

District of: Ontario  
Division No. 08 - Waterloo  
Court No. 35-2871139  
Estate No. 35-2871139

TRUSTEE'S PRELIMINARY REPORT  
IN THE MATTER OF THE BANKRUPTCY OF  
KEY REHAB SERVICES INC.

Trustee: MNP Ltd.

**SECTION A - Background**

Key Rehab Services Inc. (“Key Rehab” or the “Company”) provided in home care and personal support services to traumatic injury survivors and the rehabilitation community. The Company was incorporated on June 13, 2006 and Jean Taylor was the sole director. The head office was in Kitchener, Ontario.

The Company’s financial troubles began when an insurance company audit revealed discrepancies on employee related information that had been provided in support of claimed amounts. It was ultimately uncovered that a former employee of the Company had intentionally falsified SIN numbers on T4’s and insurance claim submissions. Management was not aware of the misrepresentations until they were uncovered by the insurance company. This triggered a CRA audit and \$60,000 penalty from CRA, and refusal from the insurance company to pay the claimed amount of approximately \$100,000. Despite not getting reimbursed by the insurance company Key Rehab was required to provide care, and pay the related wages, for 24/7 coverage over a three-month period. The financial situation worsened due to the onset of the Covid-19 pandemic. In-person care services were cutoff at the outset of the pandemic. When services were allowed to resume Key Rehab revenues declined by 40% from pre-pandemic levels. Management believes that was because former patients now had family members working at home who were able to provide care, rather than retain a service provider.

Being unable to cover costs and pay liabilities as they came due to Company terminated all employees and shut down operations on May 30, 2022. The Company made an assignment in bankruptcy on October 3, 2022 and MNP Ltd. was appointed as trustee. (the “Trustee”).

**CLASS I - Stocks of merchandise**

There was no inventory owned by the company.

**CLASS II - Plant, machinery, equipment, and office**

There was no equipment owned by the company.

**CLASS III - Buildings and real estate**

The Company owned 1% of the real property at 129 Frederick Street, Kitchener. It is a residential building and the other 99% is owned by the Company director and her spouse. Based on a recent appraisal and review of secured registrations, outstanding property taxes and an outstanding work order for repairs the Trustee estimates Key

Rehab's share of the equity to be \$1,070. The owners have expressed interest to purchase the 1% ownership. This potential sale will be discussed with the inspectors appointed at today's meeting.

#### **CLASS IV - Books and records**

The Trustee has taken possession of the books and records required to administer the bankruptcy.

#### **CLASS V - Other assets**

None known.

#### **Property of Bankruptcy not divisible amongst creditors by virtue of Section 67(b), of the Bankruptcy and Insolvency Act**

None known.

#### **Property placed under the guardianship of the Company**

None known.

#### **SECTION B**

##### **1. Conservatory and protective measures**

The business was shut down prior to bankruptcy. The Trustee has taken no conservatory or protective measures.

##### **2. Carrying on business**

The business was shut down prior to bankruptcy

#### **SECTION C - Legal proceedings**

There are no legal proceedings the Trustee is aware of.

#### **SECTION D - Provable claims**

	<b>As per Statement of Affairs</b>	<b>Claims Received to Date</b>
Unsecured	\$551,678	\$102,801
Preferred	Nil	Nil
Secured	\$97,282	Nil
Deemed trust	Nil	Nil
<b>Total</b>	<b>\$647,890</b>	<b>\$102,801</b>

#### **SECTION E - Secured creditors**

Greenbox Capital has registered general security against the assets of the Company and is owed approximately \$97,000. Greenbox Capital has not yet filed a proof of claim.

Ford Credit Canada has registered specific security against a vehicle. We understand the vehicle was returned prior to the bankruptcy. Ford Credit Canada has not yet filed a proof of claim.

#### **SECTION F - Anticipated realizations and projected distribution**

There is no distribution expected in this estate.

**SECTION G - Reviewable transactions and preferential payment**

The Trustee has reviewed the bank statements for twelve months preceding bankruptcy and found no evidence of reviewable transactions or preference payments.

**SECTION H - Other matters**

The Trustee has received a deposit of \$11,000 from Jean Taylor to cover the fees and disbursements of the bankruptcy.

Dated at London, Ontario this 20<sup>th</sup> day of October 2022.

MNP Ltd.  
Licensed Insolvency Trustee of  
Key Rehab Services Inc.



Per: Rob Smith CPA, CA, CIRP, LIT  
Senior Vice-President

London  
Court No.      **35-2871139**  
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IN THE MATTER OF THE BANKRUPTCY OF  
KEY REHAB SERVICES INC.

Carrying on business in the City of Kitchener,  
in the Province of Ontario

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TRUSTEE'S PRELIMINARY REPORT

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MNP Ltd.  
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