

UNITED STATES FEDERAL DISTRICT COURT
IN THE FOURTH DISTRICT COURT OF MARYLAND

THOMAS & ELIZABETH ROZENBROEK,)
AJ, a minor)
THERESA PROSPER, NANCY HOFFMAN)
CARRIE & DEREK BROWN)
MARK BRAVERMAN, KAREN HERRERA))
and CHRISTOPHER & ANDREA CAMPO)

Plaintiffs)

v.)

PROJECT OZ ADOPTIONS, INC)
a Maryland and North Carolina)
Not -For-Profit Corporation)
and)
KERRY PALAKANIS, DAVID)
PALAKANIS,)
 individuals)

 and)
THE STATE OF MARYLAND,)
DEPARTMENT OF LICENSING)
 Jointly and Severally)
 Defendants)

Hon.:

Case No.: 08-

PLAINTIFFS
COMPLAINT FOR VIOLATIONS
OF: 18 U.S.C. §§ 1341, 1343,
18 U.S.C. § 1962(c)
18 U.S.C. § 1962(d)
-UNJUST ENRICHMENT,
- CONVERSION,
-CIVIL CONSPIRACY,
- FRAUDULENT
MISREPRESENTATION,
- INNOCENT
MISREPRESENTATION.
-INTENTIONAL INFLICTION
OF EMOTIONAL DISTRESS,
-NEGLIGENT INFLICTION OF
EMOTIONAL DISTRESS
- WRONGFUL ADOPTION
- GROSS NEGLIGENCE
- FAILURE TO MONITOR
PLAINTIFFS DEMAND A JURY

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Thomas and Elizabeth Rozenbroek, AJ, Theresa Prosper, Nancy Hoffman, Carrie and Derek
Brown, Mark Braverman and Karen Herrera, and Christopher and Andrea Campo

(“Plaintiffs”) hereby allege and state the following Complaint against Defendants Project Oz Adoptions, Inc., Kerry Palakanis, and The State of Maryland, (hereinafter referred to collectively as “Defendants”).

PARTIES

1. Plaintiffs Thomas and Elizabeth Rozenbroek and Plaintiff AJ are United States citizens residing in the State of Maryland.
2. Plaintiff Theresa Prosper is an United States citizen residing in the State of Maryland.
3. Plaintiff Nancy Hoffman is an United States citizen residing in the State of Massachusetts.
4. Plaintiffs Carrie and Derek Brown are United States citizens residing in the State of Iowa.
5. Plaintiffs Mark Braverman and Karen Herrera are United States citizens residing in the State of New Jersey.
6. Plaintiffs Christopher and Andrea Campo are United States citizens residing in the State of Maryland.
7. Defendant Project Oz Adoptions, Inc. (“POZ”) is a Maryland Not-For-Profit Corporation with a principal place of business at 10331 South Maryland Blvd, Dunkirk, Maryland, 20754 and branch offices in North Carolina and Pennsylvania. Defendant POZ was licensed to perform adoptions by the States of Pennsylvania, North Carolina and Maryland.
8. Defendants David and Kerry Palakanis (“KP”) are upon information and belief a United States citizen residing in the State of Washington and/or North Carolina.

KP held herself out to be the Chief Executive Officer of POZ, its President and its Director. David Palakanis was a Director of Project Oz during the times relevant to this dispute. KP worked out of the POZ Maryland and North Carolina offices.

9. Defendant State of Maryland (“SOM”), Department of Licensing and Monitoring is a State in the United States of America. The Department of Licensing and Monitoring licensed Defendants POZ and KP to perform adoptions, both domestic and international.

JURISDICTION AND VENUE

10. This action is brought under the Federal Racketeer Influenced and Corrupt Organization (“RICO”) statute, 18 U.S.C. § 1961 et seq., and various other Maryland statutes and common law doctrines. The matter in controversy exceeds the sum or value of Seventy-Five Thousand and 00/100 Dollars (\$75,000.00), exclusive of interest and costs, and is between citizens of different states. Jurisdiction is vested in this Court by virtue of 28 U.S.C. §§ 1331 and 1332.

11. Because claims brought under Maryland law are also so related to Plaintiffs’ federal claims, over which the Court has original jurisdiction, that they form part of the same case or controversy under Article III of the United States Constitution, the Court also has jurisdiction over Plaintiffs’ Maryland common law and statutory claims pursuant to 28 U.S.C. § 1367.

12. A substantial part of the events and omissions giving rise to the claims stated herein occurred in this District and all defendants are subject to the personal jurisdiction of this judicial district. Venue is proper in this District and Division pursuant to 28 U.S.C. §§ 1391 and to 18 U.S.C. §1965(b).

INTRODUCTORY ALLEGATIONS

13. Project Oz Adoptions, Inc. was incorporated as a non-profit corporation in the State of Montana on or about July 20, 2000 and was granted 501(c) (3) status by the Internal Revenue Service.

14. Project Oz Adoptions, Inc. incorporated as a non-profit corporation in the State of Delaware on or about April 24, 2001.

15. In 2001, Defendant KP worked as an owner for 1st Steps International Adoptions, Inc. co-owned by Lin Strasser in Pennsylvania. 1st Steps International Adoptions, Inc. was later closed by the State of Pennsylvania in 2004.

16. On or about June 20, 2002, 1st Steps International Adoptions, Inc. aka 1st Steps Projects Oz Fund changing the name to Project Oz Adoptions, Inc. filed for and received Corporate Charter in Calvert County, Maryland. The application was signed by Defendant KP. **(See Exhibit A)**

17. On or about August 2002, Defendant KP resigned from 1st Steps International Adoptions, Inc.

18. On information and belief, Defendant KP moved her operations to Maryland to begin adoptions in that state.

19. Defendant KP applied for the license to perform domestic and international adoptions in the State of Maryland and the license was granted on February 24, 2003.

20. Defendant SOM licensed Defendant POZ even though the principal owner/agent, Defendant KP, had declared bankruptcy in Maryland in 1996.

21. Defendant SOM licensed Defendant POZ even though the principal owner/agent, Defendant KP had been charged in Calvert County, Maryland with **14 counts of embezzlement** in March 2001. **(See Exhibit B)**

22. Defendant SOM renewed the license of Defendant POZ even though the principal owner/agent, Defendant KP, had been involved in an adoption agency where the license was revoked. Case # 1351 C.D. 2004, in the Commonwealth Court of Pennsylvania.

23. Defendant SOM failed its duty to protect the citizens of Maryland by granting a license to Defendant POZ when it was clear that Defendant KP had a questionable ability to be the fiduciary of client's money.

24. Defendants POZ and KP advertised that it held licenses to perform adoptions in Illinois, Pennsylvania, Maryland and North Carolina. Defendant POZ' Corporate Office was in the State of Maryland. **(See Exhibit C)**

25. On or before April 2004, Defendants KP and POZ, in a scheme to collect money, began a systematic approach to advertising the ability to perform adoptions in Guatemala and other countries and collected money from unsuspecting prospective adoptive parents.

26. On or before April 2004, Defendants KP and POZ and their employees would provide false updates to the adoptive parents as a regular part of business. Defendants POZ and KP did almost all of their adoption business using the mail, telephone, faxes and/or e-mail. Money was wired to bank accounts using telephone wires. **(See Exhibit D)**

27. On information and belief, Defendant KP performed adoptions in Illinois but later closed that office in 2006. And on information and belief, Defendants POZ surrendered

the Illinois license due to the Illinois Adoption Reform Act designed to protect adoptive families and children.

28. On or about December 2007, current Director of Defendant POZ, sent an e-mail to all parents advising them that even though the Defendant KP resigned in September, the Defendant didn't turn over the books until December and the balance was approximately \$4,000.00 to complete all of the pending adoptions.

29. In March 2008, Defendant POZ was denied Hague Accreditation which would allow them to continue to facilitate Guatemala adoptions.

30. On or about May 24, 2008, Defendants POZ and KP had the license suspended in Maryland.

Plaintiff AJ

31. Plaintiff AJ is a minor who was originally adopted in November 2004 to a family in California. The placement was by Defendants POZ and KP.

32. By early January 2005, the adoptive mother alerted Defendants POZ and KP by telephone that she could no longer parent the Plaintiff and asked that Plaintiff AJ be removed from her home and placed into foster care. Due to incidents in the home, Child Protective Services were called in and reports were made.

33. On or about January 11, 2005, Defendants POZ and KP sought legal counsel from their attorney and the Defendant SOM's, Licensing and Monitoring, Department Program Manager, Bill Lee. Both agreed that Defendant POZ could bring Plaintiff AJ to Maryland.

34. On or about January 12, 2005, without ICPC approval, Defendant KP flew to California and brought the Plaintiff AJ back to Maryland to be placed in a foster home.

35. The record is not clear on where Plaintiff AJ was placed when she first arrived in Maryland but on information and belief, the Plaintiff AJ stayed with Defendant KP and her family.

36. On or about January 24, 2005, Plaintiff AJ had a home visit with a new foster home being coordinated by Defendant POZ. Defendants POZ had the foster home sign a placement agreement “at risk”.

37. On or about February 1, 2005, Plaintiff AJ began to show signs of defiance, anger and frustration by breaking several of her foster mother’s figurines and by punching holes in the walls.

38. By mid-February 2005, Plaintiff AJ’s behavior had escalated to becoming unmanageable for the foster family. They alerted Defendants that they needed respite services and Plaintiff AJ would need to find another home.

Plaintiffs Thomas and Elizabeth Rozenbroek

39. Plaintiffs Thomas and Elizabeth Rozenbroek (“Plaintiffs”) decided to adopt contacted Defendant POZ on or about March 2005 for the purpose of having a home study completed. At that time, the Plaintiffs had no intentions of using the Defendant’s agency.

40. During the first meeting with Defendants POZ, the Plaintiffs were approached about adopting an 8 year old girl from Guatemala.

41. The Plaintiffs agreed to meet with the child, AJ (“Plaintiff AJ”) and her foster parents in late March. During the dinner where Defendants POZ and KP introduced Plaintiff AJ to her potential parents, the Defendants explained that Plaintiff AJ came from a

disrupted international adoption. The Defendants explained that the original adoptive mother didn't have the ability to handle the child.

42. On or about April 4, 2005, the Plaintiffs received a call from Defendants POZ to ask if Plaintiff AJ could be placed immediately in their home. The Defendants said that Plaintiff AJ needed to be removed from the foster home immediately.

43. The Plaintiffs agreed to the placement but advised Defendants POZ, KP, and POZ social worker and employee, Becky Watson, that the background checks and home inspections had not been completed. Becky Watson and Defendant KP told the Plaintiffs that those "**were not important.**"

44. On or about April 8, 2005, the Plaintiffs picked up Plaintiff AJ from her foster parents home. The Plaintiffs background checks and FBI reports would not be completed for another 5 weeks. The Plaintiffs home study wouldn't be completed by Defendant POZ employee Becky Watson for several months. The home study was never for a special needs child.

45. Plaintiffs and their attorney processing the domestic adoption repeatedly asked the Defendants for additional information surrounding the disruption of Plaintiff AJ's adoption but no information was given. Defendants POZ and KP advised that the **information would not be given until past due balances were paid.** When the Plaintiffs met with the Defendants in October 2005 and brought their account current, the **Defendants still did not provide additional information. (See Exhibit E)**

46. Defendants POZ had an attorney draft a letter to Judge Krug that provided a description of what had happened in the original adoptive home. This information was false and led to the Judge approving and finalizing the adoption on December 19, 2005.

47. Defendants POZ and KP never spoke or contacted the Plaintiffs again even when the Plaintiffs tried to reach out to them for information.

48. Plaintiff AJ did exhibit some difficulty adjusting to her new home but Plaintiffs attributed the problems to the child moving frequently in such a short time. At that time Plaintiff AJ only spoke approximately 20 words of English and didn't appear to know Spanish. Later the Plaintiffs found out that Plaintiff AJ only spoke Spanish at her original adoptive home in California.

49. After the adoption was finalized, Plaintiff AJ began to exhibit disturbing behaviors that included, abusing family pets and other family members and she became increasingly antisocial.

50. By February 2006, Plaintiff AJ had begun therapy and as her behavior got worse, she was placed on psychiatric medicine.

51. Due to the increasing problems with Plaintiff AJ's behavior, and the Defendant's unwillingness to speak to the Plaintiffs, they reached out to Plaintiff AJ's original adoptive family for information.

52. Plaintiff AJ's original adoptive mother responded and finally the Plaintiffs were able to know the history of the disrupted adoption and how Plaintiff AJ was placed in their home. It was at this time that the Plaintiffs found out that there were allegations of Plaintiff AJ being sexually abused as a child in Guatemala and allegations of Plaintiff AJ being involved in sexual abuse in the home in California. None of this information had been disclosed to the Plaintiffs.

53. Tragically, Plaintiff AJ's behavior declined to a dangerous level. The Plaintiffs pediatrician suggested that Plaintiff AJ be taken to Children's Hospital in Washington DC to be evaluated. She was admitted on August 31, 2006 for severe aggression.

54. Between August 31, 2006 and January 30, 2007, Plaintiff AJ had eight (8) psychiatric acute care hospital admissions totaling 75 days. These admissions were due to aggression, including assaulting a police officer and destruction of property. There have been five (5) police reports but no arrests of this little girl.

55. Finally, Plaintiff AJ was placed in residential treatment facilities. She has been in several since January 2007. Her diagnoses' are Reactive Attachment Disorder (RAD), Oppositional Defiant Disorder (ODD), Bi-polar, Post Traumatic Stress Disorder (PTSD), Mood Disorder, Dissociative Disorder as well as others. The psychiatrists have warned the Plaintiffs that Plaintiff AJ's problems were especially complex due to the extreme abuse of this child prior to her first and subsequent foster and adoptive placements.

56. Plaintiffs began to make complaints to the Defendant State of Maryland, Licensing and Monitoring Division (Defendant SOM). Plaintiffs made a complaint against Defendant POZ in April 2007. When there was no confirmation of receipt of the complaint, the Plaintiffs placed six or more calls to follow up but received no response.

57. In an attempt to investigate whether other complaints were made against Defendant POZ, Plaintiffs were told that the information would not be given out without a Freedom of Information Act ("FOIA") request. It is impossible for a prospective adoptive parent to be able to verify the performance of a licensed agency without satisfying the Defendant SOM's FOIA requirement.

58. Defendant SOM also advised the Plaintiffs to call the Maryland Governor's Office on Children and the Maryland Attorney General's office for information on complaints about Defendant POZ. Both of these agencies advised the Plaintiffs that they would not take complaints of this nature because it is the responsibility of Defendant SOM.

59. Plaintiffs contacted the Maryland Office for the Interstate Compact on the Placement of Children ("ICPC") who told her to call the California ICPC office. The ICPC office in California could not find any records of Plaintiff AJ that were active or inactive. Once again the Plaintiffs called the Maryland Office for ICPC and found that there were no records of the ICPC and Plaintiff AJ.

60. Plaintiff's homestudy was not for a special needs child and clearly the Defendants POZ and KP knew Plaintiff AJ had special needs since Defendant KP discovered the sexual abuse in Guatemala on **May 1, 2004**.

61. Defendants POZ and KP had an obligation to provide all of the known medical and mental conditions of Plaintiff AJ to the prospective adoptive parents. Defendants POZ and KP were obligated under Maryland Licensing – Family Law Article 5-3A-39a1-2 to "make reasonable efforts to compile and make available to a prospective adoptive parent: (1) all of the prospective adoptee's medical and mental health records that the agency has; or (2) a comprehensive medical and mental health history of the prospective adoptee.

62. Plaintiff AJ is currently in a residential treatment facility.

63. Instead of adopting an older child who could benefit from a loving home, the Defendants withheld information that they were legally obligated to tell the Plaintiffs just to complete an adoption and collect adoption fees.

64. By brokering two adoptions of Plaintiff AJ, the Defendants charged each family adoption fees well over \$25,000 for each family, profiting for placement (and concealment) of Plaintiff AJ's special needs.

65. The Defendants fraudulent misrepresentation of Plaintiff AJ's mental needs have made victims of all involved leading to a child who may never leave residential treatment, a family who has been emotionally damaged and a wrongful adoption by a ruthless predatory adoption agency, its directors and employees.

66. The Defendants have broken the licensing laws, the ICPC laws, Federal and Maryland State Laws with the placement of Plaintiff AJ in the Plaintiff's home.

Plaintiff Theresa Prosper

67. On or about September 1, 2006, Theresa Prosper ("Plaintiff") met with Defendant POZ employees to explore adopting a baby girl from Guatemala. During this visit she completed most of the dossier packet for the Defendant. **(See Exhibit F)**

68. On or about September 15, 2006, contracted with the Defendant POZ to have her homestudy completed in anticipation of adopting a baby girl from Guatemala. It was on this same day that the Plaintiff accepted the referral of a two week old baby girl, Geneva Michelle Estrada. **(See Exhibit G)**

69. On or about January 22, 2007, Plaintiff was advised by Defendants POZ and KP that her adoption was entered into PGN for final approval. To reach this step the case would have met pre-approval by the Family Court, DNA tests and INS clearance.

70. By January 30, 2007, Plaintiff had already paid Plaintiff over \$26,000.00 for the adoption. **(See Exhibit H)**

71. Over the next few months the Plaintiff repeatedly asked for updates from the Defendants but was told that there were no updates on her case.

72. On or about April 19, 2007, Plaintiff asked Defendant KP if there was any way to expedite the process and how other cases were getting PGN approval before her adoption. Defendant KP admitted that they were looking at the possibility of asking for potential adoptive parents for money for “expediting” adoptions. **(See Exhibit I)**

73. On or about May 7, 2008, Plaintiff contacted an attorney at the Guatemalan PGN to verify the status of her adoption. Plaintiff was told that her case entered the PGN on February 19, 2007 and was finished (kicked out) on March 1, 2007 for previos. The PGN attorney advised that the previos meant that there were some errors in the file that needed to be corrected. She also advised the Plaintiff that someone had picked up the file on March 9, 2007 and it hadn't been re-entered into PGN. **(See Exhibit J)**

74. In May 2007, in an attempt to intimidate and retaliate against the Plaintiff, Defendant KP decided that the Plaintiff needed “Agency Directed Counseling” to allow her to complete her adoption. In direct violation of the United States Orphan Act, Defendant KP determined that she had the authority to order a prospective adoptive parent to counseling. Plaintiff advised that she would not attend Agency Directed Counseling until she had proof by Maryland authorities that Defendant had the authority to order counseling. **(See Exhibit K)**

75. On or about June 1, 2007, Plaintiff wrote Defendant KP and advised her that it was clear that she was required to attend counseling due to an on-line posting she had made about her adoption. **(See Exhibit L)**

76. On or about June 27, 2007, in an attempt to keep the Plaintiff from seeing her daughter, Defendant KP wrote the Plaintiff and told her that “the attorney” in Guatemala was asking that adoptive families who have already visited their child in Guatemala, not travel again due to **“increased police harassment of foster mothers/families. As soon as we have the new birth certificate with your last name on it you can travel.”** (See **Exhibit M**)

77. On or about July 20, 2007, the Plaintiff asked Defendant KP whether the case had been repaired and resubmitted to PGN as had been promised. Defendant KP advised that the municipality refused to repair the problem ..”**so we are at a standstill.”** (See **Exhibit N**)

78. On or about July 30, 2007, the Plaintiff was fed up with excuses and expressed her dissatisfaction to Defendant KP. She asked why if she had paid the Guatemalan attorney in full, there was nothing being done on repairing the previos in her case. Defendant KP responded by telling her that no one was holding up the case intentionally and that the attorney was absorbing the daily costs for the baby. (See **Exhibit O**)

79. On or about August 1, 2007, Defendant KP sent Plaintiff an e-mail that a second DNA test was now required by the US Embassy before parents could pick up their child. In this message she wrote the Plaintiff that her paperwork had been submitted to court to repair the previo. (See **Exhibit P**)

80. On or about August 3, 2007, in another attempt to intimidate and retaliate against the Plaintiff, Defendant KP told the Plaintiff that because she had contacted the attorney/translator in Guatemala (with permission and direction from Defendant KP on

July 27, 2007) that the Defendants would “**no longer communicate with you regarding your case.**” (See **Exhibit Q**)

81. On or about October 10, 2007, the Plaintiff hired Adoption Supervisors – Servicios Juridicos Integrados (“SJI”) for an additional \$3,000.00 to investigate and report back on the status of the adoption. SJI did confirm that Defendants POZ and KP had not rectified the previos and there had been no reentry into PGN or any courts. (See **Exhibit R**)

82. On or about October 18, 2007, SJI advised the Plaintiff that Defendants POZ and KP chose not to work with an attorney in Guatemala but instead chose to work with Gloria (a facilitator). Even though the Plaintiff had paid the Defendants POZ and KP in full, the money did not get paid to Gloria. Gloria was now asking SJI to have the Plaintiff pay foster fees for baby Geneva who was now over one year old. (See **Exhibit S**)

83. Over the course of 2 years, the Defendants POZ and KP provided limited medical information (although promising monthly updates) and the medical forms from the doctor in Guatemala were obvious forged documents. The information for Geneva (born on January 9, 2006) was as follows:

	<u>Weight</u>	<u>Height</u>	<u>Head Circumference</u>
Date: May 12, 2006	9 lbs 8 oz	54 cm	37 cm
July 9, 2006	6 lbs	47 cm	33 cm
Sept. 10, 2006	7 lbs 6 oz	51 cm	34 cm
Sept. 11, 2006	9 lbs 4 oz	55 cm	no report
March 1, 2007	11 lbs	55 cm	38 cm
March 2, 2007	12 lbs 3 oz	56 cm	39 cm
March 3, 2007	13 lbs 11 oz	57 cm	40 cm
March 4, 2007	14 lbs 15 oz	58 cm	41 cm
May 5, 2007**	15 lbs 14 oz	59 cm	42 cm
June 8, 2007	17 lbs 2 oz	60 cm	42.5 cm
July 9, 2007	18 lbs 15 oz	61 cm	43 cm

** report in e-mail from Defendant KP was “Date of Exam 10/5/2007.
(See Exhibit T)

84. Plaintiff has been the victim of forged documents, money that has been taken but not used for its intended purpose and her daughter is still not home with her. Plaintiff has spent well over \$50,000.00 trying to complete the adoption that Defendants POZ and KP had contracted to complete. Plaintiff was induced into an adoption that Defendants never intended to complete through Defendants assurances, unethical behavior, lack of monitoring and misrepresentations. Plaintiffs have been damaged financially and emotionally by the Defendants illegal activities.

Plaintiff Nancy Hoffman

85. In 1997, Nancy Hoffman (“Plaintiff”) began working in Guatemala as a travel consultant, coordinating transports, hotels and tours. While working in this capacity, the Plaintiff met many other persons working with Guatemalan adoptions. Due to her good reputation for travel services and increased clientele from the adoption community people inquired whether she “facilitated adoptions.”

86. On or about 2001, Plaintiff was approached by Nancy Bailey who operated Semillas de Amor (an orphanage in Antigua, Guatemala, operated as a California 501(c)(3) named Seeds of Love) , and asked if the Plaintiff would work with her “fielding correspondence from the adoptive families”.

87. As her experience as a facilitator grew, the Plaintiff began getting her own adoptive families whose legal and referral work was done through Semillas De Amor.

88. Defendant KP worked with Semillas De Amor and had met this Plaintiff many times at Semillas. Plaintiff coordinated transports for Defendants KP and POZ and the Defendant's adoption clients.

89. On or about 2006, Semillas De Amor was getting more expensive for the prospective adoptive parents when they began charging an obligatory \$1,000.00 donation to "Seeds of Love" another non-profit run by Nancy Bailey. Many of the Plaintiff's prospective adoptive clients asked if there were other more economical options.

90. In 2006, Defendant KP negotiated with the Plaintiff to be the United States representative for the Plaintiff's adoptions. Defendant KP said that she would give the Plaintiff a small break in fees and that Defendants KP and POZ would be the Plaintiff's "liason/backer" in the USA, as Defendant POZ was a licensed U.S. adoption agency.

91. Defendant KP instructed the Plaintiff to send all payments through her not the Guatemalan contact, Gloria Marina Aguilar Campañeros Aguilar ("Gloria").

92. On or about May 4, 2006, in direct proof of self-dealing, Defendant KP instructed the Plaintiff to run her adoption payments (made by the prospective adoptive parents) through the Defendant KP's consulting firm, Dakar LLC instead of Project Oz Adoptions. **(See Exhibit U)**

93. On or about May 22, 2006, the Defendant KP admitted that there were additional payments made to social workers and PGN to complete adoptions for single women or men who wish to adopt. **(See Exhibit V)**

94. Defendant KP was the primary contact (at Defendant KP's request) for the Plaintiff while the Plaintiff lived and worked in Guatemala.

95. Defendant KP requested that all payments and case inquiries go through the Defendant and not the Guatemalan contact. Defendant KP stressed to the Plaintiff that it was easier for her and that she (Defendant KP) had a system to pay the Guatemalan contact Gloria.

96. Initially, the Plaintiff met with Defendant KP approximately every 4-6 weeks in Guatemala to discuss the cases and take photo's of the children.

97. After several months, Defendant KP's visits to Guatemala were less frequent and Defendant KP asked the Plaintiff to contact Gloria directly.

98. On or about January 17, 2007, Defendant KP wrote to the Plaintiff telling her that she couldn't come to Guatemala until late in February due to annual audits by the Maryland and Pennsylvania licensing departments. **(See Exhibit W)**

99. During this time, the adoptions were moving slowly through the Guatemalan system. Gloria told the Plaintiff she was not receiving her payments from Defendants POZ and KP in a timely manner and Gloria asked the Plaintiff if she could make partial payments directly to Gloria. The Plaintiff thought that it seemed a logical solution at the time.

100. On or about April 24, 2007, Defendant KP explained that there was a process to expedite the adoption process for the adoptive parents that included paying the Guatemalan attorney \$500 and the Barrios (Director of the Procoduria Nacional de Guatemala – PGN/ equivalent to the Attorney General's Office) \$1,500.00. **(See Exhibit X)**

101. On or about May 13, 2007, Defendant KP wrote to the Plaintiff explaining that through Gloria expedited PGN approvals might be made for \$1,500. The Defendant made it clear that she had offered this bribe option to other adoptive parents in the past. The Defendant made it clear that if an adoptive parent wanted it, she (Defendant KP) would **“get their cases put on the Barrios desk for signature.”** (See **Exhibit Y**)

102. In 2007, Defendant KP asked that the Plaintiff pay Gloria directly instead of the money being sent through Defendant POZ. As the year progressed, Defendant KP was less involved in the adoptions. Plaintiff did not take any new cases but concentrated on completing the cases she had in progress.

103. On or about October 24, 2007, Defendant KP questioned the Plaintiff about money she had sent Gloria for Defendant POZ and KP’s adoptions. This was sent after Defendant KP had resigned from Defendant POZ. (See **Exhibit Z**)

104. On or about November 26, 2007, Defendant KP asked the Plaintiff to pay Gloria directly for an adoption because was **“short on liquid cash.”** (See **Exhibit AA**)

105. It was during this time that Plaintiff found out that many of the delays in the adoptions were strictly caused by Defendants POZ and KP not sending money to Gloria to finish parts of the adoption like DNA testing, or social worker payments, etc.

106. Plaintiff continued to pay Gloria to continue the cases but Defendants POZ and KP did not pay her for the money spent on their cases. Plaintiff has spent over \$58,250.00 on the adoptions started by Defendant KP and POZ.

107. Due to the mishandling of the funds and the adoptions by Defendant’s KP and POZ, the Plaintiff has been threatened with lawsuits by adoptive parents. The

Plaintiff's reputation as a legitimate adoption representative has been damaged by the Defendant's actions.

108. Plaintiff has had increased costs due directly to Defendants KP and POZ not paying Gloria and the Plaintiff having to pay to have the adoptions completed.

Plaintiffs Carrie and Derek Brown

109. In the summer of 2006, Carrie and Derek Brown ("Plaintiffs") began the paperwork to adopt a baby from Guatemala. They were working with Guatemala Adopt, Nancy Hoffman, to facilitate this adoption. The adoption was being processed through Defendant POZ. The Plaintiffs would pay Nancy Hoffman who would then send the money to Defendant POZ.

110. On or about August 18, 2006, the Plaintiffs accepted a referral for a six month old baby girl, Iris Maritza Estrada Gonzalez. Later the Plaintiffs changed her name to Sofia.

111. On or about January 29, 2007, the Plaintiffs received pre-approval for Sofia and the case was ready to be sent to PGN.

112. The Plaintiffs noticed in late January 2007 that Sofia's picture was on Defendant POZ website. Plaintiff Carrie questioned Nancy Hoffman about her relationship with Defendant POZ and it was clarified by e-mail. **(See Exhibit BB)**

113. On or about February 1, 2007, Nancy Hoffman advised the Plaintiffs that Sofia's case had entered PGN. Nancy explained to the Plaintiffs that she worked with Gloria because she trusted Gloria's work and that Nancy preferred to "go slow and be tactful" so the adoptions would complete correctly.

114. Sofia's case was kicked out of PGN for 2 small errors in the documentation (called "previos") but these were corrected and the case was re-submitted into PGN on or about April 3, 2007.

115. By late May 2007, the Plaintiffs were seeking information about the status at PGN. They asked Nancy about contacting PGN personally. Nancy told the Plaintiffs "go for it." but when Nancy brought the subject up with Defendant KP the response from Defendant KP was "**We absolutely PROHIBIT** our families from contacting PGN on their cases.If the Browns keep at this they will cause their case to be delayed not expedited....." (**See Exhibit CC**)

116. When the Plaintiffs asked direct questions about the status of their adoption they were lied to by Gloria and/or Defendant KP. Nancy had to defer to Defendant KP or Gloria for answers to the Plaintiffs questions. Gloria wanted more money for each step of the adoption and wouldn't process the adoption without the extra money. The Plaintiffs sent two additional "expediting" payments to Gloria after assurances that these fees would make the adoption approval move faster.

117. Finally in July 2007, the Plaintiffs had to spend more money and they hired Adoptions Supervisors to help process the adoption.

118. When Defendant KP found out that the Plaintiffs had hired Adoption Supervisors ("AS"), she advised the Plaintiffs through Nancy that all AS did was lie to prospective adoptive parents and give false assurances.

119. The Plaintiffs find out from AS that Defendant POZ is considered one of the most unethical U.S. adoption agencies doing business in Guatemala. They explain to the Plaintiffs that cases can't be expedited for a fee and that Defendants POZ and KP

frequently lie to the prospective adoptive parents on the status of the adoptions. (See **Exhibit DD**)

120. The Plaintiffs repeatedly request the PGN number from Nancy but Defendant KP refuses to give the number to Nancy.

121. On or about July 19, 2007, Nancy finally was able to obtain the PGN number from Defendant KP. Nancy provided the Plaintiffs with the e-mail from Defendant KP that showed the PGN number (which Defendant KP received on June 14, 2007) was 1813-07.

122. On or about July 24, 2007, AS was able to advise the Plaintiffs that Defendants POZ and KP gave them the incorrect PGN number. The Defendants POZ and KP gave the incorrect attorney name to the Plaintiffs, a fake PGN number and told the Plaintiffs that **“their adoption file shows the two previos but apparently the mistakes have been cleared up and the case is moving forward.”** When in reality the case had not even been entered into PGN until June 27, 2007.

123. On or about August 25, 2007, Defendant POZ sent a letter to all “Project Oz Adoptions Maryland Families, advising the families that the Defendant POZ’ office in Maryland was closing but that they were still in operation in Meadville, PA and Tarboro, NC. (See **Exhibit EE**)

124. Plaintiff Carrie Brown traveled to Guatemala in October 2007 to spend time with Sofia and met with Gloria. During that visit, Gloria showed the Plaintiff three passports that hadn’t been submitted to the U.S. Embassy (which would have completed the adoptions) because Defendant KP was withholding money and not sending it to Gloria. (See **Exhibit FF**)

125. On or about November 8, 2007, Nancy advises that the birth certificate should be issued soon and the final DNA needs to be ordered soon.

126. Finally, after paying even more money to complete the adoption, Plaintiff Carrie went to Guatemala to finish the adoption process herself and to pick up their daughter on January 7, 2008. Even then she had to pay the foster mother 4900 Quetzals (\$661.13 USD) to take Sofia with her. Plaintiff Carrie was even responsible for costs that had been included in the adoption fees and previously paid. The adoption ultimately concluded on January 28, 2008.

127. The money for the foster mother had been paid to Defendant KP to give to Gloria for foster fees and the processing of the adoption. Recently the Plaintiffs found out that the \$7,000.00 USD that they had paid in October 2007 was never sent to Gloria for the adoption.

128. Plaintiffs were induced into an adoption where the Defendants involvement almost prevented the completion of the adoption. The Defendants repeatedly provided false information and their unethical behavior, lack of monitoring and misrepresentations delayed the adoption. Plaintiffs have been damaged financially and emotionally by the Defendants illegal activities.

Plaintiffs Mark Braveman & Karen Herrera

129. Plaintiffs Mark Braverman and Karen Herrera (Plaintiffs) applied for an adoption with Defendant POZ in March 2005. The contract with Defendant POZ was signed on or about June 2005 and the Plaintiffs immediately sent a retainer of \$2,000. (See Exhibit GG)

130. On or about September 2005, the Defendants POZ and KP sent the Plaintiffs a referral for a young girl. Within **two weeks** of accepting the referral, an employee from Defendant POZ called and told the Plaintiffs that the girl was no longer available.

131. On or about October 2005, Plaintiffs were contacted by Defendant POZ to advise of another baby who was available, Monica Herrera. The Plaintiffs were very disappointed from the first referral being withdrawn, so they asked for assurances from Defendant POZ that Monica was indeed available and they were told by Defendant POZ employees **“Everything is in order for this adoption.”**

132. On or about October 7, 2005, the Plaintiffs traveled to Guatemala to spend a weekend with baby Monica. The Plaintiffs fell in love with baby Monica. Monica arrived with no clothes, food, bottles or diapers. This was surprising, since she was brought to the hotel by the person purportedly her foster mother. The POZ representative quickly took Plaintiff Mark Braverman to a mall where he spent substantial dollars on these supplies, all of which were turned over to the purported foster mother at the end of the visit.

133. Throughout the weekend, Plaintiffs received repeated calls from Defendant POZ’ translator asking them to expedite the process for some undetermined additional fee and it could happen immediately if the Plaintiffs would meet with an attorney and signed papers immediately. The Defendant’s translator told the Plaintiffs that if they didn’t chose to expedite the adoption that it would take much longer.

134. The Plaintiffs tried repeatedly to call Defendant POZ to discuss these events but the calls went unanswered.

135. The Plaintiffs met with the attorney in Guatemala who assured them that the paperwork for the adoption would be done before they left to fly back home.

136. The Defendant's translator stopped returning the Plaintiff's telephone calls.

137. Monica showed no interest in the purported foster mother and was hysterical when she was handed to her, reaching out her arms to the plaintiffs in apparent despair. This left the Plaintiffs feeling uneasy and uncertain that all was as it was presented and frightened for baby Monica's well-being.

138. On or about November 15, 2005, the Plaintiffs signed a Statement of Acceptance of Monica Herrera with Defendant POZ. This document assured the Plaintiffs that baby Monica would be their referral. At this time the Plaintiffs sent the Defendants POZ a check for \$11,966.00. (See **ExhibitHHG**)

139. Approximately **one week later**, the Plaintiffs were told that baby Monica had been reclaimed by her birth mother. Upon information and belief, the Plaintiffs were advised that she was placed once again for adoption at a later date.

140. The Plaintiffs were devastated and traumatized from losing the second referral from the Defendants. The Plaintiffs had fallen in love with Baby Monica and were heartbroken that she would not be their child.

141. Approximately two weeks later, Defendant POZ employees offered yet another child for referral. This child's name is Hilda Tchich. Hilda was staying at the hogar, Semillas de Amor. Rather than expose his family to more heartache, Plaintiff Mark Braverman traveled to Guatemala to meet the child alone.

142. The Plaintiff Braverman spent one day with Hilda and was concerned that she may have had developmental disabilities. Nancy Bailey, operator of the hogar, Semillas de Amor, assured the Plaintiff that any delays were age appropriate or due to nutritional deficiencies and that Hilda **“would catch up.”**

143. The Plaintiff offered to pay for professional analysis of Hilda’s development but the Defendants were not responsive to that suggestion.

144. From the beginning of the application process the Plaintiffs had made it very clear to Defendant KP that they were not in the position to take a special needs child.

145. Defendant KP assured the Plaintiffs that **“the child is fine and would soon catch up.”**

146. On or about December 12, 2005, despite personal reservations and based on the assurances of Defendant KP, the Plaintiffs signed a new Statement of Acceptance with Defendant POZ for the adoption of Hilda. **(See Exhibit II)**

147. After the money had been sent, the Defendants rarely communicated with the Plaintiffs. Calls went unanswered and e-mails rarely received a response, despite repeated complaints by the plaintiffs.

148. During this time the Plaintiffs hired Dr. Jane Aronson, a world renowned adoption pediatrician to analyze the videos of Hilda. The Plaintiffs had seen signs of substantial further deterioration of Hilda on the videos that they had been sent.

149. On or about February 27, 2006, Defendant POZ sent the Plaintiffs an update on Hilda. She claims that the embassy is approximately 5-6 weeks delayed in processing adoptions.

150. On or about May 3, 2006, Defendant KP advised all adoptive parents that had children at Semillas de Amor that she, KP would handle all of the communications between the hogar and the families. The parents were not to contact the hogar themselves.

151. Despite repeated requests for additional information on Hilda's well being the Plaintiffs were advised that she was still doing fine developmentally.

152. The Plaintiffs were finally advised that the DNA test for Hilda came back and there was not a match with the birthmother. In fact, Hilda was not related to the woman in any manner. Again, Defendant POZ offered a child for adoption that clearly was not available for adoption.

153. Due to the DNA test, Hilda's adoption would now have to become an abandonment adoption which takes a much longer period to have the child declared legally abandoned.

154. In the time frame from January 2006-January 2007, the Defendants POZ and KP advise that any delays in the adoptions are due to the political climate in Guatemala and beyond the control of the Defendants.

155. On or about January 29, 2007, Defendant KP advises all adoptive parents with children at Semillas de Amor that they should no longer communicate with her but instead speak directly with Nancy Bailey because Defendant POZ never has the information the parents are seeking. The Plaintiffs thought this was odd as they had no contract or formal relationship with Nancy Bailey or Semillas de Amor and Defendant POZ was their paid representative. Nancy Bailey rarely responds to the Plaintiffs e-mails or calls.

156. Plaintiffs continue to e-mail and call Defendant KP with little response.

157. On or about April 19, 2007, the Plaintiffs retained the law firm of Greenberg & Greenberg, adoption specialists, to see if they could bypass Defendant POZ and expedite the process.

158. On or about May 11, 2007, Defendant KP advises the Plaintiffs that the adoption has been moved to another venue which is considered more “adoption-friendly”. Nancy Bailey arranged for the change of venue to Escuintla.

159. On or about July 5, 2007, Defendant KP advises the Plaintiffs that a hearing had been held in Escuintla and the Judge in the case ordered a search for the missing birth mother to establish abandonment.

160. On or about July 15, 2007, the Plaintiffs emailed Defendant KP and Nancy Bailey and said “if there is a reason to hang in there, we need something concrete to hold onto.” There was no response of substance from either party.

161. On or about July 29, 2007, Defendant KP **resigned as director of Project Oz Adoptions**. She directs all adoptive parents to communicate with Amy Davis for their adoption needs. **(See Exhibit JJ)**

162. On or about September 12, 2007, Amy Davis sends an e-mail introducing herself to the POZ families. **(See Exhibit KK)**

163. Defendant POZ continued to send videos from Semillas de Amor of Hilda and the Plaintiffs perceived a continued decline in her emotional health.

164. On or about December 4, 2007, **Amy Davis resigned as director of Project Oz Adoptions. Defendant KP e-mails the Plaintiffs that she will take over their case again. (See Exhibit LL)**

165. On or about December 5, 2007, the Plaintiffs send the latest video of Hilda to Dr. Aronson to be evaluated. The Plaintiffs were shocked at the deterioration of Hilda's development and wanted a professional opinion of Hilda's health.

166. Dr. Aronson confirmed the Plaintiff's worst fears, that Hilda was, in all likelihood a special needs child with substantial developmental problems.

167. On or about December 7, 2007, the Plaintiffs terminated the adoption of Hilda with Defendant POZ.

168. Plaintiffs were induced into an adoption that Defendants never intended to complete through Defendants assurances, unethical behavior, lack of monitoring and misrepresentations. Plaintiffs have damages in excess of \$26,500.00 plus legal fees to recover their money. Plaintiffs have been damaged financially and emotionally by the Defendants illegal activities.

Plaintiffs Christopher and Andrea Campo

169. On or about January 2006, Plaintiff's Christopher and Andrea Campo ("Plaintiffs") began inquiring about international adoption through Catholic Charities (a Maryland licensed child placement agency). The Plaintiffs took parent education courses and went through several parent interviews in preparation, and as part of, the adoption homestudy process.

170. On or about May 2006, Catholic Charities referred the Plaintiffs to Defendant POZ for an international adoption.

171. On or about May 17, 2006, the Plaintiffs signed an adoption agreement with the Defendant POZ for the Defendant facilitating an international adoption. At

this time the Plaintiffs had paid \$2900 for application fees and agency fees. (**See Exhibit MM**)

172. On or about June 2006, Catholic Charities completed the home study and provided it to Defendant POZ.

173. On or about August 15, 2006, the Plaintiffs were sent a referral by Defendants KP and POZ for a three (3) day old baby, Esther Noriega Najera. The Plaintiffs were excited about this baby girl and accepted the referral. (**See Exhibit NN**)

174. Once the referral was accepted by the Plaintiffs, they were asked by Defendants to wire \$12, 473.00 **immediately** to begin the adoption process. On or about August 23, 2006, Plaintiffs wired the funds to the Defendants. (**See Exhibit OO**)

175. Like the other adoptive families, once the Defendants POZ and KP had the money most communication stopped.

176. On or about January 17, 2007, Plaintiff Andrea Campo sent a heartfelt letter to Defendant KP explaining that she was still confused with what seemed to be continual delays in the adoption. The letter reiterated many of the false assurances the Defendant POZ employees and Defendant KP had given the Plaintiffs about the status of their adoption process. (**See Exhibit PP**)

177. Beginning on or about February 2007, Defendants POZ and KP assured Plaintiffs in weekly updates that the adoption was in PGN and there had been no kick-outs (rejection for problems in paperwork submitted).

178. On or about March 16, 2007, the Plaintiffs wired the second portion of the foreign fees based on the Defendant KP's request and assurances that the adoption was back on track.

179. Later the Plaintiffs found out that the Defendants did not even submit their adoption to the Family Court until late June or early July 2007. The Plaintiffs had to hire an outside company in Guatemala to verify the truth about the adoption.

180. On or about July 25, 2007, the Plaintiffs case was kicked out of Family Court and not returned to PGN.

181. The Plaintiffs sought help from the Defendants who continued to assure them that there were no problems and that their adoption was in PGN. The Defendants rarely answered the Plaintiffs e-mails and/or calls.

182. The Plaintiffs sought help from Catholic Charities only to be treated with rude and insulting comments.

183. On or about October 26, 2007, the Plaintiffs received a package in the mail from Defendants POZ and KP. The package contained a Power of Attorney for Guatemalan Attorney Byron Oswaldo Cataneda Galindo and was purportedly signed by the Plaintiffs. The signatures over the Plaintiff's names were forged by someone at the Defendant's organization. (**See Exhibit QQ**)

184. The Plaintiffs verified that the forged Power of Attorney had been submitted to the Guatemalan government by Defendant KP.

185. The Plaintiffs found out from the company they hired in Guatemala (requiring an additional \$3,500 to be paid to Adoption Supervisors) that the problem with the adoption was that the birth mother was missing. Without the birth mother to show up and sign papers and submit to DNA testing, the adoption cannot move forward. The Plaintiffs have spent thousands of dollars trying to find the birth mother and complete this adoption.

186. The Plaintiffs have been in the adoption process for over 23 months and had started when the baby was three days old. Plaintiffs were induced into an adoption that Defendants never intended to complete through Defendants assurances, unethical behavior, lack of monitoring, fraud, forgery and misrepresentations. Plaintiffs have damages in excess of \$56,500.00 plus legal fees to recover their money. Plaintiffs have been damaged financially and emotionally by the Defendants illegal activities.

DEFENDANT PROJECT OZ ADOPTION'S
SCHEME TO DEFRAUD

187. Defendant POZ has engaged in a scheme to defraud people seeking to become parents. The Defendant POZ conducted this scheme to defraud through a system of offering children to the new parents and demanding a signed illusory contract and a wire of thousands of dollars.

188. Through this scheme, the Defendant POZ gathered money and requested wired payments for additional unspecified fees with the threat that if these fees aren't paid, the adoption will cease. Defendants POZ and KP did almost all of their adoption business using the telephone, faxes and/or e-mail. Money was wired to bank accounts using telephone wires.

189. Throughout the course of the process, the Defendant POZ engaged in a series of fraudulent representations designed to induce the continued interest and to gain additional money from the parents.

190. The Defendant POZ is willing to engage in such brazenly criminal activity given the hyper-sensitive and vulnerable state of people who desperately want to be parents.

191. Moreover, the Defendant POZ faces little to no threat of civil action by the adoptive parents because of the constant threat of the Defendant POZ stopping any adoption that is currently in the system.

192. Once the Defendant POZ had obtained the money from the prospective parents, the Defendant POZ abruptly stopped communicating and informed the prospective parents that “they are too impatient” when they ask too many questions regarding the adoption process.

193. Upon information and belief, Plaintiffs were victimized by the Defendant POZ’s scheme to defraud to the extent they relied upon the Defendant POZ’s fraudulent “factual” representations regarding the adoptions, birth mother or family returning for children, status of dossier, the POZ attorneys and in-country coordinators involved in the adoptions and the status of the adoptions.

194. Defendant POZ began its scheme to defraud to the extent that they began presenting false information to the Plaintiffs and the POZ clients. Plaintiffs succumbed to the Defendant POZ’s scheme to defraud and to the extent Plaintiffs relied on the Defendant POZ’s fraudulent representations that these adoptions would take place. The Defendant POZ has refused to return money and personal property and continue to use these for its own illegitimate benefit. To this day, Plaintiffs continue to be so victimized by the Defendant POZ’s scheme to defraud. *See supra* ¶¶ 13 –186.

195. Upon information and belief, Plaintiffs allege that other unknown prospective parents have sustained and continue to sustain similar injuries by reason of the Defendant POZ’s scheme to defraud.

**DEFENDANTS' POZ AND PALAKANIS' SCHEMES TO
SOLICIT BRIBES, EXTORT, AND DEFRAUD**

196. Defendants POZ, and Palakanis' have engaged in schemes to solicit bribes and extort money and property from prospective parents seeking to adopt children from Guatemala. Defendants POZ, and Palakanis' have conducted their scheme of bribe solicitation and extortion through enterprises consisting of their corporate entity and/or an association-in-fact enterprise consisting of the Corporate Defendant POZ.

197. Through their patterns of bribe solicitation and extortion, Defendants' POZ, and Palakanis' seek to wrongfully obtain money from prospective parents who are desperately hoping to adopt a child.

198. Plaintiffs were victimized by the schemes of bribe solicitation and extortion of Defendants' POZ, and Palakanis' in that, Defendants' POZ, and Palakanis' caused the Plaintiffs to send money for adoptions that have not been completed, may not ever be completed or adoptions that were already completed and the money was sent due to the fear of Defendants' POZ, and Palakanis' preventing its completion.

199. Defendants' POZ, and Palakanis' repeated schemes to defraud caused Plaintiffs to incur substantial expenses pursuing a dream of being parents that would never come to fruition unless Plaintiffs succumbed to the patterns of bribe solicitation, extortion or fraud.

200. Upon information and belief, Plaintiffs allege that other unknown prospective parents have sustained and continue to sustain similar injuries by reason of Defendants' POZ, and Palakanis' schemes of bribe solicitation, extortion and mail/wire fraud.

ACTS VIOLATING THE MAIL AND WIRE FRAUD STATUTES
18 U.S.C. §§ 1341, 1343

201. Pursuant to the events described in paragraphs 13 –186, *supra*, the Defendants POZ, and Palakanis’ knowingly devised or knowingly participated in the schemes or artifices to defraud Plaintiffs or to obtain the money or property of Plaintiffs by means of false or fraudulent pretenses, representations, or promises.

202. Pursuant to the events described in paragraphs 13 –186, *supra*, the Defendants POZ, and Palakanis’ could foresee that the mails would be used “for the purpose of” advancing, furthering, executing, concealing, conducting, participating in or carrying out the schemes, within the meaning of 18 U.S.C. §§ 1341 and 1343. In particular, Defendants could foresee that the mails would be used to receive and/or deliver, *inter alia*, money and false or fraudulent representations regarding the adoptions, facilitators and the agreement among the parties; the status of ongoing adoptions and the remedies for problems with adoptions. Defendants POZ, and Palakanis’ continued possession of Plaintiffs money and private information; gained through Defendants POZ, and Palakanis’ bribe solicitation and extortionist demands.

203. Defendants POZ, and Palakanis’ acting singly and in concert, personally or through their agents, as co-conspirators, or as aiders and abettors, used the mails or caused the mails to be used “for the purpose of” advancing, furthering, executing, concealing, conducting, participating in, or carrying out the schemes, within the meaning of 18 U.S.C. §§ 1341 and 1343.

204. In advancing, furthering, executing, concealing, conducting, participating in, or carrying out the schemes, the Defendants POZ, and Palakanis’ specifically used the

wires/ mails or caused the wires/mails to be used to receive or deliver, *inter alia*, every email, facsimile, letter or telecommunication described in paragraphs 13 –186, *supra*.

205. In advancing, furthering, executing, concealing, conducting, participating in, or carrying out the schemes, the Defendants POZ, and Palakanis’ also specifically used the wires/mails or caused the wires/mails to be used to receive or deliver, *inter alia*, the emails, facsimiles, letters or telecommunications with the Plaintiffs regarding all adoption matters.

206. Each and every use of the mails and wires described above was committed by the Defendants POZ, and Palakanis’ with the specific intent to defraud Plaintiffs or for obtaining the money or property of Plaintiffs by means of false or fraudulent pretenses, representations, or promises.

207. Defendants’ acts of mail and wire fraud are in violation of 18 U.S.C. §§ 1341 and 1343 and constitute racketeering activity as defined by 18 U.S.C. § 1961(1)(B).

COUNT ONE

**RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS ACT
18 U.S.C. § 1962(c)
(Defendant POZ)**

208. Plaintiffs reallege paragraphs 1 through 207 as if restated herein.

209. At all relevant times, some or all of the following individuals constituted an “enterprise,” within the meaning of 18 U.S.C. §§ 1961(4) and 1962(c), in that they were “a group of individuals associated in fact”: Project Oz Adoptions, Inc., David Palakanis and Kerry Palakanis.

- (a) Project Oz Adoptions, Inc., (the “POZ”) is individually a “person,” within the meaning of 18 U.S.C. §§ 1961(3) and 1962(c), who associated with and/or participated in the conduct of said enterprise’s affairs.
- (b) From at least April 2004 and continuing through the present, the Defendant POZ, personally or through their agent or agents, conducted, participated in, engaged in, conspired to engage in, or aided and abetted, the conduct of the affairs of the enterprise through a pattern of racketeering activity within the meaning of 18 U.S.C. §§ 1961(1), 1961(5) and 1962(c). The Defendant POZ’s pattern of racketeering activity consisted of:
 - (i) a scheme to defraud (*see supra* ¶¶ 13 –186) that was knowingly and intentionally devised by the Defendant POZ to obtain Plaintiffs money or property by means of false or fraudulent pretenses, representations, or promises; and, for the purpose of executing such scheme, the Defendants placed or caused to be placed in a post office, or authorized depository for mail, matter that furthered the scheme to defraud (including but not limited to the communications described in ¶¶13 –186); each Defendant committed mail fraud, in violation of 18 U.S.C § 1341, each time it used or caused the mails to be used to distribute the materials described in paragraphs 13 –186 and elsewhere;
 - (ii) a scheme to defraud (*see supra* ¶¶ 13 –186) that was knowingly and intentionally devised by Defendant POZ to obtain Plaintiffs money or property by means of false or fraudulent pretenses, representations, or promises; and, for the purpose of executing such scheme, the Defendant POZ transmitted or caused to be transmitted by means of wire, radio, or television

communication in interstate or foreign commerce matter that furthered the scheme to defraud (including but not limited to the communications described in ¶¶ 13 –186); each Defendant committed wire fraud, in violation of 18 U.S.C § 1343, each time it used or caused interstate wires to be used to distribute the materials described in paragraphs 13 –186 and elsewhere;

- (iii) receiving and/or possessing Plaintiffs property, in violation of 18 U.S.C. § 2315, valued at \$5,000 or more, which crossed a state or international boundary after the Defendant POZ stole, unlawfully converted, or took Plaintiffs property and which the Defendants knew was stolen, unlawfully converted, or taken (including but not limited to the events described in paragraphs 13 –186 and elsewhere);
- (v) transporting, transmitting, or transferring in interstate commerce any goods, wares, merchandise of the value of \$5,000 or more, knowing the same to have been stolen converted or taken by fraud, each and every time that the Defendant POZ caused Plaintiffs to transmit property across state or international boundaries and each time that the Defendant POZ transmitted Plaintiffs property to third-parties across state or international boundaries as (including but not limited to the events described in paragraphs 13 – 186), in violation of 18 U.S.C. § 2314.

These acts all occurred after the effective date of RICO and more than two such acts occurred within ten years of one another.

210. At all relevant times, the enterprise alleged in paragraphs 13 –186 was engaged in, and its activities affected, interstate commerce and foreign commerce.

211. All of the predicate acts described above were related so as to establish a pattern of racketeering activity, within the meaning of 18 U.S.C. § 1962(c), in that their common purpose was to defraud Plaintiffs or other similar prospective adoptive parents of property or money; their common result was to defraud Plaintiffs or other similar

prospective adoptive parents of property or money; the Defendant POZ, through their agent or agents, directly or indirectly, participated in all of the acts and employed the same or similar methods of commission; Plaintiffs or other similar prospective adoptive parents were the victims of the fraudulent acts; and/or the acts were otherwise interrelated by distinguishing characteristics and were not isolated events.

212. All of the predicate acts described above were continuous so as to form a pattern of racketeering activity in that:

- a) The Defendant POZ engaged in the predicate acts described above over a substantial period of time (from at least April 2004 through the present); or
- b) The pattern of racketeering activity engaged in by the Defendant POZ continues or threatens to continue because it has become a regular way of conducting the Defendant POZ's on-going business activities.

213. As a direct and result of, and by reason of, the activities of the Defendant POZ, and their conduct in violation of 18 U.S.C. §§ 1962(c), Plaintiffs have been injured in their business or property, within the meaning of 18 U.S.C. § 1964(c). Among other things, Plaintiffs have suffered damages to the extent they invested time and resources in pursuing what they thought and were led to believe was a legitimate international adoption, to the extent their ability to adopt was delayed by the Defendant POZ's wrongful actions, and to the extent their property has been misappropriated. Plaintiffs are, therefore, entitled to recover threefold the damages that they have sustained together with the cost of the suit, including reasonable attorneys' and experts' fees.

COUNT TWO

**RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS ACT
18 U.S.C. § 1962(d)
(Defendant Project Oz Adoptions, Inc.)**

214. Plaintiffs reallege paragraphs 1 through 213 as if restated herein.

215. Defendant POZ conspired with Defendants David and Kerry Palakanis to conduct or participate, directly or indirectly, in the conduct of the affairs of the enterprise through a pattern of racketeering activity (as described in paragraphs 13 –186) in violation of 18 U.S.C. § 1962(d). In particular, Defendant POZ intended to further an endeavor of David and Kerry Palakanis which, if completed, would satisfy all of the elements of a substantive RICO criminal offense and adopted the goal of furthering or facilitating the criminal endeavor.

216. As a direct and proximate result of, and by reason of, the activities of the Defendant POZ, and their conduct in violation of 18 U.S.C. §§ 1962(d), Plaintiffs have been injured in their business or property, within the meaning of 18 U.S.C. § 1964(c). Among other things, Plaintiffs have suffered damages to the extent they have invested time and resources in pursuing what they thought and was led to believe was a legitimate international adoption opportunity with Defendant POZ, to the extent their ability to complete the adoptions were delayed by the Defendant POZ's wrongful actions, and to the extent their property has been misappropriated. Plaintiffs are, therefore, entitled to recover threefold the damages that they have sustained together with the cost of the suit, including reasonable attorneys' and experts' fees.

COUNT THREE

**RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS ACT
18 U.S.C. § 1962(c)
(Defendants David and Kerry Palakanis)**

217. Plaintiffs reallege paragraphs 1 through 216 as if restated herein.

218. At all relevant times, POZ constituted an “enterprise,” within the meaning of 18 U.S.C. §§ 1961(4) and 1962(c), in that it was a corporation.

- (a) David and Kerry Palakanis are an individual “persons,” within the meaning of 18 U.S.C. §§ 1961(3) and 1962(c), who associated with and/or participated in the conduct of said enterprise’s affairs.
- (b) For an unknown and indefinite period of time, David and Kerry Palakanis has conducted, participated in, engaged in, conspired to engage in, or aided and abetted, the conduct of the affairs of the enterprise through a pattern of racketeering activity within the meaning of 18 U.S.C. §§ 1961(1), 1961(5) and 1962(c). David and Kerry Palakanis’ pattern of racketeering activity consisted of:
 - (i) bribe solicitation (*see supra* ¶¶ 72, 101, 115, 116) that was designed to extract direct or indirect personal rewards from Plaintiffs in exchange for POZ’s recommendation to the Guatemalan officials that they assist in Plaintiffs or other prospective adoptive parents’ adoptions;
 - (ii) extortion (*see supra* ¶¶ 13 –186) that was designed to extract direct or indirect personal rewards from Plaintiffs; if Plaintiffs or another prospective adoptive refused to succumb to David and/or Kerry Palakanis’ demands for money or foreign and administrative fees, they would stop the adoption or adoption

activities and prevent the Plaintiffs from moving forward in the adoption, for personal gain; all or some said acts of extortion were in violation of 18 U.S.C. § 1951;

- (iii) a scheme to defraud (*see supra* ¶¶ 13 –186) that was knowingly and intentionally devised by David and/or Kerry Palakanis to obtain Plaintiffs money or property by means of false or fraudulent pretenses, representations, or promises; and, for the purpose of executing such scheme, David and/or Kerry Palakanis placed or caused to be placed in a post office, or authorized depository for mail, matter that furthered the scheme to defraud (including but not limited to the communications described in ¶¶ 13 –186); David and/or Kerry Palakanis committed mail fraud, in violation of 18 U.S.C § 1341, each time they used or caused the mails to be used to distribute the materials described in paragraphs 13 –186 and elsewhere.
- (iv) a scheme to defraud (*see supra* ¶¶ 13 –186) that was knowingly and intentionally devised by David and/or Kerry Palakanis to obtain Plaintiffs money or property by means of false or fraudulent pretenses, representations, or promises; and, for the purpose of executing such scheme, David and/or Kerry Palakanis transmitted or caused to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce matter that furthered the scheme to defraud (including but not limited to the communications described in ¶¶ 13 –186); David and/or Kerry Palakanis committed wire fraud, in violation of 18 U.S.C § 1343, each time it used or caused interstate wires to be used to distribute the materials described in paragraphs 13 –186 and elsewhere;
- (v) receiving and/or possessing Plaintiffs property, in violation of 18 U.S.C. § 2315, valued at \$5,000 or more, which crossed a state or international boundary after David and/or Kerry Palakanis stole, unlawfully converted, or took Plaintiffs property and which David and/or Kerry Palakanis knew was stolen, unlawfully converted, or taken (including but not limited to the events described in paragraphs 13 –186 and elsewhere);

- (vi) transporting, transmitting, or transferring in interstate commerce any goods, wares, merchandise of the value of \$5,000 or more, knowing the same to have been stolen converted or taken by fraud, each and every time that David and/or Kerry Palakanis caused Plaintiffs to transmit property across state or international boundaries and each time that David and/or Kerry Palakanis transmitted Plaintiffs property to third-parties across state or international boundaries as (including but not limited to the events described in paragraphs 13 –186), in violation of 18 U.S.C. § 2314;
- (viii) traveling in interstate and foreign commerce or using the mail or any facility in interstate or foreign commerce with intent to distribute the proceeds of extortion or otherwise promote, manage, establish, or carry on a scheme to extort and thereafter performed or attempted to perform said acts, in violation of 18 U.S.C. § 1952.

These acts all occurred after the effective date of RICO and more than two such acts occurred within ten years of one another.

219. In the alternative to paragraph 218, at all relevant times, some or all of the following individuals constituted an “enterprise,” within the meaning of 18 U.S.C. §§ 1961(4) and 1962(c), in that they were “a group of individuals associated in fact”: Project Oz Adoptions, Inc., David and/or Kerry Palakanis:

- (a) David and/or Kerry Palakanis are each individual “persons,” within the meaning of 18 U.S.C. §§ 1961(3) and 1962(c), who associated with and/or participated in the conduct of said enterprise’s affairs.
- (b) For an unknown and indefinite period of time, David and/or Kerry Palakanis have conducted, participated in, engaged in, conspired to engage in, or aided and abetted, the conduct of the affairs of the enterprise through a pattern of racketeering

activity within the meaning of 18 U.S.C. §§ 1961(1), 1961(5) and 1962(c). David and/or Kerry Palakanis' patterns of racketeering activity consisted of:

- (i) bribe solicitation (*see supra* ¶¶ 72, 101, 115, 116) that was designed to extract direct or indirect personal rewards from Plaintiffs in exchange for POZ's recommendation to the Guatemalan officials that they assist in Plaintiffs other prospective adoptive parents' adoptions;
- (ii) extortion (*see supra* 13 –186) that was designed to extract direct or indirect personal rewards from Plaintiffs; if Plaintiffs or another prospective adoptive refused to succumb to David and/or Kerry Palakanis' demands for money or foreign and administrative fees, they would stop the adoption or adoption activities and prevent the Plaintiffs from moving forward in the adoption, for personal gain; all or some said acts of extortion were in violation of 18 U.S.C. § 1951;
- (iii) a scheme to defraud (*see supra* ¶¶ 13 –186) that was knowingly and intentionally devised by David and/or Kerry Palakanis to obtain Plaintiffs money or property by means of false or fraudulent pretenses, representations, or promises; and, for the purpose of executing such scheme, David and/or Kerry Palakanis placed or caused to be placed in a post office, or authorized depository for mail, matter that furthered the scheme to defraud (including but not limited to the communications described in ¶¶ 13 –186; David and/or Kerry Palakanis committed mail fraud, in violation of 18 U.S.C § 1341, each time they used or caused the mails to be used to distribute the materials described in paragraphs 13 –186 and elsewhere.
- (iv) a scheme to defraud (*see supra* ¶¶ 13 –186) that was knowingly and intentionally devised by David and/or Kerry Palakanis to obtain Plaintiffs money or property by means of false or fraudulent pretenses, representations, or promises; and, for the purpose of executing such scheme, David and/or Kerry Palakanis transmitted or caused to be transmitted by means of wire, radio, or television communication in interstate

or foreign commerce matter that furthered the scheme to defraud (including but not limited to the communications described in ¶¶ 13 –186); David and/or Kerry Palakanis committed wire fraud, in violation of 18 U.S.C § 1343, each time it used or caused interstate wires to be used to distribute the materials described in paragraphs 13 –186 and elsewhere;

- (v) receiving and/or possessing Plaintiffs property, in violation of 18 U.S.C. § 2315, valued at \$5,000 or more, which crossed a state or international boundary after David and/or Kerry Palakanis stole, unlawfully converted, or took Plaintiffs property and which David and/or Kerry Palakanis knew was stolen, unlawfully converted, or taken (including but not limited to the events described in paragraphs 13 –186 and elsewhere);
- (vi) transporting, transmitting, or transferring in interstate commerce any goods, wares, merchandise of the value of \$5,000 or more, knowing the same to have been stolen converted or taken by fraud, each and every time that David and/or Kerry Palakanis caused Plaintiffs to transmit property across state or international boundaries and each time that David and/or Kerry Palakanis transmitted Plaintiffs property to third-parties across state or international boundaries as (including but not limited to the events described in paragraphs 13 –186), in violation of 18 U.S.C. § 2314;
- (viii) traveling in interstate and foreign commerce or using the mail or any facility in interstate or foreign commerce with intent to distribute the proceeds of extortion or otherwise promote, manage, establish, or carry on a scheme to extort and thereafter performed or attempted to perform said acts, in violation of 18 U.S.C. § 1952.

These acts all occurred after the effective date of RICO and more than two such acts occurred within ten years of one another.

220. At all relevant times, the enterprises alleged in paragraphs 218-219 were engaged in, and their activities affected, interstate commerce and foreign commerce.

221. All of the predicate acts described above were related so as to establish a pattern of racketeering activity, within the meaning of 18 U.S.C. § 1962(c), in that their common purpose was to solicit bribes, extort and defraud Plaintiffs or other similar prospective adoptive parents of money or property; David and/or Kerry Palakanis each personally or through their agents or agents, directly or indirectly, participated in all of the acts and employed the same or similar methods of commission; Plaintiffs, other similar prospective adoptive parents, were the victims of the fraudulent acts; and/or the acts were otherwise interrelated by distinguishing characteristics and were not isolated events.

222. All of the predicate acts described above were continuous so as to form patterns of racketeering activity in that:

- a) David and/or Kerry Palakanis engaged in the predicate acts described above over a substantial period of time; or
- b) The patterns of racketeering activity engaged in by the David and/or Kerry Palakanis continue or threaten to continue because the patterns have become a regular way of conducting David and/or Kerry Palakanis' on-going business activities (*see, e.g.*, ¶35, 41,43, 45, 46, 64, 69, 72, 76, 77, 80, 83, 92, 95, 101, 106, 115, 121, 127, 130, 131, 138, 139, 142, 145, 149, 152, 174, 177,183, 185).

223. As a direct and result of, and by reason of, the activities of David and/or Kerry Palakanis, and their conduct in violation of 18 U.S.C. §§ 1962(c), Plaintiffs have been injured in its business or property, within the meaning of 18 U.S.C. § 1964(c). Among other things, have suffered damages to the extent the Plaintiff invested time and

resources in pursuing what they thought and were led to believe was a legitimate adoption opportunity with POZ, to the extent its ability to complete adoptions and or facilitate adoptions was delayed by David and/or Kerry Palakanis' wrongful actions, and to the extent their property has been misappropriated. Plaintiffs are, therefore, entitled to recover threefold the damages they sustained together with the cost of the suit, including reasonable attorneys' and experts' fees.

COUNT FOUR

**RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS ACT
18 U.S.C. § 1962(d)
(Defendants POZ, David and Kerry Palakanis)**

224. Plaintiffs reallege paragraphs 1 through 223 as if restated herein.

225. POZ conspired with David and/or Kerry Palakanis to conduct or participate, directly or indirectly, in the conduct of the affairs of the enterprise through a pattern of racketeering activity (as described in paragraphs 218-219) in violation of 18 U.S.C. § 1962(d). In particular, POZ intended to further an endeavor of David and/or Kerry Palakanis which, if completed, would satisfy all of the elements of a substantive RICO criminal offense and adopted the goal of furthering or facilitating the criminal endeavor.

226. Kerry Palakanis conspired with POZ and/or David Palakanis, to conduct or participate, directly or indirectly, in the conduct of the affairs of the enterprise through a pattern of racketeering activity (as described in paragraphs 216-217) in violation of 18 U.S.C. § 1962(d). In particular, Kerry Palakanis intended to further an endeavor of POZ and David Palakanis which, if completed, would satisfy all of the elements of a substantive RICO criminal offense and adopted the goal of furthering or facilitating the criminal endeavor. (*See supra, e.g.*, ¶¶ 72, 101, 115, 116.)

227. David Palakanis conspired with POZ and Kerry Palakanis to conduct or participate, directly or indirectly, in the conduct of the affairs of the enterprise through a pattern of racketeering activity (as described in paragraphs 218-219) in violation of 18 U.S.C. § 1962(d). In particular, David intended to further an endeavor of POZ and/or Kerry Palakanis which, if completed, would satisfy all of the elements of a substantive RICO criminal offense and adopted the goal of furthering or facilitating the criminal endeavor. (*See supra, e.g.*, ¶ 72, 101, 115, 116)

228. As a direct and proximate result of, and by reason of, the activities of POZ, David and/or Kerry Palakanis, and their conduct in violation of 18 U.S.C. §§ 1962(d), Plaintiffs have been injured in their business or property, within the meaning of 18 U.S.C. § 1964(c). Among other things, Plaintiffs have suffered damages to the extent they invested time and resources in pursuing what they thought and were led to believe was a legitimate adoption opportunity with POZ, to the extent the ability to complete adoptions and or facilitate Guatemalan adoptions were delayed by POZ, David and/or Kerry Palakanis wrongful actions, and to the extent their property has been misappropriated. Plaintiffs are, therefore, entitled to recover threefold the damages that they have sustained together with the cost of the suit, including reasonable attorneys' and experts' fees.

COUNT FIVE

UNJUST ENRICHMENT (Defendants POZ, David and Kerry Palakanis)

229. Plaintiffs reallege paragraphs 1 through 228 as if restated herein.

230. Defendants POZ, David and Kerry Palakanis have, directly or indirectly, wrongfully received all or part of Plaintiffs property and money related to the adoptions.

231. Despite Plaintiff's repeated requests, Defendants POZ, David and Kerry Palakanis have refused to fully compensate Plaintiffs for the value of the property and money related to the adoptions received.

232. As a result, POZ, David and Kerry Palakanis have been unjustly enriched.

233. By reason of the foregoing, and as a direct and proximate result, Plaintiffs are entitled to a judgment in an amount to be determined by the Court, but which is in excess of seventy-five thousand (\$75,000).

COUNT SIX

CONVERSION

(Defendants POZ, David and Kerry Palakanis)

234. Plaintiffs reallege paragraphs 1 through 233 as if restated herein.

235. Defendants POZ, David and Kerry Palakanis have converted to their own use and benefit Plaintiffs property and money related to the adoptions.

236. As a direct and proximate result of Defendants POZ, David and Kerry Palakanis' conversion of Plaintiffs assets, Plaintiffs have incurred and/or will continue to incur substantial damages in an amount to be determined by the Court, but which is in excess of seventy-five thousand (\$75,000).

COUNT SEVEN

CIVIL CONSPIRACY

(Defendants POZ, David and Kerry Palakanis)

237. Plaintiffs reallege paragraphs 1 through 236 as if restated herein.

238. Defendants POZ, David and Kerry Palakanis illegally, maliciously, and wrongfully conspired with one another with the intent to and for the illegal purpose of

committing fraudulent adoptions through a **bait and switch scheme**, an adoption scheme that offered illusory promises and conversion of the money and property of the Plaintiffs.

239. Defendants POZ, David and Kerry Palakanis, in combination, conspired to obtain money through their fraudulent adoption schemes.

240. This conspiracy resulted in the illegal, unlawful, or tortious activity of fraud and violations of the Racketeer Influenced and Corrupt Organizations Act.

241. As a result of the conspiracy and Defendant POZ, David and Kerry Palakanis' illegal, wrongful, or tortious acts, Plaintiffs sustained the following damages: loss of money for adoptions, administrative fees, translation fees, travel fees, lodging costs, fees for hiring adoption facilitators, foreign fees, loss of employment and housing, emotional damages and other damages that may have yet to be determined.

242. As a direct and proximate result of Defendants POZ, David and Kerry Palakanis' conspiracy to obtain Plaintiff's assets, Plaintiffs have incurred and/or will continue to incur substantial damages in an amount to be determined by the Court, but which is in excess of seventy-five thousand (\$75,000).

COUNT EIGHT

FRAUDULENT MISREPRESENTATION (Defendants POZ, David and Kerry Palakanis)

243. Plaintiffs reallege paragraphs 1 through 242 as if restated herein.

244. Defendants POZ, David and/or Kerry Palakanis intentionally made false representations of material facts to Plaintiffs regarding the success of the adoptions, the ability of selecting a child from photo listings, the ability of the Defendants to "hold" a

child for adoption, the ability of Defendants to complete adoptions due to their relationship with Guatemalan officials, the cost of services, the availability of children available to adopt, as set forth in the preceding paragraphs.

245. Defendants POZ, David and/or Kerry Palakanis' representations were false when they were made.

246. Defendants POZ, David and/or Kerry Palakanis knew that the representations were false when they were made or made them recklessly, without knowing whether they were true.

247. Defendants POZ, David and/or Kerry Palakanis intended that Plaintiffs rely on the representations.

248. Plaintiffs relied on Defendant's false representations by signing an illusory Adoption Contract in the hopes of adopting a child.

249. As a direct and proximate result of Defendants POZ, David and/or Kerry Palakanis fraudulent misrepresentation, Plaintiffs have incurred and/or will continue to incur substantial damages in an amount to be determined by the Court, but which is in excess of seventy-five thousand (\$75,000).

COUNT NINE

INNOCENT MISREPRESENTATION (Defendants POZ, David and Kerry Palakanis)

250. Plaintiffs reallege and restate paragraphs 1 through 249 as if restated herein.

251. Defendants POZ, David and/or Kerry Palakanis' representations, as set forth in the preceding paragraphs, were made in connection with the making of a contract between Plaintiffs and Defendants POZ, David and/or Kerry Palakanis.

252. Plaintiffs would not have entered into the contract to adopt a Guatemalan child if Defendants POZ, David and/or Kerry Palakanis had not made the representations.

253. Plaintiffs suffered substantial economic losses as a result of entering into the contract, and these losses benefited Defendants POZ, David and/or Kerry Palakanis.

254. As a direct and proximate result of Defendants POZ, David and/or Kerry Palakanis' fraudulent misrepresentation, Plaintiffs have incurred and/or will continue to incur substantial damages in an amount to be determined by the Court, but which is in excess of seventy-five thousand (\$75,000).

COUNT TEN

INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS (Defendants POZ, David and/or Kerry Palakanis)

255. Plaintiffs reallege paragraphs 1 through 254 as if restated herein.

256. Defendants POZ, David and/or Kerry Palakanis' fraudulent representations and illegal activities were made intentionally, outrageously and maliciously and have caused Plaintiffs to suffer humiliation, outrage, indignation, sleepless nights, and severe emotional distress.

257. Defendants POZ, David and/or Kerry Palakanis continued in their enterprise of fraudulent behavior with reckless disregard to the emotional impact to the Plaintiffs.

258. As a direct and proximate result of Defendants POZ, David and/or Kerry Palakanis' Intentional Infliction of Emotional Distress, Plaintiffs have incurred and/or will continue to incur emotional distress and substantial damages in an amount to be determined by the Court, but which is in excess of seventy-five thousand (\$75,000).

COUNT ELEVEN

**NEGLIGENT INFLICTION OF EMOTIONAL DISTRESS
(Defendants POZ, David and/or Kerry Palakanis)**

259. Plaintiffs reallege paragraphs 1 through 258 as if restated herein.

260. Defendants POZ, David and/or Kerry Palakanis' fraudulent representations and illegal activities were made intentionally, outrageously and maliciously and have caused Plaintiffs to suffer humiliation, outrage, indignation, sleepless nights, and severe emotional distress.

261. Defendants POZ, David and/or Kerry Palakanis continued in their enterprise of fraudulent behavior with reckless disregard to the emotional impact to the Plaintiffs and their spouses or partners.

262. As a direct and proximate result of Defendants POZ, David and/or Kerry Palakanis' Negligent Infliction of Emotional Distress, Plaintiff's spouses and family members have incurred and/or will continue to emotional distress and substantial damages in an amount to be determined by the Court, but which is in excess of seventy-five thousand (\$75,000).

COUNT TWELVE

**WRONGFUL ADOPTION OF PLAINTIFF AJ
(Defendants SOM, POZ, David and/or Kerry Palakanis)**

263. Plaintiffs reallege paragraphs 1 through 262 as if restated herein.

264. Defendants had a duty to disclose Plaintiff AJ's medical and mental history to the adoptive parents and failed to do so.

265. Plaintiff AJ's medical and mental history were a material fact that had the adoptive parents known, may have changed the outcome of the decision to adopt. The adoptive parents were not approved for a special needs child and Defendants had knowledge that she was a special needs child.

266. With utter disregard and recklessness or intentionally, the Defendants hid facts, falsified documents and illegally removed Plaintiff AJ from her home in California and brought her to the State of Maryland.

267. With utter disregard and recklessness or intentionally, the Defendants hid facts, falsified documents and encouraged the Plaintiffs Tom and Elizabeth Rozenbroek to adopt Plaintiff AJ in the State of Maryland.

268. With utter disregard and recklessness or intentionally, the Defendants intended on having the Plaintiffs Tom and Elizabeth Rozenbroek rely on the information they provided to the Plaintiffs.

269. Plaintiffs Tom and Elizabeth Rozenbroek relied on the false and misleading information that the Defendants provided.

270. Due to the negligent and/or intentional acts of the Defendants, Plaintiffs Tom and Elizabeth Rozenbroek have been the victims of a wrongful adoption.

271. Plaintiffs Tom and Elizabeth Rozenbroek and Plaintiff AJ have been victimized by the illegal and fraudulent actions of the Defendants. Each will have a lifetime of increased expenses and medical needs due to the wrongful adoption.

272. As a direct and proximate result of Defendants SOM, POZ, David and/or Kerry Palakanis' wrongful adoption, Plaintiffs Tom and Elizabeth Rozenbroek and Plaintiff AJ have incurred and/or will continue to emotional distress and substantial

damages in an amount to be determined by the Court, but which is in excess of seventy-five thousand (\$75,000).

COUNT THIRTEEN

**GROSS NEGLIGENCE
(Defendants SOM)**

273. Plaintiffs reallege paragraphs 1 through 272 as if restated herein.

274. Defendant KP applied to license Defendant POZ as a licensed child placement agency in the State of Maryland and on February 24, 2003, Defendant SOM, Licensing and Monitoring Division granted a license to Defendant POZ.

275. The adoption licensing laws were passed to protect parents and children of the State of Maryland from unscrupulous adoption agencies.

276. The Plaintiffs in this case are in the class of people the adoption licensing laws of Maryland were meant to protect.

277. Defendant SOM had a duty to protect its citizens contemplating adoption and/or the children made available for adoption, by completing a background check on the Directors of the applicant agency.

278. Defendant SOM failed its duty to protect its citizens contemplating adoption and/or the children made available for adoption, by not completing a background check and thoroughly investigating the Directors of the Defendant POZ.

279. Defendant SOM failed its duty to protect its citizens contemplating adoption and/or the children made available for adoption, by licensing Defendant KP after she had been involved in another adoption agency that had its license revoked in Pennsylvania.

Defendant KP had advertised on the internet that she was a Director of 1st Steps International Adoption, Inc. . (See **Exhibit OO**)

280. Defendant SOM failed its duty to protect its citizens contemplating adoption and/or the children made available for adoption, by licensing Defendant KP after she and Defendant David Palakanis had filed for Bankruptcy in 1996.

281. Defendant SOM failed its duty to protect its citizens contemplating adoption and/or the children made available for adoption, by licensing Defendant KP after she had been charged with 13 counts of embezzlement in 2001.

282. Defendant SOM breached its duty to protect its citizens contemplating adoption and/or the children made available for adoption, by licensing Defendant POZ with Defendants KP and David Palakanis as Directors.

283. Defendant SOM has injured all Plaintiffs in this case by breaching their duty to investigate whether the Directors of Defendant POZ were capable of good financial stewardship with tens of thousands of dollars that belonged to their clients, the adoptive parents.

284. Plaintiffs were injured financially and emotionally by the Defendant SOM breaching their duty in granting a license to Defendants POZ, KP and David Palakanis. As a licensed adoption agency the Defendants were able to convert the Plaintiffs money and personal information for their own use.

285. Defendant SOM breached their duty to the children of the State of Maryland who should be protected from predatory behavior by unscrupulous adoption agencies where the child is placed for the purpose of collecting funds.

286. Defendant SOM has harmed the Plaintiffs by breaching their duties to the clients of Defendants POZ, KP and David Palakanis through licensing the agency in the State of Maryland when clear foreseeable warnings of financial problems were easily discoverable.

287. As a direct and proximate result of Defendants SOM, licensing Defendants POZ, David and/or Kerry Palakanis' the Plaintiffs in this case have incurred and/or will continue to emotional distress and substantial damages in an amount to be determined by the Court, but which is in excess of seventy-five thousand (\$75,000).

COUNT FOURTEEN

**FAILURE TO MONITOR
(Defendants SOM)**

288. Plaintiffs reallege paragraphs 1 through 287 as if restated herein.

289. Defendant SOM had a duty to protect its citizens contemplating adoption and/or the children made available for adoption, by monitoring the Defendant KP and David Palakanis' adoption agency.

290. Defendant SOM breached its duty to protect its citizens contemplating adoption and/or the children made available for adoption, by not monitoring the Defendant POZ' activities and child placement.

291. Defendant SOM knew or should have known that the Defendants POZ, KP and David Palakanis were not completing adoptions and were breaching their fiduciary duties financially if a proper audit was done by the Licensing and Monitoring Dept.

292. Defendant SOM knew or should have known that the Defendants POZ and KP brought Plaintiff AJ to Maryland without the ICPC being completed properly.

293. Plaintiffs were injured by the inadequate monitoring of Defendant POZ by Defendant SOM.

294. As a direct and proximate result of Defendants SOM, inadequate Licensing and Monitoring Defendants POZ, David and/or Kerry Palakanis' the Plaintiffs in this case have incurred and/or will continue to emotional distress and substantial damages in an amount to be determined by the Court, but which is in excess of seventy-five thousand (\$75,000).

WHEREFORE, Plaintiffs demand judgment from the Court as follows:

1. To award damages against Defendants SOM, POZ, David and/or Kerry Palakanis, jointly and severally, for a sum of money equal to the amount of damages and/or losses Plaintiffs have sustained or will sustain;
2. To treble the amount of said damages pursuant to 18 U.S.C. § 1964(c);
3. To award prejudgment interest on the amount of damages and/or losses that Plaintiffs have sustained;
4. To award all costs of litigation incurred by Plaintiffs, including their reasonable attorneys' fees and experts' fees, pursuant to 18 U.S.C. § 1964(c), ; and
5. To award damages in an amount in excess of \$75,000 resulting from Defendant's intentional and malicious actions;
6. And to award such other and further relief as the Court deems just and equitable.

FIXEL LAW OFFICES, PLLC

Dated: September 5, 2008

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Jury Demand

Plaintiffs demand a Jury Trial.

FIXEL LAW OFFICES, PLLC

Dated: September 5, 2008

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