

EVIDENCE OF FRAUD & WRONGFUL ACCELERATION

Exhibit XII - Element of Fraud # 19

D. GRAND LARCENY – AGGRESSIVELY SEEKING TO FORECLOSE ON PROPERTIES WITH SIGNIFICANT EQUITY, PREDICATED ON PATENTLY FRAUDULENT DECLARATIONS OF DEFAULT WOULD YIELD A THEFT OF STABILIZED NET EQUITY OF \$6.3 MILLION

1. **TPSoD – BASED ON LEASES RECENTLY WRITTEN, THE STABILIZED NET EQUITY IS \$4.0 MILLION**

a) **FMV – BASED ON A RENTAL RATE OF \$20/SQ. FT. AND A MARKET CAP RATE OF 7.5%, YIELDS A FAIR MARKET VALUE OF APPROXIMATELY \$8.0 MILLION**

b) **DEBT – THE TPSOD MORTGAGE AND LOC AGGREGATE TO \$4.0 MILLION**

2. **MVC MORTGAGE – BASED ON THE MOST RECENT SALE OF THE SAME SIZED CONDO IN MEADOWMONT AND CURRENT MORTGAGE INDICATES NET EQUITY OF \$264,000**

a) **FMV – COMPARABLE SALE PRICE OF \$525,000**

b) **DEBT – THE MVC MORTGAGE IS \$261,000**

3. **TCoCH Lots Mortgage – THE VALUE OF THESE LOTS IN THE CONTEXT OF PERMANENTLY RESOLVING THE PARKING SITUATION THROUGH COMPLIMENTARY VALET PARKING INDICATES AN INCREASE IN FAIR VALUE WELL IN EXCESS OF \$2 MILLION**

E. MALICIOUS INTENTIONS – KNOWINGLY TRYING TO DEPRIVE YOUNG A LIVELIHOOD, INTENDING TO CAUSE UNIMAGINABLE PAIN AND SUFFERING TO THE MEMBERS OF YOUNG'S EXTENDED FAMILY WHO HAVE LONG BEEN DEPENDENT ON HIM FOR FINANCIAL SUPPORT

F. UNETHICAL BEHAVIOR – YOUNG HAS HERETOFORE BEEN UNABLE TO ENGAGE LEGAL COUNSEL TO DEFEND THE BARRAGE OF BOGUS LEGAL PROCEEDINGS INSTIGATED BY PARAGON'S FRAUD AND WRONGFUL ACCELERATION DUE TO THREATS AND OTHER FORMS OF DURESS EXERCISED AGAINST PROSPECTIVE ATTORNEYS, WHICH HAVE BEEN ATTRIBUTED TO POYNER & SPRULL.

NC LEGAL AID SOC

NC BAR ASSOC.

NC STATE BAR

Exhibit XII - Proforma Net Worth of Complainant Element of Fraud #19

Below is the Proforma Net Worth of Mr. Young prepared in Spring 2008 and submitted to Martin Borden, his banker at Paragon. Had Paragon delivered on the Recapitalization as promised – or at the very least, the \$250,000 over-collateralized line of credit – Mr. Young would have had the necessary liquidity at the time continue building value at his income producing properties, and avoid the maelstrom of negative credit events that ensued instead.

As a result of Paragon’s failure to deliver as promised in 2008, and engaging in CRIMINAL FRAUD throughout 2009, what should have been a net worth of \$39 million at this point, Paragon’s Machiavellian form of grand larceny threatens to wipe this out completely – and this is by design, pursuant to directives in the “far more significant matter” that “crosses state lines”.

Personal Financial Statement – Spencer C. Young
Proforma Post Recapitalization
Spring 2008

(\$000's)	Balances	Subtotals
<i>Cash, Marketable Securities & Receivables</i>		
➤ Working Capital	250	
➤ Morgan Stanley Partnership Investments	332	
➤ Marketable Securities	500	
➤ Rent Receivables	982	
➤ Due from Property Managers	627	
➤ Collections Allowance (15%)	(241)	
		2,200
<i>Real Estate</i>		
➤ The Courtyard of Chapel Hill (“TCoCH”)	11,760	
➤ The Pit Stop of Durham (“TPSoD”)	7,745	
➤ Remaining TCoCH Redevelopment	1,000	
➤ Remaining TPSoD Redevelopment	200	
➤ Meadowmont Village Condo (“MVC”)	525	
➤ MVC Condo Annex	440	
		21,670
<i>Other Assets</i>		
➤ Morgan Stanley (10% of Claim)	25,000	
➤ Comm. Receivables (Non-Real Estate)	750	
➤ Furniture, Equipment & Automobiles	90	
		25,840
<i>Total Assets</i>		49,710
<i>Payables</i>		
➤ Trade Payables	100	
		100
<i>Mortgage Debt</i>		
➤ Paragon Commercial Bank / TPSoD	3,905	
➤ Wachovia Bank / TCoCH	2,621	
➤ Incremental Loan Per Recapitalization	2,600	
➤ Paragon Commercial Bank / Valet Lots	781	
➤ Paragon Commercial Bank / MVC	269	
➤ Paragon Line of Credit	100	
		10,276
<i>Net Worth</i>		39,334

4/1/09

Exhibit XII - Element of Fraud # 19

COMMERCIAL BANK

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

4/2/09

Exhibit XII - Elements of Fraud #19

Document D

PARAGON COMMERCIAL BANK

APR 11 2009

RECEIVED

April 2, 2009

Note the gap in dates

Mr. Spencer C. Young
Spencer C. Young Investments Inc.
134 MEADOWMONT VILLAGE CIR
CHAPEL HILL NC 27517-7516

This fraudulent and corruption-motivated action is an attempt to unlawfully deprive Mr. Young of his last remaining source of income, knowing that doing so will prevent him from providing financial support to the many who have long been dependent on him, including: (1) his ex-wife who is battling pancreatic cancer; (2) his 83 year old mother; (3) his three collegiate sons; (4) his fiancée; and (5) his one-year old son. Bob Hatley, Jim Hoose and Martin Borden know this reality, which in addition to being criminals, qualifies them as esurient MONSTERS, who are seemingly devoid of a conscience.

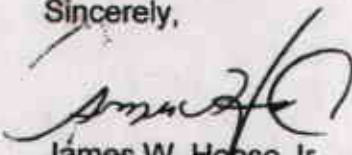
Re: Assignment of Rents

Dear Mr. Young;

Under the terms of the Assignment of Leases, Rents and Profits dated December 14, 2004 and recorded in Book 4640, Page 930, Durham County Registry (the "Assignment"), Paragon Commercial Bank ("Paragon") has elected to exercise its right to collect all rents received from the real property consisting of 4.42 acres located at the intersection of Highways 54 and 55, Durham County, NC known as the "Pitt Stop". Be advised that we have notified each of the tenants listed as occupying the premises on the latest rent role you provided us to forward their rental payments directly to us effective immediately.

Per the terms of the Assignment we hereby demand that any rental or lease payments that you receive be turned over to Paragon immediately upon receipt for application to your notes.

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

CC: David M. Warren
Poyner Spruill LLP
301 Fayetteville Street, Suite
1900 (27601)
Post Office Box 1801
Raleigh, NC 27602

As there was NEVER a default, but RATHER a FRAUD, Paragon had NO RIGHT WHATSOEVER to make such an election, nor demand

Note the delays orchestrated in a SINISTER manner by Paragon:
- 3/25/09 - All of Mr. Young's Tenants were notified by hand-delivered letter
- 4/2/09 - The date of this letter notifying Mr. Young.
- 4/11/09 - The date this letter was ACTUALLY RECEIVED by Mr. Young