

Court File No. CV-35-1292561T

**IN THE MATTER OF THE RECEIVERSHIP OF
THE PROPERTY OF**

1639329 Ontario Ltd.

Supplemental Report to the
Second Report of SF Partners Inc.

Court File No. CV-35-1292561T

1639329 Ontario Ltd.

Supplemental Report to the Second Report of SF Partners Inc.

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

IN THE MATTER OF SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3. AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 C. C.43, AS AMENDED

B E T W E E N:

ONTARIO WEALTH MANAGEMENT CORPORATION

Applicant

- and -

1639329 ONTARIO LTD.

Respondent

AND IN THE MATTER OF THE TRIAL OF AN ISSUE ORDERED BY JUSTICE CAREY ON OCTOBER 8, 2013, PURSUANT TO BANKRUPTCY RULE 187(8) OF *THE BANKRUPTCY AND INSOLVENCY ACT* AND RULE 38.10(2) OF *THE RULES OF CIVIL PROCEDURE*

B E T W E E N:

SF PARTNERS INC.

Plaintiff

-and-

**MEATHEADS RESTAURANTS INC. and
GOLDDIGGERS CLUBS INC.**

Defendant

**SUPPLEMENTAL REPORT TO THE
SECOND REPORT OF SF PARTNERS INC.**

June 20, 2014

Introduction

1. By Order of the Honourable Mr. Justice Goodman dated July 23, 2013 (the “**Appointment Order**”), SF Partners Inc. (the “**Receiver**”), was appointed as receiver and manager of the assets, property and undertaking of 1639329 Ontario Ltd. (“**163**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act* and section 101 of the *Courts of Justice Act* .
2. This report is supplementary to the Second Report of the Receiver dated June 2, 2014 and is intended to be read in conjunction therewith. Capitalized terms used herein without definition shall have the meanings assigned to them in the Second Report.

The Purpose of this Report

3. The purpose of this supplementary report is to advise this Honourable Court regarding the Receiver’s activities subsequent to the Order Striking the Statement of Defence of the Commercial Tenants.

Attendance at the Hotel

4. As has been previously reported, the Receiver requests vacant possession of the Property to market and sell same.
5. The Receiver is advised by George Nikopoulos that approximately 22 rooms at the Hotel are currently occupied by Undocumented Occupants.
6. On June 16, 2014, the Receiver attended at the Hotel and delivered to 55 rooms, copies of a letter (the “**Vacant Possession Letter**”) advising the Undocumented Occupants of the Receiver’s intention to appear before this Honourable Court to request an order approving a sales process that contemplates delivery of vacant possession of the Hotel to the Receiver. A copy of the Vacant Possession Letter is attached herewith as **Exhibit “A”**.

7. On the same date, the Receiver met with Nikopoulos and obtained a list of the names of all current Undocumented Occupants (the “**Undocumented Occupant List**”), by hotel room occupied, including the amounts paid daily, weekly or monthly, based on their own arrangements with Nikopoulos. A copy of the Undocumented Occupant List is attached herewith as **Exhibit “B”**.

8. In the Vacant Possession Letter, the Receiver requested that each Undocumented Occupant identify himself to the Receiver by June 19, 2014. The Vacant Possession Letter also confirms that the Receiver would advise this Honourable Court that the occupant of the noted room does not object to delivering up vacant possession of same within 24 hours of receipt of notice to do so if the Receiver does not receive an objection from the occupant by June 19, 2014.

Dealings with Undocumented Occupants Prior to June 19 Deadline

9. Between June 17 and June 19, 2014, the Receiver received calls and/or emails from thirteen individuals who identified themselves as occupants of the Hotel. Although some occupants expressed their displeasure in having to seek out and secure new lodging arrangements, none of the occupants the Receiver spoke with expressed opposition to delivering up vacant possession of their rooms to the Receiver.

Dealings with George Nikopoulos

10. Notwithstanding that the Nikopoulos APS was terminated, the Receiver has had ongoing discussions with Nikopoulos in respect of his continued interest in purchasing the Property.

11. Nikopoulos has continuously advised the Receiver that he has secured committed financing to purchase the Property that is contingent upon the sale of another property located in Toronto in which he has an ownership interest (the “**Toronto Property**”). Notwithstanding Nikopoulos’ advice, Nikopoulos has either been unable or unwilling to arrange a meeting between himself, the Receiver, and the proposed financier, despite the Receiver’s requests for a meeting, and Nikopoulos’ stated intention to arrange a meeting. The Receiver draws this Honourable Court’s

attention to its recent correspondence with Nikopoulos in this respect, attached herewith as **Exhibit “C”**.

12. The Receiver has also requested, on numerous occasions, documentation from Nikopoulos in respect of both the sale of the Toronto Property and of the financing with respect to the purchase of the Property in order to determine their *bona fides* and whether a new sale agreement can be reached. Notwithstanding his stated intention to provide the requested information, to date, Nikopoulos has not provided the information to the Receiver. This Honourable Court’s attention is again drawn to correspondence between the Receiver and Nikopoulos, attached herewith as **Exhibit “C”**.

13. The Receiver met with Nikopoulos on June 19, 2014. Among others, the following items were discussed:
 - Nikopoulos advised that the Toronto Property will likely be sold within the next three months, and that he believes he will likely be in a position to purchase the Property shortly thereafter;
 - Nikopoulos expressed his willingness to renegotiate the leases held by the Commercial Tenants to amounts commensurate with the monthly mortgage payments in respect of the Property;
 - Regarding a purchase of the Property, Nikopoulos advised that he had arranged new potential first-ranking mortgage financing, with the balance to be financed by the Applicant as a second-ranking mortgage lender. The Receiver advised Nikopoulos that the Applicant would not accept a second-ranking position for the amounts that had been contemplated; and
 - The Receiver again requested documentation regarding the potential sale of the Toronto Property and the potential mortgage financing. Nikopoulos indicated that he would attend to the Receiver’s request.

Conclusion

14. Notwithstanding Nikopoulos' expressed desire to complete a purchase of the Property, given the length of time that has passed since Nikopoulos first expressed interest in the Property, and given Nikopoulos' difficulty in generating sufficient financing, at this point, the Receiver has serious doubts as to Nikopoulos' ability to finalize a sale transaction.

15. It is therefore the Receiver's position that a sale process be undertaken immediately in order to expose the Property to the market and to maximize the realization in the quickest way possible. A sale process would not preclude Nikopoulos from making an offer.

All of which is respectfully submitted.

Dated at Toronto, Ontario, this 20th day of June 2014.

**SF PARTNERS INC., IN ITS CAPACITY AS
COURT APPOINTED RECEIVER AND MANAGER OF
1639329 ONTARIO LTD.**

SF Partners Inc.

TAB 2

June 16, 2014

Hotel Occupant
Room
2010 Dundas Street
London, Ontario N5V 1R1

RE: Your Occupancy

SF Partners Inc. was appointed as the receiver (the "**Receiver**") of the property of 1639329 Ontario Ltd. including the Airport Hotel (the "**Hotel**") pursuant to the order of the Honourable Mr. Justice Goodman dated July 23, 2013.

The Hotel is currently managed by George Nikopoulos and/or Carlos Canejo.

The Receiver will attend before a Judge of the Ontario Superior Court of Justice on Tuesday June 24, 2014 to request an order approving a sales process that contemplates delivery of vacant possession of the Hotel to the Receiver.

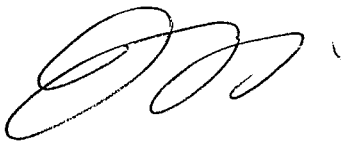
If you are occupying the Hotel you must identify yourself to the Receiver immediately. The Receiver's contact particulars are set out below:

By Phone: 416-646-8079
Toll Free: 888-829-4685 (extension 241)
By Email: jross@sfgroup.ca

If we do not hear from you on or before Thursday June 19, 2014, we will advise the Ontario Superior Court of Justice that you do not object to delivering up vacant possession of this hotel room within 24 hours of your receipt of notice to do so.

Yours truly,
SF Partners Inc.
Court Appointed Receiver of
1639329 Ontario Ltd.

per:



Joel Ross

TAB 3

| Room | GUEST NAME | OUT | Room | GUEST NAME | OUT | Room | GUEST NAME | OUT |
|--|--------------------------------|----------|---|-----------------------------------|---------|--|----------------------------------|---------|
| 102 | | | 213Pk* | DNR | | 311Pd+fu* | | |
| 103 | | | 214Pkfu* | Antonio - chef | | 312Pk ₆ | | |
| 104 | | | 215Pd+fu* | fd | | 313 | DNR | |
| 105Pd | | | 216Pk* | | | 314Pkfu | P | |
| 106 | | | 217Pd+fu | | | 315Pd | DNR | |
| 107Pd | | May 18 | 218kfu | | | 316Pkfu | 100 Rick Letnes | June 23 |
| 108Pd | | 02-26-14 | 219Pd+fu _{su} | fd | | 317Pd _f | 700 Dave Kashjian | July 13 |
| 109Pd | | 02-10-14 | 220Pkfu | fd | | 318Pd _{f_{su}} | | |
| 110 | | | 221Pkfu | | | 319Pd+ | DNR | |
| 111 | | | 222Pd* | | | 320Pd _{f_u} | 145 Francesco Currado | June 21 |
| 203Pkfu | 600 James Hughes | June 18 | 301Pk _{f_u} | 200 Jon Brian Irwin | June 20 | 321Pd+ | DNR | |
| 204Pt | 1200 Dave Merrylees | June 21 | 302Pd _{b_{f_u}} | 600 Dave Patterson | July 10 | 322Pk | DNR | |
| 205Pd _{b_{f_u}} | 600 Jamie Carpenter | July 01 | 303Pk ₆ fu | 600 John Dow | July 04 | 323Pd _{b_{f_u}} | 600 Vincent Sinclair | June 30 |
| 206Pkfu | 600 Steven Haward | May 19 | 304Pfu | DNR | | 324Pkfu | 700 Derek Lix | July 06 |
| 207Pd | 500 Graham Schuey | May 17 | 305Pk ₆ fu | 200 Joe Martin | June 18 | 325Pd+fu | | |
| 208Pd* | | | 306Pk ₆ fu | 700 Richard Morgan | July 01 | 326 | DNR | |
| 209Pk* | | | 307Pk ₆ fu | 700 Chris Bell | July 03 | 327Pk | DNR | |
| 210d | 500 Ted Haywood | June 27 | 308Pkfu | 100 Derek Wilcox | June 17 | 328Pk | DNR | |
| 211 | | | 309Pd _{b_{f_u}} * 200 | 200 Tarek Ouali & Lyle | June 26 | 329Pd _{f_u} | 600 Shawn Barbosa | June 17 |
| 212k | | | 310Pk ₆ fu* | | | 330Pkfu | 700 Carl Fishbach | July 01 |

TAB 4

Brahm Rosen

From: George Nikop [georgenikop@gmail.com]
Sent: Monday, March 03, 2014 2:37 PM
To: Brahm Rosen
Subject: Re: sale

Hi Brahm,

Everything is moving forward will be receiving the funds soon. My lawyer will contact you as soon as she receives them. I will keep you up to date when I receive the funds

Regards.

George Nikopoulos
London.1(519)282.2228
GTA.1(905)808.3775
georgenikop@gmail.com

From: Brahm Rosen
Sent: Saturday, March 1, 2014 12:11 PM
To: 'George Nikop'
Subject: sale

Please provide update

BRAHM ROSEN, MBA, CPA, CA, CIRP
President

SF PARTNERS 
Insolvency & Restructuring

Direct: 416 646 8065
Fax: 416 250 5083
Toll Free: 888 829 4685
Email: brosen@sfgroup.ca

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Consider the environment; please don't print this email unless you really need to.

Brahm Rosen

From: George Nikop [georgenikop@gmail.com]
Sent: Sunday, March 09, 2014 10:16 AM
To: Brahm Rosen
Subject: Re: London

Hi Brahm,

I can't come to Toronto Monday cause I have inspections. I can send the rent not a problem. Marty is away till Wednesday.

Regards.

George Nikopoulos
London.1(519)282.2228
GTA.1(905)808.3775
georgenikop@gmail.com

From: Brahm Rosen
Sent: Saturday, March 8, 2014 9:39 AM
To: George Nikop
Subject: Re: London

Please respond

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Brahm Rosen
Sent: Friday, March 7, 2014 12:06 PM
To: George Nikop
Subject: Re: London

Can and you meet Monday in Toronto

Need you rent

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: George Nikop
Sent: Friday, March 7, 2014 12:02 PM
To: Brahm Rosen
Subject: Re: London

Ok. I have left a message

Regards.

George Nikopoulos
London.1(519)282.2228

GTA.1(905)808.3775
georgenikop@gmail.com

From: Brahm Rosen
Sent: Friday, March 7, 2014 10:06 AM
To: George Nikop
Subject: Re: London

I want to figure out how to close this deal

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: George Nikop
Sent: Thursday, March 6, 2014 10:06 PM
To: Brahm Rosen
Subject: Re: London

I will ask him. What do you want to meet about?
Regards.

George Nikopoulos
London.1(519)282.2228
GTA.1(905)808.3775
georgenikop@gmail.com

From: Brahm Rosen
Sent: Thursday, March 6, 2014 10:04 PM
To: george nikopoulos
Subject: London

Why don't we have a meeting w Marty

Sent from my BlackBerry 10 smartphone on the Rogers network.

Brahm Rosen

From: George Nikop [georgenikop@gmail.com]
Sent: Friday, March 14, 2014 6:30 PM
To: Brahm Rosen
Subject: Re: 2010 dundas

You will be getting it all they are all doing there part so. We can proceed with the purchase. And did u receive the cheque. For meatheads rent

Regards.

George Nikopoulos
London.1(519)282.2228
GTA.1(905)808.3775
georgenikop@gmail.com

From: Brahm Rosen
Sent: Friday, March 14, 2014 6:26 PM
To: George Nikop
Subject: Re: 2010 dundas

I meant confirmation from Marty and info from Colina. I asked for this on Tuesday.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: George Nikop
Sent: Friday, March 14, 2014 6:09 PM
To: Brahm Rosen
Subject: Re: 2010 dundas

Wwhat do you received nothing you got the rent cheque and Colina will be sending what you need

Regards.

George Nikopoulos
London.1(519)282.2228
GTA.1(905)808.3775
georgenikop@gmail.com

From: Brahm Rosen
Sent: Friday, March 14, 2014 4:49 PM
To: 'George Nikop'
Subject: 2010 dundas

Received and heard abosultely nothing!!

BRAHM ROSEN, MBA, CPA, CA, CIRP
President

SF PARTNERS
Insolvency & Restructuring 

Brahm Rosen

From: George Nikop [georgenikop@gmail.com]
Sent: Monday, March 17, 2014 12:00 PM
To: Brahm Rosen
Subject: 2010 Dundas

Marty is back, I have spoke too everyone I'm getting the things you have requested from them.
Regards.

George Nikopoulos
London.1(519)282.2228
GTA.1(905)808.3775
georgenikop@gmail.com

Brahm Rosen

From: George Nikop [georgenikop@gmail.com]
Sent: Friday, March 28, 2014 4:29 PM
To: Brahm Rosen
Subject: Re: Dundas

Sorry Brahm

Been a bz day but spoke to Jose and Colina they will speak to coordinate there stuff and I'm just waiting on call back from marty

Regards.

George Nikopoulos
London.1(519)282.2228
GTA.1(905)808.3775
georgenikop@gmail.com

From: Brahm Rosen
Sent: Friday, March 28, 2014 4:24 PM
To: george nikopoulos; Colina King
Subject: Dundas

What happened to call

Sent from my BlackBerry 10 smartphone on the Rogers network.

Brahm Rosen

From: George Nikop [georgenikop@gmail.com]
Sent: Monday, April 07, 2014 8:03 AM
To: Brahm Rosen
Subject: Re: Still waiting to hear back from you

Brahm,

I'm still waiting also Marty is coming up to see me he cancelled on weekend cause something came up and he will be coming this week. He just wants to go through everything with me before he gives the commitment and mortgage. Rent for Meatheads has been sent out.

Regards.

George Nikopoulos
London.1(519)282.2228
GTA.1(905)808.3775
georgenikop@gmail.com

From: Brahm Rosen
Sent: Sunday, April 6, 2014 11:42 AM
To: Brahm Rosen; george nikopoulos
Subject: RE: Still waiting to hear back from you

Still waiting

From: Brahm Rosen
Sent: Friday, April 04, 2014 6:27 PM
To: george nikopoulos
Subject: Still waiting to hear back from you

Sent from my BlackBerry 10 smartphone on the Rogers network.

Brahm Rosen

From: George Nikop [georgenikop@gmail.com]
Sent: Thursday, April 10, 2014 2:15 PM
To: Brahm Rosen
Subject: I'm here

Hi Brahm

Just buying my supplies for the bar . Spoke with Jose he said he will get me a copy of the agreement and waiting for Colina to call will call you soon

Regards.

George Nikopoulos
London.1(519)282.2228
GTA.1(905)808.3775
georgenikop@gmail.com