

FILE NO. A07-1390

STATE OF MINNESOTA

IN SUPREME COURT

In Re Petition for Disciplinary Action
against PATRICIA JEAN RYERSON,
a Minnesota Attorney,
Registration No. 216665.

**AMENDED AND
SUPPLEMENTARY PETITION
FOR DISCIPLINARY ACTION**

TO THE SUPREME COURT OF THE STATE OF MINNESOTA:

The Director of the Office of Lawyers Professional Responsibility, hereinafter Director, files this supplementary petition for disciplinary action pursuant to Rules 10(e) and 12(a), Rules on Lawyers Professional Responsibility (RLPR).

Respondent is currently the subject of a June 1, 2007, petition for disciplinary action. Respondent was suspended on October 2, 2007, for nonpayment of attorney registration fees. The Director has investigated further allegations of unprofessional conduct against respondent.

Respondent has committed the following unprofessional conduct warranting public discipline:

FIRST COUNT

Ferris Matter

1. Stephanie Ferris owned a home with Willis Kahlhamer. The Ferris/Kahlhamer home was located at 214 East Wentworth Avenue in West St. Paul, Minnesota. When the Kahlhamer/Ferris relationship ended, Kahlhamer moved out of the home but retained an ownership interest in the property.

2. Ferris could not maintain the mortgage payments and, in the summer of 2001, she agreed to sell the home to Todd Vaillancourt, a longtime friend of both Ferris and Kahlhamer, with the agreement that Vaillancourt would then allow Ferris to rent

the home from him until she was financially able to purchase the property back. Ferris contacted Kahlhamer who agreed to sell the home.

3. On August 30, 2001, Ferris and Vaillancourt entered into a purchase agreement, financing addendum and buyer purchasing "as is" addendum. Michael Swensen, respondent's husband, is listed as agent for Vaillancourt. After signing the documents, Ferris gave them to Kahlhamer who signed them on September 4, 2001. The purchase agreement recited a payment of \$1,000 as earnest money. In fact, Ferris was paid no earnest money towards the purchase price.

4. On or about October 25 or 26, 2001, Ferris received a call from respondent, who was assisting Vaillancourt with his purchase of the property, stating that the closing on the Wentworth property was scheduled to take place on October 26, 2001, at Fidelity Title Insurance Company (Fidelity Title) in St. Paul. Ferris told respondent that Kahlhamer had to work that day and would not be able to make the closing.

5. On the afternoon of October 26 Ferris arrived at Fidelity Title. Respondent and Vaillancourt arrived shortly thereafter. Although the manager of Fidelity Title was in the building, he did not attend any part of the document signing. Instead, Vaillancourt, Ferris and respondent were in a room together going over the documents.

6. Ferris questioned why there was a disbursement of \$26,686.90 to US Bank and a disbursement to VR Construction in the amount of \$38,744.22. Ferris did not owe US Bank any money and had never heard of VR Construction, nor had she asked VR Construction to do any remodeling work. However, both Vaillancourt and respondent assured Ferris that everything was properly listed and that she would be getting her share of the money once the closing had been completed. As noted in paragraphs 13 through 15 below, the purported disbursement to US Bank was fraudulent and the disbursement to VR Construction was fraudulent and unauthorized.

7. After the documents had been signed by Ferris and Vaillancourt, Ferris suggested that they go to Kahlhamer's place of employment to obtain Kahlhamer's signature on the documents.

8. Instead, respondent and Ferris left Vaillancourt at Fidelity Title and went to a different establishment in the immediate vicinity of Fidelity Title. Respondent asked Ferris to provide her with documents originally signed by Kahlhamer. After practicing Kahlhamer's signature a few times, respondent signed the closing documents "Willis Kahlhamer" in the place Kahlhamer was to have signed.

9. Specifically, respondent fraudulently forged Kahlhamer's name to the Warranty Deed, the Affidavit as to Liens and Encumbrances, Addendum and Supplement to Purchase Agreement, a waiver of termite inspection and Settlement Statement.

10. Respondent then drove Ferris to her car. Ferris did not go back into Fidelity Title, leaving the closing documents in respondent's possession.

11. Once the closing was completed, Ferris received a check from Fidelity Title, in the amount of \$2,989, made payable to Kahlhamer. This check represented Kahlhamer's initial investment in the property.

12. Fidelity Title disbursed another check made payable to VR Construction, in the amount of \$38,744.22. The check is annotated, "For: Remodel Expense." The check was given to respondent who endorsed the check "Patricia Ryerson for VR Construction pay to the order of Patricia Ryerson" and then signed by respondent. The check was deposited into the Crow River State Bank in Delano, Minnesota.

13. The Settlement Statement (HUD-1) executed at the October 26, 2001, closing reflects a payment to US Bank of \$26,686.90. This is listed as a deduction from the amount to be paid to Ferris. This amount is offset on the credit side of the HUD-1, by \$26,214.28 purportedly paid to Ferris as earnest money and \$472.62 in cash purportedly paid to Ferris at the closing. In fact, US Bank was not paid \$26,686.90 from the closing proceeds or in connection with the sale of the property, Ferris did not

receive \$26,214.28 in earnest money, and did not receive \$472.62 from the closing proceeds.

14. Among the documents utilized at the October 26, 2001, closing is a document entitled Addendum And Supplement To Purchase Agreement (Addendum). This Addendum is dated October 26, 2001; purports to have been signed by Stephanie M. Ferris, Willis G. Kahlhamer, and Todd Vaillancourt; and recites, in part:

Sellers authorize a disbursement to VR Construction in the amount of \$38,744.22 for future repairs, remodeling and other expenses contemplated by the Buyer.

Sellers agree to reimburse Buyer for any earnest money or downpayment provided, including any expense Buyer incurs to obtain these funds. Sellers authorize a disbursement of \$26,989.90 to US Bank or to such other party or parties as Buyer may designate.

15. In fact, neither Ferris nor Kahlhamer signed the Addendum and their signatures on the Addendum are forged. As noted above, Buyer (Vaillancourt) paid no earnest money or down payment to acquire the property and no funds were advanced by U.S. Bank in the acquisition of the property. Additionally, neither Ferris, Kahlhamer nor Vaillancourt had agreed to the payment of \$38,744.22 to VR Construction.

16. In 1998 respondent and Vaillancourt purported to create a limited liability company, VR Construction, LLC. The purpose of VR Construction was to purchase property, improve it and then sell the property at a profit. Articles of Organization of VR Construction, LLC were not filed with the Secretary of State until September 12, 2001. Those Articles purport to have been executed by Elton Berton, but the signature of Elton Berton on the Articles was forged. Neither Ferris nor Kahlhamer were aware of the creation or existence of VR Construction or any involvement of VR Construction, LLC in the Wentworth Avenue property.

17. In November Ferris was presented with a rent agreement, stating her monthly rent would be \$1,750 per month, plus utilities. Ferris could not afford the rent and had to vacate the premises.

18. Although Ferris owed less than \$130,000 on her home and Vaillancourt purchased the home for \$196,000, Ferris received no money from the sale.

19. Furthermore, respondent cannot account for the \$38,744.22 of Ferris's money given to respondent and deposited into respondent's banking account.

20. Although the October 26, 2001, closing was structured as a sale to Todd Vaillancourt, respondent appears to have claimed an ownership interest in the property. Respondent presented Ferris with a Lease Agreement for the Wentworth property that identified Patricia Ryerson as the landlord and respondent's 2002 federal income tax return listed the income and expenses from the Wentworth property, among other rental properties, that resulted in a reported loss of \$49,056.

21. Respondent's conduct in the Ferris matter violated Rule 8.4(c), Minnesota Rules of Professional Conduct (MRPC).

SECOND COUNT

Valley Buick Pontiac GMC Matter

22. Respondent represented Neil Hatting with regard to a dissolution matter. Hatting is a sales associate with Valley Buick Pontiac GMC (Valley).

23. In or around June 2001, respondent told Hatting that she was interested in buying a car for her elderly relative, Elton Berton, and that she had the authority to select and purchase the vehicle.

24. Respondent decided to purchase a new GMC Yukon XL priced at \$43,294. Hatting completed a credit application for Berton to sign. Berton purportedly signed the document on June 25, 2001. In fact, Berton's signature on the credit application was forged.

25. On or about June 27, 2001, Hatting received Berton's signed GMAC credit application. The application was approved on June 30, 2001. Hatting called respondent and told her the vehicle was ready to be picked up.

26. On or about July 14, 2001, respondent called Hatting and asked if he could deliver the Yukon to her home on Mount Curve in Minneapolis. Hatting agreed. He

drew up a vehicle purchase contract; Department of Public Safety Application to Title/Reg. a Vehicle; Agreement to Provide Accidental Physical Damage Insurance; and Retail Instalment [sic] Sale Contract (collectively, the sales documents).

27. On July 16, 2001, Hatting arranged for a third person to drive a separate vehicle and Hatting drove the Yukon to respondent's home. Hatting brought the unsigned sales documents for Berton to execute in order to complete the sale of the Yukon (*see* paragraph 21).

28. Respondent invited Hatting and his companion to join her at the table, where respondent signed all of the sales documents provided to her by Hatting. Respondent did not leave the table to obtain Berton's signature on any of the sales documents. All documents were signed "Elton E. Berton" by respondent.

29. Respondent had provided Hatting with a power of attorney, dated September 1, 2000, appointing respondent as attorney-in-fact for Berton. Berton's signature on the power of attorney was forged by respondent.

30. The same person that signed Berton's name to the power of attorney also signed Berton's name to the sales documents. Since Hatting and his companion witnessed respondent sign Berton's name to the sales documents, it is apparent that respondent similarly forged Berton's name on the September 1, 2000, power of attorney.

31. Hatting expected respondent to provide him with the agreed upon \$1,000 down payment for the vehicle upon execution of the sales documents. However, respondent told Hatting she was out of checks and would promptly send the down payment in the mail. Hatting agreed and left the Yukon with respondent. When Hatting left respondent's home, he took with him all of the sales documents, signed by respondent on behalf of Berton.

32. Respondent did not send the \$1,000 down payment to Valley as she had promised. After multiple telephone calls and letters, sent both by regular mail and certified mail, on October 29, 2001, respondent sent Valley the down payment. However, in March 2002, GMAC repossessed the Yukon when the payments were four

months delinquent. Initially, respondent negotiated a return of the vehicle, but quickly fell behind on payments again and the Yukon was again repossessed.

33. Upon repossessing the Yukon 28 months after its delivery to respondent, the vehicle's exterior was structurally damaged with dents and red paint. The interior was severely stained and contained beer cans, food, bottles and assorted trash. The odometer read 78,059 miles. Valley alleges it lost approximately \$25,000.

34. Respondent's conduct in the Valley Buick Pontiac GMC matter violated Rule 8.4(c), MRPC.

THIRD COUNT

Linnea Johnson Matter

35. In or about December 1998, Linnea Johnson and her brother sold their family farm. Johnson's brother had an ongoing marital dissolution matter. Respondent advised Johnson's brother with regard to the dissolution. In that context, in or about January 1999, Johnson met respondent.

36. Respondent befriended Johnson. Through her relationship with Johnson's brother, respondent was aware that Johnson had received a large sum of money from the sale of the farm. Respondent told Johnson that there would be a large tax liability due to the sale of the property, but that respondent could reinvest Johnson's money and reduce the tax liability.

37. From 1999 through 2004, respondent represented Linnea Johnson in various real estate transaction matters.

38. As to all of the various transactions set forth below pertaining to the Edgewater Drive and Mount Curve properties, respondent, in entering into the various transactions with Johnson, failed to comply with the provisions of Rule 1.8(a), MRPC. Specifically, respondent did not advise Johnson in writing of the desirability of seeking the advice of independent counsel in the transactions; the transactions and the terms on which respondent acquired her interest in the properties were not fair and reasonable; the terms of the entire transactions were not fully disclosed and transmitted in writing

to Johnson; and respondent failed to obtain from Johnson a written consent to the transactions separate from the various transactional documents.

Edgewater Drive Property

39. Respondent and her husband, Michael Swensen, also an attorney, found investment property at 4882 Edgewater Drive, Mound, Minnesota (hereinafter Edgewater). Respondent and Swensen told Johnson that Johnson should buy the property and respondent and Swensen would then renovate the property and sell the property at a profit. The three of them would split the profits 50/50. Johnson agreed and on February 18, 1999, Johnson signed a purchase agreement for the Edgewater property and deposited \$2,000 in earnest money toward the purchase price.

40. Respondent told Johnson that it would be easier to get a loan for the property with Elton Berton on the title. Johnson trusted respondent and agreed to include Berton's name on the title. Although Berton purportedly signed the purchase agreement and title to the property was placed in his and Johnson's names, he did not contribute in any way to the purchase of the Edgewater property.

41. On May 19, 1999, a closing took place on the Edgewater property. Respondent signed documents as P.O.A. for Berton pursuant to a statutory short form power of attorney dated May 19, 1999, and a specific power of attorney dated May 20, 1999. Berton's signatures on both of these powers of attorney were forged. The notarizations of Berton's signatures on the powers of attorney were obtained by respondent's husband, Michael Swensen, under false pretenses. Swensen asked the notary, a friend of his, to notarize the purported signatures without actually witnessing them. Swensen told the notary that the powers of attorney were necessary to assist in the handling of Berton's affairs because he was being placed in a nursing home.

42. The contract sales price for the Edgewater property was \$235,000. This amount plus settlement charges, well sealing charges, and a \$33,000 escrow for work orders, resulted in a gross amount due from Johnson at closing of \$274,436.38. Johnson paid this by taking a mortgage loan of \$176,250 and contributing \$96,186.38 in cash in

addition to the \$2,000 previously paid as earnest money. Berton contributed no out-of-pocket funds toward the purchase of the property but was listed as a borrower on the \$176,250 promissory note and mortgage.

43. After the closing, Johnson paid directly \$37,939.70 for repairs to the property and paid to respondent and Swensen \$25,804.41 for supplies to be used in the improvement of the Edgewater property. The repairs to the Edgewater property were completed by September 1999 and Johnson received a refund of the \$33,000 she had paid into escrow for repairs. After completion of the repairs and despite Johnson's request to respondent that the property then be sold as originally agreed, no action was taken to place the property on the market for sale. Instead, respondent and Swensen repeatedly assured Johnson that they would obtain refinancing for the property and purchase her interest in the property.

44. Starting in September 1999, the property was rented out and respondent and Swensen collected the rents. From the rental payments, respondent was to pay the amounts due on the mortgage loan. Respondent and Swensen failed to make those payments and, instead, converted the funds to their own use.

45. In February 2003, mortgage foreclosure proceedings were commenced with respect to the Edgewater property. A sheriff's sale was held on March 27, 2003, and the property was sold to Mortgage Electronic Registration Systems, Inc. (an assignee of the original mortgagee) for \$191,389.49.

46. The last day for redemption from the foreclosure sale was September 27, 2003. Neither respondent nor Swensen had told Johnson that the Edgewater property was in foreclosure or that it had been sold at the sheriff's sale.

47. Shortly before September 26, 2003, respondent falsely told Johnson that they had obtained refinancing for the Edgewater property. In fact, no such refinancing had been obtained. Respondent and Swensen asked Johnson to attend a closing on the refinancing on September 23, 2003.

48. At the September 23 closing, Johnson learned for the first time that the property was in foreclosure and that the period for redemption would expire on September 27. She also was told for the first time that the refinancing was actually being structured as a sale of the property to Mark O'Brien.

49. Upon learning the true nature of the status of the property and the nature of the refinancing, Johnson became upset and objected to the closing. Because of Johnson's objections, the closing did not then proceed.

50. On September 26, 2003, a second closing was held on the sale/refinancing of the property. By this time respondent and Swensen had convinced Johnson that she had no choice but to go forward with the transaction because if she did not, her entire interest in the property would be lost upon expiration of the mortgage foreclosure redemption period.

51. The agreed upon purchase price in the sale to Mark O'Brien was \$345,000, including a "\$69,000 seller's equity gift." Johnson did not knowingly or willingly agree to make a \$69,000 gift to Mark O'Brien. The balance of the purchase price was paid by way of a mortgage loan taken out by O'Brien in the amount of \$276,000.

52. The proceeds from the September 26 closing on the sale of the property netted \$56,778.33 of which \$45,000 was paid to Johnson and \$11,778.33 was paid to VR Construction. Respondent and Swensen, via VR Construction, received \$11,778.33 from the property, plus rents received and not applied towards property expenses. This, despite the fact that they had no legal interest in the property.

53. On August 24, 2004, O'Brien obtained a second mortgage on the Edgewater property in the amount of \$95,000. In the spring of 2005 and at the request of respondent and O'Brien, Gregory Weitzel renovated the interior of Edgewater. Weitzel later placed a mechanic's lien on the property in the amount of \$17,846.

54. On September 30, 2004, Johnson filed a civil lawsuit to recover damages incurred by respondent's actions. Johnson's suit was eventually settled in June 2005. As a result of that settlement, Johnson received title to the Edgewater property.

Although Johnson was able to eventually sell the property she was required to pay off the first and second mortgages placed on the property by O'Brien.

Mount Curve Property

55. On January 6, 1999, a purchase agreement for the purchase of real property located at 1721 Mount Curve Avenue in Minneapolis (the Mount Curve property) was executed. This agreement was purportedly between Elton E. Berton as purchaser and Joseph Gosnell as seller. In fact, the signatures of Elton E. Berton on the various documents comprising the purchase agreement were forged.

56. In April 1999 respondent and Swensen approached Johnson about purchasing the Mount Curve property. Respondent and Swensen proposed Johnson invest the initial purchase price and money for renovations. Respondent and Swensen told Johnson they would then renovate the property and obtain refinancing in order to purchase Johnson's interest in the property. Respondent and Swensen advised Johnson that her investment in the Mount Curve property would reduce her overall tax burden.

57. On July 27, 1999, Johnson entered into a purchase agreement with Joseph Gosnell for the purchase of the Mount Curve property for \$910,000. Johnson paid a total of \$12,000 as earnest money to be applied toward the purchase price.

58. On September 23, 1999, the closing of the Mount Curve property took place. Johnson paid \$136,299.82 in cash at closing (in addition to the \$12,000 already paid as earnest money), obtained a mortgage from Lifetime Mortgage for \$649,500 and executed a second mortgage note with the Gosnells for \$136,500. A warranty deed conveyed the property from Joseph and Barbara Gosnell to Linnea Johnson individually.

59. In January 2000, respondent had Johnson sign a blank quit claim deed. Respondent told Johnson that the quit claim deed would only be completed and filed in the event Johnson died and would be used to convey her interest in the Mount Curve property. No consideration was provided for the conveyance of the property to respondent. Respondent later completed the blank deed, backdating it to September 29,

1999, and made it appear that Johnson was conveying to her a one-half interest in the Mount Curve property. Johnson's signature on the deed was notarized by Michael Swensen, although he did not witness Johnson's signing of the deed. The deed was recorded with the Hennepin County Registrar of Titles on November 29, 2001, without Johnson's knowledge or consent.

60. The Mount Curve property was rented out from approximately December 1999 through January 2003. Respondent and Swensen collected the rents and were supposed to use those funds to pay the expenses of the property, including payment of the two mortgages.

61. On or about September 10, 2001, Swensen drafted a contract for deed conveying the Mount Curve property from respondent to Russell F. Swensen for \$1,200,000. Russell Swensen is Michael Swensen's father. The contract for deed makes no reference to Johnson's interest in the property. The signature of Russell Swensen on the contract for deed was not placed there by him. Although Russell Swensen had appointed Michael Swensen as his attorney-in-fact, that appointment was in relation to a different transaction. Russell Swensen never authorized Michael Swensen to act on his behalf with regard to the Mount Curve property.

62. Respondent did not tell Johnson about the September 10, 2001, contract for deed. Russell Swensen never made any of the payments called for under the contract for deed. The contract for deed was not filed with the Hennepin County Recorder's office. However, with the contract for deed in hand, respondent began the process of "refinancing" the Mount Curve property by arranging for a mortgage loan from America's Wholesale Lender to Russell Swensen. In fact, neither respondent, Michael Swensen, nor Russell Swensen had any real legal interest in the Mount Curve property.

63. In order to obtain the mortgage loan, respondent and Michael Swensen provided false information to the mortgage broker, Alternative Mortgage Options, regarding the contract for deed. Specifically, Michael Swensen falsely represented that Russell Swensen had regularly made the payments called for under the contract for

deed and respondent misrepresented the status of title and her interest in the property. All of the various applications and other documents used in obtaining the mortgage loan purport to have been signed by Russell Swensen. In fact, the signatures on those documents are not those of Russell Swensen. As noted above, although Russell Swensen had appointed Michael Swensen as his attorney-in-fact, that appointment was in relation to a different transaction. Russell Swensen never authorized Michael Swensen to act on his behalf with regard to the Mount Curve property.

64. On November 29, 2001, as a part of the scheme to "refinance" Russell Swensen's interest in the Mount Curve property, respondent filed the backdated quit claim deed, signed by Johnson in January 2000, contrary to respondent and Swensen's promise not to file the deed unless Johnson died (*see* paragraph 53).

65. On October 4, 2002, the personal representative of the estate of Joseph Gosnell commenced a mortgage foreclosure action on the second mortgage encumbering the Mount Curve property alleging default due to nonpayment of the sums due under the note and mortgage from August 2002.

66. Upon being served with the mortgage foreclosure pleadings, Johnson called respondent. Respondent told Johnson that there was some confusion between the representatives of the estate and the dealings respondent had with the now deceased Gosnells. Respondent told Johnson that she and Swensen were working on obtaining refinancing on the Mount Curve property and that everything would be fine.

67. On January 16, 2003, Michael Swensen had Johnson sign a quit claim deed transferring all of Johnson's interest in the Mount Curve property to respondent. Swensen falsely told Johnson that a buyer had been found for the property and that, upon closing of the sale, she would be repaid her investment. No consideration was paid to Johnson by respondent or Swensen for the conveyance of the property to respondent.

68. The closing for the "refinancing" and transfer of title to the Mount Curve property to Russell Swensen took place on January 16, 2003. At the closing respondent

and Michael Swensen conveyed the Mount Curve property to Russell Swensen by Warranty Deed. The HUD-1 settlement statement, at line 104, itemized a "payoff for contract for deed to Patricia Ryerson" in the amount of \$955,025. In fact, the contract for deed was a sham transaction that was used, together with the quit claim deeds obtained from Johnson under false pretenses, to divest Johnson of her interest in the property. The purported payoff of the Ryerson/Russell Swensen contract for deed was accomplished by Russell Swensen obtaining a \$995,000 mortgage loan from America's Wholesale Lender. Although the mortgage documents were signed by Michael Swensen purportedly as attorney-in-fact for Russell Swensen, Russell Swensen had never authorized Michael Swensen to act on his behalf in regard to the Mount Curve property.

69. Johnson invested a total of \$149,299.82 in cash in the Mount Curve property at or before the September 23, 1999, closing. Thereafter, she invested an additional \$48,000 in the property by contributing towards improvements on the property. At the January 16, 2003, closing respondent was issued checks totaling \$132,388.07 in payment of her purported interest in the false September 10, 2001, contract for deed. Respondent and Swensen paid none of the closing proceeds to Johnson, but instead converted the proceeds to their own use.

70. On November 26, 2003, respondent met with Russell Swensen at a local bookstore. She falsely told Russell Swensen that Michael Swensen needed him to sign some blank documents pertaining to property in Delano, Minnesota. Swensen signed the blank documents, at least one of which was a quit claim deed.

71. Respondent completed the blank quit claim deed to transfer ownership of the Mount Curve property from Russell Swensen to Mark O'Brien. Respondent recorded the deed on May 28, 2004.

72. On March 16, 2004, respondent had O'Brien sign three quit claim deeds and a contract for deed. The quit claim deeds and contract for deed all listed O'Brien as the Grantor or Seller, but none of them, at the time they were signed, included the name

of a Grantee or Buyer, a legal description of the property being conveyed, or, in the case of the contract for deed, a recitation of the terms of sale.

73. O'Brien has testified that he purchased the Mount Curve property from Russell Swensen for "back taxes and payments" but also testified that he did not know the amount of the monthly payments or annual taxes due on the property and that he did not live in the property. O'Brien has further testified that he never entered into a purchase agreement for the purchase of the Mount Curve property; that he was unaware that the property was subject to a \$995,000 mortgage; and that he never considered himself to be the owner of the Mount Curve property.

74. In or about October 2004, Johnson commenced litigation against respondent, Michael Swensen, and Mark O'Brien seeking recovery of the Edgewater and Mount Curve properties and damages for fraud and breach of fiduciary duties.

75. On June 16, 2005, a mortgage foreclosure proceeding was commenced on behalf of Mortgage Electronic Registration Systems, Inc., the successor in interest to America's Wholesale Lender, seeking to foreclose on the \$995,000 mortgage loan taken out by Russell Swensen.

76. In June 2005, as a part of a settlement agreement between respondent and Johnson, the Mount Curve property was re-conveyed to Johnson by quit claim deed from Russell Swensen.

77. A foreclosure sale on the \$995,000 mortgage was held on September 1, 2005, and the property was purchased by Mike Reimann.

78. Respondent's conduct in the Linnea Johnson matter violated Rules 1.8(a) and 8.4(c), MRPC.

FOURTH COUNT

A. Benton Randolph Matter

79. On September 27, 2003, A. Benton Randolph (Randolph) gave respondent a \$2,800 check that was intended as payment for a security deposit for rental of the carriage house at the Mount Curve property.

80. On October 1, 2003, Randolph told respondent that his plans had changed and he no longer wished to rent the carriage house. Randolph asked for the return of his \$2,800 check. Respondent refused to return the check and Randolph eventually obtained a judgment against respondent in conciliation court in the amount of \$4,305. Respondent failed to pay the judgment.

81. Randolph filed a complaint against respondent with the Office of Lawyers Professional Responsibility complaining about respondent's refusal to satisfy his judgment.

82. On March 16, 2005, respondent provided a written response to Randolph's complaint. In her response respondent made the following false statements:

I gave the [security deposit] check to the owner and asked that a lease be prepared for Mr. Randolph.

I advised him [Randolph] that I had given the check to the owner and I had no control over the check.

The final decision regarding this transaction was that of the owner although he was entitled to keep the money paid for rent by Mr. Randolph according to my understanding of the law.

83. In fact, respondent never gave the Randolph security deposit check to the "owner" of the property, and never consulted with the "owner" of the property regarding the disposition of the security deposit. To the contrary, in her 2003 federal income tax return respondent reported rents received and expenses paid on the Mount Curve property as income and deductions in calculating her tax liability.

84. Respondent's conduct in making false statements in her response to Randolph's complaint violated Rules 8.1(a) and 8.4(c), MRPC, as those rules read prior to October 1, 2005.

WHEREFORE, the Director respectfully prays for an order of this Court disbarring respondent or imposing otherwise appropriate discipline, awarding costs

and disbursements pursuant to the Rules on Lawyers Professional Responsibility, and for such other, further or different relief as may be just and proper.

Dated: December 5, 2007.



MARTIN A. COLE
DIRECTOR OF THE OFFICE OF LAWYERS
PROFESSIONAL RESPONSIBILITY
Attorney No. 148416
1500 Landmark Towers
345 St. Peter Street
St. Paul, MN 55102-1218
(651) 296-3952

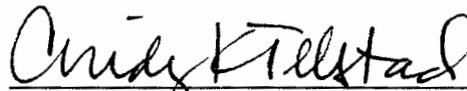
and



PATRICK R. BURNS
FIRST ASSISTANT DIRECTOR
Attorney No. 134004

This supplementary petition is approved for filing pursuant to Rule 10(e), RLPR, by the undersigned.

Dated: December 7, 2007.



CINDY K. TELSTAD
PANEL CHAIR, LAWYERS PROFESSIONAL
RESPONSIBILITY BOARD