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Last call for Steelback: Report

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By Josh Rubin
Staff Reporter

The long, strange saga of Steelback Brewery has apparently come to an end.

An online report says the brewery founded in 2002 by colourful but controversial businessman Frank D'Angelo has shut its doors for good, and several industry sources say some of its equipment is already being put up for sale.

Owner Jonathon Sherman, who took over in 2008, did not return calls and emails seeking comment Wednesday.



Jonathon Sherman, left, Steelback CEO and owner and president Ian MacDonald sample a pint in 2008. A blog report said employees were informed last Thursday that the colourful craft brewery would shut its doors for good.

TONY BOCK/STAR FILE PHOTO

Calls to several other numbers at the brewery in Tiverton, 150 kilometres northwest of Toronto, were not returned.

A blog report posted Friday said employees were informed of the shutdown last Thursday.

A brewery source confirmed that the equipment is being sold off, and said: "We're winding down."

Steelback's demise won't have a great effect on the Ontario beer market, experts say.

While it had the capacity to brew roughly 70,000 hectolitres of beer a year, none of its brands was among the top sellers at The Beer Store or the LCBO.

Sherman took control of Steelback in May 2008, six months after the company was given court protection from its creditors.

Among the creditors was Wasanda Enterprises Inc., owned by pharmaceutical magnate Barry Sherman, Jonathon's father.

Wasanda was owed more than \$100 million by Steelback and D'Angelo Brands, a juice and sports drink company, according to court documents.

While D'Angelo stayed on at first after the bankruptcy, he left the company in June 2008.

Sherman brought in industry veteran Ian MacDonald as president and cut down Steelback's brands to five from 11. He also tried to reposition Steelback as a craft brewery, focusing on quality beer rather than the flashy prime-time ad campaigns that were a hallmark of D'Angelo's time at the company.

Despite those efforts, Steelback did not sell enough beer for its shutdown to have an impact on the market, according to Michael Krestell, managing director of equity research at M Partners.

"They were in the early stages of relaunching their brands, and they didn't have enough time to build up any significant market share," said Krestell.

MacDonald parted ways with the company last summer, shortly after Steelback cut its staff from 15 down to a skeleton crew of four.

At its peak, Steelback had roughly 40 employees.

John Hay, president of Ontario Craft Brewers, said the Steelback closing should not be taken as a sign that craft brewers are in trouble generally.

"This is a growing, healthy industry, but there will always be some companies that for whatever reason, just don't succeed," said Hay.

He added that the craft beer industry in Ontario generates roughly \$100 million in sales per year and employs about 600 people.

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