

1A

1/14/09

Spencer C. Young

From: Jim Hoose [jhoose@paragoncommercial.com]
Sent: Wednesday, January 14, 2009 10:28 AM
To: Spencer C. Young; Spencer C Young; Spencer C. Young
Subject: Acceptance of ACH transactions

Although Paragon had undertaken actions contrary to Mr. Young's interests, (first noted about the time Mr. Hoose joined Paragon nine months earlier), this email effectively "kicked off" the subject FRAUD.

Spencer,

This is a bold-face lie, as evidenced by the listing of all bank transactions since Nov. 1, 2008

You should have already received notice from our attorney, Lisa Sumner, confirming that, per your request, we have canceled the automatic draft for payment of your loan accounts from your checking account with Paragon. The last payments debited were for the month of December. Please be advised that your payments due January 10, 2008, for which you should have already received a billing, have not been debited from your account and are now past due. You need to remit payments to us for the four loan accounts. Please let me know if you need confirmation of the amount due. Per the terms of those notes, late fees will begin to accrue if not paid within 15 days of their due date so please forward payment within that time period to avoid the late fees.

False, contrived and an obviously corruption-laden conclusion

Additionally, over the last two months Paragon has received several returned ACH transactions that you originated to be debited from accounts of others and credited to your Paragon account. These returns represent an unacceptable risk to the Bank.

According to the terms of our ACH and Master Treasury Management Agreements, Paragon has elected to terminate our agreement allowing you to originate ACH

transactions. Please be advised that effective January 23rd, Paragon will no longer accept ACH transaction originated by you. You will need to make alternative arrangements for the processing of those transactions.

Paragon is aware virtually ALL banking transactions originated by Spencer C. Young Investments, Inc. are ACHs (including all Quicken Bill Pay transactions), therefore this is maliciously intended.

Lastly, an audit of our files indicates that we are missing current financial information from you and your related entities. Our agreement states that you agree to provide the Bank with current financial statement(s) certified by the Guarantor when requested, but at least annually. We are also to receive annual tax returns. Specifically, the last individual tax return on you that we have received was for the year 2005. Please forward your 2006 and 2007 returns to the Bank. The last tax return and financial statement on Spencer C Young Investments in our files was for the year ending 2004.

Please forward the returns for 2005, 2006 and 2007 to the Bank. We have not received any tax returns on Spencer C. Young Investments / The Pitt Stop of Durham. Please forward the 2006 and 2007 returns on that entity to the Bank.

Lastly, the latest rent roll received on the Durham property is from 2007. Per our

agreement rent rolls are to be provided at least annually. Please forward a current rent roll to the Bank for our review.

PARAGON COMMERCIAL BANK

Jim Hoose

Credit Administrator

Paragon Commercial Bank

3535 Glenwood Avenue

Raleigh, NC 27612

(919) 788-7770 Main Line

(919) 534-7384 Direct Line

(866) 357-9557 Direct Fax

(919) 270-4886 Mobile

www.paragoncommercial.com

jhoose@paragoncommercial.com

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1/20/09

Spencer C. Young

From: Spencer C. Young [spencercyounginvestments@hotmail.com]
 Sent: Tuesday, January 20, 2009 6:55 PM
 To: Bob Hatley (bhatley@paragoncommercial.com)
 Cc: Scott Jezierny (sjezierny@capossela.com); 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: Please Rescind Malicious Threat
 Attachments: Email - from JHoose - ACH Trans. - Jan. 20, 2009.pdf; Paragon - Bank Statement - Nov. 1, 2008 to Jan. 20, 2009.pdf

This email to Mr. Hatley exposes the proffered rationale behind the abrupt cancellation of the long-established ACH arrangements as false and baseless. And note that the FBI was concurrently alerted.

To: Bob Hatley – CEO – Paragon Commercial Bank

Bob –

I received an email on Jan. 14th from Jim Hoose (copy attached), where he represented the following:

"Over the last two months, Paragon has received several returned ACH transactions that you originated to be debited from the accounts of others and credited to your Paragon account. These returns represent an unacceptable risk to the Bank. According to the terms of our ACH and Master Treasury Management Agreements, Paragon has elected to terminate our agreement allowing you to originate ACH transactions"

As I have requested on many occasions, I will NO LONGER INTERACT with Jim Hoose as his chronically mendacious representations have destroyed his credibility. As noted by the attached, there is no truth whatsoever to Jim's statements and therefore the rationale behind terminating the ACH agreements are baseless, and suggest culpability in felonious corrupt activities, which I have put you on notice about before.

Please withdraw this malicious threat, after which I shall provide the requested information – as my accountant (copied herein) will attest, the tax returns have all been completed, and call for a noteworthy net refund, as expected. Their completion was delayed because I have been consumed with thwarting instances of fraud, racketeering, extortion, sabotage, corruption and antitrust activities of Morgan Stanley and Kirkland & Ellis, which you well know about.

If you choose to not reinstate this ACH agreement, your decision will speak volumes and render your information request moot. And until you finally "lose Hoose" from further interaction with me, I will continue to widely register my displeasure.

You will also note I have copied the FBI on this correspondence, as this baseless and seemingly perniciously intended action by Jim Hoose raises a host of concerns that they may find warrants investigation.

Sincerely,

Spencer

Spencer C. Young

President

Spencer C. Young Investments, Inc.

Exhibit XII - Fraud Element # 1

134 Meadowmont Village Circle
Chapel Hill, NC 27517

Office: 919-370-7544
Cell: 919-357-2844

Fax: 919-869-1817
Email: SpencerCYoungInvestments@hotmail.com

Account Detail: SYI Operating

The account information displayed is updated each morning after all transactions from the previous day have been processed.

Account Information Profile Transaction Detail Filter Transactions

Account Information Profile

Account Alias	SYI Operating
Currency Code	USD
Current Balance	\$20,608.04
Available Balance	\$20,608.04
Amount Last Interest Payment	\$0.00
Amount of Captured Float	\$0.00
Amount of Credits	\$31,794.32
Amount of Debits	\$19,095.71
Amount on Hold	\$0.00
Effective Date	1/16/2009
Interest Accrued Not Paid	\$0.00
Interest Accrued on Account	\$0.00
Interest Paid Last Year	\$0.00
Interest Paid on Account	\$0.00
Last Statement Balance	\$7,909.43
Last Statement Drop Date	12/31/2008
Number Credits Since Statement	8
Number Debits Since Statement	16
Available Balance	\$20,608.04

Note: These represent account balances as reported as of Jan. 20, 2008 @ 2:30 pm but seem to reflect only the transactions as of the close of business on the last prior business day.

Transaction Detail Display Running Balance

Date ▼	Transaction Type/ Description	Number	Amount	
			Debits	Credits
1/14/2009	End of Day Balance : \$20,608.04			
1/14/2009	ACCOUNT TRSF CREDIT Internet Transfer From XXXXX715			\$2,000.00
1/14/2009	ACH DEBIT Paragon Bank/ACH Offset		\$2,000.00	
1/14/2009	ACH DEBIT Paragon Bank/ACH Offset		\$2,000.00	
1/13/2009	End of Day Balance : \$22,608.04			
1/13/2009	ACH DEBIT ALLIED WASTE/BILL PAY		\$800.65	
1/9/2009	End of Day Balance : \$23,408.69			
1/9/2009	MISC DEBIT Internet Transfer to XXXXX715		\$5,000.00	
1/7/2009	End of Day Balance : \$28,408.69			
1/7/2009	MISC DEBIT ACH REJECT/ACCT FROZEN/BLISS BOUTIQUE		\$2,491.56	
1/7/2009	ACH DEBIT MEADOWMONT/DUES		\$320.00	

This ACH reversal is the ONLY reversal over the past two months (see ensuing pages listing all bank transactions for the past 2 1/2 months, and is based on a bankruptcy court order arising from an UNCONTESTED motion filed by Wachovia's Counsel, that Spencer C. Young was not advised of until after-the-fact.

Such an unreasonable and debilitating motion went uncontested for two reasons: (1) Bankruptcy law in NC mandates LLCs can only be represented by attorneys licensed in the applicable district of North Carolina; and (2) the LLC owning The Courtyard of Chapel Hill has been oddly unable to engage bankruptcy counsel.

Why has engaging bankruptcy counsel for this LLC been elusive? It is because operatives sponsored by Morgan Stanley and Kirkland & Ellis have tortiously intervened to intercept all such engagements. This way, the Chapter 11 pro se filing will be dismissed and Wachovia will proceed with their orchestrated foreclosure. Case in point: four separate duly licensed law firms agreed to represent this LLC, only to renege at the 11th hour on four separate occasions for entirely spurious reasons.

Other local bankruptcy counsel have confided that calls have been going around tortiously advising that they "steer clear of this matter if they know what's good for them". This is ILLEGAL.

Jim Hoose's Jan 14 email states "over the last two months, Paragon has received several returned ACH transactions that you originated to be debited from the accounts of others and credited to your Paragon account"

As evidenced by this listing of ALL bank transactions over the past 2 1/2 months, this is a BOLD-FACED LIE.

Therefore Paragon's decision to revoke all ACH privileges is false, contrived and corruption-laden.

Moreover, since Paragon is aware virtually ALL banking transactions originated by Spencer C. Young Investments, Inc. are ACHs (including all Quicken Bill Pay transactions), Paragon's intentions are clearly malicious.

Exhibit XII - Fraud Element # 1

NOTE: There are
NO Returned
ACH transactions
on this page.

1/7/2009	ACH DEBIT		\$9.95
	QUICKEN BILL PAY/BILL PAY		
1/6/2009	End of Day Balance : \$31,230.20		
1/6/2009	DEPOSIT		\$7,064.70
	DEPOSIT		
1/6/2009	ACH DEBIT		\$110.00
	BLUES OF NC/IND DRAFT		
1/5/2009	End of Day Balance : \$24,275.50		
1/5/2009	ACH CREDIT		\$1,950.00
	Paragon Bank/ACH Offset		
1/2/2009	End of Day Balance : \$22,325.50		
1/2/2009	DEPOSIT		\$6,502.58
	DEPOSIT		
1/2/2009	ACH CREDIT		\$6,500.70
	Paragon Bank/ACH Offset		
1/2/2009	ACH CREDIT		\$3,117.88
	Paragon Bank/ACH Offset		
1/2/2009	ACH CREDIT		\$2,491.56
	Paragon Bank/ACH Offset		
1/2/2009	ACH CREDIT		\$2,166.90
	Paragon Bank/ACH Offset		
1/2/2009	MISC DEBIT		\$3,000.00
	Internet Transfer to XXXXX715		
1/2/2009	MISC DEBIT		\$2,000.00
	WIRE OUT - Maria A. Young		
1/2/2009	ACH DEBIT		\$743.05
	ORANGE COUNTY TA/BILL PAY		
1/2/2009	ACH DEBIT		\$536.39
	ORANGE COUNTY TA/BILL PAY		
1/2/2009	SERVICE CHARGE		\$45.26
	ACCOUNT ANALYSIS SERVICE CHARGE		
1/2/2009	CHECK	9007	\$12.95
	CHECK		
1/2/2009	CHECK	9009	\$12.95
	CHECK		
1/2/2009	CHECK	9011	\$12.95
	CHECK		
12/31/2008	End of Day Balance : \$7,909.43		
12/31/2008	CHECK	9006	\$1,062.43
	CHECK		
12/31/2008	CHECK	1073	\$700.00
	CHECK		
12/31/2008	CHECK	1074	\$500.00
	CHECK		
12/31/2008	CHECK	1075	\$500.00
	CHECK		
12/31/2008	ACH DEBIT		\$364.64
	GMAC/BILL PAY		
12/31/2008	CHECK	9010	\$88.17
	CHECK		


Next Jump to Page: 1

Exhibit XII - Fraud Element # 1

NOTE: There are
NO Returned
ACH transactions
on this page.

Filter Selection Criteria

Enter filter criteria to view other account detail.

Account SYI Operating 
Date Range From: 11/01/2008 (mm/dd/yyyy) To: 01/20/2009
Amount Range From: To:
Number From: To:
View Only: Credits Debits Both Credits and Debits

Apply Filter

Reset to Defaults



NOTE: There are NO Returned ACH transactions on this page.

Account Detail: SYI Operating

The account information displayed is updated each morning after all transactions from the previous day have been processed.

[Account Information Profile](#) [Transaction Detail](#) [Filter Transactions](#)

Account Information Profile

Account Alias	SYI Operating
Currency Code	USD
Current Balance	\$20,608.04
Available Balance	\$20,608.04
Amount Last Interest Payment	\$0.00
Amount of Captured Float	\$0.00
Amount of Credits	\$31,794.32
Amount of Debits	\$19,095.71
Amount on Hold	\$0.00
Effective Date	1/16/2009
Interest Accrued Not Paid	\$0.00
Interest Accrued on Account	\$0.00
Interest Paid Last Year	\$0.00
Interest Paid on Account	\$0.00
Last Statement Balance	\$7,909.43
Last Statement Drop Date	12/31/2008
Number Credits Since Statement	8
Number Debits Since Statement	16
Available Balance	\$20,608.04

Transaction Detail Display Running Balance

Date ▼	Transaction Type/ Description	Number	Amount	
			Debits	Credits
12/31/2008	End of Day Balance : \$7,909.43			
12/31/2008	CHECK	9008	\$55.00	
	CHECK			
12/30/2008	End of Day Balance : \$11,179.67			
12/30/2008	ACH CREDIT			\$7,389.97
	AAA CAROLINAS/PAYABLES			
12/30/2008	ACH DEBIT		\$842.84	
	DUKE ENERGY-CARO/BILL PAY			
12/30/2008	ACH DEBIT		\$533.55	
	DUKE ENERGY-CARO/BILL PAY			
12/30/2008	ACH DEBIT		\$252.33	
	DUKE ENERGY-CARO/BILL PAY			
12/30/2008	ACH DEBIT		\$236.82	
	DUKE ENERGY-CARO/BILL PAY			
12/30/2008	ACH DEBIT		\$202.06	
	DUKE ENERGY-CARO/BILL PAY			
12/30/2008	ACH DEBIT		\$93.87	
	DUKE ENERGY-CARO/BILL PAY			

Exhibit XII - Fraud Element # 1

NOTE: There are
NO Returned
ACH transactions
on this page.

12/30/2008	ACH DEBIT DUKE ENERGY-CARO/BILL PAY		\$51.51
12/30/2008	ACH DEBIT DUKE ENERGY-CARO/BILL PAY		\$50.93
12/26/2008	End of Day Balance : \$6,053.61		
12/26/2008	ACH CREDIT HARRINGTON BANK/XFER		\$3,577.51
12/24/2008	End of Day Balance : \$2,476.10		
12/24/2008	CHECK CHECK	1072	\$669.00
12/19/2008	End of Day Balance : \$3,145.10		
12/19/2008	MISC DEBIT WIRE OUT - Maria A. Young		\$2,500.00
12/18/2008	End of Day Balance : \$5,645.10		
12/18/2008	CHECK CHECK	1118	\$300.00
12/17/2008	End of Day Balance : \$5,945.10		
12/17/2008	CHECK CHECK	1116	\$500.00
12/17/2008	CHECK CHECK	1117	\$500.00
12/15/2008	End of Day Balance : \$6,945.10		
12/15/2008	MISC DEBIT In #2147 payment		\$15,906.51
12/15/2008	CHECK CHECK	1115	\$1,352.56
12/12/2008	End of Day Balance : \$24,204.17		
12/12/2008	ACH DEBIT ALLIED WASTE/BILL PAY		\$800.65
12/12/2008	CHECK CHECK	1113	\$273.81
12/12/2008	CHECK CHECK	1114	\$150.00
12/11/2008	End of Day Balance : \$25,428.63		
12/11/2008	ACH DEBIT CHASE/EPAY		\$3,729.58
12/11/2008	ACH DEBIT BARCLAYCARD US/CREDITCARD		\$3,457.21
12/10/2008	End of Day Balance : \$32,615.42		
12/10/2008	MISC DEBIT Internet Transfer to XXXXX715		\$5,000.00
12/10/2008	MISC DEBIT Internet Transfer to XXXXX715		\$4,000.00
12/10/2008	MISC DEBIT In #3857 payment		\$2,856.39
12/10/2008	MISC DEBIT In #3714 payment		\$319.44
12/10/2008	ACH DEBIT MEADOWMONT/DUES		\$310.00
12/9/2008	End of Day Balance : \$45,101.25		
12/9/2008	POS DEBIT ELECTRONIC/POS TRANS 795258 BRIXX CHAPEL HILL CHAP		\$17.99
12/8/2008	End of Day Balance : \$45,119.24		
12/8/2008	MISC DEBIT WIRE OUT - Maria A. Young		\$3,000.00

Exhibit XII - Fraud Element # 1

Jump to Page: 2

NOTE: There are
NO Returned
ACH transactions
on this page.

Filter Selection Criteria

Enter filter criteria to view other account detail.

Account SYI Operating

Date Range From: 11/01/2008 (mm/dd/yyyy) To: 01/20/2009

Amount Range From: _____ To: _____

Number From: _____ To: _____

View Only: Credits Debits Both Credits and Debits

NOTE: There are
NO Returned
ACH transactions
on this page

Account Detail: SYI Operating

The account information displayed is updated each morning after all transactions from the previous day have been processed.

Account Information Profile Transaction Detail Filter Transactions

Account Information Profile

Account Alias	SYI Operating
Currency Code	USD
Current Balance	\$20,608.04
Available Balance	\$20,608.04
Amount Last Interest Payment	\$0.00
Amount of Captured Float	\$0.00
Amount of Credits	\$31,794.32
Amount of Debits	\$19,095.71
Amount on Hold	\$0.00
Effective Date	1/16/2009
Interest Accrued Not Paid	\$0.00
Interest Accrued on Account	\$0.00
Interest Paid Last Year	\$0.00
Interest Paid on Account	\$0.00
Last Statement Balance	\$7,909.43
Last Statement Drop Date	12/31/2008
Number Credits Since Statement	8
Number Debits Since Statement	16
Available Balance	\$20,608.04

Transaction Detail Display Running Balance

Date ▼	Transaction Type/ Description	Number	Amount	
			Debits	Credits
12/8/2008	End of Day Balance : \$45,119.24			
12/8/2008	REVERSAL - DEBIT CHARGE BACK		\$2,400.00	
12/8/2008	REVERSAL - DEBIT CHARGE BACK		\$2,400.00	
12/8/2008	POS DEBIT ELECTRONIC/POS TRANS 000060 NORDSTROM 751 DURHAM N		\$572.18	
12/8/2008	POS DEBIT ELECTRONIC/POS TRANS 000060 NORDSTROM 751 DURHAM N		\$34.16	
12/5/2008	End of Day Balance : \$53,525.58			
12/5/2008	CHECK CHECK	1070	\$500.00	
12/5/2008	CHECK CHECK	1069	\$500.00	
12/5/2008	ACH DEBIT BLUES OF NC/IND DRAFT		\$114.00	
12/4/2008	End of Day Balance : \$54,639.58			
12/4/2008	ACH DEBIT		\$12.44	

Note: These are bounced
rental checks from a tenant
and NOT ACH transactions

Exhibit XII - Fraud Element # 1

NOTE: There are NO Returned ACH transactions on this page.

	QUICKEN BILL PAY/BILL PAY		
12/3/2008	End of Day Balance : \$54,652.02		
12/3/2008	DEPOSIT		\$13,567.28
	DEPOSIT		
12/3/2008	ACH CREDIT		\$7,077.26
	AAA CAROLINAS/PAYABLES		
12/3/2008	CHECK	1071	\$2,000.00
	CHECK		
12/3/2008	ACH DEBIT		\$743.05
	ORANGE COUNTY TA/BILL PAY		
12/3/2008	ACH DEBIT		\$536.39
	ORANGE COUNTY TA/BILL PAY		
12/2/2008	End of Day Balance : \$37,286.92		
12/2/2008	CHECK	1068	\$700.00
	CHECK		
12/1/2008	End of Day Balance : \$37,986.92		
12/1/2008	MISC CREDIT		\$17,368.95
	rev In #2147 payment partial		
12/1/2008	ACH CREDIT		\$6,500.70
	Paragon Bank/ACH Offset		
12/1/2008	ACH CREDIT		\$3,117.88
	Paragon Bank/ACH Offset		
12/1/2008	ACH CREDIT		\$2,491.56
	Paragon Bank/ACH Offset		
12/1/2008	ACH CREDIT		\$2,166.90
	Paragon Bank/ACH Offset		
12/1/2008	MISC DEBIT		\$17,368.95
	loan #2147 payment (remainder)		
12/1/2008	MISC DEBIT		\$1,462.44
	In #2147 payment (partial)		
12/1/2008	SERVICE CHARGE		\$13.33
	ACCOUNT ANALYSIS SERVICE CHARGE		
11/28/2008	End of Day Balance : \$25,185.65		
11/28/2008	ACH CREDIT		\$9,361.93
	Paragon Bank/ACH Offset		
11/28/2008	ACH CREDIT		\$7,141.85
	AAA CAROLINAS/PAYABLES		
11/28/2008	ACH CREDIT		\$3,577.51
	HARRINGTON BANK/XFER		
11/28/2008	ACH DEBIT		\$364.64
	GMAC/BILL PAY		
11/26/2008	End of Day Balance : \$5,469.00		
11/26/2008	DEPOSIT		\$4,800.00
	DEPOSIT		
11/26/2008	MISC CREDIT		\$697.00
	transfer fr x7715		
11/26/2008	MISC CREDIT	1067	\$669.00
	Rev: CHECK		
11/26/2008	MISC CREDIT		\$28.00
	Rev: Overdraft/NSF Charge # 1067		

Jump to Page: 3

Exhibit XII - Fraud Element # 1

NOTE: There are
NO Returned
ACH transactions
on this page.

Filter Selection Criteria

Enter filter criteria to view other account detail.

Account SYI Operating

Date Range From: 11/01/2008 (mm/dd/yyyy) To: 01/20/2009

Amount Range From: _____ To: _____

Number From: _____ To: _____

View Only: Credits Debits Both Credits and Debits

Apply Filter

Reset to Defaults



NOTE: There are
NO Returned
ACH transactions
on this page.

Account Detail: SYI Operating

The account information displayed is updated each morning after all transactions from the previous day have been processed.

[Account Information Profile](#) [Transaction Detail](#) [Filter Transactions](#)

Account Information Profile

Account Alias	SYI Operating
Currency Code	USD
Current Balance	\$20,608.04
Available Balance	\$20,608.04
Amount Last Interest Payment	\$0.00
Amount of Captured Float	\$0.00
Amount of Credits	\$31,794.32
Amount of Debits	\$19,095.71
Amount on Hold	\$0.00
Effective Date	1/16/2009
Interest Accrued Not Paid	\$0.00
Interest Accrued on Account	\$0.00
Interest Paid Last Year	\$0.00
Interest Paid on Account	\$0.00
Last Statement Balance	\$7,909.43
Last Statement Drop Date	12/31/2008
Number Credits Since Statement	8
Number Debits Since Statement	16
Available Balance	\$20,608.04

Transaction Detail Display Running Balance

Date ▼	Transaction Type/ Description	Number	Amount	
			Debits	Credits
11/26/2008	End of Day Balance : \$5,469.00			
11/26/2008	NSF FEE		\$28.00	
	Overdraft/NSF Charge # 1067			
11/25/2008	End of Day Balance : -\$697.00			
11/25/2008	CHECK	1067	\$669.00	
	CHECK			
11/25/2008	NSF FEE		\$28.00	
	Overdraft/NSF Charge # 1067			
11/17/2008	End of Day Balance : \$0.00			
11/17/2008	MISC DEBIT		\$21,367.91	
	In #2147 partial payment			
11/13/2008	End of Day Balance : \$21,367.91			
11/13/2008	ACH DEBIT		\$800.65	
	ALLIED WASTE/BILL PAY			
11/13/2008	ACH DEBIT		\$112.21	
	ALLIED WASTE/BILL PAY			
11/12/2008	End of Day Balance : \$22,280.77			
11/12/2008	ACH CREDIT			\$1,440.00

Exhibit XII - Fraud Element # 1

NOTE: There are
NO Returned
ACH transactions
on this page.

11/12/2008	Paragon Bank/ACH Offset		\$764.00
	ACH CREDIT		
	Paragon Bank/ACH Offset		
11/10/2008	End of Day Balance : \$20,076.77		
11/10/2008	ACH DEBIT		\$6,400.00
	Paragon Bank/ACH Offset		
11/10/2008	MISC DEBIT		\$5,000.00
	Internet Transfer to XXXXX715		
11/10/2008	MISC DEBIT		\$3,394.71
	Loan payment		
11/10/2008	CHECK	1059	\$2,000.00
	CHECK		
11/10/2008	MISC DEBIT		\$386.11
	LN #3714 PAYMENT		
11/10/2008	POS DEBIT		\$342.39
	ELECTRONIC/POS TRANS 001 VZWRLSS IVRDEBIT VISE FOL		
11/10/2008	ACH DEBIT		\$310.00
	MEADOWMONT/DUES		
11/6/2008	End of Day Balance : \$37,909.98		
11/6/2008	ACH DEBIT		\$12.44
	QUICKEN BILL PAY/BILL PAY		
11/5/2008	End of Day Balance : \$37,922.42		
11/5/2008	ACH DEBIT		\$114.00
	BLUES OF NC/IND DRAFT		
11/4/2008	End of Day Balance : \$38,036.42		
11/4/2008	DEPOSIT		\$6,502.58
	DEPOSIT		
11/4/2008	CHECK	1112	\$2,741.66
	CHECK		
11/4/2008	CHECK	1062	\$604.02
	CHECK		
11/4/2008	CHECK	1054	\$500.00
	CHECK		
11/4/2008	CHECK	1055	\$500.00
	CHECK		
11/4/2008	CHECK	1063	\$402.25
	CHECK		
11/4/2008	ACH DEBIT		\$276.83
	DUKE ENERGY-CARO/BILL PAY		
11/4/2008	ACH DEBIT		\$269.38
	DUKE ENERGY-CARO/BILL PAY		
11/4/2008	ACH DEBIT		\$109.88
	DUKE ENERGY-CARO/BILL PAY		
11/4/2008	ACH DEBIT		\$46.70
	DUKE ENERGY-CARO/BILL PAY		
11/4/2008	ACH DEBIT		\$42.28
	DUKE ENERGY-CARO/BILL PAY		
11/4/2008	ACH DEBIT		\$41.68
	DUKE ENERGY-CARO/BILL PAY		
11/4/2008	ACH DEBIT		\$26.38
	AT&T / BELLSOUTH/BILL PAY		

Jump to Page:

Exhibit XII - Fraud Element # 1

NOTE: There are NO Returned ACH transactions on this page.

Account Detail: SYI Operating

The account information displayed is updated each morning after all transactions from the previous day have been processed.

Account Information Profile Transaction Detail Filter Transactions

Account Information Profile

Account Alias	SYI Operating
Currency Code	USD
Current Balance	\$20,608.04
Available Balance	\$20,608.04
Amount Last Interest Payment	\$0.00
Amount of Captured Float	\$0.00
Amount of Credits	\$31,794.32
Amount of Debits	\$19,095.71
Amount on Hold	\$0.00
Effective Date	1/16/2009
Interest Accrued Not Paid	\$0.00
Interest Accrued on Account	\$0.00
Interest Paid Last Year	\$0.00
Interest Paid on Account	\$0.00
Last Statement Balance	\$7,909.43
Last Statement Drop Date	12/31/2008
Number Credits Since Statement	8
Number Debits Since Statement	16
Available Balance	\$20,608.04

Transaction Detail Display Running Balance

Date ▼	Transaction Type/ Description	Number	Amount	
			Debits	Credits
11/4/2008	End of Day Balance : \$38,036.42			
11/4/2008	ACH DEBIT DUKE ENERGY-CARO/BILL PAY		\$25.56	
11/4/2008	ACH DEBIT DUKE ENERGY-CARO/BILL PAY		\$25.34	
11/3/2008	End of Day Balance : \$37,145.80			
11/3/2008	DEPOSIT			\$7,064.70
11/3/2008	DEPOSIT			\$6,500.70
11/3/2008	ACH CREDIT Paragon Bank/ACH Offset			\$3,117.88
11/3/2008	ACH CREDIT Paragon Bank/ACH Offset			\$2,491.58
11/3/2008	ACH CREDIT Paragon Bank/ACH Offset			\$2,166.90
11/3/2008	ACH CREDIT Paragon Bank/ACH Offset			\$2,166.90
11/3/2008	CHECK CHECK	1060	\$775.45	

Exhibit XII - Fraud Element # 1

NOTE: There are
NO Returned
ACH transactions
on this page.

11/3/2008	ACH DEBIT		\$743.05
	ORANGE COUNTY TA/BILL PAY		
11/3/2008	ACH DEBIT		\$536.39
	ORANGE COUNTY TA/BILL PAY		
11/3/2008	CHECK	1061	\$117.59
	CHECK		
11/3/2008	SERVICE CHARGE		\$22.50
	ACCOUNT ANALYSIS SERVICE CHARGE		

Jump to Page: 5

Filter Selection Criteria

Enter filter criteria to view other account detail.

Account SYI Operating

Date Range From: 11/01/2008 (mm/dd/yyyy) To: 01/20/2009

Amount Range From: To:

Number From: To:

View Only: Credits Debits Both Credits and Debits

1C

1/20/09

Spencer C. Young

From: Bob Hatley [bhatley@paragoncommercial.com]
Sent: Tuesday, January 20, 2009 10:23 PM
To: spenceryounginvestments@hotmail.com
Cc: sjezierny@capossela.com; charlotte.public@ic.fbi.gov; john.spears@ic.fbi.gov; maria.jocys@ic.fbi.gov; robert.mueller@ic.fbi.gov; Matt Davis; Jim Hoose
Subject: Re: Please Rescind Malicious Threat

NOTE: Mr. Hatley ignored responding to the exposed BOLD-face lies, which were cited by Mr. Hoose as the basis for cancelling the ACH Agreements

Jim Hoose is conducting business as instructed by management of Paragon.

If you do not wish to work with Jim I strongly suggest that you payoff all loans with Paragon, close your accounts and select any bank that will treat you in the manner that you feel you deserve.

Jim Hoose is your contact with Paragon.

Under the circumstances, Mr. Hatley knew this was not feasible, which underscores the malicious intention behind the action, and why he is dangerous to the general public

Sent from my BlackBerry Wireless Handheld

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

From: Spencer C. Young <spenceryounginvestments@hotmail.com>
To: Bob Hatley
Cc: Scott Jezierny <sjezierny@capossela.com>; 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>
Sent: Tue Jan 20 18:55:07 2009
Subject: Please Rescind Malicious Threat

To: Bob Hatley – CEO – Paragon Commercial Bank

Bob –

I received an email on Jan. 14th from Jim Hoose (copy attached), where he represented the following:

"Over the last two months, Paragon has received several returned ACH transactions that you originated to be debited from the accounts of others and credited to your Paragon account. These returns represent an unacceptable risk to the Bank. According to the terms of our ACH and Master Treasury Management Agreements, Paragon has elected to terminate our agreement allowing you to originate ACH transactions"

As I have requested on many occasions, I will NO LONGER INTERACT with Jim Hoose as his chronically mendacious representations have destroyed his credibility. As noted by the attached, there is no truth whatsoever to Jim's statements and therefore the rationale behind terminating the ACH agreements are baseless, and suggest culpability in felonious corrupt activities, which I have put you on notice about before.

Please withdraw this malicious threat, after which I shall provide the requested information – as my accountant (copied herein) will attest, the tax returns have all been completed, and call for a noteworthy net refund, as expected. Their completion was delayed because I have been consumed with thwarting instances of fraud, racketeering, extortion, sabotage,

This document further exposes Paragon's malicious intentions, and is prophetically explicit.

Date: Jan. 21, 2009
To: Bob Hatley – CEO, Paragon Commercial Bank
From: Spencer Young – President, Spencer C. Young Investments, Inc.





Your response to my message yesterday evaded my questions and suggested something you very well know is not feasible at this point.

I provided you with irrefutable evidence (your own bank statements) proving the reasons for canceling ACH agreements were fabricated. Moreover, by blocking the receipt and deposit of tenant rental remittances from *The Pit Stop of Durham*, you have not reduced, but rather increased the credit risk to your bank. The bottom line is your reasons are boldface lies and your rationale is patently absurd -- you know it, I know and anyone with half a brain about banking and credit risk management knows it.

I want to go on record that your action is baseless, and absolutely irrational from a banking and credit risk perspective – ergo, it is seemingly sinister – for it appears you are trying to prevent the good faith deposit of monies in order to orchestrate a fraudulent loan default.

I hereby request that you cease and desist from such activities.

Tax Lien Release // MVC Acct // Historical Bank Stmtns // Fabricated ACH Cancellation // Paragon's ACH Debacle // And Other Matters

From:  **Spencer Young**
(SpencerCYoungInvestments@hotmail.com)
Sent: Tue 2/10/09 6:11 PM
To:  Carol Horton
(chorton@paragoncommercial.com)
Cc:
Bob Hatley (bhatley@paragoncommercial.com); Martin Borden
(MBorden@Paragoncommercial.com); Robert Mueller (robert.mueller@ic.fbi.gov);
Maria Jocys (maria.jocys@ic.fbi.gov); Agent Houston (charlotte.public@ic.fbi.gov);
John Spears (john.spears@ic.fbi.gov); Michael Young
(michaelyoung2727@gmail.com); Kevin Young (kevin.young@duke.edu); Ryan
Young (ryoung15@umd.edu)

This responds to Carol Horton's questions but covers many other important topics, and should be read in its entirety.

- 1) As indicated previously, the lien was released on Friday -- Rob B. McLamb of Durham said he faxed it to Paragon on Friday
- 2) Who is responsible for erroneously placing the lien on my MVC acct?
- 3) Yes advise of cost and timing
- 4) I don't understand what you're getting at with regard to the ACH's. Here's what happened:
 - A). Hoose advised of cancelling the ACH agreement "citing bank risk from excessive returns over the past two months" I pointed out in an email to Bob Hatley that there was NO TRUTH WHATSOEVER to this statement and his rationale was egregiously flawed, and asked Bob for reconsideration, which he disrespectfully obviated any response.
 - B) I was suddenly blocked from processing ACH's online, which was especially untimely and caused me tremendous inconvenience, and nearly became a basis for dismissing a pending case that would have cost me anywhere from \$3 million to \$9 million.
 - C) Jim Hoose informed me that all scheduled ACH's were cancelled as of late January, so I made arrangements with another bank.
 - D) There was NO TRUTH to Jim Hoose's representation in item "C" above -- as a result, certain tenants' rent payments were duplicated, causing needless confusion and frustration. The amounts were reversed elsewhere, so no ACH's should be reversed on the Paragon end.
 - E) I asked Jim Hoose for a letter of apology for Paragon's error, that would convey a willingness to recompense those who incurred bank charges due to Paragon's error. To date, I have not received such a letter.

Paragon's FRAUDULENT basis for cancelling the ACH arrangements was again exposed here -- for in abruptly cancelling this agreement, Paragon blocked the receipt and deposit of rental income remittances from Mr. Young's commercial tenants.

[Redacted]