

**BEFORE THE MINNESOTA  
BOARD OF PSYCHOLOGY**

In the Matter of  
LARRY MARVIN SCHANUS, PSY.D., L.P.  
License No. LP 4459

**FINDINGS OF FACT,  
CONCLUSIONS,  
AND FINAL ORDER**

The above-entitled matter came on for a prehearing conference on January 7, 2014, before Administrative Law Judge (“ALJ”) Ann C. O’Reilly at the request of the Minnesota Board of Psychology (“Board”) Complaint Resolution Committee (“CRC”). The matter was initiated pursuant to the Notice and Order for Prehearing Conference and Hearing (“Notice of Hearing”) issued by the CRC on December 3, 2013. Sara P. Boeshans, Assistant Attorney General, represented the CRC. There was no appearance by, or on behalf of, Larry Marvin Schanus, Psy.D., L.P. (“Respondent”).

On January 30, 2014, the ALJ issued Findings of Fact, Conclusions of Law, and Recommendation (“ALJ’s report”), recommending the Board take disciplinary action against the psychology license of Respondent. (A true and accurate copy of the ALJ’s report is attached hereto and incorporated herein as Exhibit 1.)

The Board convened to consider the matter on February 21, 2014, in the Psychology Board Room on the third floor of University Park Plaza, 2829 University Avenue S.E., Minneapolis, Minnesota. Sara P. Boeshans, Assistant Attorney General, appeared and presented oral argument on behalf of the CRC. Respondent did not appear. Board members Patricia Stankovitch, Deborah Fisher (not present), and Chris Bonnell did not participate in deliberations and did not vote in the matter. Gregory J. Schaefer, Assistant Attorney General, was present as legal advisor to the Board.

## FINDINGS OF FACT

The Board has reviewed the record of this proceeding and hereby accepts the January 30, 2014, ALJ's report and accordingly adopts and incorporates by reference the Findings of Fact therein.

The allegations contained in the Notice of Hearing are as follows:

1. Respondent is a doctorate-level psychologist licensed to practice psychology in the State of Minnesota.

2. From July 8, 2009 through September 23, 2009, Respondent provided professional psychological services to Client #1 (adult female) while she was incarcerated at a correctional facility in Shakopee, Minnesota. After Client #1 was released from the correctional facility, Respondent led a reintegration group in St. Paul, Minnesota. Client #1 participated in this group from late 2010 through 2011.

a. Respondent engaged in sexual intercourse and other physical intimacies with Client #1 while she was his client.

b. Respondent engaged in sexual intercourse and other physical intimacies with Client #1 within two years of the termination of their professional relationship.

c. Respondent sent Client #1 sexually explicit and sadomasochistic text messages from March 2012 through October 2012.

3. Respondent engaged in a sexual relationship with Client #2 (adult female), who is the mother of Client #3 (minor male). Respondent was providing Client #3 psychological services in 2012 through 2013 while engaging in the sexual relationship with Client #2.

a. Respondent and Client #2 went on dates.

b. Respondent sent Client #2 sexually explicit text messages.

- c. Respondent requested Client #2 and Client #3 live with him.
- d. Respondent hugged Client #3 after therapeutic sessions.

4. An Investigator with the Office of the Attorney General requested an interview with Respondent regarding the complaints. Through his attorney, Respondent indicated he would not be interviewed.

5. The Complaint Resolution Committee requested Respondent attend a conference to discuss the complaints. Again, through his attorney, Respondent indicated he would not attend the interview.

### **CONCLUSIONS**

The Board accepts the January 30, 2014, ALJ's report and accordingly adopts and incorporates the Conclusions therein. Paragraph 5 of the ALJ's Conclusions of Law states,

Under Minn. R. 1400.6000, when a party defaults by failing to appear at a prehearing conference without the prior consent of the judge, the allegations and the issues set out in the Notice and Order for Prehearing Conference and Hearing may be taken as true and deemed proved. The Administrative Law Judge therefore deems the allegations to be true.

### **ORDER**

Based on the foregoing Findings of Fact and Conclusions and upon the recommendation of the ALJ, the Board issues the following Order:

NOW, THEREFORE, IT IS HEREBY ORDERED that the license of Respondent as a licensed psychologist in the State of Minnesota is **REVOKED** immediately for an indefinite period of time.

Dated: 3-7-14

STATE OF MINNESOTA

BOARD OF PSYCHOLOGY

Scott A. Fischer, Ph.D., LP.  
SCOTT A. FISCHER, Ph.D., LP  
Vice Chair



## MINNESOTA OFFICE OF ADMINISTRATIVE HEARINGS

600 North Robert Street  
Saint Paul, Minnesota 55101

Mailing Address:  
P.O. Box 64620  
St. Paul, Minnesota 55164-0620

January 30, 2014

Voice: (651) 361-7900  
TTY: (651) 361-7878  
Fax: (651) 361-7936

Angelina M. Barnes  
Executive Director  
Minnesota Board of Psychology  
2829 University Avenue SE  
Suite 320  
Minneapolis, MN 55414

Re: *In the Matter of Larry M. Schanus, Psy.D., L.P., LP4459*  
OAH 65-0907-31138

Dear Ms. Barnes:

Enclosed herewith and served upon you by mail is the **FINDINGS OF FACT, CONCLUSIONS OF LAW AND RECOMMENDATION UPON DEFAULT** in the above-entitled matter. Also enclosed is the official record. Our file in this matter is now closed.

If you have any questions, please contact my legal assistant, Rachel Youness, at (651) 361-7881 or [rachel.youness@state.mn.us](mailto:rachel.youness@state.mn.us).

Sincerely,

A handwritten signature in black ink that reads "Ann C. O'Reilly/ry".

ANN C. O'REILLY  
Administrative Law Judge

ACO:ry  
Enclosure  
cc: Sara P. Boeshans  
John J. Leunig



STATE OF MINNESOTA  
OFFICE OF ADMINISTRATIVE HEARINGS  
FOR THE BOARD OF PSYCHOLOGY

In the Matter of  
Larry M. Schanus, Psy.D., L.P.,  
License No. LP4459

**FINDINGS OF FACT,  
CONCLUSIONS OF LAW  
AND RECOMMENDATION  
UPON DEFAULT**

This matter came on for a Prehearing Conference before Administrative Law Judge Ann C. O'Reilly on January 7, 2014.

Sara P. Boeshans, Assistant Attorney General, appeared on behalf of the Minnesota Board of Psychology Complaint Resolution Committee (Board). There was no appearance by, or on behalf of, Respondent Larry M. Schanus (Respondent).

**STATEMENT OF THE ISSUES**

1. Whether Respondent violated a statute, rule or order that the Board issued or is empowered to enforce, in violation of Minn. Stat. § 148.941, subd. 2(a)(1) (2012).
2. Whether Respondent failed to cooperate with an investigation of the Board, in violation of Minn. Stat. § 148.941, subds. 2(a)(9) and 4 (2012).
3. Whether Respondent engaged in unprofessional conduct or any other conduct which has the potential for causing harm to the public, including any departure from or failure to conform to the minimum standards of acceptable and prevailing practice without actual injury having to be established, in violation of Minn. Stat. § 148.941, subd. 2(a)(3) (2012).
4. Whether Respondent engaged in unprofessional conduct, in violation of Minn. R. 7200.5700 (2012).
5. Whether Respondent provided psychological services to a client when the psychologist's objectivity or effectiveness was impaired by reason of the psychologist's dual or multiple relationships, in violation of Minn. R. 7200.4810, subp. 2A (2011) and 7200.4810, subp. 1A (2013).
6. Whether Respondent provided psychological services to a client when the psychologist's objectivity or effectiveness was impaired by reason of his exploitation of the professional relationship with a client for the psychologist's emotional, financial,

sexual, or personal advantage or benefit, in violation of Minn. R. 7200.4810, subp. 2E (2011) and 7200.4905, subp. 4 (2013).

7. Whether Respondent engaged in sexual intercourse or other physical intimacies with a client, including verbal or physical behavior which is sexually seductive or sexually demeaning to the client, within two years following the date of the last professional contact with the client, in violation of Minn. R. 7200.4900, subp. 8 (2011) and 7200.4905, subs. 5 and 6 (2013).

8. Whether Respondent misused the relationship with a client due to a relationship with another individual or entity, in violation of Minn. R. 7200.4905, subp. 3.

9. Whether the conduct alleged by the Board constitutes grounds for disciplinary action pursuant to Minn. Stat. § 148.941 (2013).

### SUMMARY OF RECOMMENDATION

The Administrative Law Judge concludes that Respondent is in default and recommends that the allegations in the Notice and Order for Prehearing Conference and Hearing be accepted as true and deemed proven.

Based on the evidence in the hearing record, the Administrative Law Judge makes the following:

### FINDINGS OF FACT

1. On December 3, 2013, a Notice and Order for Prehearing Conference and Hearing (Notice and Order for Hearing) in this matter was mailed to Respondent at the address of his attorney of record, John J. Leunig.<sup>1</sup>

2. The Notice and Order for Hearing indicated that a Prehearing Conference would be held in this matter on January 7, 2014, at 2:30 p.m., at the Office of Administrative Hearings, 600 North Robert Street, St. Paul, Minnesota.<sup>2</sup>

3. In conformity with Minn. R. 1400.5700, the Notice and Order for Hearing requires that any party intending to "appear at the prehearing conference and hearing must file a Notice of Appearance form and return it to the Administrative Law Judge within 20 days of the date of service" of the Notice and Order for Hearing.<sup>3</sup>

4. In conformity with Minn. R. 1400.6000, the Notice and Order for Hearing in this matter also includes the following statements:

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<sup>1</sup> Attachment A at Affidavit of Service.

<sup>2</sup> Attachment A at 1.

<sup>3</sup> *Id.* at 3.

Respondent's failure to appear at the prehearing conference, settlement conference, or hearing may result in a finding that the Respondent is in default, that the allegations contained in this Notice and Order may be accepted as true, and its proposed action may be upheld.<sup>4</sup>

5. Respondent did not file a Notice of Appearance with the Office of Administrative Hearings.

6. On December 16, 2013, the Administrative Law Judge received correspondence from attorney John J. Leunig, who identified himself as Respondent's attorney of record in a related criminal matter. Mr. Leunig stated that Respondent would not attend the scheduled Prehearing Conference because he was asserting his rights under the Fifth Amendment to the United States Constitution and its Minnesota counterpart with respect to all matters referenced in the Notice and Order for Hearing.<sup>5</sup>

7. No one appeared at the January 7, 2014 Prehearing Conference on behalf of Respondent. No request was made for a continuance, nor was any communication received from Respondent, prior to the January 7, 2014 Prehearing Conference.

8. Pursuant to Minn. R. 1400.6000, the allegations contained in the Notice and Order for Hearing, a copy of which is appended hereto as Attachment A, are taken as true and incorporated by reference into these Findings of Fact.

Based on the Findings of Fact, the Administrative Law Judge makes the following:

### CONCLUSIONS OF LAW

1. The Minnesota Board of Psychology (Board) and the Administrative Law Judge have jurisdiction in this matter pursuant to Minn. Stat. §§ 14.50 and 148.941.

2. The Respondent received timely and proper notice of the Prehearing Conference in this matter when the Board sent the Notice and Order for Prehearing Conference and Hearing to his attorney of record.

3. The Board has complied with all relevant procedural requirements of statute and rule.

4. Under Minn. R. 1400.6000, the Respondent is in default as a result of his failure to appear at the scheduled Prehearing Conference.

5. Under Minn. R. 1400.6000, when a party defaults by failing to appear at a prehearing conference without the prior consent of the judge, the allegations and the issues set out in the Notice and Order for Prehearing Conference and Hearing may be

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<sup>4</sup> *Id.*

<sup>5</sup> See correspondence from John J. Leunig to Assistant Attorney General Sara Boeshans, dated December 10, 2013, on file and of record in this case.

taken as true and deemed proved. The Administrative Law Judge therefore deems the allegations to be proven and true.

6. Minnesota Statutes section 148.941 provides that the Board may discipline a licensee who engages in conduct that violates the rules or law applicable to a licensee.

7. The Board has grounds to take disciplinary action against the Respondent's license based upon the allegations set forth in the Notice and Order for Hearing.

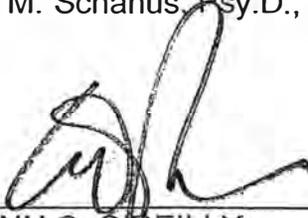
8. An order by the Board taking disciplinary action against the Respondent's license is in the public interest.

Based upon the foregoing Conclusions, the Administrative Law Judge makes the following:

**RECOMMENDATION**

IT IS HEREBY RECOMMENDED that the Minnesota Board of Psychology take disciplinary action against the license of Larry M. Schanus, Psy.D., L.P.

Dated: January 24, 2014



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ANN C. O'REILLY  
Administrative Law Judge

## NOTICE

This Report is a recommendation, not a final decision. The Board will make the final decision after a review of the record. Under Minn. Stat. § 14.61, the Board shall not make a final decision until this Report has been made available to the parties for at least ten (10) calendar days. The parties may file exceptions to this Report and the Board must consider the exceptions in making a final decision. Parties should contact Angelina M. Barnes, Executive Director, Board of Psychology, 2829 University Avenue SE, Suite 320, Minneapolis, MN 55414, telephone 612-548-2100, to learn the procedure for filing exceptions or presenting argument.

The record closes upon the filing of exceptions to the Report and the presentation of argument to the Board, or upon the expiration of the deadline for doing so. The Board must notify the parties and Administrative Law Judge of the date the record closes. If the Board fails to issue a final decision within 90 days of the close of the record, this Report will constitute the final agency decision under Minn. Stat. § 14.62, subd. 2a. In order to comply with this statute, the Board must then return the record to the Administrative Law Judge within ten (10) working days to allow the Judge to determine the discipline imposed.

Under Minn. Stat. § 14.62, subd. 1, the Board is required to serve its final decision upon each party and the Administrative Law Judge by first class mail or as otherwise provided by law.

**THIS DOCUMENT IS NOT PUBLIC**

OAH Docket No. 65-0907-31138

STATE OF MINNESOTA  
OFFICE OF ADMINISTRATIVE HEARINGS

FOR THE BOARD OF PSYCHOLOGY

In the Matter of  
Larry Marvin Schanus, Psy.D., L.P.  
License No. LP4459

**NOTICE AND ORDER FOR  
PREHEARING CONFERENCE  
AND HEARING**

TO: Larry Marvin Schanus, Psy.D., L.P. ("Respondent"), c/o John J. Leunig, Esq., Law Office of John J. Leunig, 600 South Highway 169, Minneapolis, MN 55426.

RESPONDENT LARRY M. SCHANUS IS HEREBY NOTIFIED that the Minnesota Board of Psychology ("Board"), by its Complaint Resolution Committee ("Committee"), has initiated this action to determine whether to take disciplinary action against Respondent. Disciplinary action may include the revocation or suspension of Respondent's license to practice psychology in the State of Minnesota, the imposition of limitations or conditions upon Respondent's practice, censure or reprimand, civil penalties, and/or other action authorized by Minn. Stat. § 148.941.

IT IS HEREBY ORDERED that a prehearing conference will be held on January 7, 2014, at 2:30 p.m. at the Office of Administrative Hearings, 600 North Robert Street, St. Paul, MN. **All mail sent to the Administrative Law Judge should be directed to P.O. Box 64620, St. Paul, Minnesota 55164-0620.**

The Chief Administrative Law Judge, Office of Administrative Hearings, has assigned this matter to Ann O'Reilly, Administrative Law Judge, Office of Administrative Hearings, P.O. Box 64620, St. Paul, Minnesota 55164-0620, telephone (651) 361-7844.

The hearing will be conducted pursuant to the contested case procedures set out in chapter 14 of Minnesota Statutes, the Rules of the Office of Administrative Hearings, Minn. R. 1400.5100-1400.8500, and Minn. Stat. §§ 148.88-148.98, 214.10, and 214.103 (2012). A copy of these materials may be purchased from the Minnesota Book Store, telephone (651) 297-3000, or are available at [www.revisor.leg.state.mn.us](http://www.revisor.leg.state.mn.us). Copies of the rules are also available at [www.oah.state.mn.us](http://www.oah.state.mn.us).

The attorney for the Committee, Sara Boeshans, Assistant Attorney General, 1400 Bremer Tower, 445 Minnesota Street, St. Paul, Minnesota 55101-2131, telephone (651) 757-1422, may be contacted to discuss discovery or informal disposition of this matter.

ATTACHMENT A

1-7

## ALLEGATIONS

1. Respondent is a doctorate-level psychologist licensed to practice psychology in the State of Minnesota.

2. From July 8, 2009 through September 23, 2009, Respondent provided professional psychological services to Client #1 (adult female) while she was incarcerated at a correctional facility in Shakopee, Minnesota. After Client #1 was released from the correctional facility, Respondent led a reintegration group in St. Paul, Minnesota. Client #1 participated in this group from late 2010 through 2011.

a. Respondent engaged in sexual intercourse and other physical intimacies with Client #1 while she was his client.

b. Respondent engaged in sexual intercourse and other physical intimacies with Client #1 within two years of the termination of their professional relationship.

c. Respondent sent Client #1 sexually explicit and sadomasochistic text messages from March 2012 through October 2012.

3. Respondent engaged in a sexual relationship with Client #2 (adult female), who is the mother of Client #3 (minor male). Respondent was providing Client #3 psychological services in 2012 through 2013 while engaging in the sexual relationship with Client #2.

a. Respondent and Client #2 went on dates.

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c. Respondent requested Client #2 and Client #3 live with him.

d. Respondent hugged Client #3 after therapeutic sessions.

4. An Investigator with the Office of the Attorney General requested an interview with Respondent regarding the complaints. Through his attorney, Respondent indicated he would not be interviewed.

5. The Complaint Resolution Committee requested Respondent attend a conference to discuss the complaints. Again, through his attorney, Respondent indicated he would not attend the interview.

## ISSUES

Whether the foregoing conduct constitutes one or more of the following grounds for disciplinary action:

1. Violated a statute, rule, or order that the Board issued or is empowered to enforce, in violation of Minnesota Statutes section 148.941, subdivision 2(1) (2012).
2. Failed to cooperate with an investigation of the Board, in violation of Minnesota Statutes section 148.941, subdivisions 2(9) and 4 (2012).
3. Engaged in unprofessional conduct or any other conduct which has the potential for causing harm to the public, including any departure from or failure to conform to the minimum standards of acceptable and prevailing practice without actual injury having to be established, in violation of Minnesota Statutes section 148.941, subdivision 2(3) (2012).
4. Engaged in unprofessional conduct, in violation of Minnesota Rules 7200.5700.
5. Provided psychological services to a client when the psychologist's objectivity or effectiveness is impaired by reason of a dual or multiple relationship, in violation of Minnesota Rules 7200.4810, subpart 2(A) (2011), and 7200.4810, subpart 1A (2013).
6. Provided psychological services to a client when the psychologist's objectivity or effectiveness was impaired by reason of the psychologist's exploitation of the professional relationship with a client for the psychologist's emotional, financial, sexual, or personal advantage or benefit, in violation of Minnesota Rules 7200.4810, subpart 2(E) (2011), and 7200.4905, subparts 4, 5 (2013).
7. Engaged in sexual intercourse or other physical intimacies with a client, including verbal or physical behavior which is sexually seductive or sexually demeaning to the client, within two years following the date of the last professional contact with the client, in violation of Minnesota Rules 7200.4900, subpart 8 (2011), and 7200.4905, subparts 4, 6 (2013).
8. Misused the relationship with a client due to a relationship with another individual or entity in violation of Minnesota Rules 7200.4905, subpart 3 (2013).

#### **ADDITIONAL NOTICES**

1. Respondent's failure to appear at the prehearing conference, settlement conference, or hearing may result in a finding that the Respondent is in default, that the allegations contained in this Notice and Order may be accepted as true, and its proposed action may be upheld.
2. If any party has good cause for requesting a delay of the prehearing conference or hearing, the request must be made in writing to the Administrative Law Judge at least five days prior to the prehearing conference or hearing. A copy of the request must be served on the other party.
3. Any party intending to appear at the prehearing conference and hearing must file a Notice of Appearance form and return it to the Administrative Law Judge within 20 days of the date of service of this Notice and Order. A copy must be served on the Committee's attorney. A Notice of Appearance form is enclosed.

4. At the hearing, all parties have the right to be represented by legal counsel, by themselves, or by a person of their choice if not otherwise prohibited as the unauthorized practice of law. The parties are entitled to the issuance of subpoenas to compel witnesses to attend the hearing. The parties will have the opportunity to be heard orally, to present evidence and cross-examine witnesses, and to submit evidence and argument. Ordinarily the hearing is tape-recorded. The parties may request that a court reporter record the testimony at their expense.

5. Persons attending the hearing should bring all evidence bearing on the case, including any records or other documents. Be advised that if data that is not public is admitted into the record, it may become public data unless an objection is made and relief is requested under Minn. Stat. § 14.60, subd. 2.

6. Requests for subpoenas for the attendance of witnesses or the production of documents at the hearing shall be made in writing to the Administrative Law Judge pursuant to Minn. R. 1400.7000. A copy of the subpoena request shall be served on the other parties. A subpoena request form is available at [www.oah.state.mn.us](http://www.oah.state.mn.us) or by calling (651) 361-7900.

7. This case may be appropriate for mediation. The parties are encouraged to consider requesting the Chief Administrative Law Judge to assign a mediator so that mediation can be scheduled promptly.

8. The Office of Administrative Hearings conducts contested case proceedings in accordance with the Minnesota Rules of Professional Conduct and the Professionalism Aspirations adopted by the Minnesota Supreme Court. A Guide to Participating in Contested Case Proceedings at the Office of Administrative Hearings is available at [www.oah.state.mn.us](http://www.oah.state.mn.us) or by calling (651) 361-7900.

9. Any party who needs an accommodation for a disability in order to participate in this hearing process may request one. Examples of reasonable accommodations include wheelchair accessibility, an interpreter, or Braille or large-print materials. If any party requires an interpreter, including a foreign language interpreter, the administrative law judge must be promptly notified. To arrange for an accommodation or an interpreter, contact the Office of Administrative Hearings at P.O. Box 64620, St. Paul, Minnesota 55164-0620, or call (651) 361-7900 (voice) or (651) 361-7878 (TTY).

Dated this 3rd day of December 2013.

COMPLAINT RESOLUTION  
COMMITTEE OF THE  
BOARD OF PSYCHOLOGY

By:   
ANGELINA M. BARNES  
Executive Director

AFFIDAVIT OF SERVICE BY MAIL

Re: In the Matter of Larry Marvin Schanus, Psy.D., L.P.  
License No. LP4459  
OAH Docket No. 65-0907-31138

RECEIVED  
2013 DEC -6 AM 7:58  
ADMINISTRATIVE  
HEARINGS

STATE OF MINNESOTA )  
 )ss.  
COUNTY OF RAMSEY )

SANDRA SYLVESTER, being first duly sworn, deposes and says:

That at the City of St. Paul, County of Ramsey and State of Minnesota, on December 3, 2013, she served the attached NOTICE AND ORDER FOR PREHEARING CONFERENCE AND HEARING, and NOTICE OF APPEARANCE, by depositing in the United States mail at said city and state, a true and correct copy thereof, properly enveloped, with first-class postage prepaid, and addressed to:

John J. Leunig, Esq.  
Law Office of John J. Leunig  
600 South Highway 169  
Minneapolis, MN 55426

*Sandra Sylvester*  
SANDRA SYLVESTER

Subscribed and sworn to before me  
this 3rd day of December, 2013.

*Tammie L. Reeves*  
Notary Public

