

## Exhibit XII

### Evidence Supporting Each Element of FRAUD

#	Element	Evidentiary Documents	Pgs.
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As noted in Spencer C. Young’s Letter to NC Leadership, in the section titled “**The Elements of FRAUD**”, there have been **TWENTY elements of FRAUD** committed by the Perpetrators, and this Exhibit contains the “smoking gun” evidence of each Element of FRAUD, as summarized below, and followed by the evidentiary documents.

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<b>1</b>	<p><b>Abruptly Rejecting the Receipt and Deposit of Rent Remittances from Tenants</b></p> <hr/> <p>These documents show Paragon’s actions to be baseless and intended to orchestrate a default</p>	A. 1/14/09 email from JHoose to SYoung titled: Acceptance of ACH Transactions;	1-2
		B. 1/20/09 email from SYoung to BHatley titled: Please Rescind Malicious Threat;	3-17
		C. 1/20/09 email from BHatley to SYoung in response to email titled: Please Rescind Malicious Threat;	18
		D. 1/21/09 memo from SYoung to BHatley demanding he cease and desist from FRAUD	19
		E. 2/10/09 email from SYoung to CHorton titled: Paragon’s ACH Debacle;	20

<b>2</b>	<p><b>Deliberately Ignoring Instructions to Apply Funds to Ensure All Loans Were Current</b></p> <hr/> <p>These documents show Paragon fraudulently fabricated the illusion of a default</p>	A. 2/6/09 email from SYoung to JHoose titled: Late Loan Payments	1
		B. 2/10/09 email from SYoung to JHoose titled: Your Intentions are Fraudulent & Malicious	2-3
		C. 2/11/09 memo from SYoung to BHatley reiterating that ALL loans be brought current	4
		D. 2/27/09 Paragon Bank Statement for Spencer C. Young Investments, Inc.	5-7

<b>3</b>	<p><b>Wiring Monies Out Without a Legitimate Reason, Nor Authorization</b></p> <hr/> <p>These documents show Paragon had ignored specific instructions to keep all loans current</p>	A. 2/10/09 email from SYoung to CHorton titled: Paragon’s ACH Debacle;	1
		B. 2/10/09 email from SYoung to JHoose titled Your Intentions are Fraudulent & Malicious	2-3
		C. 2/11/09 memo from SYoung to BHatley that the ACH deposits NOT be reversed	4
		D. 2/27/09 Paragon Bank Statement for Spencer C. Young Investments, Inc.	5-7

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<b>4</b>	<p><b>Declaring Maliciously Orchestrated and Entirely FRAUDULENT Monetary Defaults</b></p> <hr/> <p>In the context of the preceding evidence, these documents show that the Notice of Default was based entirely on the orchestrated Fraud perpetrated by Paragon</p>	A. 2/24/09 Letter from JHoose to SYoung titled: Notice of Default and Intent to Accelerate [re: the TCoCH Valet Lots Mtge.]	1
		B. 2/25/09 memo from SYoung to BHatley in response to atlas7	2
		C. Default of Graham St. Loan	
		D. 3/3/09 Letter from JHoose to SYoung titled: Notice of Default and Intent to Accelerate [re: the TPSoD Mtge. and Line of Credit]	3
		E. 3/3/09 Letter from JHoose to SYoung titled: Notice of Default and Intent to Accelerate [re: the MVC Mtge.]	4
		F. 3/6/09 memo from SYoung to BHatley in response to Fraudulent Default of ALL Paragon Loans	5
<b>5</b>	<p><b>Making Meritless Accelerated Demands for Payment in Full</b></p> <hr/> <p>Since the loan accelerations were based on entirely fabricated, and therefore Fraudulent defaults, the demands for payment in full were without merit, and maliciously intended</p>	A. 3/12/09 Letter from DWarren to SYoung titled: Loan No. 3857 in the original amt. of \$791,000;	1-2
		B. 3/13/09 memo from SYoung to BHatley in response to Fraudulent Acceleration of the Graham St. Loan	3
		C. 3/18/09 Letter from DWarren to SYoung titled: Loan No. 2147 in the orig. amt. of \$3,936,000;	4-5
		D. 3/18/09 Letter from DWarren to SYoung titled: Loan No. 3714 in the original amt. of \$100,000;	6-7
		E. 3/18/09 Letter from DWarren to SYoung titled: Loan No. 2346 in the original amt. of \$276,000;	8-9
		F. 3/20/09 memo from SYoung to BHatley in response to Fraudulent Acceleration of ALL Paragon Loans	10

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<b>6</b>	<p><b>Embezzling Income Through FRAUDULENT Exercise of Assignment of Rents</b></p> <p>The subject loans were NOT in default, so he exercise an assignment of rents was a FRAUD, and intended to cause emotional distress</p>	A. 3/25/09 Letter from JHoose hand-delivered to ALL of Mr. Young's tenants (this particular one was sent to the President of AAA Care Care)	1
		B. 4/2/09 Letter from JHoose to SYoung titled: Assignment of Rents	2
		C. 4/15/09 Email from Mr. Young to one of Mr. Young's tenants (Ronnie Lloyd of Colonial Tire)	3-4
		D. 4/15/09 Email from Mr. Young to his ex-wife and his mother re; implications of the criminal acts of Paragon and Poyner & Spruill	5-6
		E. 4/28/09 email from Mr. Young to his tenants, exposing the FRAUD, along with context	7-11
<b>7</b>	<p><b>Undermining Property Value by Disrupting Property Operations and Commerce</b></p> <p>These are the documents that were hand delivered by Jim Hoose of Paragon to Mr. Young's commercial tenants, which caused consternation, confusion and uncertainty, thereby disrupting commerce at the subject property</p>	A. 3/25/09 Letter to Tenant (Whipz n Chainz) hand-delivered by JHoose in a threatening manner	1
		B. 3/25/09 Letter to Tenant (Precision Tune) hand-delivered by JHoose in a threatening manner	2
		C. 3/25/09 Letter to Tenant (Chosun Ok) hand-delivered by JHoose in a threatening manner	3
		D. 3/25/09 Letter to Tenant (Baba Ghannouj) hand-delivered by JHoose in a threatening manner	4
		E. 3/25/09 Letter to Tenant (AAA Car Care) hand-delivered by JHoose in a threatening manner	5
		F. 3/25/09 Letter to Tenant (54 West Bar & Grill) hand-delivered by JHoose in a threatening manner	6
		G. 3/25/09 Letter to Tenant (Colonial Tire & Automotive) hand-delivered by JHoose in a threatening manner	7
		H. 3/25/09 Letter to Tenant (Spice & Curry) hand-delivered by JHoose in a threatening manner	8
		I. 4/2/09 Email from JHoose to Mr. Young advising Paragon's FRAUD-based election to exercise the Assignment of Rents	9

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8	<b>Defaming Property Owner With Outrageous Lies, and Threatening Tenants</b>	A. Example 3/25/09 Letter from JHoose to each Tenant [Note: these letters were sent to each and every tenant of <i>The Pit Stop of Durham</i> , as noted it # 7]	1
	These documents portrayed Mr. Young as financially irresponsible and threatened each tenant	B. Example 4/9/09 Letter from DWarren to each Tenant [Note: these letters were sent to each and every tenant of <i>The Pit Stop of Durham</i> , as noted it # 7]	2
9	<b>Reducing Property Values by Interfering with Leasing &amp; Collection Activities</b>	A. Emails exchanged with AAA Auto Care in 12/08 concerning leasing adjacent Unit K at <i>The Pit Stop of Durham</i>	1-6
	These documents show the leasing Paragon's malicious fraud undermined. The net effect was a loss of rental income totaling \$263,000, whose revenue stream represented an incremental value ranging from \$3.3 million and \$3.5 million	B. 1/22/09 email and Letter of Intent to Dutch Bros. Coffee Shop concerning leasing Unit I at <i>The Pit Stop of Durham</i>	7-16
	C. Executed Letter of Intent to lease Unit I at <i>The Pit Stop of Durham</i> with La Tropicale Catering which was being revisited during the first quarter of 2009	17-20	
	D. Email and Letter of Intent exchanged with Bobby's Salon in January 2009 concerning leasing Unit J at <i>The Pit Stop of Durham</i>	21-31	
	E. Email and Letter of Intent exchanged with Bobby's Salon in February 2009 concerning leasing Unit J at <i>The Pit Stop of Durham</i>	32-41	
	F. Lease sent to Bobby's Salon for execution on March 10, 2009 concerning leasing Unit J at <i>The Pit Stop of Durham</i>	42-83	
	G. Email from Bobby's Salon on in Feb 17, 2009 indicating its intent to lease Unit J at <i>The Pit Stop of Durham</i>	84	
	H. Email to Bobby's Salon on Mar. 20, 2009 inquiring why they never executed and returned the lease for Unit J sent to them on Mar. 10, 2009	85	
	I. 3/3/09 email and Letter of Intent to Broker for Japanese Restaurant concerning taking over the Unit I at <i>The Pit Stop of Durham</i>	86-98	
	J. Email and Letter of Intent sent to The Pit Bar & Grill on Mar 19, 2009 concerning leasing Units B, C & D at <i>The Pit Stop of Durham</i>	99-112	

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#	Element	Evidentiary Documents	Pgs.
		K. Email, Letter of Intent and Lease sent to The Pit Bar & Grill on Mar 24, 2009 concerning leasing Units B, C & D at <i>The Pit Stop of Durham</i>	113-126
		L. Lease sent to The Pit Bar & Grill for execution on March 27, 2009 concerning leasing Units B, C & D at <i>The Pit Stop of Durham</i>	127-171
		M. Capitalized Value of Leases Queered by Paragon's FRAUD	172
10	<p><b>Closing Bank Accounts with Malicious Intent</b></p> <hr/> <p>This document reflects Paragon's abrupt closure of Mr. Young's deposit accounts in support of their FRAUD</p>	A. 4/1/09 Letter from JHoose to SYoung titled: "Closure of deposit accounts"	1
11	<p><b>Stealing Monies on Deposit from Bank Accounts</b></p> <hr/> <p>These documents show Paragon's absconding with the funds in Mr. Young's deposit accounts, constituting criminal felonies of embezzlement and grand larceny</p>	<p>A. 4/1/09 Letter from JHoose to SYoung titled: "Closure of deposit accounts"</p> <p>B. 4/1/09 Bank Statement for <i>The Pit Stop of Durham</i>, reflecting the FRAUD-based absconding with funds in the amount of \$18,356</p> <p>C. 4/1/09 Bank Statement for <i>Spencer C. Young</i>, reflecting the FRAUD-based absconding with funds in the amount of \$405</p> <p>D. 4/1/09 Bank Statement for <i>Meadowmont Village Condo</i>, reflecting the FRAUD-based absconding with funds in the amount of \$4,110</p>	<p>1</p> <p>2-3</p> <p>4</p> <p>5</p>

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12	<p><b>Misapplying Funds in the Derelict Administration of Loans</b></p> <hr/> <p>This document is self-explanatory</p>	A. <u>Monthly Billing</u> for the \$100,000 line of credit dated Apr. 24, 2009, reflecting the misapplication of funds to pay down the principal on this loan instead of applying to service the monthly debt of ALL four of Mr. Young's loans.	1
13	<p><b>Preventing Engagement of Legal Counsel in Efforts for Deprive Rights to Due Process</b></p> <hr/> <p>These documents show the extensive level of corruption employed to prevent Mr. Young from engaging local real estate counsel, thereby paving the way for Paragon to proceed with their FRAUD-based foreclosures <u>uncontested</u>.</p>	<p>A. <u>Grievance filed against Buzzy Stubbs to The NC State Bar</u>, including detailed supporting documents</p> <p>B. <u>The NC State Bar's Response to the Grievance filed against Buzzy Stubbs</u> – a six month delay, whereby questions were asked, which indicated the 68 page grievance was NOT read -- in light of this absurd delay and complete lack of responsiveness, Mr. Young chose not to file similar grievances against the other seven attorneys who also abruptly quit after a short time period</p> <p>C. <u>5/15/09 email to Bill Matthews of Womble Carlyle</u> – requesting a referral to legal counsel which he suddenly refused to do, despite earlier promises to provide such assistance. [Note the same odd reaction was received from other legal counsel – e.g., Kyle Hall, Esq.</p> <p>D. <u>Communications with the NC State Bar and Accompanying Documents</u> – alerting them about being denied the right to legal representation' along with implored requests for help – which was NOT provided whatsoever.</p> <p>E. <u>Motion For Entry of Default</u> – Superior Court – 09-CVS-8798 – 6/10/09</p> <p>F. <u>Entry Of Default</u> – Superior Court – 09-CVS-8798 – 6/25/09 – (received 7/2/09)</p>	<p>1-68</p> <p>69</p> <p>70</p> <p>71-90</p> <p>91-93</p> <p>94-96</p>

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<b>14</b>	<p><b>Wasting Taxpayer Monies with Intimidation Tactics</b></p> <p>These documents describe and evidence the extensive and completely unnecessary use of the Orange County Sheriff to intimidate Mr. Young</p>	A. <u>Introduction</u> – Provides context to how intimidation tactics were employed against Mr. Young using over-the-top resources of the Orange County Sheriff’s office	1
		B. <u>Affidavit</u> – submitted by Sargent R.A. Simpson of the the Orange County Sheriff’s office, attesting to the extensive and unnecessary utilization of the County’s resources, citing accompanying duplicative documents	2
		C. <u>Examples of the Duplicative Documents</u> – delivered multiple times to Mr. Young	3-5
<b>15</b>	<p><b>Secretly Accelerating the FRAUD-Induced Appointment of a Receiver</b></p> <p>These documents show how Paragon and Poyner &amp; Spruill collaborated with judges to accelerate the appointment of a Receiver without ever having to prove there was in fact a default on the subject notes while denying Mr. Young from presenting evidence that show all proceedings to be a FRAUD.</p>	A. <u>Complaint &amp; Motion for Appointment of a Receiver</u> – Superior Court – 09-CVS-8798 – 5/4/09	1-12
		B. <u>Emergency Motion for Appointment of Receiver</u> – Superior Court – 09-CVS-8798 – 5/8/09	13-18
		C. <u>Cover letter of Ex Parte Documents received two business days before hearing</u> – May 11, 2009	19
		D. <u>Order Shortening Time and Notice of Hearing</u> Superior Court – 09-CVS-8798 – 5/11/09 (Executed)	20-22
		E. <u>Order Shortening Time and Notice of Hearing</u> Superior Court – 09-CVS-8798 – 5/11/09	23-25
		F. <u>Summary of Key Points for Ex Parte Hearing</u> which Spencer Young was precluded from defending (Denial of Right to Due Process / Loans NOT in default)	26-29

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16	<b>Denying Reasonable Requests for Adequate Time to Engage Counsel</b>	A. <u>May 15, 2009 Motion for Continuance</u> for additional time to engage representative legal counsel pertaining to <b>Ex Parte</b> (i.e. accelerated or rushed ) <b>Motion to appoint a Receiver</b> , predicated on Paragon's FRAUDULENTLY declared default – this was granted albeit for only two weeks	1
	These documents show requests were made for time to engage legal counsel – these were denied or granted for such a significantly shortened period that it had essentially the same effect as a denial	B. <u>May 29, 2009 Motion for Continuance</u> for additional time to engage representative legal counsel pertaining to <b>Ex Parte</b> (i.e. accelerated or rushed ) <b>Motion to appoint a Receiver</b> , predicated on Paragon's FRAUDULENTLY declared default – <u>the request to Aug, 15<sup>th</sup> was rejected</u> although it was pointed out the Plaintiffs tortiously interfered in Young's engagement of legal counsel.	2
		C. <u>May 26, 2009 Motion for Continuance</u> for additional time to engage representative legal counsel pertaining to <b>Motion to Hear Foreclosure Complaint on The Pit Stop of Durham</b> , -- this was effectively rejected, and the formal adversarial hearing was accelerated. – thereby giving the impression that additional time was granted, when in effect the hearings were accelerated.	3
		D. <u>May 26, 2009 Motion for Continuance</u> for additional time to engage representative legal counsel pertaining to <b>Motion to Hear Foreclosure Complaint on The Valet parking lots for The Courtyard of Chapel Hill</b> , -- this was effectively rejected outright	4

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<b>17</b>	<p><b>Orchestrating “Kangaroo” Court Proceedings</b></p> <p>The documents pertain to a series of court proceedings where Paragon did not have to prove there were in fact monetary defaults on all four loans, other than to submit an affidavit by one of the Primary Perpetrators of this audacious FRAD – to wit, James Hoose. And Mr. Young was prevented from presenting the overwhelming evidence that showed the Defaults to ALL be FRAUDULENT.</p>	A. <u>Letter Reiterating Notice of a Fraudulent Default on MVC Condo Mortgage – April 15, 2009</u>	1-2
		B. <u>Letter Reiterating Notice of a Fraudulent Default on TCoCH Lots Mortgage – April 15, 2009</u>	3-4
		C. <u>Special Proceeding Notice On TCoCH Lots Mortgage – Apr. 20, 2009</u>	5
		D. <u>Notice of Hearing on Foreclosure of Deed of Trust – TCoCH Lots Mtge - Superior Court – 09-SP-643 – 4/20/09</u>	6-10
		E. <u>Notice of Hearing on Foreclosure of Deed of Trust – MVC Mtge - Superior Court – 09-SP-____ – 4/20/09</u>	11-14
		F. <u>Amended Notice of Hearing on Foreclosure of Deed of Trust – MVC Mtge - Superior Court – 09-SP-643 – 5/28/09</u>	15-18
		G. <u>Order Appointing Receiver - Superior Court – 09-CVS-8798– 6/1/09</u>	19-27
<b>18</b>	<p><b>Carrying Out Illegitimate and Uncontested Foreclosure Sales</b></p> <p>These documents reflect many of the hearings and proceedings that were aggressively moved forward uncontested because Mr. Young was blocked from hiring legal counsel, and therefore unable to present overwhelming evidence of Paragon’s FRAUD</p>	A. <u>Notice of Hearing on Foreclosure of Deed of Trust – TPSoD Mtge - Superior Court – 09-SP-643 – 4/20/09</u>	1-8
		B. <u>Special Proceedings Notice – Spencer C. Young Investments, Inc.</u>	9
		C. <u>Notice of Hearing on Foreclosure of Deed of Trust – TPSoD Mtge - Superior Court – 09-SP-643 – 4/20/09 (Note Delay in Receiving Notice)</u>	10-17
		D. <u>Notice of Hearing on Foreclosure of Deed of Trust – TCoCH Valet Lots - Superior Court – 09-SP-153 – 4/20/09 (Note Delay)</u>	18-25
		E. <u>Notice of Foreclosure Sale – TPSoD – 6/24/09</u>	26-29
		F. <u>Report of Foreclosure Sale – TPSoD – 7/23/09</u>	30
		G. <u>Amended Notice of Foreclosure Sale - MVC – 10/2/09</u>	31-32
		H. <u>Amended Notice of Foreclosure Sale - MVC – 11/18/09</u>	33-34

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<b>19</b>	<b>Committing Grand Larceny Theft</b>	A. <u>Notes Used for FRAUD-based Hearings in May 2009</u> – these summarize the estimated dollar amount of equity stolen via the subject FRAUD-based foreclosures	1
	These documents reflect the substantial amount of grand larceny perpetrated against Mr. Young – the intent being to wipe him out so he will not be able to pursue his substantial civil claims, and lead the prosecution effort.	B. <u>Proforma Net Worth of Spencer C. Young as of Spring 2008</u> – Note that this excludes the impact of the extensive Fraud, Corruption and Commercial Sabotage directed at Mr. Young that threatens to wipe out his entire net worth.	2
		C. <u>Apr. 1, 2009 Letter from Jim Hoose</u> – this documents the amount of funds Paragon wrongfully and FRAUDULENTLY absconded with – hence another instance of Grand Larceny.	3
		D. <u>Apr.. 2, 2009 Letter from Jim Hoose</u> - announcing FRAUD-based and therefore unlawful diversion of ALL of Mr. Young’s income	4
<b>20</b>	<b>Undertaking Actions Intending to Cause Homelessness, Destitution and Death</b>	A. <u>Context to Larger Matter at Hand</u> – the email which explains “MoprganStanleyGate” and the dire effects it has had on Mr. Young’s family	1-2
	These documents reveal Paragon’s malicious intent for in creating stress and homelessness to Mr. Young’s 83 yr old mother and 53 yr old ex-wife, who have a heart condition and cancer, respectively they have sought to hasten their death.	B. <u>4/15/09 Email from Mr. Young to variouis family members</u> – advising them the most recent acts of Paragon (and Poyner & Spruill) have deprived him of his only remaining income, and therefore will be unable to provide financial support until this gets resolved.	3
		C. <u>Emails Exchanged Between Mr. Young and his Oldest Son in Jun &amp; Jul 2009</u> – which reflect the dysfunction created by the acts of Paragon and others	4-5