

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF KENTUCKY
LOUISVILLE DIVISION

THE OHIO CASUALTY INSURANCE
COMPANY,

PLAINTIFF

v.

No. 3:20-CV-459-BJB

TRACY L. HUDSON,


DEFENDANT

* * * * *

MEMORANDUM OPINION & ORDER

Ohio Casualty Insurance seeks indemnity from Tracy Hudson for losses the City of Bardstown attributes to Hudson’s alleged embezzlement of city funds as its Chief Financial Officer. Ohio Casualty paid Bardstown \$350,000 to settle the city’s claims. In turn, Ohio Casualty seeks to enforce an indemnity agreement with Hudson. Hudson moved to stay this case because of the threat of federal prosecution regarding the actions and money at issue in the insurance claim and indemnity suit. DN 25. Ohio Casualty opposed the stay—mostly because Hudson was not indicted yet, and also because the breach of an indemnity clause would not necessarily be intertwined with any potential criminal charges. DN 29. A federal grand jury, sitting in this district, since indicted Hudson on charges related to the alleged embezzlement. DN 38 (citing Case No. 3:22-cr-7).

“If a plaintiff files . . . any . . . claim related to rulings that will likely be made in a pending or anticipated criminal trial[,] it is within the power of the district court, and in accord with common practice, to stay the civil action until the criminal case or the likelihood of a criminal case is ended.” *Wallace v. Kato*, 549 U.S. 384, 393–94 (2007). While it is true that the contract dispute and underlying embezzlement allegation do not completely overlap, the facts giving rise to both cases are the same and are likely to prove relevant in each case. Certainly Ohio Casualty has not yet shown the converse. In light of Hudson’s indictment and the public importance of the events at issue in both cases, the Court grants the stay (DN 25) and orders Hudson to notify the Court in writing within 30 days of the final disposition of the criminal action against her. *See F.T.C. v. E.M.A. Nationwide, Inc.*, 767 F.3d 611, 627 (6th Cir. 2014).


Benjamin Beaton, District Judge
United States District Court

February 18, 2022