE ASSET MANAGEMENT INC. et al
Respondents

Court File No. 05-CL-5792

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
TORONTO, ONTARIO

REPORT #9

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