

# CHAPTER TWELVE

## DRE'S PERJURED TESTIMONY

COURT TRANSCRIPTS FROM  
BRENDA SMITH  
AND TRULY SUGHRUE

## ORIGINAL INVESTIGATOR IN PRE-TRIAL BREND A SMITH

Smith had a lot of I don't know, I don't remember in her testimony. Stated that her investigation started in 2010, she also said that she was transferred and Debra Barnett took over her investigation, Barnett never was called court could be the one that Sughrue said died. Smith repeatedly stated that I did not violate any DRE rules.

## TRULY SUGHRUE DRE ATTORNEY

Attorney Sughrue ( senior council for the DRE ) testified on 3/12/ 2014 that the DRE did not file any action because my license had already been suspended, it appears that she got the case sometime in Nov. 2012, that would mean she is saying my license was suspended before that date, in fact the license was not suspended until 4/1/2014, making her testimony false and misleading the jury. My license had not been suspended prior to trial because I had not broken any laws as stated by Brenda Smith of the DRE in pre-trail.

I had been asked by the DRE to surrender my license while in trial but refused to do so, so they had to wait for a felony conviction, that show's that they had no violations on my record.

In Brenda Smith' testimony in pre-trial every time she was asked if something I did was illegal her was always no.

Sughrue said that accusations filed had be given to me, that's not true.

Normal for the DRE is that the momont they suspect wrong doing an order to cease and desist at minimum, most cases they pull a brokers license and the broker must file for an appeal, if the violation is about trust funds it's for sure they will suspend his license. Sughrue' whole testimony is not consistant with what the DRE does in a complaint. Having the complaint for over 2 years with no action WOULD NOT HAPPEN

the short of it is, is that Sughrue knowingly testified my license was suspended prior to any investigtion while in fact it was not suspended prior to convictio ✓

1 Commissioner. If you desire a hearing, you must submit a written request. The request may  
2 be in any form, as long as it is in writing and indicates that you want a hearing. Unless a  
3 written request for a hearing, signed by or on behalf of you, is delivered or mailed to the  
4 Bureau at:

5                   Bureau of Real Estate  
6                   Legal Section  
7                   Attn: Truly Sughrue  
8                   P. O. Box 137007  
9                   Sacramento CA 95813-7007

10 within twenty (20) days after the date that this Order was mailed to or served on you, the  
11 Bureau will not be obligated or required to provide you with a hearing.

12                  This Order shall be effective immediately.

13                  IT IS SO ORDERED MAR 28 2014.

14                  REAL ESTATE COMMISSIONER  
15                    
16

17                  By: JEFFREY MASON  
18                  Chief Deputy Commissioner

1           Do you solemnly swear the testimony you shall  
2 give in the cause now pending before this Court will be  
3 the truth, the whole truth, and nothing but the truth, so  
4 help you, God?

5           THE WITNESS: I do.

6           THE CLERK: Thank you. Please be seated.

7           Would you please state and spell your first and  
8 last name for the record?

9           THE WITNESS: My name is Truly, T-r-u-l-y,  
10 Sughrue, S-u-g-h-r-u-e.

11          THE CLERK: Thank you.

12          THE COURT: Direct examination.

13          MR. ARCHIBALD: Thank you, Your Honor.

14                           **TESTIMONY OF**

15          **TRULY SUGHRUE**, witness called on behalf of the People:

16                           **DIRECT EXAMINATION**

17          By DEAN ARCHIBALD, Deputy District Attorney:

18          Q.        Good morning, Miss Sughrue.

19          A.        Good morning.

20          Q.        Miss Sughrue, where are you employed?

21          A.        I work for the now Bureau of Real Estate. Before  
22 July 1st of 2013 we were the Department of Real Estate.

23          Q.        Okay. And is that a California State Government  
24 agency?

25          A.        Yes.

26          Q.        What does the Bureau of Real Estate or BRE do?

27          A.        It's primary purpose is to regulate real estate  
28 licensees.

1 A. Yes. The bureau employs investigators, special  
2 investors is their title, as well as auditors who go out  
3 and investigate complaints that they receive, that the  
4 bureau receives.

5 Q. I see. Okay.

6 In your position as a senior legal counsel at the  
7 Bureau of Real Estate, do you sometimes or as part of  
8 your job there work on cases of possible or alleged  
9 violations of a real estate licensee?

10 A. Yes. In the ten years I have done almost  
11 1600 cases.

12 Q. All right. In your assignment there at BRE are  
13 you familiar with a case involving Ron Russell?

14 A. Yes. That is currently assigned to me.

15 Q. Okay. Miss Sughrue, I'm going to show you what's  
16 been marked **People's 59-A** and ask you to take a look at  
17 this document, ma'am, and see if you recognize it.

18 A. (Witness reviewing document)

19 Yes. This is the disciplinary accusation that I  
20 drafted against Ronald E. Russell.

21 Q. And when did you -- was that -- what is an  
22 accusation?

23 A. An accusation is the disciplinary -- basically  
24 it's a complaint stating forth the charges against the  
25 licensee. Actions are filed when someone already has a  
26 license.

27 Q. And in this case was this accusation, is it filed  
28 or heard, or how does that work?

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1 IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA  
2 IN AND FOR THE THIRD APPELLATE DISTRICT

— — — ○○○ — —

COPY

**THE PEOPLE OF THE STATE OF CALIFORNIA**

**Respondent,**

Appellate Case  
No.

vs.

**RONALD EUGENE RUSSELL.**

**Defendant:**

Superior Court  
No. 12F05835

REPORTERS' TRANSCRIPT ON APPEAL.

BIBLIOGRAPHY

APPEAL FROM THE JUDGMENT OF THE SUPERIOR COURT OF THE  
STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF SACRAMENTO  
HONORABLE GRETA CURTIS FALL, JUDGE

VOLUME XII

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WEDNESDAY, MARCH 12, 2014 - APRIL 25, 2014

## APPEARANCES:

FOR THE RESPONDENT -

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State of California  
1300 I Street  
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FOR THE DEFENDANT:

IN PROBRIA PERSONA

—888—

Jean M. Smart, CSR 8706      Araceli Plasencia, CSR 8687  
Colette Kaluza, CSR 6489      Karen Nowack, CSR 6987  
Kathy Cardozo, CSR 6344      Lori Millett, CSR 12958  
Cheryl Redlich, CSR No. 4362

1 Unfortunately, I was not the original attorney on the  
2 case, and by the time it was re-assigned to me,  
3 Mr. Russell was no longer conducting the business. I  
4 believe the criminal proceedings here had been started,  
5 charges filed, as well as his license was suspended.

6 So in consultation with management, my client, it  
7 was decided to proceed with the accusation.

8 The accusation has been filed. Mr. Russell has  
9 filed a notice -- what's called a notice of defense;  
10 basically requesting a hearing on that. Due to this  
11 proceeding and Mr. Russell being unable to appear at the  
12 Office of Administrative Hearings -- it would probably be  
13 a week-long hearing or trial in that matter -- we have  
14 not yet had that hearing. So the charges are still  
15 pending.

16 Q. I see.

17 MR. ARCHIBALD: Nothing further.

18 THE COURT: Cross-examination?

19 MR. SLAUGHTER: Yes. Thank you.

20 **CROSS-EXAMINATION**

21 By MARK SLAUGHTER, Counsel on behalf of the Defense:

22 Q. Good morning.

23 A. Good morning.

24 Q. So on the third allegation --

25 A. Um-hum.

26 Q. -- handling of trust funds or mishandling of  
27 trust funds --

28 A. Yes.

1 was not living in and I rented it out on my own and found  
2 my own renter, collect the rents myself, I am doing it as  
3 the principal, as the owner of that property.

4 Q. Got it. Does the Bureau of Real Estate get  
5 involved with rental regulations of rental properties?

6 A. Yes. To be a property manager you have to be a  
7 real estate licensee.

8 Q. Got it. So property managers are they subject to  
9 the same disciplinary actions? Is there a license of  
10 some sort?

11 A. All real estate brokers, whether doing home  
12 purchases, mortgage loans, um, property management,  
13 buying or selling of trust deeds, need to have a real  
14 estate license.

15 To do any of those activities you have to have  
16 the same real estate -- either be a real estate sales  
17 person, an employee of a broker, or be a real estate  
18 broker. Now --

19 Q. So if I had my own house and I wanted to rent my  
20 own house and I'm not a broker, I would have to have a  
21 license to do that?

22 A. No. You are a principal. You are not doing it  
23 on behalf of another.

24 If you are a prop -- managing properties on  
25 behalf of another, then you need to have a license.

26 Q. Got it. Got it.

27 And you said that the accusation was filed  
28 December 2012; is that correct?

1 unfortunately passed away, and then it was re-assigned  
2 when his caseload was re-assigned, in November 2012 to  
3 me.

4 Q. The attorney who passed away first gets the case  
5 October 2011?

6 A. October of 2011, yes.

7 Q. When did that attorney pass away?

8 A. I really can't remember. I would say probably  
9 June or July of 2012.

10 Q. Okay. When did you get the case?

11 A. November of 2012.

12 Q. Was that attorney out ill for a period of time?

13 A. He had a number of chronic illnesses ongoing. So  
14 I know there were a number -- at least three hospital  
15 stays before he did pass away.

16 Q. When you got the file from this other attorney,  
17 what stage was that attorney's work when you received it?  
18 In other words, did you have to start from scratch or had  
19 work already been done?

20 A. My personal policy is always to start from  
21 scratch, but, um, there were some review and some  
22 analysis done on it by that attorney, but I just did my  
23 own personal way of looking at everything.

24 Q. You talked about an investigation. When did that  
25 investigation start?

26 A. I believe it was started around -- would have  
27 been started shortly after receiving the first complaint  
28 which was in mid to late, um, 2010, and then when we

1 A. Well, if it's a real estate broker and he's  
2 receiving a deposit for a home purchase or a deposit for  
3 a security deposit, they're considered trust fund, and he  
4 must account for them in compliance with the Business and  
5 Professions Code.

6 Q. But if that broker is the principal, they do not,  
7 correct?

8 A. If they are doing it as a principal, then, yes.  
9 The Business and Professions Code would not apply.

10 Q. And they do not have to have a trust account,  
11 correct?

12 A. That's correct.

13 MR. SLAUGHTER: Nothing further.

14 THE COURT: Redirect?

15 **REDIRECT EXAMINATION**

16 By DEAN ARCHIBALD, Deputy District Attorney:

17 Q. With regard to that, if the broker was a  
18 principal, the broker would actually have to own the  
19 property himself?

20 A. Yes. If he was renting a property out as a  
21 principal, I would expect him to be able to show he owned  
22 the property.

23 MR. ARCHIBALD: Nothing further.

24 THE COURT: Recross?

25 ||

26 ||

27 **RECROSS-EXAMINATION**

28 By MARK SLAUGHTER, Counsel on behalf of the Defense:

1 he'll swear you in.

2 THE CLERK: Do you solemnly state the testimony you are  
3 about to give before this Court will be the truth, so help you  
4 God?

5 THE WITNESS: Yes.

6 THE CLERK: Thank you. You may be seated. Please state  
7 your full name and spell your first and last for the record.

8 THE WITNESS: Brenda Smith. B-r-e-n-d-a, S-m-i-t-h.

9 THE COURT: Thank you, ma'am.

10 Go ahead.

11 TESTIMONY OF

12 BRENTA SMITH, Witness called on behalf of the People:

13 DIRECT EXAMINATION

14 By DEAN ARCHIBALD, Deputy District Attorney, Counsel on behalf  
15 of the People:

16 Q. (By MR. ARCHIBALD) Ms. Smith, where were you employed?

17 A. With the California Bureau of Real Estate.

18 Q. And that used to be the California Department of  
19 Real Estate?

20 A. Department of Real Estate.

21 Q. Correct?

22 A. Uh-huh. That's correct.

23 Q. How long have you been employed there?

24 A. Ten years.

25 Q. What's your position?

26 A. I am currently the -- my official title is supervising  
27 special investigator, II.

28 Q. And what are your duties as a supervising special

1 Q. (By MR. ARCHIBALD) Ms. Smith, how was Mr. Russell  
2 connected or involved with the Bureau of Real Estate?

3 A. He held a broker's real estate license.

4 Q. And what was the reason you were interviewing Mr. Russell  
5 back there on September 10, 2010?

6 A. I'm sorry. What was the question?

7 Q. What was the reason for your interview of Mr. Russell  
8 back then in September of 2010?

9 A. We had -- we had received a few complaints from some  
10 consumers against him in regards to a lease-to-own program that  
11 he was operating, and we were performing an audit on his  
12 business operations at the time.

13 So we had him come into the office to interview him in  
14 regards to the funds and so forth that he had been collecting  
15 from individuals in regards to this lease-to-own program.

16 Q. And that lease-to-own program Mr. Russell was operating  
17 was called rent-to-own?

18 A. Rent-to-own, yes.

19 Q. And at the time did Mr. Russell have his own real estate  
20 brokerage here in Sacramento?

21 A. Yes. Called Summer Hills Real Estate, yes, under his  
22 broker's license.

23 Q. And when you interviewed Mr. Russell there on  
24 September 10, 2010, was he under arrest or detained in any way?

25 A. Under arrest, no, he wasn't.

26 Q. Was he detained in anyway?

27 A. Detained? What do you mean?

28 Q. Was he free to go when he --

1 through -- took a profile of them, what their, um -- type of  
2 home they were looking for and that kind of thing. And then  
3 told them that it was \$2900 or so to enter the program.

4 Q. And that \$2900 to enter the program, they paid that money  
5 to who?

6 A. To him.. Well, they wrote checks out. The checks we saw  
7 were to R. Russell Properties.

8 Q. To Mr. Russell?

9 A. Right.

10 Q. Or his business?

11 A. Yes.

12 Q. According to Mr. Russell, what did that \$2900 or so that  
13 the victim -- or, I'm sorry, the consumer would pay to get into  
14 the rent-to-own program purchase or obtain for the consumer?

15 A. It was a \$2900 up-front fee that was supposedly used -- I  
16 mean, we got so many different stories. That it was supposed to  
17 be used for a down to help with the payment of the properties,  
18 the payment of the rent initially, um, and then supposedly  
19 for -- I don't -- I'm not sure.

20 There were so many different versions of this, that this  
21 money was supposed to be used for -- you know, for them to get  
22 into the program, and then used for an initial down payment for  
23 the home, or something of that nature. And, you know, so that  
24 they could get this home for -- through this program.

25 Q. And by "so many different stories or versions," different  
26 stories or versions that Mr. Russell's explanation provided?

27 A. Yes. That he gave us, yes.

28 Q. In your contact with Mr. Russell that day, did he say

1 Q. It was part of the program?

2 A. Yeah. He initially told us that he had -- well, he told  
3 us that he had homes that he was going -- that he had a pool of  
4 homes already that they could purchase from, they could select  
5 from.

6 And then he told us he was going to be making offers on  
7 homes and they could view these homes. He passed around a list  
8 and it was a list of homes that supposedly he owned already that  
9 they could review, and they could select from those homes.

10 And then he also told us that he was going to purchase  
11 some homes for them to use.

12 Q. All right. With regards to Mr. Russell telling you that  
13 he was going to be purchasing some homes for rent-to-own  
14 participants, did you ask Mr. Russell what his individual  
15 capital available for that was?

16 A. Yes, we did.

17 Q. What did he tell you?

18 A. Fifteen -- around \$15,000.

19 Q. And did you ask Mr. Russell if he currently had any --  
20 withdraw that.

21 You asked Mr. Russell if he had any investors in his  
22 program?

23 A. Yes.

24 Q. What did he tell you?

25 A. He indicated that he was acquiring investors. That he  
26 had investors, then he indicated he was trying to get investors,  
27 then he told us he didn't have any investors.

28 Q. In your contact with Mr. Russell, did you ask him if he

1 Q. Did you ask Mr. Russell if he had ever represented in the  
2 course of his contact with the people who entered the  
3 rent-to-own program, whether he represented to them that he did  
4 have investors?

5 A. Yes.

6 Q. And what did he say?

7 A. Um, yeah, he said that he told them that he did have  
8 investors. The consumers also said that he said he had  
9 investors.

10 Q. In your contact with Mr. Russell, did he tell you about a  
11 program he had to obtain homes for the rent-to-own program via  
12 Haven of Hope?

13 A. I'm sorry. The question was?

14 Q. Yeah. In your contact with Mr. Russell that day, did he  
15 tell you that he had a program to obtain houses or homes for the  
16 rent-to-own program via the Haven of Hope?

17 A. Yes.

18 Q. What'd he tell you about that?

19 A. Supposedly he had a program he was going to be utilizing  
20 called -- this organization he was going to be going through to  
21 obtain homes for consumers that he still owed money to. He  
22 hadn't refunded money back to them. This organization called  
23 Haven of Hope.

24 And pretty much do the same thing, rent-to-own program  
25 where he was going to be -- this organization was going to be  
26 purchasing these homes. And because he had done so much work  
27 with them and was supposedly on the board, they were going to --  
28 they owed him in a sense, and so they were going to -- the \$2900

1           So when you were testifying about the Haven of Hope, you  
2        were shaking your head like, no, you don't really know a lot  
3        about that organization at all; is that correct?  
4       A.      Well, no. We actually visited the office.  
5       Q.      Who is "we"?  
6       A.      That supposedly -- myself and another investigator in the  
7        office.  
8       Q.      Who is that?  
9       A.      Um, what's his name? I don't work with him any longer in  
10       that office. Um, I can't remember his name.  
11       Q.      That's all right.  
12       A.      I can't remember his name. I can't remember his name.  
13       Q.      "I can't remember" is a legitimate answer.  
14       A.      Okay.  
15       Q.      So you and this other person went to Haven of Hope when?  
16       Do you remember the date?  
17       A.      I don't remember when that was either.  
18       Q.      How many times did you go to the Haven of Hope?  
19       A.      I believe we only went once.  
20       Q.      One time?  
21       A.      We went to that office. And -- yeah.  
22       Q.      And do you remember the full name of the organization?  
23       A.      Just Haven of Hope, as far as I remember.  
24       Q.      Where'd you get that name?  
25       A.      From Russell, Ronald Russell.  
26       Q.      From Mr. Russell?  
27       A.      Yes.  
28       Q.      And Mr. Russell indicated to you that the Haven of Hope

1 Q. In what way?

2 A. In that he said he had homes available for these people  
3 to utilize, to purchase, to rent, and he did not; he had  
4 investors, and there were none.

5 Q. You said, if I'm -- I'm trying understand your testimony.  
6 It sounds like the Haven of Hope was involved as a particular --  
7 or as a potential funder or support for the program?

8 A. No, no. Initially, Mr. Russell set this program up  
9 around January 2009.

10 Q. Okay.

11 A. It was as R. Russell Properties, LLC.

12 Q. Okay.

13 A. It was under that name, that he utilized.

14 Q. Okay.

15 A. First of all, we saw his activities as licensed activity,  
16 which required a license to represent people, act on behalf of  
17 people for special compensation. Therefore, he was licensed  
18 to -- you know, he was a licensed broker, so --

19 Q. There was nothing illegal about his license?

20 A. No, nothing illegal about his license. I saw his  
21 license.

22 So, anyway -- I forgot where I was going with that. I  
23 lost my train of thought for a minute.

24 Q. That's okay. Let me back up.

25 A. So, nevertheless -- I think I remember where I was going  
26 with that.

27 And so he explained this program to us. Like I said,  
28 where he set it up in January, established it in January 2009,

1 misrepresentations to the consumers, to individuals.

2 Q. It's a broad requirement.

3 A. It's a broad -- it's just a -- that's what we require.  
4 And there were misrepresentations made.

5 So it's -- the specifics about, you know, he shouldn't  
6 have put -- I mean, whether or not there were any investors .  
7 named in the advertisement and so forth, it's not -- I mean,  
8 that's not something we specifically state. It's just that you  
9 can't make any substantial misrepresentations.

10 Q. Okay. Let's go to a broad -- I'm going to step back a  
11 little further.

12 The audit that was performed, how long did that audit  
13 take?

14 A. Well, um --

15 Q. Let's start with --

16 A. I don't remember if it was -- you know, it wasn't -- it  
17 wasn't exactly done typically the way we would do an audit  
18 because Mr. Russell came in for the initial interview and to  
19 bring -- we told him to bring all his documentation. He brought  
20 in documentations. He brought in, basically -- I guess these  
21 were the profiles and contracts he had with these individuals,  
22 with the consumers.

23 And he kind of put them in, I believe it was like two  
24 piles. One, a pile of people where he said he'd refunded their  
25 money. Another pile of people who he said he still owed money  
26 to.

27 Q. Okay.

28 A. And then another pile of people I think where -- it

1 Q. I hadn't gotten to those yet.

2 A. Oh, okay.

3 Q. Sounds like you had three piles you were talking about.

4 A. I'm trying to remember these, because this was almost

5 three years ago. So I believe there was another pile of people

6 who were interested.

7 Q. Okay.

8 A. Yeah.

9 Q. But had not yet given deposits, correct?

10 A. I don't recall if they had given a deposit or not.

11 Q. And then there were others who had made requests for

12 refunds who had not yet been given their refunds, correct?

13 A. That's correct.

14 Q. Okay.

15 A. I believe that's how it was, yes.

16 Q. Okay. And the results of your audit was that nothing was

17 out of keeping with his license, correct? His license wasn't

18 taken as a result of your audit. ~~as~~

19 A. We don't -- we don't necessary -- we -- no. We don't --

20 when we conduct an audit, we don't take people's licenses at

21 that time. ~~as~~

22 This is an investigation, so we conducted an audit to

23 gather facts and gather the evidence and so forth we need at

24 this investigative level to pursue formal action.

25 Q. What was the result of your audit?

26 A. The result of our audit did produce formal action, at

27 least a filing of formal action.

28 Q. When was that formal action filed?

1 investigator on it.

2 Q. Did you write reports relative to your investigation?

3 A. Yes. The interviews I conducted, yes.

4 Q. Did you review those reports before testifying today?

5 A. Yeah. They didn't cover, though, when I stopped working  
6 on the case or, you know, investigating. They just covered my  
7 conversations with him.

8 Q. And in your preparation for testimony today, what did you  
9 review that led you to believe Mr. Russell had indicated to  
10 clients that he owned properties?

11 A. I reviewed my interview notes, um, for -- that I  
12 conducted when I conducted the two interviews with him.

13 Q. With Mr. Russell?

14 A. Yes.

15 Q. So you're saying Mr. Russell represented to you that he  
16 owned property at the time he started his rent-to-own program.

17 A. Yes, he told -- well, during the audit as well, he told  
18 us.

19 Q. Was that audit recorded?

20 A. The audit recorded -- it was --

21 Q. The interview.

22 A. My interview was recorded in my memo, yes.

23 Q. So your memo was recorded, not the interview of  
24 Mr. Russell?

25 A. The memo of the interview we conducted during the audit,  
26 I drafted a written -- wrote a memo of that interview.

27 Q. Like dictation?

28 A. Like a typed-up memo.

1       that he had -- under his real estate license he could show  
2       properties, if that's what you're asking about.

3       Q.       Yes.

4               Now, did you have an opportunity to review contracts that  
5       were entered into by these clients with Mr. Russell?

6       A.       Yes.

7       Q.       Those contracts, isn't it true, did not mention that he  
8       owned property, correct?

9       A.       I don't know. I don't know because I don't -- I haven't  
10      reviewed those contracts in years. So I don't know.

11      Q.       Giving a deposit for a rent-to-own program is not  
12      illegal, correct, or taking a deposit?

13      A.       The question is really kind of -- illegal from our  
14      perspective --

15      Q.       Yes.

16      A.       -- from the department's perspective?

17      Q.       Yes. I'm assuming that's what you are here testifying  
18      about, is from your perspective as the investigator.

19               So my questions are based on your job description and  
20      your involvement in the investigation. Not in what you think is  
21      right or wrong, but what actually your bureau would have found  
22      right or wrong.

23      A.       At the time that he collected the \$2900, um -- to collect  
24      the \$2900 under his real estate license from a consumer for --  
25      to rent a home, no, it was not illegal.

26      Q.       Thank you.

27               Now, you kind of were a little vague and waffled a bit on  
28      what the specifics were as it relates to the refund policy. Is

1 homes at some point or -- and then another one was the down  
2 would go towards, um, securing the homes or purchasing the  
3 homes.

4 Do you recall specifically what his program was?

5 A. It was a rent-to-own -- from what he explained to us, it  
6 was a rent-to-own program where he was going to supposedly help  
7 people who had credit problems get into a home by renting homes  
8 that he had already purchased, that he already owned.

9 And they were going to -- they could rent these homes,  
10 um, for a one-, two-, three-year period, whichever year he was  
11 going to be using. Um, and then they could purchase -- they  
12 could purchase -- they could rent them for that period of time,  
13 and then purchase the home back as an option, if they exercised  
14 that option at the end of that period.

15 Q. But you testified that he showed homes to people for  
16 purchase; is that correct?

17 A. That's what he told us, that he was showing homes to  
18 people for purchase.

19 Q. Okay.

20 A. Um, basically -- you know, actually, it was his company,  
21 Summer Hills Real Estate, the agents from his company that  
22 actually supposedly went out and showed homes to people.

23 Q. Okay.

24 A. Which were homes that were, some of them, on a list that  
25 they -- when they went to these little meetings he was holding,  
26 and he passed around a list, which if I can recall correctly,  
27 was actually a HUD list. It wasn't a list of homes he owned.  
28 They were homes that -- HUD-listed homes. And he represented,

1 MR. ARCHIBALD: Objection. Relevance.

2 THE COURT: Well, I'm not sure why it's relevant, but  
3 I'll allow a couple questions, see whether or not we get to  
4 that, so overruled.

5 THE WITNESS: About the who?

6 Q. (By MR. SLAUGHTER) Broker recovery fund.

7 A. Offer information to --

8 Q. The clients.

9 A. I don't know. I don't know.

10 Q. You did not?

11 A. I don't know. I may have. I don't know.

12 Q. What is the broker recovery fund?

13 A. It's not called the broker recovery fund. It's called a  
14 consumer recovery fund --

15 Q. Got it.

16 A. -- account.

17 Q. What is that?

18 A. It is an account that's set up for consumers who have  
19 been defrauded, um, by a licensee, um, and they have obtained a  
20 judgment through civil court or criminal restitution order or  
21 arbitration award, um, against the licensee for fraud.

22 Q. And that happened in Mr. Russell's case?

23 A. Yes.

24 Q. And those people were paid out, or at least a person or  
25 persons were paid out of that fund?

26 MR. ARCHIBALD: Objection. Relevance.

27 THE COURT: Yes, sustained.

28 Q. (By MR. SLAUGHTER) When you said you spoke to people

1 I mean, if you know, Ms. Smith.

2 THE WITNESS: I don't know who the nine names you're  
3 referring to are.

4 Q. (By MR. SLAUGHTER) So your testimony here is not in  
5 regards to a specific client or consumer, correct?

6 A. No.

7 Q. You're just giving a background of the program itself and  
8 your role in that investigation.

9 A. Yes.

10 Q. And you don't know the result of the investigation?

11 A. The investigation I conducted?

12 MR. ARCHIBALD: Objection. Vague as to what  
13 investigation.

14 THE COURT: Yes, sustained.

15 Q. (By MR. SLAUGHTER) The investigation -- isn't it true  
16 that you've testified that you don't know -- that you stopped  
17 your participation in the investigation in 2010?

18 A. I'm thinking it was 2010. I don't really have the dates,  
19 specific dates, um, down, but I'm thinking --

20 THE COURT: Mr. Slaughter told you it's okay to say you  
21 don't know.

22 THE WITNESS: No, I don't know. I'm thinking it's 2010,  
23 but I don't know for sure.

24 Q. (By MR. SLAUGHTER) And the investigation was not  
25 complete when you were no longer -- or stopped participating in  
26 the investigation, correct?

27 A. I'm sorry, was it --

28 Q. The investigation was ongoing when you stopped working on

1 A. I don't know.

2 Q. How did you determine that Mr. Russell had \$15,000  
3 capital available when you made that determination?

4 A. We asked. We asked the question.

5 Q. Okay. And some of the investors provided cash deposits  
6 as opposed to checks, correct?

7 A. I don't know if it was cash or checks.

8 MR. SLAUGHTER: Nothing further.

9 THE COURT: Anything further, Mr. Archibald?

10 MR. ARCHIBALD: Yes, Your Honor.

11 REDIRECT EXAMINATION

12 By DEAN ARCHIBALD, Deputy District Attorney, Counsel on behalf  
13 of the People:

14 Q. (By MR. ARCHIBALD) With regards to the interview you  
15 conducted of Mr. Russell on September 16th, 2010, you also  
16 conducted another interview a couple months later in November of  
17 that same year.

18 A. That's correct.

19 Q. And based on what you were talking about or asked on  
20 cross-examination, as a result of your interviews of  
21 Mr. Russell, the investigation associated with that, formal  
22 action by the DRE was initially filed against Mr. Russell?

23 A. You know, I don't know the exact date, but it's my  
24 recollection that we filed an accusation.

25 Q. And an accusation is what, ma'am?

26 A. It's like an Information in a criminal case. It's a  
27 document that we file alleging violations of real estate law.

28 Q. Okay.

1 or illegal. With regards to a real estate broker's operation,  
2 in contacting a client or working with a potential client, can a  
3 broker represent to the client that he, the broker, has money or  
4 investors to purchase homes when he doesn't actually have that?

5 A. That's what we view as a substantial misrepresentation.

6 Q. And can a broker tell a client, prospective client, that  
7 the up-front money they provide him, for example, the \$2900 in  
8 the rent-to-own program, will go into an escrow account or trust  
9 account and then not actually placed in that?

10 A. That would be a misrepresentation as well.

11 Q. If a broker tells a client or prospective client that  
12 he's making offers for homes or making an offer on a home that  
13 they are interested in and doesn't actually put through an  
14 offer, is that a substantial misrepresentation?

15 A. Yes, it is.

16 Q. And if a broker represents to a client or potential  
17 clients that, hey, they can get a refund of their up-front money  
18 anytime before they actually move into a home and then he  
19 doesn't give them a refund, is that a substantial  
20 misrepresentation?

21 A. Yes.

22 Q. In your contact with Mr. Russell about offers that were  
23 made -- or withdraw that.

24 In your contact with Mr. Russell, there was a discussion  
25 of -- by Mr. Russell, of offers he supposedly made to purchase  
26 homes for the rent-to-own program?

27 A. I'm sorry?

28 Q. Yeah. In your contact -- in your interview with

1 A. Yes. Yes.

2 Q. In your interview of Mr. Russell and your portion of the  
3 investigation of Mr. Russell, are you aware of anyone who got  
4 into a home via the rent-to-own program as either a renter or as  
5 an owner?

6 A. I'm not aware.

7 Q. And just as someone who works in the Bureau of  
8 Real Estate, you have some idea about home prices or what homes  
9 cost here in California?

10 MR. SLAUGHTER: Objection. Relevance.

11 THE COURT: Overruled.

12 THE WITNESS: Yes, we do. Depending on -- it depends on  
13 the area.

14 Q. (By MR. ARCHIBALD) Let me ask you this, ma'am: Based on  
15 your knowledge of that, can you purchase a home for \$15,000 here  
16 in California?

17 MR. SLAUGHTER: Objection. Relevance.

18 THE COURT: Well, overruled.

19 Go ahead, ma'am. You may answer, if you know.

20 THE WITNESS: You can depending on -- yes, you can.

21 Q. (By MR. ARCHIBALD) Could you purchase more than one home  
22 for \$15,000?

23 A. More than one? No.

24 Q. What kind of home could you get for \$15,000?

25 MR. SLAUGHTER: Objection. Relevance.

26 THE COURT: Overruled.

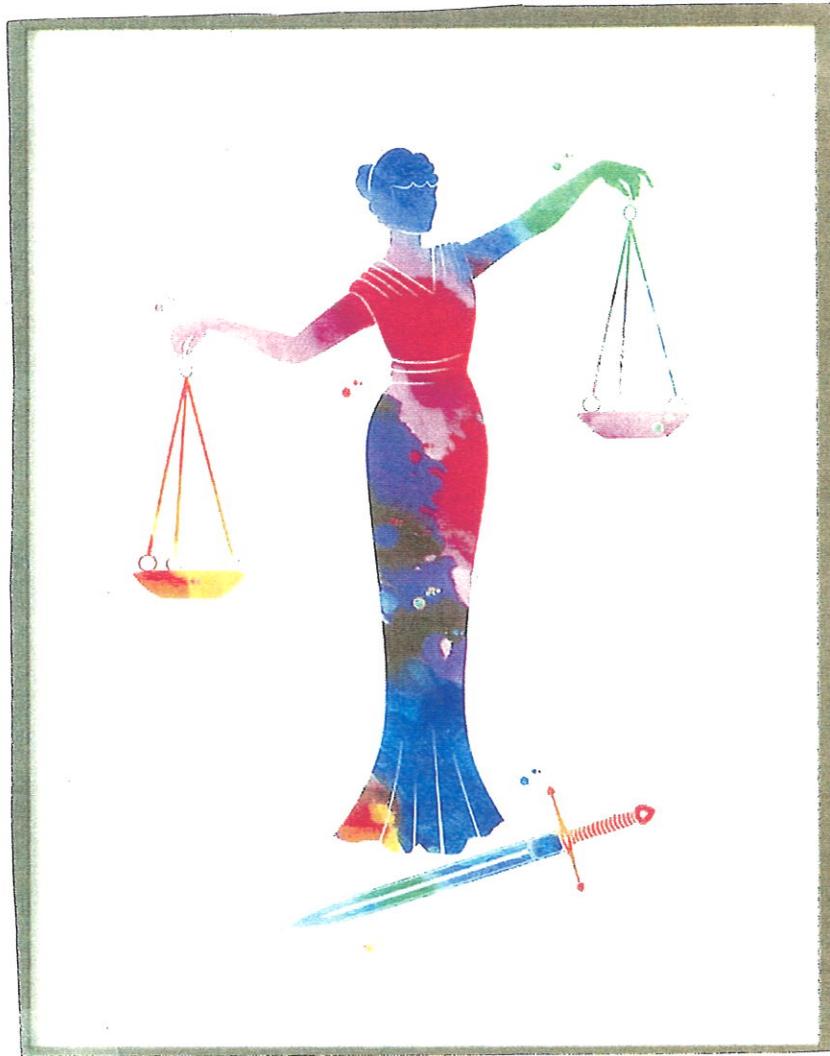
27 Go ahead.

28 THE WITNESS: A very dilapidated one, generally, yes.

1 eventually wind up at the AG and they do the administrative  
2 proceeding in front of the OAH, is that what those things are?  
3 A. No. Our attorneys do the administrative.  
4 Q. Yours do?  
5 A. Yeah. There are some that do have the AGs, yeah.  
6 Q. One question. So what was the defendant doing business  
7 under, what was his business name?  
8 A. L. Russell -- no. R. Russell Properties, LLC.  
9 Q. Okay. And then you mentioned something called Summer  
10 Hills Real Estate. What is that?  
11 A. Summers Hills Real Estate was a dba he had under his  
12 real estate license. So it was a company that he operated his  
13 real estate activities through.  
14 Q. All right. So do you know, did they have a particular  
15 involvement in this program?  
16 A. Summer Hills Real Estate?  
17 Q. Yeah, do you know what their role was?  
18 A. His agents were used to show consumers homes. Consumers,  
19 the consumers that were showed homes. So he used the agents  
20 from Summer Hills Real Estate.  
21 Q. So they were real estate agents that worked for or were  
22 associated with Summer Hills then that --  
23 A. That he used to -- and -- yeah.  
24 Q. To show homes.  
25 A. And they also -- I mean, we had contracts as well with  
26 the names of agents on the contracts that some of the consumers  
27 entered into with R. Russell Properties, LLC.  
28 Q. And these were agents that were associated with either

They say that justice is blind

I say that justice is not blind  
its only colored blind  
and only see's the color  
**\$\$ GREEN \$\$**



Up to this time I have represented myself as pro-se ( without an attorney).  
To continue to seek justice I will need help with legal fee's to take my case all  
the way to the US Supreme court if needed,

With Your Help  
I will Stand up for the Constitution  
Prove My Innocents  
Expose California's Corrupt Justice System  
Giving Hope to other Wrongfully Convicted Californian's