



NEWS RELEASE

OFFICE OF ATTORNEY GENERAL HENRY McMASTER
STATE OF SOUTH CAROLINA

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Contact: Mark Plowden
803-734-3670
mplowden@ag.state.sc.us

Former Thaxton Securities Broker Indicted on Ten Counts

Columbia, S.C. – Attorney General Henry McMaster announced today that James T. Garrett, Jr., 51, former securities broker of Thaxton Group, Inc., residing at 1732 Maryland Avenue in Charlotte, N.C., was indicted on Thursday, December 15, 2005, by the State Grand Jury, on ten (10) criminal counts to include Securities Fraud and Conspiracy.

If convicted on all counts, Garrett could face ninety-five (95) years in prison and over \$455,000 in fines for his role in the Thaxton Group collapse.

A bond hearing in Richland County, before Judge Reginald Lloyd, has not yet been scheduled.

Beginning in or about October 1999, to in or about October 2003, the indictments allege that Garrett knowingly and willfully deceived and defrauded investors in the sale and offer of securities. Counts two (2) through nine (9) of the indictment allege Garrett defrauded victims of investments greater than \$20,000.

The indictment alleges that Garrett did knowingly and willfully violate the following laws:

Count One – Securities Fraud

This felony count in the indictment is punishable by ten (10) years imprisonment and a fine up to \$50,000. S.C. Code § 35-1-1210(3)

Count Two – Securities Fraud

This felony count in the indictment is punishable by ten (10) years imprisonment and a fine up to \$50,000. S.C. Code § 35-1-1210(2)

Count Three – Securities Fraud

This felony count in the indictment is punishable by ten (10) years imprisonment and a fine up to \$50,000. S.C. Code § 35-1-1210(2)

Count Four – Securities Fraud

This felony count in the indictment is punishable by ten (10) years imprisonment and a fine up to \$50,000. S.C. Code § 35-1-1210(2)

Count Five – Securities Fraud

This felony count in the indictment is punishable by ten (10) years imprisonment and a fine up to \$50,000. S.C. Code § 35-1-1210(2)

Count Six – Securities Fraud

This felony count in the indictment is punishable by ten (10) years imprisonment and a fine up to \$50,000. S.C. Code § 35-1-1210(2)

Count Seven – Securities Fraud

This felony count in the indictment is punishable by ten (10) years imprisonment and a fine up to \$50,000. S.C. Code § 35-1-1210(2)

Count Eight – Securities Fraud

This felony count in the indictment is punishable by ten (10) years imprisonment and a fine up to \$50,000. S.C. Code § 35-1-1210(2)

Count Nine – Securities Fraud

This felony count in the indictment is punishable by ten (10) years imprisonment and a fine up to \$50,000. S.C. Code § 35-1-1210(2)

Count Ten – Conspiracy

This felony count in the indictment is punishable by five (5) years imprisonment and a fine up to \$5,000. S.C. Code § 16-17-410

Thaxton Group, Inc. was a Lancaster-based diversified financial services company engaged in the origination and servicing of direct consumer loans made to credit-impaired borrowers.

In South Carolina alone, approximately fifteen hundred (1,500) investors lost a total of over \$50 million. According to the indictment, many of these investors lost their investments due to Garrett's alleged unlawful conduct.

Attorney General McMaster stressed that all defendants are presumed innocent until and unless they are proven guilty in a court of law. Agents of the State Law Enforcement Division, working with the Attorney General's Office and the state grand jury, have investigated this case.

Indictment available online at: <http://www.scattorneygeneral.com/newsroom/pdf/garrett.pdf>

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