



## Minnesota Department of **Human Services**

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March 30, 2007

Nila Hilton  
Reaching Arms International, Inc.  
3701 Winnetka Avenue North  
New Hope, MN 55427

License Number: 830423 (DHS Rule 4)  
Licensing Complaint Report Numbers: 20070841 and 20070845

### **PERSONAL SERVICE**

#### **ORDER OF LICENSE REVOCATION**

Dear Ms. Hilton:

You are hereby notified that pursuant to Minnesota Statutes, section 245A.07, subdivision 3, the Commissioner of the Department of Human Services (DHS) is revoking your license to provide child-placing services under Minnesota Rules, parts 9545.0755 to 9545.0845 (DHS Rule 4). The license revocation is effective immediately, subject to your right of appeal.

#### **A. Reason for the Order of License Revocation**

Under Minnesota Statutes, section 245A.07, subdivision 3, the Commissioner may revoke a license if a license holder fails to comply fully with applicable laws or rules or if the license holder knowingly withholds relevant information from or gives false or misleading information to the Commissioner during an investigation.

Under Minnesota Statutes, section 245A.04, subdivision 6, before revoking a license, the commissioner shall consider facts, conditions, or circumstances concerning the program's operation, the well-being of persons served by the program, consumer evaluations of the program, and information about the qualifications of the personnel employed by the license holder.

The Commissioner has considered the facts, conditions, and circumstances regarding the operation of Reaching Arms International, Inc., consumer evaluations of the program, and information about the qualifications of personnel employed by Reaching Arms International, Inc., and the Commissioner has determined that your agency's license to provide child-placing services under Minnesota Rules, parts 9545.0755 to 9545.0845 (DHS Rule 4) should be revoked.

On September 29, 2006; October 2, 2006; February 2, 2007; and February 22, 2007, DHS licensors made licensing visits to Reaching Arms International, Inc. to conduct reviews and to investigate license complaint reports 20070841 and 20070845 alleging violations of child-placing service requirements under Minnesota Rules, parts 9545.0755 to 9545.0845 (DHS Rule 4). During the licensing visits, numerous and serious licensing violations were determined. (See the Investigation Memorandum which is attached to this Order for a detailed narrative regarding the licensing violations and findings.)

1. Citation: Minnesota Rules, part 9545.0805, subpart 1.

Violation: Adoptive family home studies were completed by agency personnel who did not have the required credentials.

It was determined that 11 adoptive family home studies (AF1-AF11) were not reviewed and approved by either an LISW or LICSW. Nine of those home studies were completed in 2006.

**This violation was previously cited in correction orders issued to the agency on April 22, 2004, and May 29, 2002.**

2. Citation: Minnesota Statutes, section 245A.07, subdivision 4; section 259.37, subdivision 2; and section 259.41, subdivision 1.

Violation: It was determined that the agency identified children for placement with the above thirteen families (AF1, AF6, AF7, AF8, AF10, and AF12-19) before completion of the family's home study. When an identified child was accepted by an adoptive family, the family entered into an agreement with the agency accepting placement of the child in the adoptive home. However, an adoptive family was not eligible to receive a child for placement in the adoptive home before a home study was completed. In addition, the agency practice of identifying children for placement with adoptive families before completion of the home study was contrary to the agency disclosure statement which clearly stated that children were identified for placement with adoptive families after completion of the home study. Finally, by starting the child identification process and collecting the related fees from adoptive families before a home study was approved, the agency created a potential bias in the home study process.

3. Citation: Minnesota Statutes, section 259.37, subdivision 1; section 259.37, subdivision 2; and section 245A.07, subdivision 4.

Violation: Adoptive families were charged fees that were not disclosed in the contract signed by the adoptive family and the agency; adoptive families were

charged fees that exceeded the amount agreed to in the contract; and, adoptive families paid fees for some services before those services were performed.

It was determined that 13 adoptive families (AF2, AF3, AF8, AF9, AF10, AF20, AF21, AF22, AF23, AF24, AF25, AF26, and AF27) were required to pay fees that were not disclosed in the fee disclosure statement that was part of their contract with the agency; six adoptive families (AF2, AF8, AF10, AF15, AF21, AF24) were required to pay fee amounts that differed from what was disclosed in their contract with the agency; and seven adoptive families (AF15, AF18, AF21, AF22, AF24, AF26, and AF28) were required to pay post adoption fees before they adopted a child. In addition, on February 16, 2006, the agency sent a letter to adoptive families soliciting donations above and beyond what the families agreed to pay the agency for adoptive services.

4. Citation: Minnesota Statutes, section 245A.07, subdivision 4; and section 259.37, subdivision 2.

Violation: Adoption cases were delayed significantly beyond the estimated timeframes disclosed by the agency, and adoptive families were not kept informed of the progress of their case.

Eight adoptions (AF8, AF9, AF12, AF17, AF20, AF21, AF29, and AF30) were not completed within the estimated timeframes disclosed to adoptive families. In addition, nine adoptive families (AF8, AF9, AF12, AF17, AF20, AF24, AF25, AF29, and AF30) provided evidence of conflicting or delayed information they received regarding the status of their case. In the agency disclosure statement, adoptive families were told that the agency would "remain in contact with the foreign placement source and facilitate communication" and "provide information to the adoptive family regarding the progress of the international adoption process." Although Reaching Arms International, Inc. stated that the agency had no control over delays in the foreign countries, the agency had a responsibility to provide families with timely and accurate information regarding the current status of their case. In numerous instances, the agency failed to do so.

5. Citation: Minnesota Statutes, section 245A.07, subdivision 4; section 259.37, subdivision 1; section 259.37, subdivision 2; and section 245A.04, subdivision 5.

Violation: The agency contracted with a family to complete an adoption in Kenya, even though the agency was not authorized to conduct adoptions in that country. The agency entered into a contract with a family (AF2) and accepted fees totaling \$15,715 from the family for adoption of a child from Kenya, even though the agency was not approved by Kenyan authorities to place Kenyan children for adoption.

During the licensing investigation, Reaching Arms International, Inc. denied representatives of the Commissioner access to the agency's files regarding this matter.

6. Citation: Minnesota Statutes, section 245A.04, subdivision 1; and Minnesota Rules, part 9545.0805, subpart 1.

Violation: Adoptive families who asked questions or raised concerns about their adoption were threatened with disruption of their adoption and were not afforded the agency grievance procedure.

Several adoptive families provided statements and evidence that when they asked questions about their adoption case or presented their concerns to or about the agency, agency staff persons threatened to interrupt the adoption process. Most of these families presented their questions and concerns to the agency verbally, rather than in writing as required by the agency grievance policy. However, this did not mitigate the agency's responsibility to follow its grievance procedure in responding to the adoptive family grievances. The one adoptive family who presented a written grievance to the agency stated that they did not receive a response from the agency. In addition, three staff persons who told families their adoptions would be interrupted (P2, P3, and P9) were not qualified as an LISW or LICSW to supervise the agency's case work and, therefore, not qualified to withdraw approved home studies.

7. Citation: Minnesota Statutes, section 259.37, subdivision 2; and Minnesota Rules, part 9545.0815.

Violation: Adoptive families were required to receive counseling services from an agency staff person who was not listed on the agency contract as one of the counseling services used by the agency.

Three adoptive families (AF12, AF15, and AF31) individually stated that they were told by the agency that they were required to receive counseling services from P2. A fourth family (AF21) said that they were asked twice to receive these services, but they refused to do so. In addition, P2 completed psychological evaluations for two adoptive families (AF15 and AF25), although P2 was not disclosed as a counseling resource to families on the agency disclosure statement. In addition, P2 is not a licensed psychologist.

**Because P2 is not a licensed psychologist, this violation has also been referred to the Minnesota Board of Psychology.**

8. Citation: Minnesota Rules, part 9545.0835, subpart 1; Minnesota Statutes, section 257.01; and section 259.79, subdivision 1.

Violation: Adoptive families were provided falsified documents regarding adoptive children, and the agency generated falsified documentation regarding adoption cases.

The agency is responsible for keeping a record of all relevant legal documents. Four families (AF1, AF7, AF9, and AF23) independently provided evidence of questionable documents and photographs they received from the agency. In addition, AF24 provided a letter s/he was asked to deliver to a Russian orphanage saying that a family was delinquent in their payment of fees to the agency when that was not true. The agency's response that there was no proof did not explain the discrepancies observed by the adoptive families.

9. Adoptive family notarized signatures on documents were forged and signatures were notarized outside the presence of the signer.

**DHS does not have the authority to enforce notary requirements. Therefore, this matter was referred to the Minnesota Department of Commerce, Market Assurance Division, which has jurisdiction over notary violations.**

**The forgery allegations were referred to law enforcement as a possible criminal matter.**

10. Citation: Minnesota Statutes, section 245A.04, subdivision 10; section 317A.201; and section 317A.231.

Violation: The agency board of directors consisted of two agency administrators and one agency staff person. The agency did not have a functioning board of directors.

The agency was required to incorporate as a nonprofit corporation which required that the business of the agency be managed under the direction of a board of directors, and that board meetings be held at least once per year. The agency was not operating under the direction of a board of directors.

**This issue was also referred to the Minnesota Attorney General's Office, which has jurisdiction over violations of Minnesota Statutes, Chapter 317A.**

Based on the number of families affected and the serious nature of the licensing violations by Reaching Arms International, Inc., continued licensure as a child-placing

agency poses an unacceptable risk of harm to adoptive families that would be served by your agency and warrants revocation of your license to provide child-placing services.

**B. Right to Request a Contested Case Hearing**

You have the right to request a contested case hearing under Minnesota Statutes, chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. If you choose to exercise this right, your request must be made in writing by certified mail or personal service. If mailed, the appeal must be postmarked and sent to the Commissioner within ten (10) calendar days after you receive this order. If a request is made by personal service, it must be received by the Commissioner within ten (10) calendar days after you receive this order.

If you choose to request a contested case hearing, your request must be sent to:

Commissioner, Department of Human Services  
ATTN: Legal Staff  
c/o Division of Licensing  
PO Box 64242  
St. Paul, MN 55164-0242

**C. Operation of the Program Pending the Outcome of the Appeal**

Subject to items 1 and 2 below, submitting a timely appeal will stay this Order of License Revocation, and thus would allow continued operation of the licensed program pending the outcome of an appeal before an administrative law judge.

1. Even if you appeal the Order of License Revocation, you may not accept any new families to receive adoption services pending a final decision from the Commissioner. If the Licensing Division obtains any information indicating that Reaching Arms International, Inc. has accepted any new families to receive adoptions services after receipt of this Order of License Revocation, the Licensing Division will take additional action to immediately suspend your license to cease all operations.
2. If you choose to appeal the license revocation and to operate pending a final order, you may only serve families with contracts with your agency prior to the date of this order. If you continue to operate under this item, you must operate the agency in full compliance with all licensing requirements set forth in Minnesota Statutes and Rules. The Licensing Division will continue to monitor your agency and will conduct unannounced site visits to ensure correction of the violations identified in this order and to ensure on-going compliance with all licensing requirements set forth in Minnesota Statutes and Rules. If any violations are

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determined while you operate under appeal, the Department will take whatever additional licensing actions it deems necessary including a possible immediate suspension of your license.

**D. Discontinued Operation**

If you do not appeal this Order of License Revocation, you must discontinue operation of this program. However, you are required to transfer open cases and case records as well as the transfer of closed adoption records in accordance with your plan for transfer of records pursuant to Minnesota Rules, part 9545.0845. If you discontinue operation, the Licensing Division will conduct necessary visits to ensure the orderly transition of records and compliance with part 9545.0845.

If you have any questions regarding this action, please contact Mary Kelsey, Unit Manager, at (651) 296-2587.

Sincerely,



Karen Erickson, Supervisor  
Division of Licensing

Enclosure