



Crowe Soberman Inc.

Crowe Soberman Inc.  
Licensed Insolvency Trustee  
Member Crowe Global

2 St. Clair Avenue East, Suite 1100  
Toronto, ON M4T 2T5  
1 877 929 2501 Toll Free  
416 929 2555 Fax  
www.crowesobermaninc.com

## ESTATE NO. 35-30655545

In the Matter of the Bankruptcy of  
**SGD RESTAURANTS INC.**  
of the City of Owen Sound, in the County of Grey  
in the Province of Ontario

### TRUSTEE'S PRELIMINARY REPORT TO THE FIRST MEETING OF CREDITORS

#### DISCLAIMER:

*One of the underlying principles of the Bankruptcy and Insolvency Act (the “BIA”), is that of creditor’s control. The Act provides for a First Meeting of Creditors to discuss the collective interest of the creditors in the administration of the bankrupt’s estate.*

*The purpose of the First Meeting of Creditors is to consider the affairs of the bankrupt, affirm the appointment of the Trustee (or substitution of same), appointment of 1-5 inspectors and to give further direction to the Trustee as may be necessary.*

*Readers are cautioned that this report is only to provide creditors information gathered by the Trustee to date, so that their collective interests can be discussed at the First Meeting of Creditors. However, the Trustee has not audited or verified the information provided to it in anyway, unless noted otherwise.*

*The contents of this report should be considered “for general information purposes only” and not definitive.*

#### INTRODUCTION

1. SGD RESTAURANTS INC. (the “**Company**” or “**SGD**”) made an assignment in bankruptcy on April 9, 2024 (the “**Filing Date**”). Crowe Soberman Inc. (“**CSI**” or the “**Trustee**”) was appointed as Licensed Insolvency Trustee of the Estate of the Bankrupt by the Official Receiver.

## **BACKGROUND**

2. According to the Ontario Profile Report, the Company was incorporated under the *Ontario Business Corporation Act* on August 11, 2006. Stelios (aka Steliso) Stan Dimakos (“**Mr. Dimakos**”) was listed as the Company’s Director and Officer.
3. The Company operated a restaurant that was located at 1222 14<sup>th</sup> Avenue East, Owen Sound, Ontario (the “**Premises**”).

## **CAUSES OF INSOLVENCY**

4. Per discussion with Mr. Dimakos, the primary reason for the Company’s insolvency was due to the impact that the COVID-19 Pandemic had and continues to have on the Restaurant Industry.
5. In late 2019, SGD had a competitive offer to sell the business, in April 2020 the offer was rescinded because of SGD being unable to operate due to lockdowns.
6. Additionally, in order to continue operations, SGD took on additional debt including a loan from the Business Development Bank of Canada, a CEBA loan and Mr. Dimakos personally provided \$100,000 of funds to help maintain the business through the COVID-19 Pandemic.
7. In early 2022, SGD started operating for the first time since the COVID-19 Pandemic. According to Mr. Dimakos, new staff were hired at large hourly rates and SGD had to incur large overhead costs to operate the business.
8. As such, SGD’s debts became too burdensome and it was not able to recover from the losses incurred during the Pandemic.
9. On May 26, 2023, the Company’s landlord exercised its right to distrain the lease under Section 53 of the *Commercial Tenancies Act* and took possession of all assets that were located at the Premises.
10. Mr. Dimakos then engaged CSI to assign the Company into bankruptcy.

## TRUSTEE'S ACTIONS TO DATE

11. The Trustee's actions up to the date of the First Meeting of Creditors include, but are not limited to, the following:
- a. Reviewing the Company's books and records that were provided electronically;
  - b. Notifying all known creditors of the bankruptcy on April 12, 2024;
  - c. Assisting creditors in filling out the proof of claim forms;
  - d. Reviewing proofs of claim filed to date;
  - e. Placing a Notice of Bankruptcy in a local newspaper (The Toronto Sun) on April 18, 2024;
  - f. Coordinating with CRA regarding the completion of a CRA Audit of payroll remittances.
  - g. Maintaining the Trustee's website for these proceedings; and
  - h. All other statutory duties required under the *BIA*.

## CREDITORS

12. A listing of the creditors and the claims received up to the First Meeting of Creditors is attached as Appendix "A" and is summarized below:

Creditor Type	Per Statement of Affairs		Proof of Claims Filed to Date	
	#	\$	#	\$
Trust	-	-	-	-
Secured	-	-	-	-
Preferred	-	-	-	-
Unsecured	14	554,858.57	4	94,938.67
Contingent	-	-	-	-
<b>Totals</b>	<b>14</b>	<b>554,858.57</b>	<b>4</b>	<b>94,938.67</b>

13. Reflected in the Company's Statement of Affairs were debts owing to the CRA, which claims may potentially be subject to deem trust rules. The Trustee notes that CRA has yet to file a claim with the Trustee, as of the date of this report.

#### **VALUATION OF ASSETS AND ANTICIPATED REALIZATION**

14. As previously noted, on May 26, 2023, the landlord exercised its right to distrain and took possession of the Company's assets. As of the Filing Date, the Trustee was not aware of any assets that were owned by the Company.

#### **TRANSFERS AT UNDERVALUE/PREFERENTIAL PAYMENTS**

15. The Trustee is currently reviewing the books and records of the Company to determine if the Company conducted any transactions that would be considered a transfer undervalue or a preferential payment, as defined under the BIA. The Trustee will report to the creditors/inspectors at a later date.

#### **LEGAL PROCEEDINGS**

16. The Trustee is not aware of any legal proceedings currently ongoing against the estate of the bankrupt.

#### **CONSERVATORY AND PROTECTIVE MEASURES**

17. The Trustee has not applied conservatory and protective measures with respect to Section 18 of the BIA.

#### **CARRYING ON BUSINESS**

18. The Company ceased operating on approximately March 1st, 2023, and accordingly the Trustee has not carried on the business.

#### **THIRD PARTY DEPOSIT**

19. Mr. Dimakos has provided a third-party deposit to the Trustee for the purpose of covering the costs of the administration of this bankruptcy.

## **OTHER MATTERS**

20. Subject to Inspector Approval, the Trustee intends on disclaiming the lease agreement in effect as of the Filing Date, with respect to the Premises.

21. The Trustee will be seeking directions from the creditors on the following matters:

- a. affirmation of the appointment of the Trustee;
- b. approval of all the Trustee's actions to date, including the actions outlined in this Preliminary Report;
- c. appointment of inspectors (if applicable); and
- d. any other matters which may arise at this First Meeting of Creditors.

**DATED at the City of Toronto, in the Province of Ontario, this 29th day of April 2024.**

**CROWE SOBERMAN INC.  
Licensed Insolvency Trustee  
of the Estate of  
SGD RESTAURANTS INC**



---

**Per: Hans Rizarri, LIT, CIRP**

**Crowe Soberman Inc., LIT****Claims Register**

In the Matter of the Bankruptcy of  
 SGD RESTAURANT INC.  
 of the City of Owen Sound, in the County of Grey  
 in the Province of Ontario

Insolvency Date: 09-Apr-2024

Estate Number: 35-3065545

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
<b>Unsecured creditors</b>						
1. BDC c/o Spetter Zeitz Klaiman Attn: Jason Spetter 7910819	Yes	Admitted		47,057.00	47,057.31	
2. CRA - Tax - Ontario 8144 9230349-01	No	Not proved		60,000.00		
3. CRA - Tax - Ontario 84494 1161 RP0001	No	Not proved		147,671.92		
4. CRA - Tax - Ontario 84494 1161 RT0001	No	Not proved		248,487.60		
5. Enbridge Gas Distribution - Ontario Attn: Back Office Collections Department 91 00 39 73689 4	No	Not proved		3,824.73		
6. Gordon Food Service c/o Canadian Credit Corporation Attn: Shady Eskandon 940005434	Yes	Admitted		5,841.91	5,841.91	
7. Hydro One Networks Inc. Attn: Andrew R. Hughes 2000 7887 3903/2000 5071 4092/20	Yes	Admitted		3,054.08	5,628.30	
8. Reliance Home Comfort Attn: Legal Department 200000290205	No	Not proved		635.72		
9. Rogers Retail Proposals c/o FCT Default Solutions Attn: Insolvency Department	No	Not proved		7,757.06		
10. Simcoe Gases Inc. 10207	No	Not proved		272.24		
11. Sysco Southwestern Ontario 1000087228	Yes	Admitted		23,468.46	23,468.46	
12. TD Canada Trust C/O FCT Default Solutions Attn: Vishakha Gupta CEBA-9230349001	Yes	Admitted		2,559.72	60,000.00	
13. TD Canada Trust Visa C/O FCT Default Solutions Attn: Vishakha Gupta-519-672-6703 Overdraft-5230349	Yes	Admitted			2,559.72	
14. TD Canada Trust Visa C/O FCT Default Solutions 4520737044633675	Yes	Admitted			39,907.42	
15. The Beer Store and Brewers Distributor Ltd Attn: Zaleisha Zaman 1000004695	No	Not proved		3,496.77		
16. Waggs 8487	No	Not proved		731.36		
Total : Unsecured creditors				554,858.57	184,463.12	
				Grand Total:	554,858.57	184,463.12