



# ***NEWS RELEASE***

**OFFICE OF ATTORNEY GENERAL HENRY MCMASTER**  
STATE OF SOUTH CAROLINA

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## **Former Home Gold Chief Financial Officer Indicted for Conspiracy**

### ***Hearing Today in Abbeville***

**Columbia, S.C.** – Attorney General Henry McMaster announced today that Karen Miller, former Chief Financial Officer of Home Gold Inc. age 53, residing at 100 Maritime Trail in Lexington, was indicted on Tuesday, September 13, 2005 by the State Grand Jury, on one (1) count of Conspiracy in violation of S.C. Code Section 16-17-410.

The one (1) felony count in the indictment is punishable by five (5) years imprisonment and a fine up to \$5,000.

Ms. Miller is scheduled to appear before the Honorable James Johnson at 4:00 p.m. at the Abbeville County Courthouse in Abbeville.

The indictment alleges that during the time period in or about January of 1998 to in or around March 31, 2003, the defendant Karen Miller, at some point participated in an agreement between two or more persons for the purpose of accomplishing a criminal or unlawful object, or a lawful object by criminal or unlawful means, and unlawfully conspired to violate S.C. Code Section 35-1-1210, in violation of S.C. Code Section 16-17-410.

Home Gold Financial Inc. was a Lexington based specialty finance company engaged in the business of originating, selling and servicing sub-prime first and second-lien residential mortgage loan products. Home Gold, the parent company to Carolina Investors Inc., used Carolina Investors' high interest unsecured investments to fund it's volatile sub-prime mortgage lending activities.

When Home Gold filed for bankruptcy protection on March 31, 2003, Carolina Investors' closed it doors owing almost 8,000 depositors at least \$275 million.

This is the fourth indictment resulting from the state grand jury's investigation into Carolina Investors, Home Gold and related entities.



In previous indictments, the Attorney General's Office alleged that Carolina Investors officers conspired to and purposely mislead investors about the financial condition of Home Gold and Carolina Investors and pressured investors not to make withdrawals.

- Former Carolina Investors President Larry Owen plead guilty on July 22, 2004 to twenty-two (22) counts of Securities Fraud in violation of S.C. Code Sections 35-1-1210(1) and 35-1-1210(2). On March 30, 2005, Mr. Owen was sentenced to eight (8) years in prison.
- Former Carolina Investors Chairman Earle Morris was convicted on November 18, 2004, on twenty-two (22) counts of Securities Fraud in violation of S.C. Code Sections 35-1-1210(1) and 35-1-1210(2). Mr. Morris was sentenced to forty-four (44) months in prison. He is currently out on bond awaiting an appeal.
- Former Carolina Investors Vice-President Anne Owen plead guilty on July 18, 2004 to eight (8) counts of Securities Fraud in violation of S.C. Code Section 35-1-1210(2). Mrs. Owen's sentencing is being deferred while she cooperates with the state grand jury investigation.

"The investigation is continuing at a vigorous pace," said McMaster. "Any time you have cooperative witnesses with first-hand knowledge telling prosecutors places to go, questions to ask and evidence to find, that makes the investigation much stronger and more likely to produce the proper result quickly."

McMaster emphasized that the state grand jury's criminal investigation into Home Gold and related entities will continue to "follow the evidence wherever or to whomever it leads us."

He also added that additional resources continue to be added to the investigation.

A copy of the indictment may be downloaded at: [www.scattorneygeneral.com](http://www.scattorneygeneral.com)

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