

**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

**AFFIDAVIT OF MICHAEL C. NICHOLAS
(Sworn September 9, 2009)**

I, **Michael C. Nicholas** of the City of Toronto, in the Province of Ontario, **MAKE OATH AND
SAY AS FOLLOWS:**

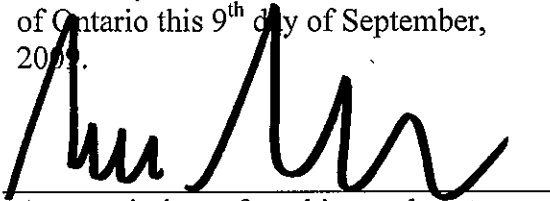
1. I am a Barrister and Solicitor qualified to practice law in the Province of Ontario. I am a partner of McCarthy Tétrault LLP (“McCarthy”), the securities and tax law solicitors for KPMG Inc. (the “Trustee”), in its capacity as the Trustee of the Consolidated Estate of Portus Alternative Asset Management Inc. and Portus Asset Management Inc., bankrupts (the “Consolidated Estate”), and as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true.
2. Attached hereto as Exhibit “A” are summaries of the invoices that were issued to the Trustee by McCarthy for fees and disbursements incurred by McCarthy in the course of the bankruptcy of the Consolidated Estate between December 2, 2008 and April 30, 2009.
3. Attached hereto as Exhibit “B” is a schedule summarizing each invoice attached as Exhibit A indicating, among other things, the total fees and disbursements charged per invoice, the total billable hours charged per invoice and the average hourly rate charged per invoice.
4. Attached hereto as Exhibit “C” is a schedule summarizing the respective years of call and billing rates of each of the solicitors of McCarthy who acted for the Trustee.
5. To the best of my knowledge, the rates charged by McCarthy throughout the course of these proceedings are lower than the rates that would have been charged by comparable law firms in the Toronto market for the provision of similar services.
6. The hourly rates outlined in Exhibit “C” to this affidavit are significantly lower than the hourly rates charged by McCarthy for services rendered in relation to similar proceedings

because the hourly rates outlined in Exhibit "C" reflect the application of a 15% discount to McCarthy's regular hourly rates. McCarthy agreed to reduce the rates that it would otherwise have charged for its services to the Trustee in the interests of approximately 26,000 investors and the public in general in maximizing the recoveries for investors and maintaining the confidence in the public markets of Canada.

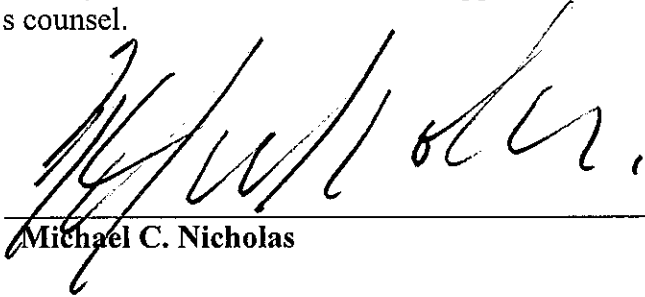
7. I make this affidavit in support of a motion by the Trustee for, *inter alia*, approval of the fees and disbursements of the Trustee's counsel.

SWORN BEFORE ME

at the City of Toronto, in the Province
of Ontario this 9th day of September,
2009.



A commissioner for taking oaths, etc.

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Michael C. Nicholas

EXHIBIT "A"

McCarthy Tétrault LLP

KPMG Inc.
Commerce Court West, 199 Bay Street
Suite 3300, P.O. Box 31
Toronto, ON M5L 1B2

Date March 31, 2009

Attention: Elizabeth Murphy

Invoice No: 2316687
File No.: 198036-382448

Re: In the Matter of the Bankruptcy of Portus Alternative Asset Management Inc. et al.

TO ALL PROFESSIONAL SERVICES RENDERED with respect to the above-noted matter for the period from December 2, 2008 to February 28, 2009.

Considering Trustee's inquiries regarding distributions of RRSP proceeds and creditor protection for RRSP funds; Preparing memorandum responding to Trustee's inquiries.

Total Fees	\$ 5,200.00
GST on Fees	\$ 260.00
Total Fees and GST	\$ 5,460.00
Total Taxable Disbursements	\$ 14.00
GST on Disbursements	\$ 0.70
Total Non-Taxable Disbursements	\$ 0.00
Total Disbursements and GST	\$ 14.70
OUR ACCOUNT HEREIN	\$ 5,474.70

E.& O.E. GST # R116532839

Terms: Payment upon receipt. In accordance with Section 33 of the Solicitors Act, interest will be charged at a rate of 3.80% per annum on unpaid fees, charges or disbursements..

This invoice may include charges relating to prior periods that were posted to your account after the preparation of previous invoices.

McCarthy Tétrault LLP

KPMG Inc.
Commerce Court West, 199 Bay Street
Suite 3300, P.O. Box 31
Toronto, ON M5L 1B2

Date May 28, 2009

Attention: Elizabeth Murphy

Invoice No: 2330206
File No.: 198036-382448

Re: In the Matter of the Bankruptcy of Portus Alternative Asset Management Inc. et al.

TO ALL PROFESSIONAL SERVICES RENDERED with respect to the above-noted matter for the period from March 1, 2009 to April 30, 2009.

Considering scope of section 227(1) of the *Income Tax Act* (Canada) and its application to a section 224 requirement to pay for purposes of responding to the Trustee's inquiries in relation to creditor protection for RRSP funds; Considering analogous provincial taxing provisions; Continuing to prepare a related memorandum to the Trustee; Discussion with Trustee respecting possible recovery of Alberta and Saskatchewan Securities Commission surety bond collateral deposits.

Total Fees	\$ 4,211.35
GST on Fees	\$ 210.57
Total Fees and GST	\$ 4,421.92
Total Taxable Disbursements	\$ 0.50
GST on Disbursements	\$ 0.03
Total Non-Taxable Disbursements	\$ 0.00
Total Disbursements and GST	\$ 0.53
OUR ACCOUNT HEREIN	\$ 4,422.45

E.& O.E. GST # R116532839

Terms: Payment upon receipt. In accordance with Section 33 of the Solicitors Act, interest will be charged at a rate of 4.50% per annum on unpaid fees, charges or disbursements..

This invoice may include charges relating to prior periods that were posted to your account after the preparation of previous invoices

EXHIBIT "B"

**Calculation of Average Hourly Billing Rates of
McCarthy Tétrault LLP
for the period December 2, 2008 to April 30, 2009**

Date	Invoice No.	Fees	Disbursements	GST	Hours	Average Rate	Total Including Tax
		\$	\$	\$		\$	\$
12/02/08	2316687	5,200.00	14.00	260.70	15.10	344.37	5,474.70
03/04/09	2330206	4,211.35	0.50	210.60	12.90	326.46	4,422.45
	TOTAL	9,411.35	14.50	471.30	28.00	336.12	9,897.15

EXHIBIT "C"

Billing Rates for McCarthy Tétrault LLP

For the period December 2, 2008 to April 30, 2009

<u>Timekeeper</u>	<u>Rate</u>	<u>Year of Call</u>
	\$	
Gertner, Eric	597.17	1977
Jensen-Taillefer, Lifa	233.75	n/a
McCay, Patrick J.	561.07	2000
Minard, Alison	180.35	n/a
Mulloy, Colleen	176.33	n/a
Nicholas, Michael	680.00	1982

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

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