

## Spencer C. Young

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**From:** Spencer C. Young [SpencerCYoungInvestments@hotmail.com]  
**Sent:** Wednesday, March 12, 2008 3:13 AM  
**To:** 'Banks Hunter'  
**Cc:** David Stephens (dstephens@hunterandassoc.com); Mary Langdon (mlangdon@hunterandassoc.com); Beth Glover; Martin Borden (mborden@paragoncommercial.com); John Gist (john@benjaminconstruction.com); Jonathan Wolk (jwolk@centrepoinpa.com); Sam DiFranco (Sam@trianglecommercial.com); Kurt Bland (kbland@blandlandscaping.com)  
**Subject:** **Rent Receivables - Your Response To My Inquiries About Noted Irregularities**  
**Attachments:** Hunter's Response to Irregularities - Feb. 26, 2008.pdf; header.htm

Banks –

I am responding to how you addressed the many irregularities noted in the discharge of Hunter & Associates management of rents receivable for *The Pit Stop of Durham* and *The Courtyard of Chapel Hill*. Your reply (attached) was effectively non-responsive jabberwocky.

At best, you merely offered broad-brushed pontifications that dismissed clearly articulated indictments – ergo, your reply circumvented reality. For example, you proclaimed “Hunter & Associates is billing each tenant in accordance to the terms of the lease agreements”, and then provided me with an inch and half data dump of GIGO ledgers – by this I mean: “Garbage In Garbage Out”. It is obvious you never bothered to look at the detailed rent ledger financial models I sent you for each and every tenant – past and present.

The facts remain:

[1]

- Every tenant rent receivable ledger I sent you (hereinafter “TRRL”) was audited by a CPA ;
- Each TRRL was verified with the cash general ledgers Hunter & Associates provided and reconciled with the operative bank statements;
- Each TRRL was calculated based on the provisions of each and every lease;
- Every lease was individually examined and a diverse range of formulae and algorithms were developed to properly calculate late charges and interest, pursuant to each and every lease, and these were all provided to you for your examination – here’s a sample formula for the calculation of a late charge: “=IF(D53="Yes",MAX(\$J\$77,J53\*\$J\$78),IF((P52+L53)<0,0,MAX(\$J\$77,MIN(J53,(P52+L53))\*\$J\$78)))” -- and one for the calculation of interest: “=IF((N43+P42)<0,0,(N43+P42)\*\$F\$77/12)“
- The GIGO ledgers you dumped on me confirm the fact that Hunter NEVER charged a late fee, nor interest – and this is despite the fact that some tenants paid rent at the end of each month, or not at all
- Your staff has recently confirmed late fees and interest are in fact NOT charged, and rent increases based on CPI-U are regularly missed or otherwise miscalculated;
- Your staff has volunteered your software is incapable of doing so, and that you have no alternative manual procedures to ameliorate this egregious shortcoming
- You and your staff referred to Marjean Benton as the chief financial officer (a/k/a “CFO”), and she herself confirmed her role as such. She came on board and then mysteriously left in a jiffy, with no announcement whatsoever

- You said there were only two tenants for whom you were mistakenly paying their utility bills from my bank account, and that these utilities are now being paid directly by each tenant. To this I retort: “What planet are you from? Hello? I discovered your error after I personally conducted a review, noting nearly a year of such screw ups, and then being out of pocket \$15,000 +. . . and had I not done an account by account audit of the Duke Energy bills, this would have gone on ad infinitum;
- And most importantly . . . ***Roughly \$1 million of valid rent receivables remain uncollected.*** These amounts are absolutely collectible – for instance, I met with Spice & Curry, and after granting concessions for obvious screw ups by Hunter, I collected \$40,000 on the spot. Moreover, to suggest that Spice & Curry suddenly started sending checks to the wrong address is patently insulting (to them and to me), and severely calls into question your self-professed “integrity”. As Spice & Curry was tired of having to hand deliver their rent check each month and have Hunter & Associates sign a receipt, they eagerly signed up for the automated draft from their account for both their restaurant and their grocery store, which worked like a charm.

In your letter, you boldly professed you’ve “been in the commercial real estate business for over nineteen years representing clients with the utmost integrity and professionalism.” While the aforesaid clearly indicates otherwise, your cowardly gesture of resigning in response to my inquiries about the many noted irregularities underscores how truly clueless (or deceitful) you may be. I did in fact rely on Hunter & Associates to professionally manage my commercial properties, and as a result, I have incurred substantial reputational and pecuniary damages.

As I find your response utterly incredulous and evasive, this information will be forwarded to the FBI and the appropriate District Attorney’s offices in their investigation of improprieties and illicit business practices sponsored by Morgan Stanley and carried out via operatives – and should Hunter be so implicated, the consequences will be dire.

Sincerely,

*Spencer*

**Spencer C. Young**

President

**Spencer C. Young Investments, Inc.**

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**P.S.** I was knocked out for a week with a respiratory condition that confounded the medical experts, thereby delaying my response herein.

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**From:** Banks Hunter [mailto:bankshunter@hunterandassoc.com]

**Sent:** Wednesday, February 27, 2008 10:06 AM

**To:** 'Spencer C. Young'

**Cc:** 'David Stephens'; 'Mary Langdon'; 'Beth Glover'

**Subject:** The Courtyard of Chapel Hill, The Pit top of Durham

3/12/2008

Spencer,

Please find attached a response letter on above mentioned properties that you will receive along with attachments today by overnight mail. Please call us should you have any questions. Thanks.

Banks A. Hunter, CCIM  
Hunter and Associates  
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Everything was ticked and tied with the exception of the allocation of Duke Energy bills because Hunter made no distinction between TICAM allocable and non-allocable utility costs – ergo reasonable estimates were made and adjustments were employed.