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SUPREME CT/CT OF APPEALS
CLERK'S OFFICE

IN THE SUPREME COURT OF ARKANSAS

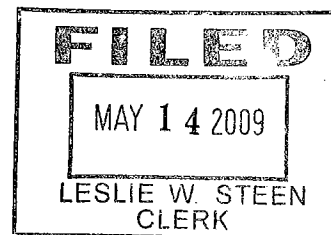
IN RE: **STEVE EUGENE CAULEY**
Arkansas Bar No. 94012

No. 09- _____ 2009 MAY 14 P 4: 01
LESLIE W. STEEN, CLERK

PETITION TO SURRENDER ARKANSAS LAW LICENSE

Comes now Steven Eugene Cauley of Little Rock, a member of the bar of the State of Arkansas, and petitions the Court as follows:

1. I am an attorney licensed to practice in the State of Arkansas, granted this privilege by this Court in 1994, with Arkansas Bar Identification Number 94012.
2. As shown by the documents attached collectively as Exhibit A, in federal litigation in New York known as BISYS Securities, after a large settlement, I was responsible for holding the multi-million dollar settlement funds as a fiduciary and escrow agent for the plaintiffs. I failed to safely hold the last approximately \$9.3 million of those funds and pay the over when required to do so. I made false statements to others to explain my failure to pay over these funds, which I had used for other and unauthorized purposes.
3. After a court hearing in the civil case in New York City on April 20, 2009, my attorney and I met with the federal prosecutor and I agreed to enter a plea to a two-count felony information that will soon be filed, as evidenced by the documents collectively marked here as Exhibit B.
4. Through my attorneys, on May 9, 2009, I self-reported these actions to the Arkansas Supreme Court Office of Professional Conduct by their e-mail. (Exhibit C) I acknowledge that my conduct reported here is in violation of Arkansas Rules of Professional Conduct, Rule 8.4(b)



(committing a criminal act, here felonies, that reflects adversely on my honesty, trustworthiness, or fitness as a lawyer) and Rule 8.4(c) (engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation of a most serious nature and involving conversion of client funds entrusted to my care.

5. I now understand I have been faced with issues of depression and am seeking appropriate help for them. I do not offer this situation as any form of defense for my actions detailed here. I accept full responsibility for my actions shown in these exhibits. I have consulted with experienced defense counsel in all stages of this matter since April 19, 2009. I am competent to take this action to surrender my Arkansas law license as I was on April 20, 2009, to enter into a plea agreement with the U. S. Attorney's Office in New York.

6. I state that no other attorney with whom I have been associated at any time had knowledge of my actions here until April 2009, and no other attorney had any involvement in my dealing with the settlement funds in question.

7. In order to avoid the expense, distress and embarrassment of addressing the above matters, it is my considered decision to voluntarily petition this Court for the surrender of my license to practice law in the State of Arkansas.

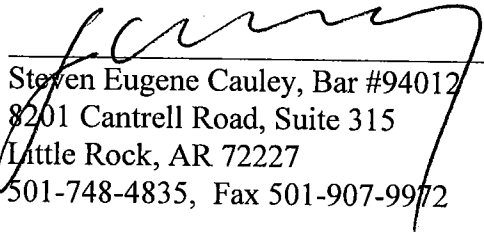
8. All statements made in this Petition are true and correct. In order to avoid unnecessary proceedings, I have decided to voluntarily offer the surrender of my Arkansas law license. This surrender is freely and voluntarily made. I have not been coerced nor intimidated into surrendering my license, nor have I been made any promise of benefit nor given any inducement whatsoever to do so. I am fully aware of the implications of this surrender, and understand that this surrender is unconditional. I am aware that I cannot be readmitted to the Bar of Arkansas

except upon application made to the State Board of Bar Examiners in accordance with the Rules Governing Admission to the Bar, or any successor rules, and pursuant to the restrictions of Section 24 of the Procedures of the Arkansas Supreme Court Regulating Professional Conduct of Attorneys at Law (2002) ("Procedures") or any successor rules.

9. I fully understand that if this Petition is accepted by the Court, I will not be eligible to apply for readmission until five years have passed after the date of the acceptance of my surrender by the Court, pursuant to Section 24.B(1) of the Procedures.

WHEREFORE, I pray that my Petition to Surrender Law License be granted, and that the Court remove my name from the list of attorneys authorized to practice law in the State of Arkansas, and for any and all other appropriate relief which the Court shall deem proper.

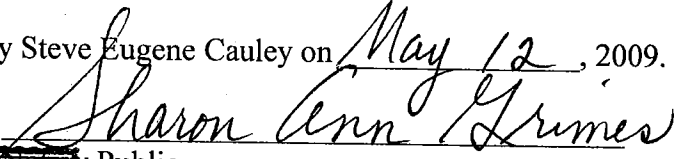
Respectfully submitted



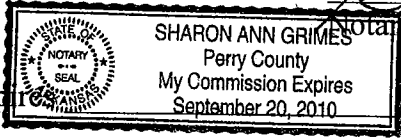
Steven Eugene Cauley, Bar #94012
8201 Cantrell Road, Suite 315
Little Rock, AR 72227
501-748-4835, Fax 501-907-9972

State of Arkansas
County of Pulaski

Subscribed and sworn to before me by Steve Eugene Cauley on May 12, 2009.

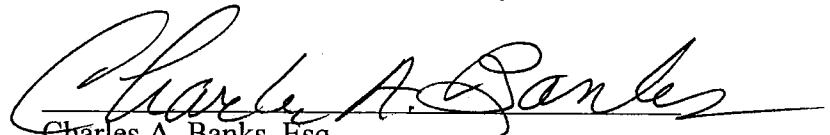


Sharon Ann Grimes

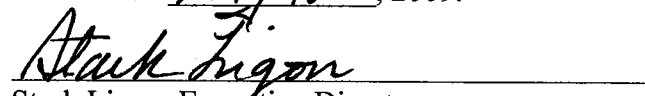


My commission expires

Surrender decision concurred in on May 13, 2009, by counsel for Mr. Cauley.


Charles A. Banks, Esq.

Received for the Committee on Professional Conduct on May 13, 2009.


Stark Ligon, Executive Director

CARNEY ▾ WILLIAMS

CARNEY WILLIAMS BATES BOZEMAN & PULLIAM, PLLC

April 15, 2009

Via Facsimile (212) 805-7935

Honorable Jed S. Rakoff
United States District Judge
Daniel Patrick Moynihan
United States Courthouse
500 Pearl Street, Room 1340
New York, New York 10007-1312

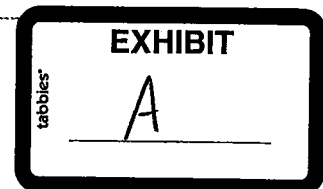
Re: *In re BISYS Securities Litigation*, Civil Action No. 04-CV-3840 (S.D.N.Y.)

Dear Judge Rakoff,

Information has come to our attention regarding the settlement fund in the above-entitled action. As might be recalled, the Court appointed Cauley Bowman Carney & Williams, PLLC ("Cauley Bowman") to serve as Co-Lead Counsel representing the class of investors pursuing securities claims in the *In re BISYS Securities Litigation*. Ultimately, the lawsuit settled on or about November 7, 2006 for a cash payment from Defendants of \$65.875 million.

Cauley Bowman is/was a law firm wholly owned by Steven Eugene Cauley.¹ Mr. Cauley designated himself as the sole signatory on the account he established to accommodate the *In re BISYS Securities Litigation* settlement fund. According to Mr. Cauley, he subsequently caused the settlement proceeds to be invested in United States Treasury Bonds, and over the course of the settlement's administration he made monetary transfers to the settlement administrator, A.B. Data, as different series of those instruments reportedly matured. Specifically, Mr. Cauley has wired to A.B. Data the aggregate sum of \$36,786,261.19 via transmissions dated December 19, 2008; December 24, 2008; December 30, 2008; and February 19, 2009. The last conveyance of this nature, in an amount totaling \$9.3 million, was to have occurred on April 2, 2009, when the remaining set of treasuries in which the settlement fund had supposedly been invested became due.

¹ On August 1, 2007, six lawyers formerly employed by Cauley Bowman – Curtis Bowman, J. Allen Carney, Darrin Williams, Hank Bates, Marcus Bozeman, and Randy Pulliam – partnered together to form the new firm of Carney Williams Bates Bozeman & Pulliam, PLLC ("Carney Williams"). Mr. Cauley sold various assets of his old firm to Carney Williams, and Mr. Cauley does not have, and never has had, an ownership interest in that new entity.

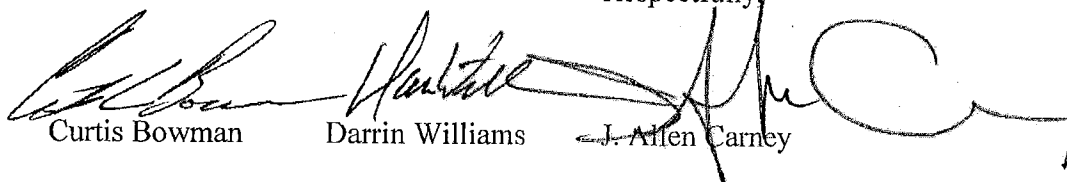


Hon. Jed S. Rakoff
April 15, 2009
Page Two

Mr. Cauley has not made that final transfer. On Monday, April 13, 2009, he informed Mr. Curtis Bowman of Carney Williams that the funds remaining in the BISYS settlement account were unavailable, but that he believed they would be available within a 90-day period. Mr. Bowman immediately informed the other partners of Carney Williams of this development.

We have attempted today to contact our Co-Counsel in this matter to advise them of this occurrence, but these efforts have thus far been unsuccessful. We are fully available to assist the Court in further addressing this situation in whatever way the Court deems most appropriate.

Respectfully,


Curtis Bowman Darrin Williams J. Allen Carney

cc: Steven Eugene Cauley, Esq.
Ira Press, Esq.
Peter Linden, Esq.
Jerome S. Hirsch, Esq.
Joel Kurtzberg, Esq.
David DeBruin, Esq.
Anya Verkhovskaya

CHAMBERS OF HON. JED S. RAKOFF
UNITED STATES DISTRICT COURT
UNITED STATES COURTHOUSE
500 PEARL STREET, ROOM 1340
NEW YORK, NEW YORK 10007
(212) 805-0401
FAX (212) 805-7935

TO: Steven Eugene Cauley, Esq. Fax: (501) 907-9972
Curtis Bowman, Esq. Fax: (501) 312-8505
Darrin Williams, Esq.
J. Allen Carney, Esq.
Carney Williams Bates Bozeman &
Pulliam PLLC
Ira Press, Esq. Fax: (212) 751-2540
Peter S. Linden, Esq.
Kirby McInerney, LLP
Jerome S. Hirsch, Esq. Fax: (917) 777-2530
Skadden, Arps, Slate, Meagher &
Flom LLP
Joel Kurtzberg, Esq. Fax: (212) 378-2522
Cahill Gordon & Reindel LLP
David W. DeBruin, Esq. Fax: (202) 639-6066
Jenner & Block LLP
Anya Verkhovskaya Fax: (414) 961-4860
A.B. Data, Ltd.

FROM: Nicholas W. Haddad, Law Clerk to Hon. Jed S. Rakoff

DATE: April 16, 2009

RE: In re BISYS Securities Litigation, 04 Civ 3840 (JSR)

PAGES: 2 (including cover)

MESSAGE: Please see attached.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
: 04 Civ. 3840 (JSR)
IN RE BISYS SECURITIES LITIGATION :
: ORDER
----- X

JED S. RAKOFF, U.S.D.J.

The Court will convene an in-court conference in the above-captioned action on Monday, April 20, 2009 at 9:00 a.m., in the United States Courthouse, 500 Pearl Street, New York, New York, Courtroom 14B. Counsel for all parties and a representative of A.B. Data, Ltd., the settlement administrator, are hereby ordered to appear. If any one of these individuals is unable to appear, another individual from his or her firm with knowledge of this action must appear in their place. Steven Eugene Cauley, Esq., however, must appear under any circumstance.

SO ORDERED.



JED S. RAKOFF, U.S.D.J.

Dated: New York, New York
April 16, 2009

USDC SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC #:
DATE FILED: 4-21-09

CV

94KVBISC Conference

Original

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
-----x

IN RE: BISYS SECURITIES
LITIGATION,

04 CV 03840 (JSR)

New York, N.Y.
April 20, 2009

U.S. DISTRICT COURT
MAY 01 2009
S. D. OF N.Y.
District Judge

Before:

HON. JED S. RAKOFF,
District Judge

181

APPEARANCES

CARNEY WILLIAMS
Attorneys for Plaintiffs
BY: J. ALLEN CARNEY
CURTIS BOWMAN

KIRBY McINERNEY
Attorneys for Plaintiffs
BY: PETER S. LINDEN
IRA M. PRESS

MORVILLO ABRAMOWITZ GRAND IASON ANELLO & BOHRER
Attorneys for Plaintiffs
BY: CATHERINE M. FOTI

SKADDEN ARPS SLATE MEAGHER & FLOM
Attorneys for Defendants
BY: JEROME S. HIRSCH
JONATHAN L. FRANK

JENNER & BLOCK
Attorneys for Defendants
BY: SHARMILA SOHONI

LAW OFFICES OF JOHN WESLEY HALL, JR.
Attorney for S. Gene Cauley
BY: JOHN WESLEY HALL, JR.

ALSO PRESENT: LISA BUCKSER-SCHULZ, ESQ.
S. GENE CAULEY, ESQ.

94KVBISC Conference

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
-----x

3 IN RE: BISYS SECURITIES
4 LITIGATION,
-----x

04 CV 03840 (JSR)

New York, N.Y.
April 20, 2009
9:35 a.m.

7 Before:

HON. JED S. RAKOFF,

District Judge

10 APPEARANCES

11 CARNEY WILLIAMS
Attorneys for Plaintiffs
12 BY: J. ALLEN CARNEY
CURTIS BOWMAN

13 KIRBY McINERNEY
Attorneys for Plaintiffs
14 BY: PETER S. LINDEN
15 IRA M. PRESS

16 MORVILLO ABRAMOWITZ GRAND IASON ANELLO & BOHRER
Attorneys for Plaintiffs
17 BY: CATHERINE M. FOTI

18 SKADDEN ARPS SLATE MEAGHER & FLOM
Attorneys for Defendants
19 BY: JEROME S. HIRSCH
20 JONATHAN L. FRANK

JENNER & BLOCK
Attorneys for Defendants
21 BY: SHARMILA SOHONI

22 LAW OFFICES OF JOHN WESLEY HALL, JR.
Attorney for S. Gene Cauley
23 BY: JOHN WESLEY HALL, JR.

24 ALSO PRESENT: LISA BUCKSER-SCHULZ, ESQ.
25 S. GENE CAULEY, ESQ.

94KVBISC

Conference

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(In open court)

THE DEPUTY CLERK: April 20, 2009. Robert Grant v. The Bisys Group. Counsel, please state your name for the record.

MR. CARNEY: Allen Carney, your Honor.

MR. BOWMAN: Curtis Bowman, your Honor.

MR. LINDEN: Peter Linden of Kirby McInerney, your Honor.

MR. PRESS: Ira Press of Kirby McInerney, your Honor.

MS. FOTI: Catherine Foti from Morvillo, Abramowitz on behalf of AB Data. With me is vice president and general counsel of class administration section of AB Data, Lisa Buckser-Schulz.

THE COURT: Good morning.

MR. HIRSCH: Good morning, your Honor. Jerome Hirsch on half of The Bisys Group.

MR. FRANK: Jonathan Frank on behalf of The Bisys Group.

MS. SOHONI: Sharmila Sohoni for Jenner & Block for Mr. Fradin.

MR. HALL: Good morning, your Honor. John Wesley Hall of Little Rock on behalf of Mr. Cauley.

MR. CAULEY: Gene Cauley, your Honor.

THE COURT: All right. Mr. Cauley, before we get into the details, maybe you can explain what's going on.

94KVBISC

Conference

1 MR. HALL: Your Honor, I've only been in this since
2 Friday. My limited ability to find out what's going on tells
3 me that the funds are presently unavailable to be delivered,
4 hopefully will be.

5 THE COURT: What does that mean?

6 MR. HALL: They cannot be liquidated.

7 THE COURT: And why is that?

8 MR. HALL: Your Honor, if I go into anymore detail, I
9 think I might violate a privilege against self-incrimination.

10 THE COURT: All right. I think that is not unlikely,
11 so let me give the background of this. Is there someone here
12 from the U.S. Attorney's Office? You want to identify
13 yourself?

14 MR. STELLMACH: Yes, your Honor. William Stellmach
15 from the U.S. Attorney's Office.

16 THE COURT: All right. It appears not unlikely from
17 the little information available to me that Mr. Cauley may have
18 committed a crime or several crimes, that he may have committed
19 disbarable conduct in one or many ways. Here is all I know
20 about it.

21 I received a letter that was faxed with permission to
22 my chambers on April 15th from the Carney Williams firm and
23 signed by Mr. Bowman, Mr. Williams, and Mr. Carney, which
24 indicated that after the then firm of Cauley, Bowman, Carney &
25 Williams was designated as co-lead counsel representing the

94KVBISC

Conference

1 class in this litigation, Mr. Cauley designated himself as the
2 sole signatory on the account. He established to accommodate
3 the settlement fund of \$65,875,000. That was the result of the
4 settlement in this case.

5 In that position as, in effect, a fiduciary escrow
6 agent, Mr. Cauley represented that the settlement proceeds were
7 to be invested in U.S. Treasury bonds. And pursuant to the
8 order that I signed ordering the distribution, various
9 transmissions were made to AB Data on December 19th, 2008,
10 December 24th, 2008, December 30th, 2008, and February 19th,
11 2009. The last conveyance, totaling approximately \$9.3
12 million, was supposed to have occurred, according to the
13 parties, on April 2nd. Instead, Mr. Cauley, according to the
14 letter I'm referring to, informed Mr. Bowman on April 13th that
15 the remaining funds in excess of \$9,000,000 were "unavailable,"
16 and that he believed they would be available within 90 days.

17 Immediately after my chambers received this letter,
18 although I was out of the country at the time, I directed my
19 law clerk to have counsel convene a joint telephone call to
20 include Mr. Cauley, but I am told he declined to participate in
21 that call. I then issued the order requiring his appearance
22 and appearance of the other parties here today.

23 Since this is a civil matter, although Mr. Cauley has
24 the right to invoke his Fifth Amendment privilege, as he has
25 just done, in effect, across-the-board, the Court can and at

