



Stephen E. Hudson

Partner

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Services

Business & Finance
Complex Commercial Litigation
Corporate Governance
Securities Litigation

Steve Hudson is Chair of the firm's Litigation Department. Mr. Hudson concentrates his practice in the areas of complex commercial litigation, shareholder litigation, and securities litigation.

He has extensive experience with litigation involving corporate mergers, including shareholder attempts to enjoin the merger either under the federal securities laws or under state-law based fiduciary duties. He has led the defense of more than 30 shareholder cases related to mergers in many states, including Delaware, Georgia, Maryland, New York, Florida, Texas, Massachusetts, Missouri, Indiana, Virginia, Tennessee, and Kentucky. He has never had a merger enjoined. Representative cases include *Karp v. SI Fin. Group, Inc.*, 2020 WL 1891629 (D. Conn. 2020), *Sutton v. FedFirst Financial Corp.*, 126 A.3d 765 (Md. App. 2015), and *Malon v. Franklin Fin. Corp.*, 2014 WL 6791611 (E.D. Va. 2014). He also has represented corporations and their directors and officers in litigation seeking damages or other remedies following a merger or after the failure of a merger.

Mr. Hudson has defended corporations and their directors and officers in class action securities litigation in federal and state courts in numerous states, including Georgia, North Carolina, Florida, Alabama, Tennessee, South Carolina, Kentucky, and Texas. He also has considerable experience with defending directors in connection with shareholder derivative suits under state law.

He has broad experience with internal corporate investigations and representing special committees of publicly traded companies, including representing a special committee of a Workers Compensation insurance carrier in investigating potential claims against a former CEO, representing a bankruptcy examiner in identifying and evaluating potential claims against third parties arising out of a failed LBO, and representing a special committee in deciding whether to terminate a consulting contract between a corporation and its retired founder. Most recently, he represented an independent committee of the board of directors of a large private company that was formed to investigate and to decide what to do in response to a comprehensive, detailed demand by a



group of minority shareholders. Representing the independent committee, the firm conducted an investigation and assisted in the preparation of a lengthy report, which was presented to and adopted by the board of directors.

During law school, Mr. Hudson received six American Jurisprudence Awards and was ranked second in a class of 244.

Mr. Hudson was recognized in *The Best Lawyers in America*® in 2022 and the nine years immediately preceding for Commercial Litigation, Banking and Finance Litigation, and Securities Litigation Law. He was also recognized as a 2019 "Atlanta Lawyer of the Year" in the area of Banking and Finance Litigation by *The Best Lawyers in America*®. Mr. Hudson was recognized in 2022 and the nine years immediately preceding as a Georgia "Super Lawyer" in the area of Business Litigation by *Super Lawyers* magazine. He was named to *Georgia Trend's* 2015 "Legal Elite" list for General Practice/Trial Law. Mr. Hudson is AV® rated by Martindale-Hubbell.

Experience

Steve represented the plan trustee for a property and casualty company, following its liquidation, in connection with claims against the holding company's former officers for breach of fiduciary duty. Steve was lead counsel for the team that obtained a \$9.5 million settlement of the lawsuit on the eve of trial.

Steve has extensive experience with jury and bench trials, in both federal and state court. He has tried cases in Georgia, Texas, California, Tennessee, and South Carolina. In 2019, he was involved in a three-week trial in Texas, arising out of a merger, where the plaintiffs sought over \$350 million in damages. The case settled after three weeks of trial for a small fraction of the claimed damages.

Steve has extensive experience in prosecuting and defending arbitrations. He has been lead counsel in arbitrations in numerous states, including Georgia, Massachusetts, Illinois, Texas, North Carolina, California, and Connecticut. Steve was lead counsel for a team representing a business broker in suing for damages following an abortive acquisition caused by the actions of the owner of the business that was about to be acquired. Following an arbitration and subsequent litigation to enforce the award, the team recovered \$3.2 million in damages and attorneys' fees.

Steve has considerable experience in representing companies and individuals in investigations and litigation with the Securities and Exchange Commission (SEC). He has led the defense of investigations in matters involving alleged insider trading and alleged violations of other aspects of federal securities laws. He obtained the first ever injunction enjoining the SEC from continuing to pursue claims against an individual in enforcement proceedings before an SEC Administrative Law Judge (ALJ), on the ground that the ALJ was appointed in an

unconstitutional manner. *Hill v. SEC*, 114 F.Supp. 3d 1297 (N.D. Ga. 2015). Although that ruling was later reversed on appeal as being procedural premature, the United States Supreme Court later agreed in *Lucia v. SEC*, 138 S.Ct. 2044 (2018) that SEC ALJs had been appointed in an unconstitutional manner.

Steve represented a regional bank in wide-ranging litigation in North Carolina over a large mortgage fraud perpetrated by a real estate developer who convinced lot purchasers to apply for mortgage loans, and then lease the lots back to the developer, with the developer agreeing to pay the purchasers' mortgage loans with a pledge to buy back the lots. The scheme unraveled and multiple lawsuits and arbitrations ensued involving the bank, the developer, and the lot purchasers. Steve led the defense of the bank in resolving all of the litigation and the arbitrations arising out of the loans. Almost all of the bank's loan losses were ultimately covered after Steve successfully prevailed on the bank's fidelity bond claim against the insurance carrier. *Fed. Ins. Co. v. United Community Banks, Inc.*, 2010 WL 3842359 (N.D. Ga. 2010).

Steve represented two former officers of a failed bank and successfully argued to the 11th Circuit Court of Appeals that, after the FDIC closed the bank and sued the former officers for negligence, the "insured vs. insured" exception did not bar insurance coverage for the FDIC's claims against the former bank officers. The Eleventh Circuit agreed, reversing the summary judgment of the district court. *St. Paul Mercury Ins. Co. v. FDIC*, 774 F.3d 702 (11th Cir. 2014).

Steve represented an international law firm and two of its partners in litigation arising out of a real estate lien filed by the law firm on behalf of its client. Steve argued and won summary judgments, affirmed on appeal, in two cases arising out of the dispute. *Meadow Springs Recovery, LLC v. Wofford*, 734 S.E.2d 100 (Ga. App. 2012).

Steve represented a healthcare-related company in litigation with a former marketing and sales consultant, who was also a minority shareholder. The dispute led to cases in federal court in Atlanta, in state court in Atlanta on shareholder-related claims, and in state courts in Alabama, Tennessee, and Kentucky. The district court in Atlanta eventually struck the shareholder's answer and counterclaim and entered a default judgment. The district court also awarded the company all of its attorneys' fees. The Eleventh Circuit affirmed the ruling in *Eagle Hospital Physicians, LLC v. SRG Consulting, Inc.*, 561 F.3d 1298 (11th Cir. 2009).

Steve served as lead counsel for a Georgia-based software developer in a factually complex theft of trade secrets case involving the copying and misappropriation of source code files relating to the email attachment viewing technology used in handheld devices. The case was settled for a confidential amount shortly before the start of a three-week trial.

Steve represented an outdoor advertising company in litigation brought by a shareholder who had sold his business to the company in exchange for cash and company stock. Steve successfully represented the company in arbitration in Boston rejecting the shareholder's securities fraud claims. Steve later represented the



company in having separate claims in North Carolina state court dismissed on the basis of res judicata. *Moody v. Able Outdoor, Inc.*, 609 S.E.2d 259 (N.C. App. 2005).

Education

University of South Carolina J.D. (1984) *Order of the Coif*

Bob Jones University Undergraduate

Admissions

Georgia (1985)

Clerkships

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Professional & Community Activities

State Bar of Georgia, Member

State Bar of South Carolina, Inactive Member

South Carolina Law Review, Associate Editor-in-Chief

Insights

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KT Litigation By The Numbers

March 11, 2020