

Exhibit XII - Fraud Element # 11

PARAGON
COMMERCIAL BANK

4/1/09

Document A

April 1, 2009

Mr. Spencer C. Young
Spencer C. Young Investments, Inc.
Spencer C. Young Investments / The Courtyard of Chapel Hill LLC
Spencer C. Young Investments / Meadowmont Village Condo of Chapel Hill LLC
134 Meadowmont Village Circle
Chapel Hill, NC 27517-7516

This action was taken with premeditated malicious intent, so as to overwhelm Spencer Young, thereby enabling Paragon to perpetuate their FRAUDULENT declaration of default on ALL of Mr. Young's mortgage loans

Re: Closure of deposit accounts

Dear Mr. Young;

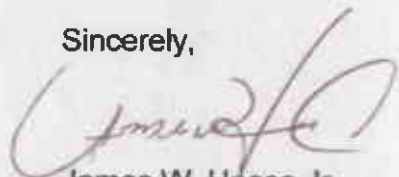
Per my correspondence to you of February 12, 2008, Paragon Commercial Bank has closed all of your deposit accounts with us effective today. Any transactions that attempt to post to these accounts will be returned "Account Closed". Please do not attempt to issue any more checks, debit transactions or any other activity on these accounts as they will be rejected.

Additionally, due to the default on your notes, Paragon Commercial Bank has elected to exercise its right of offset against the remaining balances in these accounts. These funds have been applied to the balance due on your accounts as follows:

<u>Deposit account no.</u>	<u>Amount</u>	<u>Applied to loan no.</u>
16535	\$18,356.22	3714
17715	\$4,110.18	2346
3857	404.50	3857

Please note that after the application of these funds the above notes remain in default. Paragon's exercise of its right of offset does not alter our demand for full payment of the remaining balance now due on the note.

Sincerely,



James W. Hoose Jr.
Senior Vice President
3535 Glenwood Ave, Raleigh, NC 27612
(919) 534-7384 Cell: (919) 270-4886 Fax: (866) 357-9557

As there was in fact NO default on ANY of Mr. Young's Notes, and Paragon's declaration of default was a complete and utter FRAUD, Paragon had NO RIGHT of offset, and their absconding with roughly \$23,000 of Mr. Young's funds on deposit was an instance of GRAND LARCENY THEFT.

CC: Lisa Summer
Poyner Spruill LLP
301 Fayetteville Street, Suite 1900
PO Box 1801
Raleigh, NC 27602

Paragon Commercial Bank
3535 Glenwood Avenue, Raleigh, NC 27612
(919) 788-7770

PARAGON COMMERCIAL BANK

Exhibit XII - Fraud Element # 11

THE BANK FOR BUSINESS

3535 Glenwood Avenue
Raleigh, NC 27612

TP50D
4/1/09

ACCOUNT ANALYSIS

PAGE 1

Document B

CLOSEOUT OF ACCT.

000001-1-0001
SPENCER C YOUNG INVESTMENTS INC
134 MEADOWMONT VILLAGE CIR
CHAPEL HILL NC 27517-7516

Questions?
Please call
(800) 837-1059

Though Paragon continues to be a very strong financial institution, many are interested in having greater FDIC coverage. Paragon has a program that can increase your FDIC coverage on CDs up to \$50 million. It is a perfect time to consolidate all your deposit accounts to Paragon for a safe and competitive return.

Account Summary	Account Type	Account Number	Statement Date	Branch ID
	SPENCER C YOUNG INVESTMENTS INC	0000016535	4/01/09	001

ACCOUNT ANALYSIS				
	Beginning Balance	4/01/09	18,465.13	
	Deposits / Misc Credits	0	.00	
	Withdrawals / Misc Debits	2	18,465.13	
	** Ending Balance	4/01/09	.00	**
	Service Charge		108.91	
	Interest Paid Thru 4/01/09		.00	
	Interest Paid Year To Date		.00	
	Average Balance		0	
	Average Collected Balance		0	
	Minimum Balance		0	
	Average Rate / Cycle Days		.00000 / 1	

MISC. DEBITS	Date	Deposits	Withdrawals	Activity Description
	4/01		18,356.22	DEBIT MEMO - closeout
	4/01		108.91	ACCOUNT ANALYSIS SERVICE CHARGE

DAILY BALANCE SUMMARY	Date	Balance	Date	Balance	Date	Balance
	4/01	.00				

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SPENCER C YOUNG INVESTMENTS INC

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MISC. DEBITS	Date	Deposits	Withdrawals	Activity Description
	3/13		800.65	ALLIED WASTE/BILL PAY
	3/20		3,000.00	WIRE OUT - Maria A. Young
	3/31		364.64	GMAC/BILL PAY

CHECKS	Date	Chk No.	Amount	* indicates skip in check numbers					
	Date	Chk No.	Amount	Date	Chk No.	Amount	Date	Chk No.	Amount
	3/24	1085	669.00						

DAILY BALANCE SUMMARY	Date	Balance	Date	Balance	Date	Balance
	3/02	13,882.12	3/10	14,406.87	3/24	4,937.22
	3/05	13,662.17	3/12	9,406.87	3/30	18,829.77
	3/06	14,726.87	3/13	8,606.22	3/31	18,465.13
	3/09	19,406.87	3/20	5,606.22		

4/1/09 *504*

THE BANK FOR BUSINESS
3535 Glenwood Avenue
Raleigh, NC 27612

CONSUMER GOLD MONEY MKT

PAGE 1

Document C

CLOSE-OUT OF ACCT.

000004-1-0001
SPENCER C YOUNG
134 MEADOWMONT VILLAGE CIR
CHAPEL HILL NC 27517-7516

Questions?
Please call
(800) 837-1059

Though Paragon continues to be a very strong financial institution, many are interested in having greater FDIC coverage. Paragon has a program that can increase your FDIC coverage on CDs up to \$50 million. It is a perfect time to consolidate all your deposit accounts to Paragon for a safe and competitive return.

Account Summary	Account Type	Account Number	Statement Date	Branch ID
	SPENCER C YOUNG	0000262162	4/01/09	001

CONSUMER GOLD MONEY MKT	Beginning Balance	4/01/09	404.50
	Deposits / Misc Credits	0	.00
	Withdrawals / Misc Debits	1	404.50
	** Ending Balance	4/01/09	.00 **
	Service Charge		.00
	Average Balance		0
	Average Collected Balance		0
	Minimum Balance		0

MISC. DEBITS	Date	Deposits	Withdrawals	Activity Description
	4/01		404.50	CLOSING ENTRY

DAILY BALANCE SUMMARY	Date	Balance	Date	Balance	Date	Balance
	4/01	.00				

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4/26/09 MVC
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THE BANK FOR BUSINESS

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ACCOUNT ANALYSIS

3535 Glenwood Avenue
Raleigh, NC 27612

PAGE 1

CLOSE-OUT
OF ACCT.

000002-1-0001
SPENCER C YOUNG INVESTMENTS/MEADOWMONT
VILLAGE CONDO OF CHAPEL HILL LLC
134 MEADOWMONT VILLAGE CIR
CHAPEL HILL NC 27517-7516

Questions?
Please call
(800) 837-1059

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Account Summary	Account Type	Account Number	Statement Date	Branch ID
	SPENCER C YOUNG INVESTMENTS/MEADOWMONT	0000017715	4/02/09	001

ACCOUNT ANALYSIS				
	Beginning Balance	4/01/09	4,120.13	
	Deposits / Misc Credits	0	.00	
	Withdrawals / Misc Debits	2	4,120.13	
	** Ending Balance	4/02/09	.00	**
	Service Charge		.00	
	Interest Paid Thru 4/02/09		.00	
	Interest Paid Year To Date		.00	
	Average Balance		5	
	Average Collected Balance		5	
	Minimum Balance		0	
	Average Rate / Cycle Days		.00000 / 2	

MISC. DEBITS	Date	Deposits	Withdrawals	Activity Description
	4/01		4,110.18	DEBIT MEMO-closeout

ATM TRANSACTION SUMMARY	Date	Deposits	Withdrawals	Location
	4/02		9.95	ELECTRONIC/POS TRANS 000000 CCBill.com *Meta Inter 888-5969279 AZ

DAILY BALANCE SUMMARY	Date	Balance	Date	Balance	Date	Balance
	4/01	9.95	4/02	.00		