

Exhibit III

Evidence of Denial of Due Process

Until recently, Spencer Young (“Young”) NEVER had difficulties engaging legal counsel on any matter, and had often been represented by some of the top law firms and attorneys in their fields and locale (e.g., *Cadwalader / Dechert / Thacher Profitt / Hahn & Hessen*), and over a span of 22 years, his real state attorneys NEVER resigned from an engagement. Moreover, when he began investing in North Carolina, the top NC law firms actively sought his business, and he ended up engaging *Womble Carlyle* to acquire each of the income producing properties.

And when Young needed to swiftly engage criminal defense counsel to protect his oldest son from indictment in the *Duke Lacrosse Scandal*, former NC Supreme Court Judge Burley Mitchell assisted him in finding and engaging Kyle Hall, who was the ONLY defense counsel representing a player entitled to present exculpatory evidence to then DA Mike Nifong BEFORE the grand jury indictments were handed down.

With this background as context, peruse the table below, which summarizes Young’s recent efforts to engage local legal counsel at the time when *Paragon* began exhibiting a dichotomous change in their behavior.

Action Undertaken by Young	Result
Engaged six different local law firms to represent his interests	Each one resigned for spurious reasons, and always on the eve of a deadline or critical event
Spoke to over 50 other local law firms in context of engaging them to represent his interests	None wished to represent Young; one mentioned a veiled threat circulating among local attorneys of unspecified dire consequences to anyone who agreed to represent him – another implied this was the case, referencing an “extraneous downside”.
Contacted North Carolina Bar Association’s Law Referral Service	None agreed to represent Young. And the process was inefficient (one prospect/day)
Spoke directly with Luella Crane, the Director of Attorney/Client Assistance for the North Carolina State Bar	Young was astonished by Ms. Crane evasiveness – she and her staff offered only valueless non-sequiturs.
Bill Matthews of <i>Womble Carlyle</i> earlier offered to provide referral guidance whenever necessary, so he was contacted.	Although Bill had gladly done this in the past (e.g. Burley Mitchell), he recently refused to do so for unspecified reasons.
Kyle Hall was previously willing to help out with referrals, so I called him.	Kyle said he could not help Young out and quickly hung up the phone

Widespread Corruption and Denial of Due Process is obvious here – and please note the evidence that follows in this Exhibit.

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Presented below is a redacted email sent to the *North Carolina State Bar* alerting them to the OBVIOUS unlawful denial of due process.

There is an important institutional link between *Paragon Commercial Bank* and *Wachovia Bank*, as the preponderance of Paragon's executives had extensive prior careers at Wachovia. And the timing of Paragon's initiation of CRIMINAL FRAUD with Wachovia's dismissal of the Chapter 11 filing (to protect *The Courtyard of Chapel Hill* from yet another FRAUDULENT foreclosure by Wachovia) was NOT coincidental – nor was the associated denial of due process in denying Mr. Young legal representation to confront the onslaught of misdeeds.

Appropriately commissioned investigations will reveal a link between Wachovia and Morgan Stanley – and one which is known of with complete certainty is the close relationship between their respective CEOs – Bob Steel and John Mack, respectively, who are both Duke Trustees

Investigations will also reveal a link between the attorneys representing Paragon and Wachovia in these matters – to wit, David Warren and Dan Cahill of Poyner & Spruill, and Terri Gardner of Nelson Mullins – and there will also be revelations ultimately leading to a link with Kirkland & Ellis (most likely Andrew Clubok).

From: Spencer C. Young [mailto:spenceryounginvestments@hotmail.com]
Sent: Thursday, February 12, 2009 8:04 PM
To: 'dmelching@ncbar.gov'; 'smelvin@ncbar.gov'; 'redmondson@ncbar.gov'; 'dfrederick@ncbar.gov'; John Stumpf (John.Stumpf@wellsfargo.com)
Cc: Michael Young (michaelyoung2727@gmail.com); Kevin Young (kevin.young@duke.edu); Ryan Young (ryoung15@umd.edu); Field Agent Houston (charlotte.public@ic.fbi.gov); John Spears (john.spears@ic.fbi.gov); Maria Jocys (maria.jocys@ic.fbi.gov); Robert Mueller (robert.mueller@ic.fbi.gov)
Subject: Website Inquiry -- URGENT MATTER for The NC State Bar & WELLS FARGO

Mr. Young's older sons **Senior Officials at the North Carolina State Bar** **CEO of Wells Fargo Bank, parent company of Wachovia Bank** **The FBI**

To: *The North Carolina State Bar*

With this calibre of legal representation in the past, how could Mr. Young have suddenly been unable to retain local NC legal representation? It is preposterous to conclude this is anything other than an unlawful denial of due process.

I have been subjected to widespread criminal activities and extensive corruption by a group intending to prevent me from engaging legal counsel to represent an LLC in a voluntary Chapter 11 bankruptcy petition. By unlawfully denying me this fundamental right to legal due process, these criminals will bring an unlawfully orchestrated foreclosure to fruition, and complete an instance of Machiavellian grand larceny. This must be STOPPED and I need your IMMEDIATE assistance NOW.

The fact that I have been unable to engage an attorney for 2 ½ months should serve as prima facie evidence that "something is rotten in the state of Denmark",^[1] most especially if you take into account my background (see www.scyinv.com for particulars), and understand that I and my affiliated companies have been represented by top law firms in North Carolina (e.g., Womble Carlyle) and in New York (Cadwalader and also Dechert).

Specifically, I must engage a duly licensed North Carolina attorney to appeal/overturn a dismissal that was corruption-laden, predicated on falsehoods, instigated by an unethical attorney, and rendered by a judge, who was knowingly conflicted, and should have recused herself from the case.^[2] And the facts and circumstances are so compelling, overturning this dismissal should be a colloquial "walk in the park"; however, this appeal must be made on or before February 14, 2009, which I am informed is the deadline, pursuant to Rule 8002 of the Federal Rules of Bankruptcy Procedure.^[3]

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Ms. Crane at the NC State Bar responded with this feckless response, suggesting unfathomable incompetence or revealing a disturbing level of pervasive corruption:

From: Luella Crane [mailto:LCrane@ncbar.gov]
Sent: Friday, February 13, 2009 3:56 PM
To: spenceryounginvestments@hotmail.com
Subject: Legal Representation

Thank you for your email message and telephone call. As the regulatory agency for attorneys in North Carolina, we are unable to provide legal advice or represent members of the general public.

Luella C. Crane
The North Carolina State Bar
Director Attorney/Client Assistance
Fee Dispute Coordinator
919-828-4620
fax 919-834-8156

The below email was to a senior real estate partner at Womble Carlyle, who worked extensively on Mr. Young's real estate matters in North Carolina; however his behavior abruptly and inexplicably changed much like so many others.

-----Original Message-----

From: "Spencer C. Young" <SpencerCYoung@att.blackberry.net>
Date: Fri, 15 May 2009 14:50:40
To: <BMatthews@wsr.com>
Subject: **Your Refusal To Refer Me To Any Attorneys** . . .

This behavior by the attorney who closed on the purchase of ALL of Mr. Young's income producing properties in North Carolina is further evidence of widespread corruption and unethical behavior among an alarming number of attorneys

. . . Contradicts your earlier representations, and abruptly hanging up on me unprovoked is especially troubling.

Spencer

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-----Original Message-----

From: Spencer H Young

To: 'Luella Crane'

Cc: FBI - Charlotte Office

Cc: John Spears

Cc: Maria Jocys

Cc: Robert Mueller

Cc: Kevin Young

Cc: Michael Young

Cc: Ryan Young

Subject: Request For Better Guidance & Assistance ASAP

Sent: Feb 16, 2009 5:05 AM

To: Luella Crane - North Carolina State Bar

Luella -

Surely you can provide better guidance than that - for your statement: "we are unable to provide legal advice or represent members of the general public" is the same inculcation I was receiving from whomever I was able to speak with through your main phone number over the past few days. I don't understand how anyone could misinterpret my interrogatories as such.

It's as though I've suddenly entered The Twilight Zone, where in response to my greetings of: "How are you?", "What's your name?" or "Where are you from?" I get the same non sequitur: "No I am unable to tell you what time it is".

Luella, I am merely looking for assistance with what is most certainly germane to your responsibilities and mandate at the NC State Bar because six separate law firms behaved unethically by agreeing to represent the subject LLC in a Chapter 11 bankruptcy, and then resigned/withdrew without warning for spurious or otherwise unspecified reasons, and always with a critical deadline looming (e.g., foreclosure sale, hearing on motion, end of upset period). And I have been told by more than one of the other 50 attorneys contacted that extortive threats (e.g. "if you take this guy's case, there will be repercussions") have been circulated by certain people who are associated with what is colloquially referred to as the "Mack Mafia", bankrolled via barter. So we are dealing with activities that are not only unethical, they are ILLEGAL.

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Now let me make sure I understand your earlier feedback by using a **comparison of two hypothetical citizens:**

Citizen A snaps without warning and becomes a vicious and crazed gunman, who opens fire on innocents in a mall. The current U.S. Justice system immediately provides this scourge of society with an attorney, free of charge, pursuant to his Miranda rights;

VERSUS

Citizen B is a law-abiding family man with four sons, who is Ivy league educated with an advanced degree, and businessman with a strong track record in building successful businesses that create lots of jobs (see www.scyinv.com <<http://www.scyinv.com>> for more details); however, he has been the obvious victim of widespread criminal and corrupt efforts driven by GREED that have effectively **BLOCKED** him from engaging duly licensed counsel (who require an retainer ranging from \$25,000 to \$50,000 to start discussions), who **MUST**, as a matter of law, be engaged within 10 days, otherwise, those very criminals who procreated the problems are rewarded with a Machiavellian grand larceny that approaches \$10 million.

How can this be correct? - otherwise, there is gaping flaw in the U.S. Justice System that invites corruption in just two easy steps: (1) require Company A be represented by licensed legal counsel; (2) disseminate extortive threats to attorneys engaged by Company A so they will resign, and to others not yet engaged, so that they will decline engagement.

What am I missing here? Please advise ASAP, for if this travesty of justice is not countermanded, the resultant corruption-laden foreclosure will likely trigger a chain of events beyond my control that could very well leave all who depend on me for financial support, destitute - including my three collegiate sons (copied herein).

Since the deadline to appeal the dismissal of the LLC's Chapter 11 filing fell on a weekend (Sat. Feb. 14th) I have until the end of the day TODAY to submit the appeal - so I need meaningful and actionable assistance ASAP.

IMPORTANT NOTE: Luella Crane did NOT respond to this urgent plea for help, NOR did anyone else at the North Carolina State Bar and the numerous phone calls to the NC State Bar's office were exercises in futility -- hence the Chapter 11 filing was dismissed by a "conflicted" and seemingly corrupt Judge, thereby paving the way for Wachovia to **FRAUDULENTLY** foreclose on The Courtyard of Chapel Hill. This **FRAUDULENT CONVEYANCE** was made possible by what was the culmination of an audacious fraud, along with an astonishing array of commercial sabotage, and corruption at many levels