

District of: Ontario  
Division No.: 35-1232404  
Estate No.: 35-1232404

IN THE MATTER OF THE PROPOSAL OF:

Kids Link International Adoption Agency  
DEBTOR

BDO Dunwoody Limited  
TRUSTEE

DIVISION I PROPOSAL

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Minutes of the General Meeting of Creditors:

Date: September 21, 2009 Time: 10:00 am

Place: Holiday Inn, Kitchener, Ontario

Chairperson: Glenn Schmid Official Receiver: Glenn Schmid

ATTENDANCE

The attendance is recorded as per the attached list.

CALL TO ORDER

The chairperson declared the meeting legally constituted and called the meeting to order at 10:00 am.

The trustee addressed a traffic issue with weather on Highway 401. The trustee, with concurrence from the Chairperson, stated that she will allow late votes due to extenuating circumstances and due to the sensitivity of the file, but she will keep track of who has arrived late in case it becomes an issue. The trustee also explained the ballot voting system to the attending creditors.

## ISSUE REGARDING MEDIA PRESENCE

The issue of whether the media would be allowed to attend the meeting of creditors was put forth to the creditors and a vote was held as to whether to admit the media into the meeting room. The vote was taken and the result was that the majority of the creditors in attendance voted to not allow the media to attend.

Meeting recessed at 10:08 am to review attendance records.

Meeting reconvened at 10:19 am.

## QUORUM

The chairperson established that a quorum was present.

*Authority - Section 105 of the BLA*

*Purpose - vote on proposal - affirm appointment of trustee - appoint inspectors*

*Table - proposal and trustee's report on proposal*

## REPORT TO CREDITORS BY TRUSTEE

A copy of this report is attached.

The trustee provided an update on the voting numbers:

223 voting letters have accepted the proposal.

19 have voted against this proposal.

16 votes were discounted as they represented creditors from St. Anne's which is, itself bankrupt and these claims form part of that estate.

Trade creditors and the landlords accepted the proposal by voting letter.

The trustee explained the required criteria for selecting the new Board of Directors. The attached report includes short profiles about each member. The ministry is fully aware of the actions of the trustee. An Advisory committee has been put together as a check-and-balance group, separate from the Board of Directors.

The trustee explained paragraph 14 (Monitoring) of the proposal.

Fundraising as a group was discussed as an option to help offset some of the cost to families.

\$200,000 of the money currently held by BDO, the trustee, will be given to the new management group to get the organization running. If things are operational by February 2010, the remainder of the money as of July 14, 2009 in the account will be given to the new organization. If things are not operating satisfactorily at this time, the money remaining funds will be distributed to creditors.

The trustee mentioned that there was much thought and consideration put into the \$4,000 start-up fee. Given cash-flow needs, this was found to be a reasonable amount.

The police have issued a production order to take possession of all documents, computers with information relating to charges being laid with regard to Kids Link operation. It seems the police are taking action quickly.

Trustee wished to thank Yamana Gold. The transition home has been funded by them and the children are safe. Official thank you to Ted Geisbrecht, the lawyer who's been helping to answer legal questions and move things along.

There are currently 3 children in transition home that still require completion of medicals or paperwork.

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### QUESTION PERIOD

Please note the questions below were answered by the trustee unless stated otherwise.

#### **The projected numbers for expected number of adoptions seems off, can you explain?**

There was a typing error, so they expect it'll be 5 per month in April of 2010 for the first 6 months. Then they move up to 10 per month for 6 months, then 15 per month on a go-forward basis.

#### **A parent of a child still in an orphanage, questioned the status of his adoption. Is there a clarification that we will be able to complete the adoption?**

The plan is that all countries, all adoptions are going to be looked at and assessed right away. The orphanages are saying they need money in order to keep things running. There has been no one that can ensure once the money is sent, the people on the receiving end will act fairly and complete the adoption on their end.

#### **Any updates on the Ghana Program?**

This is problematic because of the allegations of child trafficking. The 5 inspectors on the bankruptcy estate approved the cost of a lawyer to provide a report in writing for the families.

#### **Looking at the new organizational chart, is there sufficient staff to take care of everything?**

There is no intention at all to get new files in the door and so the staff will only be dealing with current open files. The proposed staffing should be handle everything.

#### **We haven't seen anything with regards to the renewal contracts, can we get a copy?**

There is a draft job description for the executive director. The trustee is unsure if the renewal contract is drafted. The trustee thinks the draft will be out there within 2 weeks. The trustee will rely on the expertise of the board to cover all the bases when selecting

staff, but if there is a concern with the contract it will be considered.

**We've heard that to complete all files will be about 3 years. If we can get more money, can we reduce this time frame?**

The trustee's understanding is that with the orphanages' relationships and to fund transition homes, more funds will probably help things speed up. More money might help, but there are other political and economic variables that may also be considered. The February report of 2010 will give feedback on the progress.

**Is there an Ethiopian cap as to how many children they will allow to be adopted from their country in a year?**

There is no cap to the trustee's knowledge.

**240 referrals are expected to be done by Jan 2012, but that still leaves a gap of 97 incomplete referrals? We only brought about 100 kids from Ethiopia as a country, from a handful of agencies, in the last year. How can we expect the new board to get 15 adoptions per month complete?**

There is an estimated 10% of families that will not participate in the proposal. This is an estimate based on what they think may be a realistic drop-out rate which will ease the pressure on completing the adoptions. The new board will be travelling to Ethiopia to get a handle on this and an understanding of what can realistically be done.

**Can we have an earlier milestone than February of 2010 to get some numbers?**

November 10<sup>th</sup> or 15<sup>th</sup> is likely to be a key date. If there are not enough renewal fees rendered by then, we will not be able to move forward with the proposal.

**How will the board report to us at the end of November?**

The BDO website is an avenue for communication.

**Can we find out how much the executive director is going to be paid?**

They do have a breakdown of salaries, but have not released specific numbers due to privacy issues. They are discussing \$70,000-\$80,000 per year for the Executive Director.

**How does the new proposal compare to what Imagine has been spending as per previous budgets?**

We decided to go forward starting from scratch rather than compare to Imagine's former figures. The office costs were taken into account. However, payroll and rent are on actual go-forward amounts. There is a \$10,000 per month cost related to the management of the transition home and \$16,000 for food and care of the children monthly that will be taken into account.

**There are 3 children in the transition home that should not have been there for Ghana. Are there issues within Ethiopia as well?**

The 3 children still in transition home have to pass medicals, or to find the status of the biological parents (was the child really abandoned?). There are no allegations of child trafficking for Ethiopia.

**If everything is fine in February of 2010, can they start referrals before April 2010?**

Yes, it will be started earlier if possible.

**Will the completely new management group be able to assume the current licence?**

Yes. The ministry knows the application is coming.

**The estimation of the new company is 15 kids a month. Is this based on improving relationships?**

It's their best estimate of what the new group will be able to do. The assumptions are that they must do fundraising. Capacity building is about relationships and about money. Global Reach is the registered charity, resurrecting this business is a big part of it and contributes to the capacity building that must be done. The new group is aware of this and will do their best.

**If Ethiopia decided to implement an age-restriction, would the agency be committed to helping those of us who have our file and facilitate an adoption in another country?**

The group is assessing the dossier of families and will assess the other countries and see what can be done.

**It has been said in the news that the Ministry has funded some of the private adoptions, but does not assist with over-seas adoptions. Nobody is holding the Ministry accountable for any of this. What do you know of the Ministry taking any responsibility, and if they say no, do we have any recourse?**

The official Ministry statement is that they issue licences, they are not regulating or over-seeing business.

A member of the creditors stated that she's heard from the Ministry that they absolve themselves of all responsibility. A creditor has a petition that must be submitted through your MPP. They will not pay, they will not fund anything; However, the ministry will extend the home-studies, saving the families the \$1,000 cost to renew.

**Is part of the BDO asset-recovery mandate to sue responsible parties?**

When we flip to a proposal today, asset recovery will cease on BDO's behalf. We'll be there to administer the proposal.

**In the original proposal it suggested a start date of the new organization would be October 31, 2009. Who will run the day-to-day operations until someone is permanently in place?**

Three of the staff can be up and running immediately.

ACCEPTANCE/REJECTION OF PROPOSAL

248 in favour - \$2,920,000

20 against - \$157,233

We do have majority in number and 2/3 in value. The acceptance of the proposal is carried.

AFFIRMATION OF APPOINTMENT OR SUBSTITUTION

The motion to affirm the appointment of the trustee is carried, not one person opposed.

APPOINTMENT OF INSPECTORS

The following inspectors are nominated for appointment:

**Name:** Jason Humeniuk Representing: Western Region Creditors

**Name:** Julie Stewart Representing: Atlantic Region Creditors

**Name:** James Boyle Representing:

**Name:** Donna Cotter Representing:

Phone: Work Phone:

Email:

**Name:** Val Duffey Representing: parents nearing age-limit

### MOTION TO APPOINT NOMINATED INSPECTORS

Unanimous vote, no one against the appointed inspectors.

In case Donna Cotter cannot stand as an inspector, the creditors would like to nominate Ellen Kalis to replace her.

### CREDITOR OBJECTIONS

None.

### OTHER BUSINESS

It was explained that the media had requested to video tape the participants; panning the crowd for a voice-over segment. It was decided that those that would like to stay, may and those that prefer to leave, shall.

### ADJOURNMENT

There being no further business, the meeting is adjourned. Time 11:57 am.

Glenn Schmid

Chairperson

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