

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 57085 / January 2, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-12917

In the Matter of

JAMES T. GARRETT, JR.,

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against James T. Garrett, Jr. (“Garrett” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Garrett, 53 years old, is a resident of Charlotte, North Carolina. He was the president, general securities principal and FINOP of Carolinas First Investments, Inc. ("Carolinas First").

2. Carolinas First was a broker dealer registered with the Commission and with its principal place of business in Charlotte, North Carolina. The firm derived approximately 90% of its revenue from sales of subordinated notes issued by a South Carolina consumer loan company and from providing management services related to the note sales. On November 26, 2003, Carolinas First filed a Form BDW to withdraw its broker dealer registration. The withdrawal became effective in January 2004.

3. On June 15, 2007, Garrett pled guilty to nine counts of securities fraud in violation of Sections 35-1-1210(2), 35-1-1210(3) and 35-1-1590 of the South Carolina Code of Laws, before the Circuit Court of Charleston County, South Carolina, in State v. James T. Garrett, Jr., Case No. 2005-GS-47-31. On June 15, 2007, Garrett was sentenced to eight years in prison, suspended to five years of probation on the condition that he pay restitution of \$75,500 to eight investors named in his indictment. Garrett's sentence further provided that his probation period would be decreased to two years once the restitution was paid. He was also barred from selling securities. Garrett has paid the restitution and is now serving his two years of probation.

4. The counts of the indictment to which Garrett pled guilty alleged, inter alia, that Garrett defrauded investors and obtained money by means of materially false and misleading statements or omissions.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Garrett's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act that Respondent Garrett be, and hereby is barred from association with any broker or dealer.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a

customer, whether or not related to the conduct that served as the basis for the Commission order;
and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct
that served as the basis for the Commission order.

By the Commission.

Nancy M. Morris
Secretary