

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.

**FINDINGS OF FACT,
CONCLUSIONS OF LAW AND
RECOMMENDATION AS TO
DISCIPLINE**

The above-captioned matter came on for hearing before the undersigned referee, appointed by the Minnesota Supreme Court, on May 15 and 16, 2008, in the Minnesota Judicial Center, St. Paul, Minnesota. Patrick R. Burns, First Assistant Director, appeared for the Office of Lawyers Professional Responsibility (hereinafter the Director). Respondent Patricia Ryerson appeared and was present throughout the proceedings, representing herself *pro se*.

Testimony at the hearing was taken from Stephanie Ferris, Willis Kahlhamer, Todd Vaillancourt, Neil Hatting, Linnea Johnson, Roger Reiling, Russell Swensen, John Sorenson, Mark O'Brien, and respondent. Pursuant to motion by Director, which motion was granted, the testimony of A. Benton Randolph and Janis Tweedy was taken by deposition and the transcripts of those depositions were received into evidence. The Director offered into evidence 51 exhibits, numbered 1-51. These exhibits were received into evidence. Respondent offered no exhibits into evidence.

In her answer to the petition for disciplinary action, respondent admitted certain factual allegations made by the Director and denied others. The findings and conclusions made below are based upon respondent's admissions, the documentary evidence the parties submitted, the testimony of the witnesses, the demeanor and credibility of respondent as determined by the undersigned and the reasonable inferences to be drawn from the documents and testimony. If respondent's answer admits a particular factual finding made below, then even though the Director may have provided additional evidence to establish the finding, no other citation will necessarily be made.

Based upon the evidence received, including credibility determinations where appropriate, and the arguments of the parties the undersigned now, by clear and convincing evidence, makes the following:

FINDINGS OF FACT

1. Respondent was admitted to practice law in Minnesota on May 10, 1991.

Ferris Matter

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

3. Ferris and Vaillancourt entered into a purchase agreement for the Wentworth property. The purchase agreement included a financing addendum and buyer purchasing "as is" addendum and is dated August 30, 2001 (Exs. 1 and 2). Ferris signed the purchase agreement on August 30 and Kahlhamer signed it on September 4, 2001.

4. Both Ferris and Kahlhamer testified that the purchase agreement they signed called for a purchase price of \$154,000 (Ex. 1). A second purchase agreement, identical to the first one but with a substituted first page reflecting a purchase price of \$196,000, was the purchase agreement upon which financing was obtained and upon which the disbursements at closing were based (Exs. 2, 3, and 5 (HUD-1 settlement statement, line 101)). Both Ferris and Kahlhamer testified that they did not know how the \$196,000 sale price came to be reflected in the purchase agreement.

5. Both purchase agreements recited a payment of \$1,000 as earnest money. In fact, no earnest money was paid.

6. Although the Wentworth property was in foreclosure, title to the property had been re-conveyed to Ferris and Kahlhamer prior to the closing on the sale to Vaillancourt (Ex. 4).

7. On the afternoon of October 26 a closing was held on the sale of the Wentworth property to Vaillancourt. Ferris, Vaillancourt, and respondent were present at the closing. Kahlhamer did not attend the closing.

8. At the closing Ferris reviewed the HUD-1 Settlement Statement reflecting the sale price, costs of closing and disbursements from the sale proceeds (Ex. 5). That Settlement Statement reflected disbursements of \$26,686.90 to US Bank and \$38,744.22 as "Remodel Expense." US Bank was owed no money from the proceeds of the sale and the sale of the property, pursuant to the terms of the purchase agreement, was to be "as is."

9. Ferris, Kahlhamer and Vaillancourt all testified that they had no idea what the purported disbursement to U. S. Bank was for and that, as far as they knew, US Bank was owed nothing from the sale proceeds. Ferris, Kahlhamer and Vaillancourt all testified that the sale of the property was to be "as is." When Ferris questioned these disbursements at closing, she was told by respondent that these expenses were "paper only" and were necessary in order to complete the closing.

10. The payment to US Bank of \$26,686.90 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 (Ex. 8).

11. After the closing documents (Ex. 5) had been signed by Ferris and Vaillancourt at Fidelity Title, respondent and Ferris went to a nearby bar. There, Ferris witnessed respondent practice signing Kahlhamer's signature and saw her sign Kahlhamer's name to the closing documents.

12. Kahlhamer testified that he did not sign any of the closing documents.

13. Janis Tweedy, a forensic document examiner retained by the Director to examine the Kahlhamer signatures on the closing documents, testified that there was a strong probability

that the Kahlhamer signatures on the closing documents were not genuine. The phrase “strong probability” as used in the American Standards of Testing & Materials, means that the examiner is virtually certain that the questioned documents were not signed by the person who provided the known writing samples (Ex. 49).

14. In light of the above, there is clear and convincing evidence that respondent forged Kahlhamer’s name to the closing documents, specifically, the Warranty Deed, the Affidavit as to Liens and Encumbrances, Addendum and Supplement to Purchase Agreement, a waiver of termite inspection and HUD-1 Settlement Statement (Ex. 5).

15. Once the closing was completed, Ferris received a check from Fidelity Title, in the amount of \$2,989, made payable to Kahlhamer (Ex. 6). This check represented Kahlhamer’s initial investment in the property. Although Ferris and Kahlhamer owed less than \$130,000 on the Wentworth property and Vaillancourt purchased the home for \$196,000, Ferris received no money from the sale and Kahlhamer received only the \$2,989.

16. Fidelity Title also disbursed another check made payable to VR Construction, in the amount of \$38,744.22 (Ex. 6). 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.

17. VR Construction, LLC is an entity purportedly organized by Elton Berton (Ex. 11). Janis Tweedy testified that it is highly probable that Berton’s signature on the VR Construction, LLC Articles of Organization (Ex. 11) is not genuine (Ex. 49). She further testified that there is a strong probability that respondent forged Berton’s signature on the VR Construction, LLC Articles of Organization (Ex. 49).

18. VR Construction, LLC is an entity controlled and utilized by respondent. Respondent is listed as the Chief Manager, Treasurer, and Secretary of VR Construction (Ex. 10). Respondent received, endorsed, and cashed checks made payable to VR Construction, LLC (Exs. 6, 8, and 27, Vaillancourt testimony).

19. Vaillancourt testified that he received none of the \$38,744.22 disbursed from the sale proceeds as “remodel expense” and that perhaps only \$2,000 of that amount was actually used for repairs to the Wentworth property.

20. Among the documents utilized at the October 26, 2001, closing is a document entitled Addendum And Supplement To Purchase Agreement (Addendum) (Ex. 5). 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.

21. Ferris and Kahlhamer both testified that they did not sign the Addendum.

22. Janis Tweedy examined the Ferris and Kahlhamer signatures on the Addendum.

As noted above, she testified that there was a strong probability that Kahlhamer’s signature was not genuine. As to Ferris’ signature on the Addendum, Tweedy testified that it was a “manipulated signature.” From Tweedy’s testimony, it appears that Ferris’s legitimate signature on the pest control letter (one of the closing documents signed by Ferris at Ex. 5) was used as the model for the Ferris signature on the Addendum. From this, she concluded that the signature on the Addendum was a copy and not a legitimate signature.

23. In light of the above, there is clear and convincing evidence that neither Ferris nor Kahlhamer signed the Addendum and their signatures on the Addendum are forged.

24. In light of the fact that respondent, as a result of the terms of the Addendum, received, via VR Construction, \$38,744.22 from the closing proceeds – funds to which she was not entitled - and in light of the other clear and convincing evidence that respondent forged Kahlhamer’s signature on the closing documents, there is clear and convincing evidence that

respondent forged Ferris's signature to the Addendum for the purpose of wrongfully obtaining funds from the closing of the sale of the Wentworth property.

Valley Buick Pontiac GMC Matter

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

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

27. Respondent provided Hatting and Valley with a Power of Attorney, allegedly executed by Elton Berton, as evidence of her authority to act on behalf of Berton (Ex. 19). The Power of Attorney was purportedly signed by Berton on September 1, 2000, but Berton's signature on the Power of Attorney was not notarized until September 8, 2000.

28. Janis Tweedy, a forensic document examiner retained by the Director to examine the Berton signature on the Power of Attorney, testified that there was a strong probability that the Berton signature on the Power of Attorney was not genuine. Again, the phrase "strong probability," as used in this context, means that Tweedy is virtually certain that Berton did not sign the Power of Attorney.

29. Respondent decided to purchase a new GMC Yukon XL priced at \$43,294. Hatting completed a credit application for Berton to sign (Ex. 12). Berton purportedly signed the document on June 25, 2001.

30. Janis Tweedy also examined the Berton signature on the credit application (Ex. 12). She testified that there was a strong probability that the Berton signature on the credit application was not genuine and there was a strong probability that the signature was placed there by respondent.

31. On or about June 27, 2001, Hatting received Berton's signed GMAC credit application. The application was approved on June 30, 2001 (Ex. 13). Hatting called respondent and told her the vehicle was ready to be picked up.

32. On or about July 16, 2001, Hatting delivered the Yukon to respondent in Minneapolis. When he delivered the Yukon, he brought with him additional documents that needed to be signed to complete the transaction. These included a vehicle purchase contract; a Department of Public Safety Application to Title/Reg. a Vehicle; an Agreement to Provide Accidental Physical Damage Insurance; and a Retail Instalment [sic] Sale Contract (collectively, the sales documents) (Exs. 14-17).

33. Hatting testified that, in his presence, respondent signed Berton's name to all of the sales documents he provided to her. 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.

34. At the time of the sale of the Yukon, allegedly to Elton Berton, Berton did not have a Minnesota driver's license (Ex. 18).

35. In light of the above, there is clear and convincing evidence that respondent forged Elton Berton's name to a Power of Attorney and the various sales documents related to the purchase of the Yukon.

36. The payments called for in the retail installment sales contract for the Yukon were not regularly made and it was eventually repossessed.

Linnea Johnson Matter

37. From 1999 through 2004, respondent represented Linnea Johnson in various real estate transaction matters as more fully set forth below. Johnson testified that she believed that respondent and her then husband, Michael Swensen, provided her with legal advice regarding the various transactions, that she relied upon the advice provided by them, and that she considered them to be her attorneys. Based upon this testimony, the nature of the transactions, and the nature of respondent's involvement in the transactions, there is clear and convincing evidence that an attorney-client relationship existed between respondent and Johnson in regard to the transactions set forth below.

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), Minnesota Rules of Professional Conduct (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 at the time, 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 (Ex. 20).

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 (Johnson testimony and Ex. 25).

41. On May 19, 1999, a closing took place on the Edgewater property. Respondent signed documents as attorney-in-fact 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 (Ex. 22).

42. Janis Tweedy, a forensic document examiner retained by the Director to examine the Elton Berton signatures on the powers of attorney (Ex. 22), testified that there was a strong

probability that the Berton signatures on the powers of attorney were not genuine. The phrase “strong probability” as used in the American Standards of Testing & Materials, means that the examiner is virtually certain that the questioned documents were not signed by the person who provided the known writing samples (Ex. 49).

43. 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, Roger Reiling, to notarize the purported signatures. Reiling testified that he did not actually witness Berton signing the powers of attorney and that he had never met Elton Berton.

44. In light of the above, there is clear and convincing evidence that Berton’s signatures on both of powers of attorney as set forth in Exhibit 22 were forged.

45. 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 (Ex. 21). 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 (Ex. 21).

46. 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.

47. 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 (Ex. 23). The last day for redemption from the foreclosure sale was September 27, 2003.

48. 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.

49. 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.

50. 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.

51. Mark O'Brien testified that respondent had told him that the Edgewater property was in foreclosure and that he could purchase it for \$100,000 or less.

52. 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.

53. On September 26, 2003, a second closing was held on the sale 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.

54. The agreed upon purchase price in the sale to Mark O'Brien was \$345,000, including a "\$69,000 seller's equity gift" (Ex. 24). The balance of the purchase price was to be paid by way of a mortgage loan taken out by O'Brien in the amount of \$276,000. O'Brien advanced none of his own money in the purchase of the Edgewater property.

55. Johnson did not knowingly or willingly agree to make a \$69,000 gift to Mark O'Brien. Both Johnson and O'Brien testified that they had never met each other prior to the

closing. Johnson testified that she ultimately agreed to the sale to O'Brien, including the \$69,000 gift of equity, because she felt she had no choice. If she had not sold the property to O'Brien on the terms presented to her at the September 26, 2003, closing, she would have lost her entire investment in the property upon expiration of the period for redemption of the mortgage, September 27, 2003.

56. 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 (Exs. 26 and 27).

57. Johnson had invested \$128,930.49 into the Edgewater property in property acquisition and repair costs. Her equity in the property, over and above the \$45,000 she received from the September 26 closing, was eroded by the \$69,000 equity gift to O'Brien and the \$11,778.33 paid to VR Construction.

58. Respondent and Swensen, via VR Construction, received \$11,778.33 from the property (Ex. 27). This, despite the fact that they had no legal interest in the property and had contributed nothing to the acquisition of the property.

59. On August 24, 2004, O'Brien obtained a second mortgage on the Edgewater property in the amount of \$95,000. O'Brien testified that respondent received about one-half of the funds from this second mortgage.

60. 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

61. In April 1999 respondent and Swensen approached Johnson about purchasing property located at 1721 Mount Curve Avenue in Minneapolis (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.

62. On July 27, 1999, Johnson entered into a purchase agreement with Joseph Gosnell for the purchase of the Mount Curve property for \$910,000 (Ex. 29). Johnson paid a total of \$12,000 as earnest money to be applied toward the purchase price.

63. 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 (Ex. 31).

64. In January 2000 respondent had Johnson sign a blank quit claim deed (Ex. 32). Respondent falsely 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.

65. 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.

66. 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 (Ex. 33). Russell Swensen is Michael Swensen's father.

67. The contract for deed makes no reference to Johnson's interest in the property.

68. Russell Swensen testified that what purports to be his signature on the contract for deed was not placed there by him. Russell Swensen's purported signature on the contract for deed is notarized by Michael Swensen.

69. Russell Swensen never authorized Michael Swensen to act on his behalf with regard to the Mount Curve property. Russell Swensen testified that he had appointed Michael Swensen as his attorney-in-fact, but that appointment was in relation to a different transaction. The Power of Attorney executed by Russell Swensen appointing Michael Swensen as his attorney-in-fact is dated July 18, 2002, ten months after the purported execution of the Mount Curve contract for deed (Ex. 50).

70. Neither Respondent nor Michael Swensen told Johnson about the September 10, 2001, contract for deed.

71. Russell Swensen never made any of the payments called for under the contract for deed.

72. Respondent and Swensen, using and presenting the contract for deed as a legitimate document, began the process of "refinancing" the Mount Curve property by arranging for a \$995,000 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.

73. In order to obtain the mortgage loan purportedly on behalf of Russell Swensen, respondent and Michael Swensen provided false information to the mortgage broker, Alternative Mortgage Options, regarding the contract for deed.

74. Specifically, respondent and Michael Swensen falsely stated 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 (Exs. 34, 35, and 35A).

75. In support of their false statements that Russell Swensen had made the payments called for under the contract for deed, respondent and Michael Swensen fabricated documents

indicating that the payments had been made. Specifically, respondent and/or Michael Swensen fabricated an IRS Form 1098 reflecting that \$21,356.36 in interest had been paid on the contract for deed in 2001 (Ex. 34). As noted above, no such payments had been made. Respondent fabricated and signed a series of receipts purporting to show that Russell Swensen had made the monthly contract for deed payments (Ex. 35A). Again, no such payments had been made. Both the false IRS Form 1098 and the false receipts were provided in support of the application for the \$995,000 mortgage loan to Russell Swensen.

76. John Sorenson, a broker manager for Alternative Mortgage Options who assisted in the “refinancing” of the Russell Swensen contract for deed, testified that he and the mortgage company providing the mortgage loan to pay off the contract for deed relied upon the statements made and documentation provided by respondent and Michael Swensen regarding the payments made on the contract for deed and the status of the title to the Mount Curve property.

77. A closing on the “refinancing” of the Mount Curve contract for deed was held on January 16, 2003. The various closing documents, including the HUD-1 Settlement Statement and the \$995,000 mortgage were signed by Michael Swensen purporting to act as attorney-in-fact for Russell Swensen (Exs. 39 and 40). In fact, Russell Swensen testified that he had never authorized anyone to act on his behalf with regard to the Mount Curve property, had never authorized anyone to take out a \$995,000 mortgage in his name, and was unaware at the time that he had borrowed \$995,000.

78. 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.

79. At the January 16, 2003, closing respondent and Michael Swensen conveyed the Mount Curve property to Russell Swensen by Warranty Deed (Ex. 38).

80. The HUD-1 Settlement Statement executed at the closing, at line 104, itemized a “payoff for contract for deed to Patricia Ryerson” in the amount of \$970,001.00 (Ex. 39). From the \$970,001.00, respondent personally was paid \$132,388.07 (Ex. 41). In fact, respondent was entitled to none of the loan proceeds.

81. Johnson had 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. She received nothing from the proceeds of the January 16, 2003, closing.

82. On November 26, 2003, respondent met with Russell Swensen at a local bookstore. Russell Swensen testified that respondent told him the purpose of the meeting was that she was interested in buying life insurance from him. During the meeting respondent told him that Michael Swensen had asked her to get his signature on some documents. Russell Swensen complied with this request. The documents that he signed included at least one blank quit claim deed (Ex. 42).

83. Respondent completed the blank quit claim deed signed by Russell Swensen to transfer ownership of the Mount Curve property from Russell Swensen to Mark O’Brien. Respondent recorded the deed on May 28, 2004 (Ex. 42).

84. Mark O’Brien testified that, although he had paid some back taxes that were owed on the Mount Curve property and expected to recover that money, he did not consider himself the owner of the property nor did he intend to own the property.

85. On March 16, 2004, respondent had O’Brien sign three quit claim deeds and a contract for deed (Ex. 43). 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. Although it is unclear what respondent intended to do with the blank deeds and contract for deed signed by O’Brien, it is at least probable that she

intended to use these to convey either the Edgewater or the Mount Curve properties, or both, out of Mark O'Brien's name to herself or a third person.

86. 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 Mount Curve property. Although Johnson was able to eventually sell the property, she was required to pay off the \$995,000 mortgage, which had gone into foreclosure.

Randolph Matter

87. 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.

88. 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.

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

90. On March 16, 2005, respondent provided a written response to Randolph's complaint (Ex. 47). 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.

91. 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.

92. As of October 2003, the true owner of the Mount Curve property was Linnea Johnson. Johnson testified that she never had any discussions with respondent regarding Randolph.

93. In October 2003 Russell Swensen was the nominal owner of the Mount Curve property. He testified that he never had any discussions with respondent about Randolph.

94. The check Randolph wrote for the security deposit was made payable to and endorsed by respondent (Ex. 48).

95. Respondent treated the Mount Curve property as her own, taking deductions on her income tax returns for expenses paid on the property (Ex. 45).

96. The evidence is clear and convincing that respondent’s statements, quoted above, in her March 16, 2005, response to the Randolph complaint were false and that respondent knew they were false.

CONCLUSIONS OF LAW

1. Respondent’s conduct in the Ferris matter violated Rule 8.4(c), MRPC.
2. Respondent’s conduct in the Valley Buick Pontiac GMC matter violated Rule 8.4(c), MRPC.
3. Respondent’s conduct in the Linnea Johnson matter violated Rules 1.8(a) and 8.4(c), MRPC.
4. 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.

RECOMMENDATION

1. That respondent Patricia Jean Ryerson be disbarred.

2. That, pursuant to the provisions of Rule 16(e), Rules on Lawyers Professional Responsibility (RLPR), respondent be immediately suspended from the practice of law pending final determination of these proceedings.

3. That respondent pay to the Director's Office \$900 in costs and an amount in disbursements to be determined in compliance with Rule 24, RLPR.

Dated: July 10, 2008.

By: _____
DAVID E. CHRISTENSEN
REFEREE

MEMORANDUM

This referee has adopted without change the Proposed Findings of Fact, Conclusions of Law and Recommendations as to Discipline made by the Board because the Respondent did not offer any evidence to contradict the Boards evidence. Respondent's actions and appearance in these proceedings indicate that she has mental, chemical dependency and/or physical problems, but no evidence was submitted in regard to these problems, and accordingly, they were not considered as mitigating factors.

The first proceeding held by this Referee was a scheduling conference by telephone on March 17, 2008. Although notice of this hearing was sent to Respondent at multiple addresses, Respondent did not call in for the conference. The hearing on this matter was then set for May 1 & 2, 2008. Shortly before the scheduled hearing, this Referee learned that Respondent was serving time in the workhouse. As a result, the hearing was rescheduled until May 15 & 16, 2008 to allow Respondent time to prepare after leaving the workhouse. Respondent was offered

a substantially longer continuance if she would agree to a temporary suspension of her license pending the outcome of these proceedings. She refused. A similar offer was made when Respondent asked for additional time to provide Proposed Findings, Conclusions and Recommendation. Again, Respondent refused. Not until the due date did Respondent fax a note from a health care person and a statement that she would agree to a temporary suspension.

Respondent appeared for the hearing on May 15, 2008 approximately one half hour late. She did not appear well and was not well prepared. At one point she got up from the counsel table and began leaving the hearing room. Not until asked by the Referee did she indicate that she was not feeling well and needed to leave. The proceedings were recessed until she returned. At the end of the first day of the hearing, Petitioner rested. At the commencement of the proceeding on the second day, Respondent expressed dismay that the Petitioner's witness's, who had testified the previous day and who were not under subpoena, had not returned. She then took the witness stand and began making an argument rather than testifying as to factual matters. When this Referee sustained an objection, she indicated she had nothing further to present and she did not call any witnesses.

Although this Referee has concerns about the well-being of the Respondent, the Recommendation for Disbarment is deemed to be appropriate.

DEC