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PRESS RELEASE

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Maryland Man Pleads Guilty to Securities Fraud, Operated a Ponzi Scheme That Caused About $25 Million in Losses

Investment Scam Ran From 2006 to 2010, Then Collapsed

WASHINGTON - Garfield M. Taylor, 55, of Rockville, Md., pled guilty today to a securities fraud charge stemming from operating a Ponzi scheme that resulted in investors losing approximately $25 million that they invested with Taylor and companies he controlled.

The plea was announced by Principal Assistant U.S. Attorney Vincent H. Cohen Jr., Valerie Parlave, Assistant Director in Charge of the FBI's Washington Field Office, and Chester A. McPherson, Interim Commissioner of the District of Columbia Department of Insurance, Securities, and Banking.

Taylor pled guilty in the U.S. District Court for the District of Columbia to securities fraud. The Honorable Chief Judge Richard W. Roberts scheduled sentencing for July 15, 2014. Under federal sentencing guidelines, Taylor faces a likely range of 151 to 188 months of incarceration, as well as a fine of up to $175,000. Under the plea agreement, he also must pay restitution to the victims of the scheme. The government maintains that these victims' losses total, at least, $25,123,707. Finally, Taylor is subject to an additional forfeiture money judgment.

In a parallel action, the U.S. Securities and Exchange Commission obtained a civil judgment against Taylor for his fraudulent conduct.

"Today Garfield Taylor admitted to orchestrating a Ponzi scheme that left charities and families in our area with $25 million in losses," said Principal Assistant U.S. Attorney Cohen. "Taylor used smoke-and-mirror tactics to make promises he could never keep and lied to investors about how he was using their money until the whole scam came crashing down. The years in prison he faces are a just punishment given the enormous financial harm his fraud inflicted on the residents of the District of Columbia."

"By pleading guilty today, Mr. Taylor took responsibility for bilking clients out of more than $25 million by falsely leading them to believe that he was investing their hard-earned money in the way he promised he would," said Assistant Director in Charge Parlave. "There is no safe harbor for criminals who commit securities fraud, and the FBI will continue to work with our federal, state and local partners to eradicate those who threaten the integrity of our financial markets."

"This significant case involved a serious, complex type of securities fraud that impacted many people's livelihoods, savings and investments. I applaud the joint efforts by the investigators in our department, the U.S. Attorney's Office and the FBI to shut down this scheme that deceived many out of their hard earned money," said Interim Commissioner McPherson. "Today's plea demonstrates that defrauding investors in the District carries significant consequences."

According to the government's evidence, Taylor devised and employed a scheme from in or about September 2006 through in or about September 2010 in which he convinced investors to invest with him by promising them substantial returns on their investment, telling them that he used a sophisticated securities trading strategy that protected against loss, and claiming that he had a proven track record of using this strategy effectively.

During the course of this scheme, however, Taylor never used the trading strategy that he told investors that he would use. With the investments he did make during this period, Taylor either lost money or made minimal profits far below what was needed to pay the amounts he owed. The only way that Taylor was able to pay the substantial interest rates he was paying during this period was to use portions of the principal invested by new investors to pay amounts that were owed to earlier investors.

In one example from the government's evidence, Taylor, in April 2010, used approximately half of an investor's $425,000 investment to pay interest and principal that was due to earlier investors, rather than using those funds to invest in securities, as he had promised to do. Taylor paid only a portion of the interest payments he was required to pay the investor, before telling the investor that, because of trading losses, he was unable to make any more interest payments or to return the investor's principal.

At the time of the scheme's collapse, Taylor owed investors approximately $25 million just to cover the principal he was contractually required to return to them.

In announcing the plea, Principal Assistant U.S. Attorney Cohen, Assistant Director in Charge Parlave, and Interim Commissioner McPherson commended the work of those who investigated the case from the FBI's Washington Field Office and the D.C. Department of Insurance, Securities and Banking. They also expressed appreciation to the U.S. Securities and Exchange Commission for its significant assistance. They also acknowledged the efforts of those who worked on the case from the U.S. Attorney's Office, including Paralegal Specialists Tasha Harris, L. Lenisse Edloe, and Shanna Hays; Litigation Technology Specialist Joseph Calvarese; Assistant U.S. Attorneys Matt Graves, Lionel André, and Catherine K. Connelly, who

investigated and prosecuted the matter; and former Assistant U.S. Attorney Bridget Fitzpatrick, who investigated the matter.

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