



*United States Attorney
Southern District of New York*

**FOR IMMEDIATE RELEASE
NOVEMBER 23, 2009**

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**ARKANSAS LAWYER SENTENCED TO 86 MONTHS IN PRISON
FOR STEALING OVER \$9 MILLION IN CLIENT FUNDS**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that STEVEN EUGENE CAULEY, formerly an attorney based in Little Rock, Arkansas, was sentenced today in Manhattan federal court by United States District Judge PAUL A. CROTTY to 86 months in prison. CAULEY had previously pleaded guilty to charges of stealing \$9.3 million in client funds from an escrow account that he controlled. The stolen funds consisted of proceeds from the settlement of a securities fraud class action lawsuit that CAULEY had filed against Bysis Group, an insurance company.

According to the Complaint and Information, as well as statements made in court during today's sentencing:

CAULEY was previously a partner in the law firm of Cauley Bowman Carney & Williams LLC ("CBCW"). In 2004, CBCW was named co-lead plaintiff's counsel in a securities class action filed in the Southern District of New York entitled In re BISYS Securities Litigation, 04 Cv. 3840, which was assigned to United States District Judge JED S. RAKOFF. The case ultimately settled for \$65.8 million, and the proceeds were wired into an escrow account that CAULEY controlled at Centennial Bank, a Little Rock bank.

Following his receipt of the funds, CAULEY periodically misappropriated millions of dollars from the escrow account, and transferred the settlement proceeds to finance a variety of businesses in which he had an ownership interest, ranging from shale oil companies to car washes. CAULEY's scheme unraveled when AB Data, the settlement administrator on the Bysis case, requested that CAULEY transmit the funds in the escrow account to AB Data for distribution to the class action members. Between December 19, 2008, and February 19, 2009, CAULEY wired a total of approximately \$36.7 million to AB Data, with approximately \$9.3 million missing. On April 3, 2009, a former partner at CBCW

reported CAULEY's failure to transmit the remaining funds to Judge RAKOFF, who then referred the matter to the United States Attorney's Office.

On June 1, 2009, CAULEY, 41, of Little Rock, Arkansas, pleaded guilty to one count of wire fraud and one count of criminal contempt. In an order dated May 28, 2009, the Arkansas Supreme Court also accepted CAULEY's voluntary surrender of his law license.

In addition to the prison term, Judge CROTTY sentenced CAULEY to three years supervised release and ordered him to pay \$9.3 million in restitution.

Mr. BHARARA stated: "Steven Cauley violated the trust of his clients in one of the most fundamental ways possible: he stole from them. The fact that he did so while acting as an officer of the court makes his conduct truly reprehensible, and today's sentence has brought him to justice."

Mr. BHARARA praised the investigative work of the Criminal Investigators of the United States Attorney's Office for their investigation of this case.

Assistant United States Attorney WILLIAM STELLMACH is in charge of the prosecution.

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