

INVESTIGATION MEMORANDUM
Department of Human Services
Division of Licensing
Public Information

Report Number(s): 20070841, 20070845

Date Issued: March 30, 2007

Name and Address of Program Investigated:

Reaching Arms International, Inc.
3701 Winnetka Ave. N.
New Hope, MN 55427

Program License Number: 830423

Rule under which Program is Licensed: Rule 4

Investigator(s):

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Nature of Report(s):

Thirty-six reports of alleged licensing violations were received over the course of the investigation between September 2006 and March 2007.

It was reported that adoptive family home studies were completed by individuals who did not have the required qualifications; that children were identified for placement with adoptive families before background checks and a home study was completed; that adoptive families were charged fees before services were performed by the agency; that the agency failed to provide services for which adoptive families paid; that families were charged fees which were not disclosed by the agency; and, that the agency failed to provide post placement services to adoptive families.

In addition, it was alleged that adoptive families were not kept informed of the progress of their adoption; that adoptive families were provided false information and false documents; that signatures were forged on documents; that adoptive families who questioned agency staff persons were threatened with the interruption of their adoption; and, that adoptive families were required to receive counseling from an employee of the agency.

Summary of Investigation Findings:

As a result of the investigation of the above reports, the following licensing violations were determined:

- The agency approved 11 adoptive family home studies which were not reviewed and approved by staff persons with the required licensed independent social work (LISW or LICSW) qualifications. Nine of these 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.
- The agency identified a child for placement with 13 adoptive families before any of the families were approved to adopt a child via the required home study process.
- The agency required 13 adoptive families to pay fees that were not disclosed to those families; the agency required six adoptive families to pay fee amounts that differed from what was disclosed to

families in their contract with the agency; and, the agency required seven adoptive families to pay post adoption fees before they adopted a child. In addition, the agency solicited monetary donations from adoptive families above and beyond fees the families agreed to pay the agency for adoptive services.

- The agency failed to complete eight adoptions within the estimated timeframes disclosed to adoptive families. In addition, in several instances, the agency failed to provide families with timely and accurate information regarding the current status of their case.
- The agency entered into a contract with a family, and accepted fees from the family, to complete an adoption in Kenya, although the agency was not authorized to complete Kenyan adoptions. In addition, during the investigation the commissioner was denied access to the agency file for this family.
- The agency failed to follow the agency grievance procedure when presented with grievances by several families and families who presented grievances were threatened with disruption of their adoption. In addition, staff persons who told families their adoptions would be disrupted were not appropriately qualified as licensed independent social workers to withdraw approval of home studies.
- The agency required adoptive families to receive counseling services from an agency employee who was not one of the counseling resources disclosed by the agency to adoptive families. This agency employee also completed psychological evaluations for two adoptive families, although this employee was not a licensed psychologist.
- The agency provided falsified and conflicting documents regarding adoptive children to adoptive families.
- The agency failed to operate under the direction of a board of directors, as required under their nonprofit corporation status.

Investigation Procedures and Findings:

Site visits: September 29, 2006; October 2, 2006; February 2, 2007; February 22, 2007

Interviews:

Interviews were conducted in person and via telephone on February 1, 8, 14, 15, and 16, 2007, with eight persons who were employed by the agency. An agency administrative staff person was interviewed in person on March 14, 2007.

Documents reviewed included:

- Documentation provided by adoptive families
- Affidavits completed by adoptive families
- Agency files for 34 adoptive families
- Agency literature distributed to families regarding the adoption process
- Agency policies and procedures

In addition, information was obtained from adoptive families via telephone, e-mail, and visits to the Department of Human Services (DHS), Division of Licensing, office.

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

Applicable rule/statute part:

Minnesota Rules, part 9545.0805, subp. 1. **Supervision by a licensed independent social worker or independent clinical social worker.** An independent social worker or independent clinical social worker as defined in Minnesota Statutes, section 148B.21, must supervise an agency's case work. Supervising an agency's case work includes reviewing and approving each written home study the agency completes on prospective foster parents or applicants to adopt. An agency can meet the supervision requirement by

complying with item A, B, C, or D. [Note: In 2005, Minnesota Statutes, Chapter 148B, provisions regarding the Board of Social Work were repealed and replaced by Minnesota Statutes, Chapter 148D.]

A. The agency's chief executive officer is a licensed independent social worker or independent clinical social worker and supervises staff members providing case work.

B. The person who does the case work is licensed as an independent social worker or independent clinical social worker.

C. The agency contracts with a licensed independent social worker or independent clinical social worker to supervise staff members' case work.

D. The agency may retain a supervisor with education or experience comparable to the requirements stated in item A, B, or C if one of the exceptions in Minnesota Statutes, section 148B.28, applies. [Note: As stated above, in 2005, Minnesota Statutes, Chapter 148B, provisions regarding the Board of Social Work were repealed and replaced by Minnesota Statutes, Chapter 148D.]

Findings:

The following information was obtained from agency files and during interviews with DHS:

- Adoptive family 1's (AF1) home study was approved on June 20, 2006. Neither the agency staff person who completed the study (P1), nor the agency staff person who signed the home study as the approving supervisor (P2), was a licensed independent social worker (LISW) or a licensed independent clinical social worker (LICSW).
- Adoptive family 2's (AF2) home study was approved on March 17, 2006. Neither the agency staff who completed the study (P1), nor the agency staff person who signed the home study as the approving supervisor (P3), was an LISW or LICSW.
- Adoptive family 3's (AF3) home study was approved on March 20, 2006. Neither of the agency personnel who signed the home study (P2 and P3) was an LISW or LICSW. In addition, an LICSW (P4), who was contracted by the agency to supervise some of the agency's home studies from approximately May 2005 to May 2006, had supervisory involvement in AF3's home study. During an interview with DHS representatives, P4 stated that s/he determined there was an unresolved issue that needed to be addressed by P4 with AF3 before P4 would approve the home study. The issue was not addressed as recommended by P4 and P4 later learned that either P2 or P3, without the proper qualifications, approved the home study.
- Adoptive family 4's (AF4) home study was approved by another agency on August 16, 2005. The person who approved the home study was not an LISW or LICSW. The agency accepted a home study that was not approved by an LISW or LICSW.
- Adoptive family 5's (AF5) home study was approved on August 28, 2006. The agency staff person who approved the home study (P1) was not an LISW or LICSW.
- Adoptive family 6's (AF6) home study was approved on October 11, 2006. The agency staff person who approved the home study (P1) was not an LISW or LICSW. In addition, background checks regarding one of the adoptive parents (dated August 4, 2006) and one child residing in the home (dated August 31, 2006) documented criminal history for each of these individuals which was not addressed in the home study document. The home study document, on page 9, stated, "All criminal background checks are on file and clear."
- Adoptive family 7's (AF7) home study, obtained from the agency file by DHS on February 22, 2007, was not signed by agency personnel or notarized (the agency's typical manner of signifying approval of the home study), even though AF7 agreed to placement of a child in November 2006. During his/her interview on March 14, 2007, P3 stated that AF7's home study was not yet completed.
- Adoptive family 8's (AF8) home study was approved on January 5, 2006. Neither the agency staff person who completed the study (P1), nor the agency staff person who signed the home study as the approving supervisor (P2), was an LISW or LICSW.
- Adoptive family 9's (AF9) home study was approved by another agency on May 2, 2006. Neither the person who completed the home study, nor the supervisor who approved the home study was an LISW or LICSW. The agency accepted a home study that was not approved by an LISW or LICSW.

- Adoptive family 10's (AF10) home study was approved on April 20, 2006. Neither the agency staff person who completed the home study (P5), nor the agency staff person who signed the home study as the approving supervisor (P2), was an LISW or LICSW.
- Adoptive family 11's (AF11) home study was approved on September 21, 2006. The agency staff person who approved the home study (P1) was not an LISW or LICSW.

During his/her interview on March 14, 2007, P3 stated that P1 received his/her license and met the qualifications required to approve home studies. However, P1's graduate social worker licensure (LGSW) issued on June 21, 2006, was not a sufficient qualification for approving home studies. When asked about home studies that were completed by P2 and P3, P3 stated that any home study completed by either P3 or P2 would have also been signed by a social worker with the required qualifications. However, as described above, there were five home studies completed or approved by P2 or P3 that were not approved by an LISW or LICSW.

In a subsequent statement provided by P3's legal counsel on March 20, 2007, P3 reiterated that s/he believed that an LGSW was a sufficient qualification to perform home studies, and that s/he had read that in Rule 4, which P3 believed may have been amended. P3 said that if the requirement for home studies "is in fact a LICSW license," the agency "will take timely corrective action." In addition, P3 acknowledged that home studies conducted by P2 and P3 were not "technically in compliance," but that the noncompliance was not intentional, because P2 and P3 believed that P2's license was sufficient. [P2 was a licensed alcohol drug counselor, LADC.] P3 said that P2 and P3 had since ceased performing home studies.

Violation(s): 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.

Allegation two: The agency identified children for placement with adoptive families before a home study was completed.

Applicable rule/statute part(s):

Minnesota Statutes, section 245A.07, subd. 4. **Adoption agency violations.** If a license holder licensed to place children for adoption fails to provide services as described in the disclosure form required by section 259.37, subdivision 2, the sanctions under this section may be imposed.

Minnesota Statutes, section 259.37, subd. 1. **Payment schedule.** An agency may only require payment of fees in stages as services are performed. An agency engaged in placement activities must provide a prospective adoptive parent with a schedule of fees and a timeline indicating when each fee or portion of the total fees for the agency services must be paid. The agency must also provide a fee schedule for prefinalization postplacement services.

Minnesota Statutes, section 259.37, subd. 2. **Disclosure to birth parents and adoptive parents.** An agency shall provide a disclosure statement written in clear, plain language to be signed by the prospective adoptive parents and birth parents, except that in intercountry adoptions, the signatures of birth parents are not required. The disclosure statement must contain the following information:

- (4) a statement of the services the agency will provide the birth and adoptive parents;

Minnesota Statutes, section 259.41, subd. 1. **Study required before placement; certain relatives excepted.** (a) An adoption study and written report must be completed before the child is placed in a prospective adoptive home under this chapter, except as allowed by section 259.47, subdivision 6. . . .

Findings:

The agency disclosure statement, under a section titled "Birth Parent Training and Counsel," described the steps that were followed in the adoption process. According to this document, steps four through six included the home study process, with step six being the completion of the home study. At step seven, after completion of the home study, a child was identified for placement with the adoptive family.

When a child was identified for placement with an adoptive family at step seven, adoptive parents signed an agreement accepting the placement of the child in their home, their agreement to adopt the child, and accepting legal responsibility for the child upon completion of the adoption. Upon signing this agreement, the "Schedule of Fees International Disclosure Statement," the first half of the agency foreign fee was to be paid "upon acceptance of the child." At step eight, the adoptive parents traveled to meet the child, and at step nine, the child was placed in the adoptive home.

The following information was obtained from adoptive families, from agency files, and during interviews with DHS:

- Documentation in AF1's agency file showed that on May 25, 2006, AF1 signed a Special Judicial Power of Attorney with Representation regarding a child whom they agreed to adopt. In addition, a letter in the agency file dated June 1, 2006, written to an individual in Guatemala, showed that the first half of the agency foreign fee and some documents were sent to Guatemala on behalf of AF1 for the adoption of this child. AF1's home study was not approved until June 20, 2006, after the agency identified a child for placement with AF1, and AF1 agreed to adopt the child.
- Documentation in AF6's agency file showed that on July 11, 2006, AF6 paid half of the agency foreign fee. AF6's home study was not approved until October 11, 2006, after the agency identified a child for placement with AF6, and AF6 agreed to adopt the child.
- AF7 signed the agency "Schedule of Fees International Disclosure Statement" on November 9, 2006, and P3 signed the agreement on November 15, 2006. During an interview with DHS on February 8, 2007, P1 stated that s/he started working on AF7's home study before s/he ended his/her employment at the agency in December 2006, and that when s/he left employment, the home study was not completed. During an interview with DHS on March 14, 2007, P3 stated that AF7's home study was not yet completed. AF7 did not have an approved home study when the agency identified a child for placement with AF7, and AF7 agreed to adopt the child.
- AF8 signed a contract for adoption services with the agency on November 21, 2005. AF8 provided a statement to DHS Licensing that the agency offered AF8 an identified child after they applied with the agency and before their home study was completed, and that they declined to accept the child.
- AF10 signed the "Schedule of Fees International Disclosure Statement" on March 13, 2006, and P3 signed the agreement on March 20, 2006. AF10's home study was not approved until April 20, 2006, after the agency identified a child for placement with AF10, and AF10 agreed to adopt the child.
- Adoptive family 12 (AF12) signed the agency "Schedule of Fees International Disclosure Statement" on January 9, 2006, and P3 signed the agreement on January 11, 2006. AF12's home study was not approved until February 1, 2006, after the agency identified a child for placement with AF12, and AF12 agreed to adopt the child. In a letter dated February 6, 2006, P1 notified AF12 that they were approved to adopt a child, and that the approved home study was enclosed with the letter. In addition to the child accepted by AF12 on January 9, 2006, AF12 provided a statement to DHS that the agency previously identified a child for placement with AF12 after AF12 had completed only a brief initial agency application for adoption services, and before AF12 started the home study process.
- Adoptive family 13 (AF13) applied with the agency on December 21, 2006. The agency file included documentation that on January 17, 2007, AF13 paid half of the agency foreign fee which, as stated above, is paid "upon acceptance of the child." In addition, in a letter dated January 10, 2007, to the U.S. Citizenship and Immigration Services, P3 documented that a particular child had been identified for adoption by AF13. When AF13's file was reviewed at the agency on February 22, 2007, there was no evidence of a home study in the file. The agency identified a child for placement with AF13, and AF13 agreed to adopt the child, before completion of the home study.
- Adoptive family 14 (AF14) signed the agency "Schedule of Fees International Disclosure Statement" on March 30, 2005, and P3 signed the agreement on April 3, 2005. AF14's home study was not

approved until April 29, 2005, after the agency identified a child for placement with AF14, and AF14 agreed to adopt the child.

- Adoptive family 15 (AF15) applied with the agency on July 20, 2005, and their home study was approved on August 1, 2005. AF15 provided a written statement that the agency identified two children for placement with AF15 on June 28, 2005, before they had submitted any information to the agency.
- Adoptive family 16 (AF16) signed the agency "Schedule of Fees International Disclosure Statement" on June 10, 2003, and paid half of the foreign fee. However, AF16 did not apply to the agency for adoption until June 12, 2003, and there was no documentation in the agency file that the agency completed a home study prior identifying a child for placement with AF16, and AF16 agreed to adopt the child.
- Three additional adoptive families (AF17, AF18, and AF19) each provided a statement to DHS that the agency offered them an identified child for placement before completion of a home study.

During interviews with DHS, former agency staff persons provided the following information regarding the identification of a child for placement with an adoptive family before completion of the home study:

- P1 said that there were families who attended the agency orientation session and were offered a child "right away" before the home study was started, and P1 believed that was "incorrect" and "unethical." P1 said that this happened more often with Guatemalan adoptions than with Eastern European adoptions. P1 said that in October 2006, s/he discussed with P3 his/her concerns about apparent financial difficulties at the agency. P1 said s/he had concerns about starting adoptions with new families when the agency was struggling to complete existing adoption cases. P1 said that P3 told him/her that getting new families on board and moving them through the process faster was the answer to the agency's financial difficulties. P1 said that P3 told him/her that "is how it works."
- P5 said that a child was to be identified for placement with an adoptive family once there was an approved home study. P5 said that s/he believed there were times children were identified for placement before completion of the home study, and that s/he and another agency staff person (P6) were opposed to this practice. P5 said that P3's response to staff persons' concern about early identification of children for placement was that the adoption process would be stopped if a family's home study was not approved.
- P6 said that s/he was not aware of any specific case where a child was identified for placement with an adoptive family before the home study was done, and that if it did happen, the home study was almost done. P6 said, "Not everything had to be done," before a child was identified for placement with a family. P6 said that there was an expectation at the agency that children needed to be matched with families quickly, so that the child would not be "lost" to another agency.
- Person 7 (P7) said that there were times children were identified for placement with an adoptive family before the home study was completed, but it was always under the condition that the family would "pass" the home study interview. P7 said that if a family was close to finished with the home study, the agency would "put a child on hold" for the family.
- P3 stated that the first step of the adoption process was the home study. P3 said that when a family selected a child before completion of the home study, they were given a verbal "disclaimer" that they had to either provide personal references, a recommendation letter from a social worker that they were approved for adoption but the home study was not yet written, or an existing approved home study from another agency. P3 said that when a child was identified for placement with an adoptive family before the home study was approved, the family was verbally informed that if anything "comes in that is negative we will retract the referral [of the child]." When asked about the agency "Training and Counsel" document which said that a child was identified for placement with an adoptive family after completion of the home study, P3 said, "There's an exception in Guatemala or with Russia in the hosting program." P3 reiterated that children identified for placement with an adoptive family before completion of a home study was contingent upon approval of the home study, and that was done verbally in every case.

Violation(s): 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.

Allegation three: 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; adoptive families paid fees for some services before those services were performed; and, the agency solicited donations from adoptive families, telling families that the agency was on "the brink of ruin."

Applicable rule/statute part(s):

Minnesota Statutes, section 259.37, subd. 1. **Payment schedule.** An agency may only require payment of fees in stages as services are performed. An agency engaged in placement activities must provide a prospective adoptive parent with a schedule of fees and a timeline indicating when each fee or portion of the total fees for the agency services must be paid. The agency must also provide a fee schedule for prefinalization postplacement services.

Minnesota Statutes, section 259.37, subd. 2. **Disclosure to birth parents and adoptive parents.** An agency shall provide a disclosure statement written in clear, plain language to be signed by the prospective adoptive parents and birth parents, except that in intercountry adoptions, the signatures of birth parents are not required. The disclosure statement must contain the following information:

- (1) fees charged to the adoptive parent, including any policy on sliding scale fees or fee waivers and an itemization of the amount that will be charged for the adoption study, counseling, postplacement services, family of origin searches, birth parent expenses authorized under section 259.55 or any other services;
- (2) timeline for the adoptive parent to make fee payments . . .
- (4) a statement of the services the agency will provide the birth and adoptive parents . . .

Minnesota Statutes, section 245A.07, subd. 4. **Adoption agency violations.** If a license holder licensed to place children for adoption fails to provide services as described in the disclosure form required by section 259.37, subdivision 2, the sanctions under this section may be imposed.

Findings:

The agency "Client Fee Schedule and Disclosure" statement included a chart which listed fees to be paid by adoptive parents. The chart was followed by a narrative explanation of the fees. The narrative section included a description of the following fees: Application Fee, Parent Training Fee, Home Study Fee, Post Adoption Fee, Adoption Processing Fee, RAI [Reaching Arms International] Program Fee, Foreign Fees, Airfare, In-Country Expenses, and Adoption Finalization Fee.

The agency narrative explanation of the "Post Adoption Fee" stated, "Post Adoption services begin upon your arrival to America. All clients will receive a telephone call within a few days of returning home. This post-adoption fee is due in full at the time of the first in-home post placement supervisory visit. . . ."

There were four fees listed in the chart that were not explained in the narrative descriptions following the chart. First was a "Bridge of Love Hosting Fee" of \$1,800 per child. Second was the "FFCAI Program Fee (Russia)." Third was a "Document Processing Fee" of \$1,000 for Russia and Guatemala. Fourth was a "Document Translation" fee of \$20 per page. (The narrative section regarding fees said that translation was covered by the "Adoption Processing Fee.")

A section of the contract titled "Birth Parent Training and Counsel" described in eleven steps the adoption process. The "Client and Agency Contract" under number nine, stated, "Agency fees established by

Reaching Arms International are due promptly at each state of the adoption process as stated in the fee schedule. Fees are non-refundable. Fees may be subject to change at any time. We will notify you immediately of any changes."

A section of the contract titled "International Adoption Acknowledgement and Waiver," on page one, contained the following statement in paragraph two:

I/we understand that in international adoptions the Agency works with various governments, international child welfare agencies, and representatives of such agencies. I/we further understand, acknowledge and agree that the agency is not responsible for and shall not be held liable for any fee increases or additional expenses imposed or caused by the governments, agencies, attorneys or their representatives in connection with any impending adoption. The Agency is not liable or otherwise obligated for any expenses related to the adoptive family traveling to the foreign country to bring the child to the United States. I understand that in addition, the Agency is not liable for any expenses incurred by the adoptive family pursuing international adoption due to delays caused by courts, attorneys, or other persons or events. In international adoption, circumstances in the country change frequently and without notice, and any financial or legal obligations incurred as a result thereof are the sole responsibility of the family.

The following information was obtained from statements and documents provided by adoptive families, from agency files, and interviews with DHS:

- AF2 provided a statement that in early November 2005, they paid the agency a home study fee of \$2,800, and in December 2005, they paid the agency \$7,915 for the Application, Parent Training, Document Processing, and Program fees. In July 2006, P3 told AF2 that their adoption was on hold until they paid an additional \$5,000 for the lawyer in Kenya and other overseas fees. AF2 informed P3 that the \$5,000 fee was not disclosed in their contract. However, AF2 paid the \$5,000 fee to keep the adoption moving. In August 2006, the agency sent AF2 a fee schedule for Kenya. This was the first time AF2 saw the \$5,000 fee documented, and this fee was not part of the original fee and disclosure statement that AF2 signed in December 2005.
- The agency "Income from Customer Detail Ledger" showed that on July 14, 2006, AF3 was invoiced for a \$350 "Documentation" fee. On July 17, 2006, P3 sent AF3 a letter asking AF3 to pay an additional \$350 to expedite their adoption paperwork at the embassy. In the letter, P3 wrote, "If you can manage this cost, it will help us cover our overhead. Please let me know if you can help with this. We try to keep all costs down; sometimes there are small extras."
- AF8 was required to pay a \$420 DNA fee which was handwritten onto the contract signed by AF8. AF8 provided a statement to DHS that they were required to pay an additional \$200 for translation costs, \$100 in medical costs, and \$250 to the Guatemala attorney, none of which were disclosed on the fee schedule in their contract. AF8's fee disclosure stated that the foreign fee for Guatemala would be \$17,000 to \$18,000. When AF8 accepted a referral for a child, however, the agency increased the fee to \$19,000, stating the attorney they were using was more expensive.
- AF9 was charged a DNA fee of \$420 which was not disclosed in their contract, and which was billed to a credit card of AF9's family member, after AF9 notified the agency in writing that they were terminating their contract with the agency. In addition, AF9 had \$704.25 donated from friends to the agency for their adoption. The donation was not credited to AF9's account on the agency "Income by Customer Detail" ledger.
- AF10, on September 10, 2006, paid a "Visa" fee of \$650 which exceeded the amount disclosed in their contract by \$150. In addition, on September 10, 2006, AF10 paid a "Documentation Update" fee of \$300 and "Postage" fee of \$25, neither of which were disclosed in their contract.
- AF15, on January 11, 2006, paid a "Post Adoption" fee of \$750, which exceeded the amount disclosed in their contract by \$100. In addition, AF15's adoption was not completed until April 2, 2006.
- AF18 paid a "Post Adoption" fee of \$650 on July 13, 2004, before they adopted a child. In addition, on July 15, 2004, AF18 paid to the agency a "Frank Foundation" fee of \$6,800. These funds were not forwarded to the Frank Foundation until September 14, 2004.

- Adoptive family 20 (AF20), on July 26, 2004, and October 1, 2004, paid agency solicited donations of \$200 and \$100, respectively. AF20 paid an additional agency solicited donation of \$390 for additional expenses caused by airline change penalties for the child and escort due to a change in travel dates that was not initiated by AF20. This fee was not disclosed in the fees listed for the hosting program. In addition, AF20 provided a statement that originally their fee for adoption finalization was disclosed as \$6,000, but when it was time to pay the fee, the agency requested \$8,000. Finally, AF20 was required to pay approximately \$8,000 in cash to the agency's representative in Russia, but were not informed about the detail/purpose of the "overseas expenses" until they asked the Russia representative while they were in Russia.
- Adoptive family 21 (AF21) paid a "Post Adoption" fee of \$950 on April 13, 2006. According to documentation in the agency file, AF21's adoption was not completed until June 1, 2006. In addition, the \$950 Post Adoption fee exceeded the amount disclosed in their contract (\$650) by \$300. AF21 also paid the following fees which were not disclosed in their contract: On March 6, 2005, AF21 paid an "Authentication" fee of \$195; and, on April 13, 2006, AF21 paid a "Grant Processing" fee of \$600.
- Adoptive family 22 (AF22) paid a "Post Adoption" fee of \$650 on September 18, 2003, before they adopted a child. In addition on May 24, 2004, AF22 paid a "Post Adoption Travel" fee of \$68 which was not disclosed in their contract.
- Adoptive family 23 (AF23) on May 1, 2006, paid a "Shipping" fee of \$250 which was not disclosed in their contract.
- Adoptive family 24 (AF24), on July 26, 2005, paid a "Post Adoption" fee of \$500, but did not complete their adoption until June 2006. AF24 provided a statement that they initially entered into a contract with the agency on April 22, 2005, and were given fee schedules and a timeline indicating when each fee was to be paid. In August 2005, the agency required AF24 to sign a new contract with a new fee schedule, which included larger fees than those listed in the original contract. Specifically, the home study fee increased from \$2,400 to \$2,800, and the post adoption fee increased from \$650 to \$750. In addition, the agency instructed AF24 to bring \$9,500 in cash to Russia to cover the "overseas expenses" listed in the fee schedule. The fee schedule included a list of the services that were included in the overseas expenses, but did not include a specific cost for each item. Items included in the fee schedule for the overseas expenses included medical expenses, interpreter fees, transportation, and passports for the children. While in Russia, AF24 paid fees for medical expenses, interpreter fees, and transportation, in addition to the \$9,500 they brought to Russia. Later the family learned that part of the \$9,500 was for "bribing" Russian officials and some of it went to Frank Foundation employees in Russia. The agency had disclosed on the fee schedule that a \$1,000 fee per child would be paid to the Frank Foundation office in the United States, but did not disclose on the fee schedule that part of the overseas expense money went to the Frank Foundation office in Russia.
- Adoptive family 25 (AF25), on October 21, 2005, paid a "Frank Adoption Center" fee of \$600 which was not disclosed as a fee in their contract with the agency. On April 7, 2006, AF25 paid the agency \$200 for a "Psych Evaluation," which also was not disclosed as a fee in their contract.
- Adoptive family 26 (AF26), on June 26, 2006, paid a "Post Adoption" fee of \$650, before they adopted a child. AF26 stated that following their adoption, the agency did not contact them to conduct any post placement services. AF26 also provided a statement that they were required to pay \$45 to an agency referred accountant for a "Certificate of Assets." This fee was not disclosed in AF26's contract, nor was the document required by Armenia according to AF26. In addition, AF26 stated that they were required to complete a second parent training class at a cost of \$65.
- Adoptive family 27 (AF27) prepared an affidavit on January 26, 2007. In the affidavit, AF27 stated that they applied with the agency in January 2006 and were matched with a Russian child in April 2006. AF27 was required to pay the agency \$7,000 in order to "secure" the child for adoption. AF27 was told that if they did not pay the fee and sign an adoption agreement, the child could be adopted by someone else. In September 2006, AF27 was told it would be "mere weeks" before they could make their first trip to Russia to meet the child. AF27 was then required to pay an additional \$300 for "document update fees," which was in addition to the fees listed in their contract. Subsequently, AF27 was informed by an agency adoption facilitator in Russia that the child was no longer available for adoption by AF27 because the child had been adopted by another couple who had priority over AF27.
- Adoptive family 28 (AF28) prepared an affidavit on January 30, 2007. AF28 signed a contract with the agency in April 2005. On November 21, 2006, AF28 paid the agency \$4,100 which included an "in-country" fee, with \$3,310 going to the facilitator in the Ukraine, \$650 for post adoption reporting, \$100 for consulate registration, and the rest was a wire transfer fee. P3 told AF28 that s/he was

wiring the money to the facilitator in the Ukraine immediately. The agency assured the family that when they traveled to the Ukraine, they would have as much time as they needed to review photos and meet potential adoptive children, and that they should only choose a child with whom they felt bonded. Once in the Ukraine, on December 11, 2006, AF28 was allowed one hour to review photos, were only permitted to meet one child, were told they had to choose a child in that hour, and AF28 was not able to choose a child on that trip. While in the Ukraine, AF28 learned that the facilitator had not been paid the \$3,310 that AF28 paid the agency on November 21, 2006. Two weeks after returning from the Ukraine, on January 10, 2007, AF28 contacted P3 who said s/he still had the \$4,100 paid by AF28 and would refund the money. As of February 9, 2007, the agency had not refunded the money to AF28.

- On February 15, 2006, the agency sent a letter to several adoptive families, including current families, which stated:

Dear Friend of RAI:

I am writing this letter to ask for your help. Due to circumstances beyond our control, Reaching Arms International is facing a financial crunch that has brought us to the brink of ruin. The circumstances are related to the uncertainties that come with international adoptions. You have been generous with us in the past and this time I am asking you to stand with me again. I don't anticipate the present crisis to be ongoing so hopefully with your help we can ride out the current storm and continue the good work of uniting orphan children throughout the world with loving families.

This is the first time since starting Reaching Arms International in 1992 that I have faced this kind of financial crisis. I am confident that with the help of friends like you we will prevail in this battle.

Thank you for your thoughtful consideration of this matter.

During an interview with DHS, P3 provided the following information about agency fees. P3 stated that the agency fees were determined by the contract that was signed by the adoptive family and the agency. P3 stated that adoptive families were informed in the contract that some fees were subject to change, and that families would be notified immediately of any changes in the fees. P3 said that fee changes occurred when there were changes in documents required by the foreign country, and that families were notified of any changes via telephone or email. P3 stated that the agency fees did not change from the agreed contract amount, even if the agency implemented an increased fee before a family completed their adoption. Regarding DNA fees, P3 said that those were required for Guatemala and were disclosed to families in the agency's Guatemala literature, but were not listed in the contract signed by the family.

Regarding increases in fees to families when they traveled to the foreign country, P3 explained that there was a range of fees disclosed in the contract, and that the agency was unable to predict changes in the other country, for example if there were increased gasoline prices. When asked how families are informed that they might be asked by the foreign representative to pay additional fees, P3 said, "That should never happen and if it does, there's a reason for it." P3 then said that the agency did not have control over what happened in a foreign country.

When asked about the \$600 grant fee charged to AF21, P3 said that agency staff persons did extensive work to assist families with applying for grants, and that the fee charged to AF21 was to cover the agency administrative expense. When asked why AF15 and AF21 were charged higher post adoption fees than what was disclosed in their contracts, P3 said s/he "had no idea." P3 said that AF15 and AF21 may have been billed the higher amount if there was a fee change for post adoption services where they increased from \$650 to \$750, although the families should have paid the amount listed in their contracts. Subsequently, P3 provided a statement which said that AF15's contract called for a \$750 post adoption fee. (Note: The contract obtained by DHS from AF15's file at the agency stated that the post adoption fee was \$650.) P3 further explained that AF15 refused to pay a \$5,000 debt to the agency, after the agency had to take out a loan to pay a Frank Foundation fee owed by AF15.

When asked about the "Post Adoption Travel" fee of \$68 paid by AF22, P3 said that was "impossible" and that there was no such fee charged by the agency. Subsequently, P3 provided a statement that the \$68 fee was for the travel time and mileage for AF22's post adoption visit, which P3 said was disclosed in AF22's contract with the agency. (Note: The contract obtained by DHS from AF22's file at the agency did not contain such a provision. In addition, the agency adoption packet provided by P3 to DHS on February 2, 2007, contained a contract which on the last page stated that a travel fee for adoptive families located outside the metro area would be charged to the "home study fee." There was nothing in the agency contract about an additional travel fee for post adoption services.)

When asked about the increased visa fee paid by AF10, P3 said the fee increase was to expedite the visa because they had to travel quickly. When asked about fees being collected before services were performed, P3 said that the fee schedule was "all laid out" in the agency contract. P3 said that the agency had overhead expenses, and that it was not feasible to bill families for services on a weekly basis.

When asked about solicitation of donations from families, P3 said that sending out the February 15, 2006, letter to current adoptive families was "a mistake on my part." P3 said that s/he did not know what the law was, and that current families with an adoption in process should not have received the "fundraising" letter. P3 said that the agency sent out a similar letter every year, and that the letter should have only gone out to the agency's "donor base and past clients." P3 said that s/he explained to some adoptive families that the letter was sent to them in error, but s/he could not remember which families. P3 was asked about specific donations that were solicited from AF20 and AF3, but P3 did not provide an explanation.

Violation(s): 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, and 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, the February 16, 2006, letter sent by the agency to adoptive families solicited donations above and beyond what the families agreed to pay the agency for adoptive services.

Allegation four: 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.

Applicable rule/statute part(s):

Minnesota Statutes, section 245A.07, subd. 4. **Adoption agency violations.** If a license holder licensed to place children for adoption fails to provide services as described in the disclosure form required by section 259.37, subdivision 2, the sanctions under this section may be imposed.

Minnesota Statutes, section 259.37, subd. 2. **Disclosure to birth parents and adoptive parents.** An agency shall provide a disclosure statement written in clear, plain language to be signed by the prospective adoptive parents and birth parents, except that in intercountry adoptions, the signatures of birth parents are not required. The disclosure statement must contain the following information:

(3) likelihood, given the circumstances of the prospective adoptive parent and any specific program to which the prospective adoptive parent is applying, that an adoptive placement may be made and the estimated length of time for making an adoptive placement. These estimates must be based on adoptive placements made with prospective parents in similar circumstances applying to a similar program with the agency during the immediately preceding three to five years. . . .

(4) a statement of the services the agency will provide the birth and adoptive parents;

Findings: As the statute requires, the agency estimated timelines for the adoptive placement must be based on adoptive placements made during the immediately preceding three to five years. The agency disclosure form, under a section titled "Adoption Process Time Frame," stated:

In the adoption process each case is different and there is no exact timetable of events. There are no guarantees about processing times. International adoption is subject to changes made by foreign governments over which we have no control. We are here first and foremost to meet the needs of the children who wait and we try to bring children home as quickly as possible. It happens occasionally, that a country changes its adoption laws or a source closes its applications. Reaching Arms International, Inc. will keep you advised and give you the most current information available. The time frames listed below are estimates and vary in each country:

Russia:	8 to 18 months
Ukraine:	8 to 18 months
Armenia:	8 to 18 months
Poland:	8 to 18 months
Guatemala:	6 to 8 months
Domestic:	varies case-to-case

In the agency "Schedule of Fees International Disclosure Statement" that was signed by the adoptive family and the agency upon the acceptance of a child for adoptive placement, the agency agreed to "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, and inform the family when travel to assume custody of the children is appropriate."

The following information was obtained from statements and documents provided by adoptive families, from agency files, and interviews with DHS:

- AF8's "Fee Schedule and Disclosure Acknowledgement" was signed by AF8 on November 21, 2005, and P3 on November 30, 2005. On January 9, 2006, AF8 signed an agreement to adopt an identified child from Guatemala. On November 8, 2006, ten months after the agreements were signed, the child was placed with AF8. Although this adoption was completed within two months of the six to eight month timeframe estimated by the agency, AF8 provided evidence of conflicting information they received from the agency about the progress of their case. For example, at the time of their referral, AF8 was given two different birth dates for the child. AF8 received a DVD from the agency that they were told had pictures of their adoptive child on it, but there were none. The agency instructed AF8 to send the DVD back, but AF8 never received any explanation regarding the DVD or why they did not receive pictures. AF8 received multiple conflicting emails from P9 regarding the status of their case in PGN [the final adoption court process in Guatemala]. After receiving conflicting information, AF8 requested documentation from the agency regarding the status of their case. After not hearing from the agency, they sent a certified letter outlining their concerns and requesting documentation within 14 days. P9 responded in an email that the agency would not be able to provide AF8 with any documentation. AF8 insisted that the attorney handling AF8's case in Guatemala should be able to provide documentation, and P9 said s/he would check again. Eleven days passed and AF8 still did not receive any information from P9.
- AF9's "Fee Schedule and Disclosure Acknowledgement" was signed by AF9 and P2 on April 20, 2006. On May 3, 2006, AF9 signed an agreement to adopt an identified child from Guatemala. A child was not placed with AF9 and on November 8, 2006, AF9 terminated their contract with the agency. Although AF9 terminated their contract with the agency within the six to eight month timeframe estimated by the agency, AF9 provided evidence of conflicting information they received from the agency about the progress of their case. For example, the agency provided AF9 with photographs of a child who did not look like the child referred to them. AF9 showed the pictures to a pediatrician, who documented in a letter s/he believed the photos were of more than one child. The agency gave AF9 a document that they said was the child's birth certificate. AF9 later learned that the document was not a birth certificate, but was a birth report that is issued by the clinic where a child is born. In an email from another agency who was assisting AF9 with finding information about their case, AF9 learned that the child was not born at the maternity clinic listed on the birth report, and that the birth report was falsified. In addition, AF9 documented, on audio tape and in emails, P3 and P9 telling them their case was in family court and had been approved. After being told this for

months, AF9 hired an outside organization in Guatemala who informed them their case had not yet been in family court, and that their attorney in Guatemala had never heard of them or seen their case. In addition, the family emailed the U.S. Embassy in Guatemala who informed them in an email dated September 13, 2006, that there was no record of their case being filed with the U.S. Citizenship and Immigration Services. When AF9 requested from the agency documentation of the status of their case in Guatemala, they were told it was not agency protocol to give that documentation to adoptive families.

- AF12's "Fee Schedule and Disclosure Acknowledgement" was signed by AF12 on January 9, 2006, and P3 on January 11, 2006. On January 9, 2006, AF12 signed an agreement to adopt an identified child from Guatemala. At the writing of this report, 14 months after the agreements were signed, the child had not been placed with AF12. In addition, AF12 provided evidence of conflicting information it received from the agency about the progress of their case. For example, in emails from P9 to AF12, P9 told AF12 that their case was in PGN. However, after a few months and their case not progressing, they contacted a U.S. Senator's office, who checked on the status of their case with U.S. Citizenship and Immigration Services in Guatemala. In an email from the Senator's office, AF12 was informed that their pre-approval, which was needed to get their case into PGN, had just been picked up from the U.S. Citizenship and Immigration office. Therefore, it was not possible that their case was in PGN as they were told by the agency. AF12 stated that they did not receive any medical updates on the child they agreed to adopt. In an email from P9 to AF12, they were told they would receive some of this information at the completion of the process when they picked up the child.
- AF17's "Fee Schedule and Disclosure Acknowledgement" was signed by AF17 on June 30, 2004, (by one adoptive parent), on July 1, 2004, (by the other adoptive parent), and by P3 on July 12, 2004. On September 8, 2004, and September 9, 2004, the adoptive family signed an agreement to adopt an identified child from Guatemala. On August 2, 2005, approximately 11 months after AF17 agreed to adopt an identified child, the adoption was completed. In addition, AF17 provided evidence of conflicting information it received from the agency about the progress of their case. For example, AF17 was told by the agency in December 2004 that their case was being submitted to PGN. Seven months later, they were told by the agency that they were still in PGN and not to worry. AF17 hired an outside organization in Guatemala to check on the status of their case and were told that their case had been "kicked out" of PGN and was never resubmitted. AF17 completed their adoption through the outside organization, approximately six weeks after AF17 hired them.
- AF20 signed an agreement on March 20, 2004, to host an identified child from Bryansk, Russia. The "Fee Schedule and Disclosure Acknowledgement" was signed by AF20 on May 18, 2004, and P3 on June 22, 2004. The child was adopted by AF20 on April 7, 2006, almost two years after the agreement was signed. In addition, AF20 provided evidence of conflicting information they received from the agency about the progress of their case. For example, the child referred to them was not available for adoption, as the birth father still had parental rights. An email from the Russian representative to AF20 indicated that the agency was aware of this when they agreed to place this child with AF20. In addition, the agency promised to provide AF20 with photos and videos of the child they were to adopt. AF20 said that they believed that P3, during a trip to Russia, received a box of videos, letters, photos, and biographies of children to be placed with adoptive families. AF20 stated that s/he believed the agency intentionally withheld all of the letters, photos, and documents from adoptive parents until a seminar was held at the agency, almost one month later, to promote a new employee.
- AF21's "Fee Schedule and Disclosure Acknowledgement" was signed by AF21 on January 21, 2005, and P3 on January 25, 2005. On February 11, 2005, AF21 signed an agreement to adopt two identified children from Guatemala. On April 14, 2005, the family signed a new agreement to adopt a newly identified child from Guatemala. On June 1, 2006, the child for whom they signed the agreement on April 14, 2005, was placed with AF21, 14 months after the agreement was signed.
- AF24's "Fee Schedule and Disclosure Acknowledgement" was signed by AF24 on August 16, 2005, and P3 on August 15, 2005. On August 16, 2005, AF24 signed an agreement to adopt two identified children from Russia. On June 24, 2006, ten months after the agreements were signed, the children were placed with AF24. Although AF24's adoption was completed within the 8 to 18 month timeframe estimated by the agency, AF24 provided emails regarding false information the agency provided them about the status of their adoption, steps they needed to take to complete their adoption, and actions taken by agency staff persons to remedy situations.

- AF25 signed an agreement on August 18, 2005, to host unidentified children from Byransk, Russia. The "Fee Schedule and Disclosure Acknowledgement" was signed by AF25 on September 6, 2005, and P3 on September 7, 2005. On November 11, 2005, AF25 signed an agreement to adopt two identified children from Bryansk, Russia. On August 25, 2006, approximately nine months after the agreement was signed, the children were placed with AF25. Although the adoption was completed within the 8 to 18 month timeframe estimated by the agency, AF25 provided evidence of conflicting information it received from the agency about the progress of their case. For example, in an email statement, AF25 stated they were told by the agency that the children referred to them had no health problems. AF25 stated that five minutes before going into court in Russia to complete the adoption, they were provided with health records which documented that one of the children had a heart condition. AF25 also stated the agency provided them with false information about reaccreditation problems with an affiliated agency in Russia, and resulting delays in the adoption process.
- Adoptive family 29's (AF29) "Fee Schedule and Disclosure Acknowledgement" was signed by AF29 on September 1, 2003, and P3 on September 10, 2003. On September 1, 2003, AF29 signed an agreement to adopt an identified child from Guatemala. A child, who was not the child originally referred to them, was placed with AF29 on February 10, 2005, 16 months after the agreement was signed. In addition, AF29 provided evidence of conflicting information it received from the agency about their case. For example, AF29 was told by the agency that their case was in family court on November 14, 2003. However, the DNA test had not been scheduled. In the middle of January 2004, AF29 was again told by the agency that their case was in family court, with no DNA test scheduled. They were also told by the agency that the social worker had not prepared the report from family court. In February 2004, AF29 hired an outside organization to check on the status of their case. AF29 learned that their case had not been submitted on the date they were told. Again, in March 2004, AF29 was told by the agency that the social worker still had not prepared the family court report. AF29 again contacted the outside organization to check on the status of their case. AF29 learned that their file had been given back to their attorney because the attorney never had the birth mother complete the interview for family court. In addition, AF29 stated that they learned that their attorney in Guatemala (P10) was banned by the U.S. Embassy a month before the agency admitted this to AF29. AF29 stated that the agency did nothing to reassure families that their cases would be finalized and that the agency continued to work with P10 on adoption cases.
- Adoptive family 30's (AF30) "Fee Schedule and Disclosure Acknowledgement" was signed by AF30 on January 21, 2004. Between January 2004 and August 2004, three different children from Guatemala were identified for placement with AF30, and there were problems with the legal status of each child identified. As a result, AF30 requested a refund from P3. AF30's money was refunded on September 7, 2004. In addition, AF30 provided evidence of conflicting information they received from the agency about their case. AF30 was told that their case was in family court and AF30 later found out it had never been submitted. AF30 was told by the agency that their adoption was not being handled by P10, the attorney who was banned by the U.S. Embassy, but later found out it was. After AF30 accepted a second referral from the agency, AF30 was told by the agency that the child was no longer adoptable. One week later, AF30 learned via an adoption forum on the internet that their second referral had been given to another adoptive family. A third referral was given to AF30. P7 confirmed that the abandonment on the child had been finalized and it was okay to move forward with the adoption, which AF30 did. However, AF30 later learned that the child was not legally available for adoption.

During his/her interview with DHS on March 14, 2007, P3 was asked if the estimated timeframes for completion of adoptions was based on placements made by the agency in the immediately preceding three to five years. P3 said that the estimated timeframes disclosed to adoptive families were based on "trends" and that the timeframes disclosed to adoptive families were an "average." P3 said that Guatemalan adoptions were "hitting under a year and it was hitting between four to eight months and that was the pattern until we hit abandonment cases." P3 said that the "trend" with Guatemalan adoptions had changed due to the "Hague Treaty" and with the PGN process in Guatemala, and the agency was currently in the process of updating the agency contract to reflect the changes that had occurred.

When asked why adoptions took longer than the timeframe disclosed to specific families, P3 said that AF12's case was rejected by the PGN court in Guatemala "eight or nine times," and that AF12's was currently in the "final" stages. When asked about AF29, P3 said that AF29's case was a past case that

was already completed. P3 declined to address any additional adoption cases individually, and said that the agency had no control over delays in the adoption process that occurred in the foreign countries.

During the March 14, 2007, interview, P3 admitted that the agency currently had a working relationship with P10, and said that P10 was not "functioning as an attorney." P3 said that P10 was working as a representative of a charity organization in Guatemala, and that P10 had other attorneys who worked with P10 on the agency's adoption cases. P3 said that the agency formerly used the services of a facilitator based in the United States to process Guatemalan adoptions, but for the previous year, the agency worked with a facilitator in Guatemala (P11). During the interview, P3 described both P10 and P11 as being affiliated with the same charity organization in Guatemala. P3 first said that P11 was the "founder" of the organization, and later in the interview said that P10 was "the one that has this nonprofit foundation."

Violation(s): Eight of the above 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 P3 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 several instances, the agency failed to do so.

Allegation five: The agency contracted with AF2 to complete an adoption in Kenya, even though the agency was not authorized to conduct adoptions in that country.

Applicable rule/statute part(s):

Minnesota Statutes, section 245A.07, subd. 4. **Adoption agency violations.** If a license holder licensed to place children for adoption fails to provide services as described in the disclosure form required by section 259.37, subdivision 2, the sanctions under this section may be imposed.

Minnesota Statutes, section 259.37, subd. 1. **Payment schedule.** An agency may only require payment of fees in stages as services are performed. An agency engaged in placement activities must provide a prospective adoptive parent with a schedule of fees and a timeline indicating when each fee or portion of the total fees for the agency services must be paid. The agency must also provide a fee schedule for prefinalization postplacement services.

Minnesota Statutes, section 259.37, subd. 2. **Disclosure to birth parents and adoptive parents.** An agency shall provide a disclosure statement written in clear, plain language to be signed by the prospective adoptive parents and birth parents, except that in intercountry adoptions, the signatures of birth parents are not required. The disclosure statement must contain the following information:

- (1) fees charged to the adoptive parent, including any policy on sliding scale fees or fee waivers and an itemization of the amount that will be charged for the adoption study, counseling, postplacement services, family of origin searches, birth parent expenses authorized under section 259.55, or any other services;
- (2) timeline for the adoptive parent to make fee payments;
- (3) likelihood, given the circumstances of the prospective adoptive parent and any specific program to which the prospective adoptive parent is applying, that an adoptive placement may be made and the estimated length of time for making an adoptive placement. These estimates must be based on adoptive placements made with prospective parents in similar circumstances applying to a similar program with the agency during the immediately preceding three to five years. If an agency has not been in operation for at least three years, it must provide summary data based on whatever adoptive placements it has made and may include a statement about the kind of efforts it will make to achieve an adoptive placement, including a timetable it will

follow in seeking a child. The estimates must include a statement that the agency cannot guarantee placement of a child or a time by which a child will be placed . . .

Minnesota Statutes, section 245A.04, subd. 5. **Commissioner's right of access.** When the commissioner is exercising the powers conferred by this chapter and section 245.69, the commissioner must be given access to the physical plant and grounds where the program is provided, documents, persons served by the program, and staff whenever the program is in operation and the information is relevant to inspections or investigations conducted by the commissioner. The commissioner must be given access without prior notice and as often as the commissioner considers necessary if the commissioner is conducting an investigation of allegations of maltreatment or other violation of applicable laws or rules. . . . Failure or refusal of an applicant or license holder to fully comply with this subdivision is reasonable cause for the commissioner to deny the application or immediately suspend or revoke the license.

Findings:

AF2's adoption file was requested by Division of Licensing representatives during a visit to the agency on February 22, 2007. P3 said that s/he did not have a file for AF2, as the file was given to AF2 to pursue their adoption with another agency. P3 said that a copy of AF2's file was not retained by the agency.

AF2 provided a statement that they started their adoption process with the agency in October 2005 with the intention of adopting a child from Kenya. AF2 provided a copy of the contract they signed with the agency on November 4, 2005. AF2 paid the agency \$2,800 for a home study in November 2005; \$7,915 for an "Application Fee, Parent Training, Document Processing," and "the Program Fee" in December 2005; and, an additional \$5,000 in August 2006 for an overseas fee which was not disclosed in the contract they signed with the agency.

AF2, at the direction of the agency, traveled to Kenya on December 30, 2006, for the purpose of picking up his/her adoptive child. AF2 spent three weeks in Kenya bonding with the child. While in Kenya, AF2 learned that the agency was not approved to complete Kenyan adoptions. When AF2 met with P3 upon returning home, P3 told AF2 that the agency was closing its Kenya adoption program and would transfer AF2's case to another agency that handled Kenyan adoptions. AF2 said that P3 did not contact another agency to transfer AF2's case, and that AF2 contacted another agency without any assistance from P3.

AF2 stated that upon contacting an agency that was authorized to complete adoptions in Kenya, AF2 learned that s/he would have to pay a \$5,000 fee to the agency to complete the adoption, and that AF2 would have to stay in Kenya for six to nine months to finish the adoption process. AF2 was told by Reaching Arms International that they would have to spend three to four weeks in Kenya to complete the adoption.

During his/her interview with DHS on March 14, 2007, P3 said that AF2 was informed from the beginning of the adoption process that the agency was not yet approved to complete adoptions in Kenya, but that the agency was in the process of obtaining approval. P3 said that s/he had a verbal agreement with AF2 that if the agency was not ultimately approved to complete adoptions in Kenya, AF2's case would be transferred to an agency that was approved. P3 admitted that the agency was never approved to complete adoptions in Kenya.

Violation(s): The agency entered into a contract with AF2, and accepted fees totaling \$15,715 from AF2, for AF2 to adopt a child in Kenya, although the agency was not approved by Kenyan authorities to place Kenyan children for adoption. Although P3 said that AF2 was aware at the beginning of the adoption process that the agency was not yet authorized to complete Kenyan adoptions, AF2 said s/he learned this on December 30, 2006, after spending three weeks in Kenya bonding with the adoptive child. In addition, the commissioner was denied access to AF2's agency file.

Allegation six: 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.

Applicable rule/statute part(s):

Minnesota Statutes, section 245A.04, subd. 1. **Application for licensure.** (d) An applicant and license holder must have a program grievance procedure that permits persons served by the program and their authorized representatives to bring a grievance to the highest level of authority in the program.

Minnesota Rules, part 9545.0805, Subp. 1. **Supervision by a licensed independent social worker or independent clinical social worker.** An independent social worker or independent clinical social worker as defined in Minnesota Statutes, section 148B.21, must supervise an agency's case work. Supervising an agency's case work includes reviewing and approving each written home study the agency completes on prospective foster parents or applicants to adopt. . . .

Findings:

The agency "Grievance Policy," which was provided to adoptive families as part of the "Client Fee Schedule and Disclosure" when they signed their contract with the agency, described the process by which adoptive family grievances would be addressed by the agency. The policy included the following information:

Reaching Arms International has established a grievance policy to provide adoptive families the right to voice their concerns or objections regarding agency services or policies with which they are not satisfied or in agreement.

Every attempt shall be made by the agency to work out the differences with the adoptive family in a constructive manner through discussion and through prayer.

Adoptive families wishing to discuss grievances must follow these procedures:

1. The adoptive family shall first express any dissatisfaction they may have with the agency services or policies by writing a letter to the agency Executive Director presenting the situation as they see it, in detail.
2. The Executive Director will respond to the written complaint within ten working days by contacting the adoptive family to set up a meeting with them and they shall seek to resolve the perceived problem(s).
3. If the result of this meeting is not satisfactory to the adoptive family they may request a joint meeting with the President of the Board of Directors of Reaching Arms International, the agency Executive Director, and themselves. This will be set up within 30 days after the original meeting with the Director.
4. If no mutually satisfactory resolution is reached, mediation is recommended for both parties to participate in a final resolution.

The following information was obtained from adoptive families and in an interview with P3:

- AF2 provided a written statement to DHS about the agency's failure to address their concerns about their adoption. After returning from Kenya as described above, under allegation five, AF2 met with P3 on January 25, 2007. AF2 requested reimbursement for the trip expenses, which P3 refused. P3 told AF2 that s/he was closing the agency's Kenyan adoption program, P3 would transfer AF2's case to another agency that processed Kenyan adoptions, and the agency would pay any fees that needed to be paid to the other agency to complete AF2's adoption. AF2 gave P3 phone numbers to two agencies authorized to complete Kenyan adoptions. As of February 1, 2007, P3 had not contacted either of those agencies to arrange the transfer of AF2's adoption case. AF2 pursued the services of another agency without P3's assistance.
- AF5 provided a written statement to DHS that they requested a meeting with P3 to discuss concerns about delays in their adoption process which started occurring after a child was identified for

placement with AF5, AF5 agreed to adopt the child, and AF5 paid the agency a total of \$18,650. On December 12, 2006, AF5 met with P3 and P9. AF5 said that at the beginning of the meeting, when AF5 started asking questions, P3 became "defensive." P3 left the meeting to obtain a copy of an email that s/he said would prove AF5 wrong, and P3 never returned to the meeting. AF5 continued to meet with P9, who answered many of AF5's questions. When AF5 was leaving the agency office, P3 appeared and told AF5, "Now you don't micromanage us, and we won't micromanage you."

- AF8 provided a statement that AF8 had concerns about the financial status of the agency and attempted to discuss those concerns with P3. AF8 was concerned because AF8 received the February 2006 agency letter which said that the agency was on the "brink of ruin," and AF8 later learned that agency staff was being reduced and the agency building was for sale. AF8 made several attempts to contact P3 by phone between August 22 and 24, 2006. AF8 reached P3 on August 25, 2006. P3 told AF8 that s/he had no duty to inform clients of the agency's financial difficulties, only an obligation to inform the agency board of directors. P3 told AF8 that on August 28, 2006, a letter would be mailed to clients explaining the sale of the agency building, but AF8 did not receive the letter until September 18, 2006.
- AF9 provided transcripts of their October 26, 2006, and November 2, 2006, telephone conversations with P3 and P9. AF9 was asking questions about discrepancies in photographs they received of the child they had agreed to adopt and their concerns about the adoption process. AF9 documented that during a telephone conversation on November 2, 2006, when asking questions about the photograph discrepancies, P3 said, "I will close your case if we cannot get to a level of trust . . ." AF9 provided a transcript of a telephone message AF9 received on November 4, 2006, from P9. P9 said:

Hi [AF9] this is [P9] from RAI, I got a call from [P3] yesterday and apparently you had called [P3] and you guys discussed some things that we had talked about. [P3] is very frustrated with you right now with your case and I am a little frustrated that you would talk with [P3] about all the things that we talked about, I do not think they are entirely accurate. I looked over a lot of the pictures of the other clients and I have reconidence [sic] that they are who [s/he] says they are but I am more concerned right now for you and your case because [P3] is ready to close it so you and I need to talk. [P3] is angry at me because [P3] isn't sure what you and I talked about, so we just need to clarify because above all [P3] is going to stop everything all together and I don't think that is what you want for your family right now. . . .

On November 8, 2006, AF9 sent a letter to P3 demanding a complete refund of the fees paid to the agency on the basis that AF9 did not receive the services for which they paid. On November 17, 2006, AF9 sent an email to P3 which included a copy of the November 8, 2006, letter to P3. AF9 did not receive a response to the letter or the email. AF9 signed a written contract with the agency on April 20, 2006. AF9 stated that after writing a letter to the agency requesting a refund of their money, P3 threatened to "black-mark" their adoption because they asked so many questions.

- AF11 provided documentation regarding a parent training session AF11 attended at the agency on October 20 and 21, 2006, which included the following information:

This "training" was [P2's] 3 hour talk about the "shame barrel." This was [P2's] talk about anger issues and how we shouldn't get mad at RAI [the agency] if our adoption didn't go well. [P2] said we should not talk to anyone except RAI. [P2] said at one point that if adoptive parents started questioning RAI too much or started to express anger at RAI that that meant the adoptive parents would make bad parents and that RAI would fear for the children involved. I questioned [P2] on this because I didn't think that was a fair statement. I asked [P2], "So, you are saying that if I, an adult, got mad at another adult who was in clear blame and I expressed my anger in a non-aggressive manner; you would say that would make me a bad parent? Even though I never expressed anger toward the child, just the adult who was in the wrong?" [P2] replied that yes, [P2] would say that that person wouldn't be a good parent. I still questioned [P2] saying that how could [P2] say that when we as adoptive parents are aching to hold our children and if we thought someone was in the wrong, you would think we could express that. [P2] then said that if [P2] or someone else at RAI thought we were questioning too much or expressing too much anger that they had the power to stop the adoption. . . .

- AF12 provided a written statement regarding telephone conversations s/he had with P3 and P2 on September 22, 2006, regarding AF12's upcoming trip to Guatemala to visit their adoptive child. AF12 stated that P3 became "defensive" when AF12 asked who the contact person and translator would be in Guatemala. During the conversation, P3 hung up the telephone. Approximately ten minutes later, P3 called back AF12 and accused AF12 of having anger issues and being a "bully." AF12 wrote, "[P3] said [s/he] was through listening to me and was going to 'hold up our home study' and call the INS to halt our adoption." AF12 wrote that s/he told P3 that s/he was "the one who should be careful" and ended the call.

AF12 documented that later, at approximately 5:45 pm., AF12 received a call from P2 who was "totally irate." P2 told AF12 that the agency could stop the adoption process by requiring an "assessment." AF12 ended the call, and P2 again called AF12 at 6:04 p.m. and threatened to stop their adoption unless AF12 met with P2 and P3 the next day. AF12 agreed to the meeting and said that AF12 would bring their therapist to the meeting.

Three hours later, at 9:04 p.m., P2 again telephoned AF12 and said they had issues with one of the adoptive parents "anger," were calling for an assessment, were stopping AF12's adoption, and that AF12's upcoming trip to Guatemala was canceled. Later in the conversation, P2 told AF12 that they could move forward with their adoption if AF12 agreed to apologize to P3 and meet with P2 for a series of therapy sessions. AF12 agreed to apologize for any offense caused to P3, but AF12 said they needed time to think about the therapy requirement. AF12 said that P2 told AF12, "That's right. I am pushing you. You don't have any choice. Right now I am your best friend in the adoption world. In fact, I'm your only friend in the adoption world." AF12 said that after s/he agreed to meet with P2 on October 9, 2006, at 1 p.m. and pay \$40 per hour for the visit, P2 said "the trip [to Guatemala] is back on."

AF12 wrote, "During this entire conversation we felt as if we were talking to someone who was holding us at gunpoint. We had to talk [P2] down especially at the beginning of the call. We calmly tried to get [P2] to listen and [P2] kept saying [s/he] didn't want to hear any hint of rudeness. We felt our adoption (our baby) was being held over our heads unless we gave into [P2's] demands immediately. This was not a professional conversation. This was a [man/woman] on the edge."

AF12 provided a copy of a letter they received from P2, dated September 28, 2006, which stated the following:

In follow up to our talking last Friday, I am writing to remind you we have a meeting set for 1pm on Monday the 9th of October. It is very important that you, [one of AF12 adoptive parents], come to this meeting. Please remember we cannot and will not continue to support your effort to adopt a child until we can be assured that real, meaningful change is possible regarding your anger and resulting behavior.

The Relationship between us has been derailed by the anger that you have displayed. We are willing to work toward getting the relationship back on track. Please understand that there is zero tolerance right now for any anger. We can and will stop you from proceeding with the adoption if we see any more anger. Please also understand that this is not a threat. It is simply us living up to our professional responsibility to protect the child—a responsibility we take very seriously and will go to great lengths to honor.

The phone call to our office on Friday Sept. 22 was unbelievably nasty and mean. It was just another in a long series of such behavior. Please understand that our view now is that the adoption process is on hold with our agency until we are in a position to trust such behavior will not happen again.

It would be a step in the right direction if you contact me as soon as possible to indicate you received this letter and are in accord with it.

- AF17 provided a written statement that they began their second Guatemalan adoption with the agency in September 2004. When there were delays, AF17 hired an organization in Guatemala to assist with the completion of their adoption. AF17 told the agency in June 2005 that they had hired the outside organization because they were frustrated waiting for answers on their adoption case. In addition, AF17 wrote about their concerns with the agency on a Guatemalan adoption internet site. Subsequently, P3 called AF17, "was very angry," and told AF17 that if they did not drop their complaints against the agency, the agency would "charge" AF17 with a lawsuit.
- AF20 provided a statement that they contacted the agency to participate in the Russia host-to-adopt program that was to occur in the summer of 2004. AF20 informed the agency that they wished to adopt a 5 – 8 year old girl. They were shown pictures of a child, were told that she was available for adoption, and were told the adoption would be completed 2 -3 months after they completed the hosting program. One week before the child was to arrive for a visit, the agency informed AF20 that there would be a delay in the child's adoption as one of the birth parents had not relinquished parental rights. AF20 later learned that the agency had this information in March 2004, when they signed their contract, but did not disclose it. Upon learning this, they expressed their concern to P3. P3 refused to discuss the issue and told AF20 that the agency had the authority to drop AF20's adoption without any risk of liability to the agency if AF20 was going to "continually express [their] anger." AF20 said that this telephone conversation was the first time they expressed any concerns to the agency about the process.
- AF24 signed a contract with the agency on August 13, 2005, to adopt two children from Russia. AF24 provided copies of correspondence they had with P8 during the adoption process. In an email from P8 to AF24 dated October 20, 2005, P8 wrote:

Hi [AF24]. I just got the letter handed to me that you wrote to Frank adoption center. I am puzzled by it. The adoption center forwarded your message to the Frank Foundation and they sent it back to us. . . .

P8's email went on to explain the agency's relationship with the Frank Foundation and said to AF24:

Your fee would have been \$30,000+ US plus all the other fees involved, plus higher RAI fees. If the Frank Foundation gets frustrated enough, they could certainly demand to be the referring agent, then you and all the other clients would owe all of their fees. They could even start this today, if they really wanted to, and we would not be able to stop it, because they have the Russian offices, and the Russian Accredited status. Does that clarify this better? . . .

I've had people go behind my back and try to do their own adoption, or open an agency. In reality, I feel that if people want to do that, it's a good thing—the more people that do that, the more kids will find homes, and THAT is the point of all we do. I would even go as far as to encourage and support that. The only caveat is, things done on the sly ALWAYS backfire, and fail, always. I have never seen it work, including when I have tried to do it :)

AF24 wrote, "I interpreted [P8's] email to be a threat of increasing our fees by \$29,000 if we keep asking even basic questions like, 'are you affiliated with Frank Foundation.' I asked this question of Frank [Foundation] because we have to write a check to them."

AF24 provided a copy of an email that was written on May 18, 2006, by AF25 and sent to approximately 15 adoptive families working with the agency. In the email, AF25 wrote about frustration with the agency and concerns regarding the Frank Foundation's re-accreditation problems in Russia. In the email, AF25 wrote, "I am done with this, if we don't get dates soon I am filing a law suit against RAI for the lies."

P3 received the email and in response, sent a letter to all families who received AF25's email. In the letter, P3 apologized to the families for any confusion AF25's email may have caused. P3 wrote, "It is clear [AF25] is angry and venting." P3 wrote that s/he called AF25 to schedule a meeting with P3 and

invited other families to do the same. P3 listed 11 items, which P3 said were the facts, about the situation in Russia. After the 11 item list, P3 again apologized and wrote:

Some of you have struck out at us in anger. We understand your frustration and welcome you to come in and sit down with [P2] and me to discuss your case and our strategies for you. However, anger is exactly the incorrect response to activities in Russia and any hope of adoption. I am always concerned when parents try to resolve adoption with anger and retaliation. If this should surface at any time during the Home Study process, it would be enough to disqualify an individual or couple from adopting.

AF24 stated that they interpreted P3's statement as a "threat that if we express our disappointment with RAI that we could get our home study canceled."

- AF25 signed a written contract with the agency on September 6, 2005, to adopt a child from Russia. AF25 provided a written statement that after they have paid the agency over \$8,000 and believed they were approved to adopt a child, they were told by the agency that they were unfit to be parents and were not allowed to speak with agency staff because AF25 were "angry" people.
- AF27 sent the agency a grievance letter on December 30, 2006, per the agency's grievance policy. While the agency policy stated that a response would be made within ten days, the agency did not respond to AF27.
- Adoptive family 31 [AF31] signed a written contract with the agency on August 1, 2005. AF31 stated they had a number of questions for the agency about the child identified for adoptive placement with AF31, such as medical questions and the adoption process. After leaving multiple telephone messages and emails for an agency staff person (P9) over the course of a few weeks without a response, in early September 2005, AF31 finally reached P9 by phone, and inquired about the three-week delay in P9's response. P9 became "very angry" and told AF31, "If you want this child, then stay in line." AF31 never received answers to their questions and were instead accused of having anger issues.

AF31 were told they needed to undergo "mandatory spiritual counseling" from P2. When AF31 asked P2 if they could see their own minister or counselor for this counseling, P2 told them the agency had the power to put their adoption on hold indefinitely if the agency had any "concerns" about AF31's compliance.

When AF31 informed the agency that they wished to file a grievance under the agency grievance policy, P3 threatened them by saying that if they filed a grievance, which would be reviewed by P3, they would never see their adoptive child again. AF31 stated that P3 told them that if they complained to DHS or the U.S. Citizenship and Immigration Services, they would never get their child.

- Adoptive family 32 [AF32] provided a written statement that they signed a contract with the agency in July 2003 for adoption of a child from Guatemala. In May 2004, AF32 asked P7 if their agency fees could be refunded because of delays with the process. P3 contacted AF32 and told them they would not receive a refund, and that if AF32 tried to take any action against the agency, the agency would "drop" them as clients and that they would lose their child and agency fees.
- Adoptive family 33 [AF33] signed a contract with the agency on May 12, 2003. AF33 provided a written statement that after visiting their adoptive child in August 2003, AF33 asked P7 to see if photos could be taken and a musical toy played for the child. P7 declined to pursue those issues and the following week AF33 was notified that the agency had new video and photos of AF33's adoptive child. AF33 went to the agency office to pick up the items, and was asked by P3 to go to P3's office. This was the first time AF33 met P3. P3 started asking AF33 "strange" questions including whether AF33 believed in the devil, and did AF33 know that hell existed. P3 told AF33 not to ask P7 any more questions about AF33's case. AF33 asked P3 why AF33 was forbidden to ask questions about his/her child. P3 told AF33 that the child was not AF33's, and that the child belonged to the agency until the AF33 obtained the child legally. AF33 stated that it was "very apparent" that P3 was threatening AF33 that if AF33 asked any further questions, P3 could delay or stop the adoption process.

During his/her interview with DHS on March 14, 2007, P3 said that agency clients were permitted to ask questions about their contract at any time, and that P3 always told families to call the agency if they had questions. P3 also said that the agency had a grievance procedure which was part of the agency contract with adoptive families. When asked to explain why it appeared that when some families asked questions or expressed concerns about their adoption case, they were threatened with the disruption of their adoption, P3 said, "That's an absolute lie." When asked to explain why it appeared that the agency grievance procedure had generally not been followed, P3 said that it was up to families to follow the agency grievance procedure and submit their grievances in writing. P3 said that in all the years the agency operated, they received a written grievance from only one family.

Violation(s): Although P3 denied that any family was threatened with disruption of their adoption, 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 the adoptive family grievances. One adoptive family who presented a written grievance to the agency stated that they did not receive a response from the agency. In addition, the 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 appropriately qualified to withdraw approved home studies.

Allegation seven: 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.

Applicable rule/statute part(s):

Minnesota Statutes, section 259.37, subd. 1. **Payment schedule.** An agency may only require payment of fees in stages as services are performed. An agency engaged in placement activities must provide a prospective adoptive parent with a schedule of fees and a timeline indicating when each fee or portion of the total fees for the agency services must be paid. The agency must also provide a fee schedule for prefinalization postplacement services.

Minnesota Statutes, section 259.37, subd. 2. **Disclosure to birth parents and adoptive parents.** An agency shall provide a disclosure statement written in clear, plain language to be signed by the prospective adoptive parents and birth parents, except that in intercountry adoptions, the signatures of birth parents are not required. The disclosure statement must contain the following information:

- (1) fees charged to the adoptive parent, including any policy on sliding scale fees or fee waivers and an itemization of the amount that will be charged for the adoption study, counseling, postplacement services, family of origin searches, birth parent expenses authorized under section 259.55, or any other services . . .
- (4) a statement of the services the agency will provide the birth and adoptive parents . . .

Minnesota Rules, part 9545.0815, **Description of Agency Program and Services.** An applicant must submit with its application and provide to prospective clients of agency services a written statement that contains the information in items A to G:

- C. description of services the agency provides to children, birth families, and foster or adoptive families before, during, and after termination of foster care or finalization of an adoption . . .
- F. description of orientation and training that will be provided for foster families or prospective adoptive families
- G. description of orientation and training that will be provided for foster families or prospective adoptive families . . .

Findings:

The agency "Client Fee Schedule and Disclosure" document, on pages five and six, listed the counseling service providers utilized by the agency. There were four counseling service providers listed, all outside of the agency, and none of them identified P2 as a counselor.

On October 10, 2005, the agency sent a letter to past and present adoptive families stating that adoption had many layers and, "One layer is that families may continue to need counsel and support in dealing with difficult issues long after the adoption." In addition, the letter informed families, "Therapist and Counselor [P2], has joined the team as the new agency Director. [P2] has come with [his/her] sleeves rolled up to work with past and present families who are in need of more extensive or continuing counsel." Families were encouraged to contact P2 to schedule a consultation. A postscript note in the letter stated, "You may be in relationship with RAI through ways other than adoption. We welcome you and your family to also benefit from [P2's] counsel." [As noted previously, P2 was a licensed alcohol drug counselor.]

The following information was obtained from adoptive families written statements and affidavits, and from adoptive family files at the agency:

- AF12 was told they were required to receive counseling from P2 for anger issues or their adoption would be put on hold.
- AF15 was required to receive a psychological evaluation from P2. While in Russia, a Frank Foundation representative told AF15 that they did not have the license of the psychologist who completed their evaluation (P2). AF15 informed the agency of this issue upon their return home.
- AF21 was asked by the agency on two occasions to receive counseling from P2 but refused to do so.
- AF25 received a psychological evaluation from P2. Documentation in AF25's agency file showed that on March 15, 2006, AF25 was invoiced \$200 for the evaluation and that they paid the agency this fee on April 7, 2006. When AF25's agency file was reviewed at the agency on February 2, 2007, AF25's psychological evaluation was not present in AF25's file.
- AF31 was told they were required to receive "mandatory spiritual counseling" from P2, which would also incur an additional cost, or their adoption would be put on hold. When AF31 asked if they could see their own minister or counselor, P2 told AF31 that the agency could put AF31's adoption on hold indefinitely if the agency had any "concerns" about AF31's compliance. When AF31 met with P2, they were told that they needed spiritual counseling because the devil had a hold on them, which is why they could not have their own children. P2 did not know that AF31 already had two biological children, and infertility was not an issue for AF31.
- AF20 provided DHS an email message sent on October 3, 2005, by P8 to adoptive families regarding a free seminar titled, "Avoiding Hazzards [sic] in Adopting Children," that was being offered by the agency to adoptive families. In the email, P8 said that the agency's "new on staff therapist [P2] will be leading the seminar."

During an interview with DHS on March 14, 2007, P3 acknowledged that P2 was not listed on the agency contract as one of the counseling service providers utilized by the agency. P3 said that families were not required to receive counseling services from P2, but that P2's services had been "offered" to families. P2 said that a family who had a psychological evaluation done by P2 did so by their own choice. When asked if P2 was a licensed psychologist, P3 said that P2 had completed some doctorate level psychology work and that a psychological evaluation conducted by P2 was supervised by a licensed psychiatrist. When asked whether it was a conflict of interest for P2, as an employee of the agency, to provide counseling services for agency clients, P3 said that it depended on the licensure and credentials of the person providing the counseling services, and that s/he did not believe it was a conflict of interest for P2 to provide counseling to adoptive families.

Violation(s): Although P3 said that families were not required to receive counseling services from P2, 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 not a licensed psychologist. P2 was

not disclosed as a counseling resource to families on the agency disclosure statement, and P2's counseling fees were not disclosed to families.

The issue of P2 conducting psychological evaluations without a psychology license has also been referred to the Minnesota Board of Psychology.

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

Applicable rule/statute part(s):

Minnesota Rules, part 9545.0835 **ADOPTION PLACEMENTS**, Subp. 1. **Record of child's background and history.** When an agency accepts a child for adoptive placement or facilitates an adoption between a birth parent and a prospective adoptive parent, the agency is responsible for establishing and maintaining a record that meets the requirements of Minnesota Statutes, sections 257.01 and 259.79.

Minnesota Statutes, section 257.01 **RECORDS REQUIRED.** Each person or authorized child-placing agency permitted by law to receive children, secure homes for children, or care for children, shall keep a record containing the name, age, former residence, legal status, health records, sex, race, and accumulated length of time in foster care, if applicable, of each child received; the name, former residence, occupation, health history, and character, of each birth parent; the date of reception, placing out, and adoption of each child, and the name, race, occupation, and residence of the person with whom a child is placed; the date of the removal of any child to another home and the reason for removal; the date of termination of the guardianship; the history of each child until the child reaches the age of 18 years, is legally adopted, or is discharged according to law; and further demographic and other information as is required by the commissioner of human services.

Minnesota Statutes, section 259.79 **ADOPTION RECORDS**, Subd. 1. **Content.** (a) The adoption records of the commissioner's agents and licensed child-placing agencies shall contain copies of all relevant legal documents, responsibly collected genetic, medical and social history of the child and the child's birth parents, the child's placement record, copies of all pertinent agreements, contracts, and correspondence relevant to the adoption, and copies of all reports and recommendations made to the court. . . .

Findings:

As part of the contract, the agency required adoptive families to sign a document titled "Medical, Psychological, and Developmental Risks in Adoption Waiver," which contained the following information:

Reaching Arms International, Inc. (RAI) is dedicated to making a best effort attempt of securing as much background information and medical information as is feasible or practically possible on each child for whom an adoption plan is made. RAI works diligently to obtain information and pass it on to the adoptive parent(s). However, there is often a limited amount of information available. This may be true particularly in international adoption, where the amount of information varies widely from country to country, from program to program, and from child to child. Most often, this is due to a lack of knowledge or history about the background of the child and his/her birth relatives. It may also be due to lack of medical facilities or expertise, as well as cultural differences regarding need, extent, or potential seriousness regarding background information (e.g., use of alcohol or tobacco during pregnancy). . . .

. . . We seek to find organizations or representatives who are trustworthy and fulfill their commitments in a timely manner. In addition, our staff works to be knowledgeable and understanding regarding governmental systems and processing regarding adoption, both here and in other states and countries. . . .

Adoptive families provided the following statements and documentation:

- AF1 provided a birth certificate, medical documents, and pictures of the child identified for placement with AF1, which AF1 received from the agency and subsequently determined were falsified.
- AF7 provided a statement that documents containing the date of birth for their adoptive child contained two different dates. AF7 said they were told by the agency to change the date on a document and signify the change with their initials.
- AF9 provided documentation that the agency provided them with a falsified documentation regarding the child whom AF9 agreed to adopt. These documents included a birth report for the child, various photos of the child who was referred to them which a pediatrician stated were not of the same child, and medical updates which did not match the weight of the children in the pictures given to them.
- AF23 provided photographs of their referred child that were given to them by the agency. AF23 provided a statement that s/he believed the photos were not of the same child, as there were differences in a facial feature between the children in the photographs.
- AF24 submitted a letter the agency gave AF24 to bring to the Russian orphanage when AF24 went to adopt their child. The letter, written by P3, explained a delay in a payment to the orphanage and explained the reason for the delay was that another family was delinquent in their payment to the agency. AF24 stated that was not true, and the other family was current in their payments to the agency.

During his/her interview on March 14, 2007, when asked about allegations that adoptive families received falsified documents, P3 said the allegation was false. When asked about families initially receiving photos of one child then later receiving photos of a different child, P3 repeatedly said "it's not their child," and that the child belonged to the other country. When asked to clarify how s/he determined that adoptive family allegations that they received falsified documents were not true, P3 said, "There's no proof."

Violation(s): The agency was 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. P3's response that there was no proof did not explain the discrepancies observed by the adoptive families.

Allegation nine: Adoptive family notarized signatures on documents were forged and signatures were notarized outside the presence of the signer.

Applicable rule/statute part(s):

Minnesota Rules, part 9545.0835 **ADOPTION PLACEMENTS**, Subp. 1. **Record of child's background and history.** When an agency accepts a child for adoptive placement or facilitates an adoption between a birth parent and a prospective adoptive parent, the agency is responsible for establishing and maintaining a record that meets the requirements of Minnesota Statutes, sections 257.01 and 259.79.

Minnesota Statutes, section 259.79, **ADOPTION RECORDS**. Subd. 1. **Content.** (a) The adoption records of the commissioner's agents and licensed child-placing agencies shall contain copies of all relevant legal documents, responsibly collected genetic, medical and social history of the child and the child's birth parents, the child's placement record, copies of all pertinent agreements, contracts, and correspondence relevant to the adoption, and copies of all reports and recommendations made to the court.

Minnesota Statutes, section 358.42 **NOTARIAL ACTS**.

(a) In taking an acknowledgment, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the person appearing before the officer and making the acknowledgment is the person whose true signature is on the instrument or electronic record.

(b) In taking a verification upon oath or affirmation, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the person appearing before the officer and making the verification is the person whose true signature is on the statement verified.

(c) In witnessing or attesting a signature the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the signature is that of the person appearing before the officer and named therein. . . .

Findings:

- AF7 provided a statement that their signatures on agency documents were notarized outside of their presence.
- AF24 and AF25 each provided statements that when they were in the foreign country completing their own adoptions, they were required to forge documents for other adoptive families. AF24 said that these forgeries were made to documents for which the agency should have shipped the legitimate documents to the other country, but did not do so in a timely manner.
- AF31 provided a statement that P9 forged their signature on power of attorney documents. AF31 was told by P9 that the agency had signed documents for clients and copied signatures before and that they shouldn't worry about such petty things. While at the agency's office, P9 showed them how s/he could trace a signature by window tracing a document over another document that had actually been signed.

In AF31's agency file were two copies of a "Special Power of Attorney with Representation" documents for the same child and the same attorney. One was notarized on August 16, 2005, and the other was notarized on September 27, 2005. In the agency file was a letter from AF31 dated April 27, 2006, informing the agency that their signatures on the September 27, 2005, power of attorney document were not made by them.

During his/her interview, P3 admitted that "one forged signature" occurred on AF31's power of attorney document. P3 said that P9 forged the document because it had to arrive in the other country in a "rapid timeframe." P3 said that when s/he became aware of the incident, s/he issued a reprimand to P9. Subsequently, P3 provided an "Employee Incident Report" dated May 1, 2006, stated that on April 28, 2006, P9 acknowledged falsifying signatures on a document for the "adoption process." The "action taken" portion of the report said that any further "such behavior" would lead to further disciplinary action by the agency.

Violation(s): As DHS does not have the authority to enforce notary requirements, this issue has been referred to the Minnesota Department of Commerce, Market Assurance Division, who has jurisdiction over notary violations, and the forgery allegations have been referred to law enforcement as a possible criminal matter.

Allegation ten: 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.

Applicable rule/statute part(s):

Minnesota Statutes, section 245A.04, subd. 10. **Adoption agency; additional requirements.** In addition to the other requirements of this section, an individual, corporation, partnership, voluntary association, other organization, or controlling individual applying for a license to place children for adoption must: (1) incorporate as a nonprofit corporation under chapter 317A . . .

Minnesota Statutes, section 317A.201 **BOARD.** The business and affairs of a corporation must be managed by or under the direction of a board of directors. All directors are entitled to vote and have equal rights and preferences except as otherwise provided in the articles or bylaws. The members of the first board may be named in the articles, designated or appointed pursuant to the articles, or elected by the incorporators under section 317A.171.

Minnesota Statutes, section 317A.231 **BOARD MEETINGS**, subd 1. **Time; place.** Meetings of the board may be held as provided in the articles or bylaws in or out of this state. Unless the articles or bylaws provide otherwise, a meeting of the board must be held at least once per year. If the articles or bylaws or the board fail to select a place for a meeting, the meeting must be held at the registered office. The board

of directors may determine under subdivision 2 that a meeting of the board of directors shall be held solely by means of remote communication.

Findings:

- P1 stated that during his/her year of employment at the agency, P1 was not aware of a board meeting taking place.
- During his/her interview on March 14, 2007, P3 stated that the agency did not currently have a board of directors and that s/he was trying to rebuild the board of directors. When asked how often the board of directors met when there was a board of directors, P3 said that meetings were held quarterly. P3 was asked to provide the meeting minutes from the last board of directors meeting, and P3 failed to do so.
- In a newsletter published by the agency in the winter of 2003, P3 stated that the agency was then in the process of rebuilding it's board of directors.

Violation(s): 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, who has jurisdiction over violations of Minnesota Statutes, Chapter 317A.

Action Taken by Department of Human Services, Licensing Division:

On March 30, 2007, the Commissioner of the Department of Human Services issued an Order of License Revocation via personal service to the agency. The Order of License Revocation is subject to appeal.