THE STATE OF SOUTH CAROLINA
IN THE COURT OF APPEALS

Appeal from Richland County
Court of Common Pleas

Robert E. Hood, Circuit Court Judge

Case No. 2023-CP-40-02608
Appeal No. 2025-001017

Sallie Wilson
as Guardian for Gladys Graham,

Respondent,

v.

Medical University Hospital Authority
d/b/a MUSC Health Columbia Medical Center Northeast,
Columbia AL Operations, LLC
d/b/a Harmony Collection at Columbia (AL/MC),
and Karen Bowman,

Defendants.

Of whom Columbia AL Operations, LLC
d/b/a Harmony Collection at Columbia (AL/MC)
and Karen Bowman are

Appellants.

FINAL BRIEF OF APPELLANTS

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D. Did the circuit court err in rejecting Appellants' equitable estoppel argument? More specifically, should the circuit court have found that, because the Arbitration Provision was part of the Residency Agreement and Ms. Graham effectively embraced and directly benefitted from the Residency Agreement, Plaintiff is estopped to deny the enforceability of the Residency Agreement and the Arbitration Provision therein?

1. Did the circuit court err in finding that the Residency Agreement and the Arbitration Provision are two separate agreements and one cannot be bound by the other?

E. Did the circuit court err in finding that this action should not be stayed?

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[1] "Appellants" refers to Defendants/Appellants, Columbia AL Operations, LLC d/b/a Harmony Collections at Columbia (AL/MC) (the "Facility") and Karen Bowman ("Ms. Bowman"), collectively. The Facility is an assisted living facility. (R. p. 170 ¶ 3.) Plaintiff bases Ms. Bowman's alleged liability on the allegation that she "is the administrator of [the Facility]." (R. p. 37 ¶ 4.)

[2] "Plaintiff" refers to Plaintiff/Respondent, Sallie Wilson ("Ms. Wilson") as guardian for Gladys Graham ("Ms. Graham"). According to Plaintiff, Ms. Wilson was appointed guardian and conservator for Ms. Graham by the Saluda County Probate Court on January 10, 2023. (R. p. 186.)

[3] To be clear, out of an abundance of caution, this issue and the corresponding argument includes not only Appellants' challenge to the circuit court's denial of their principal motion but also Appellants' challenge to the circuit court's denial of reconsideration with respect thereto.

[4] The "FAA" refers to the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq.

STATEMENT OF THE CASE

With the help of Ms. Wilson, her daughter, Ms. Graham was admitted as a resident of the Facility in the spring of 2022. (R. pp. 108–138.) Ms. Wilson handled the paperwork and, in so doing, on March 25, 2022, signed an Assisted Living Residency Agreement (the "Residency Agreement") on Ms. Graham's behalf. (R. pp. 108–138.)[5]

The Residency Agreement includes an Arbitration Provision that provides as follows:

> Any controversy, dispute or disagreement arising out of or relating to this Agreement, the breach thereof, or the subject matter thereof, not resolved by or ineligible for the complaint resolution procedures set forth in [the applicable sections] of this Agreement shall be settled exclusively by binding arbitration, which shall be conducted in Columbia, South Carolina in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration, and which to the extent of the subject matter of the arbitration, shall be binding not only on all parties to the Agreement, but on any other entity controlled by, in control of or under common control with the party to the extent that such affiliate joins in the arbitration, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(R. p. 121.)

Plaintiff commenced this action in the Richland County Court of Common Pleas on May 18, 2023. (R. pp. 20–30.) Although Plaintiff initially named Medical University Hospital Authority d/b/a MUSC Health Columbia Medical Center Northeast as the only defendant,[6] later that same day, May 18, 2023, Plaintiff filed an amended summons and amended complaint

[5] The Residency Agreement was signed March 25 and effective March 31, 2022. (R. pp. 108–138.) Ms. Wilson not only signed the Residency Agreement for Ms. Graham (i.e., she signed Ms. Graham's name) but also signed her own name as Ms. Wilson's "Authorized Legal Representative." (R. pp. 124, 126, 132, 134, 136.)

[6] (R. pp. 20–30.)

adding Appellants as defendants. (R. pp. 36–54.)[7] All the claims that Plaintiff asserts against Appellants arise out of allegedly deficient care/services provided to Ms. Graham during her residency at the Facility. (R. pp. 36–54.) More specifically, they arise out of an alleged fall Ms. Graham suffered on or about April 18, 2022. (R. p. 47 ¶ 56.)

On August 9, 2023, Appellants moved to stay this action and compel Plaintiff's claims against them to arbitration based on the Arbitration Provision (the "Motion to Compel Arbitration"). (Motion to Compel Arbitration, filed August 9, 2023, with Exhibit.) After being withdrawn without prejudice while the parties attempted to resolve the matter via mediation,[8] the Motion to Compel Arbitration was refiled on November 26, 2024. (R. pp. 106–185.)

Following a hearing on March 6, 2025,[9] the circuit court, the Honorable Robert E. Hood presiding, denied the Motion to Compel Arbitration by order filed March 26, 2025. (R. pp. 3–16.) Pursuant to Rule 59(e), SCRCP, on April 4, 2025, Appellants timely moved the circuit court to alter, amend, and/or reconsider its decision. (R. pp. 170–185, 194–223.) The circuit court denied that motion by order filed April 23, 2025. (R. pp. 17–19.)

By notice served and filed May 23, 2025, this appeal timely follows. (R. pp. 224–230.)

STANDARD OF REVIEW

A circuit court's determination of whether a claim is subject to arbitration is reviewed de novo on appeal. *Gissel v. Hart*, 382 S.C. 235, 240, 676 S.E.2d 320, 323 (2009). This includes de novo review of the determination of whether an arbitration agreement is enforceable against a

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[7] Technically, the defendant named in Plaintiff's original complaint, and the other defendant (i.e., besides Appellants) named in Plaintiff's amended complaint, was "Medical University Hospital Authority d/b/a MUSC Health Columbia Medical Center Downtown," but by order filed December 7, 2023, the name of this party was later corrected to read "Medical University Hospital Authority d/b/a MUSC Health Columbia Medical Center Northeast." (R. pp. 1–2.)

[8] (R. p. 185.)

[9] (R. pp. 55–73.)

nonsignatory. *Wilson v. Willis*, 426 S.C. 326, 334, 827 S.E.2d 167, 172 (2019). "Under de novo review, a circuit court's factual findings will not be reversed on appeal if any evidence reasonably supports those findings." *Id.* Issues of law, however, are reviewed without any particular deference to the circuit court. *See, e.g., Duke Energy Corp. v. S.C. Dep't of Revenue*, 415 S.C. 351, 782 S.E.2d 590 (2016). Even where a ruling is on a matter within circuit court's discretion, if the ruling is based on a misunderstanding of the law, rather than upon the exercise of discretion, the question presented on appeal is one of law. *See Bain v. Self Mem'l Hosp.*, 281 S.C. 138, 152, 314 S.E.2d 603, 611 (Ct. App. 1984).

ARGUMENT

I. The circuit court erred in denying the Motion to Compel Arbitration.

A. The circuit court erred in finding that the FAA does not apply.[10]

Respectfully, the circuit court's analysis here is wrong from the start. Nowhere in its discussion of the FAA's applicability is any consideration of the proper test for whether the FAA applies, which is whether the Residency Agreement evidences a transaction involving interstate commerce. *Munoz v. Green Tree Fin. Corp.*, 343 S.C. 531, 538, 542 S.E.2d 360, 363 (2001) (providing that the FAA applies "to any arbitration agreement regarding a transaction that in fact involves interstate commerce, regardless of whether or not the parties contemplated an interstate transaction"); *see also Allied-Bruce Terminix Cos., Inc. v. Dobson*, 513 U.S. 265, 268 (1995) (holding that the reach of the FAA extends to the broadest permissible exercise of Congress's power under the Commerce Clause). And under this test, given that the Residency Agreement entailed providing Ms. Graham with meals,[11] the FAA applies here. *Dean v. Heritage Healthcare of Ridgeway, LLC*, 408 S.C. 371, 381, 759 S.E.2d 727, 732 (2014) (recognizing that

[10] (R. pp. 14–15.)
[11] (R. p. 110.)

the provision of meals inevitably involves supplies shipped across state lines from out of state vendors and thus implicates interstate commerce and the FAA).[12] Accordingly, the circuit court erred in finding that the FAA does not apply.

Consequently, the Residency Agreement/Arbitration Provision must be placed "on *equal footing with other contracts . . . .*" *AT&T Mobility LLC v. Concepcion*, 563 U.S. 333, 339 (2011) (emphasis added); *see also Kindred Nursing Centers Ltd. P'ship v. Clark*, 137 S. Ct. 1421, 1423 (2017) (While a court may invalidate an arbitration agreement based on "generally applicable contract defenses," it may not do so based on legal rules that "apply only to arbitration or that derive their meaning from the fact that an agreement to arbitrate is at issue.") (citing *Concepcion*, 563 U.S. at 339); *Allied-Bruce*, 513 U.S. at 281 ("States may regulate contracts, including arbitration clauses, under general contract law principles and they may invalidate an arbitration clause 'upon such grounds as exist at law or in equity for the revocation of any contract.' What States may not do is decide that a contract is fair enough to enforce all its basic terms (price, service, credit), but not fair enough to enforce its arbitration clause. The [FAA] makes *any* such state policy unlawful, for that kind of policy would place arbitration clauses on an unequal 'footing,' directly contrary to the [FAA's] language and Congress' intent.") (emphasis added) (internal citations omitted).

B. The circuit court erred in finding Plaintiff's claims against Appellants outside the scope of the Arbitration Provision.[13]

The circuit court's reasoning in this regard was simply that "Plaintiff's claims include negligence, negligence per se, fraud and misrepresentation, and violations of the South Carolina Unfair Trade Practices Act," but "[n]owhere in the [Appellants'] arbitration agreement are those

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[12] The reasons that the circuit court actually cited against the applicability of the FAA (the supposed absence of a valid agreement to arbitrate and the supposed lack of a dispute within the scope of the Arbitration Provision) are refuted elsewhere in this brief.

[13] (R. p. 15.)

causes of action listed." (R. p. 15.) The court cites no authority for the proposition that causes of action covered by an arbitration agreement must be expressly stated, and Appellants are aware of none. The plain language of the Arbitration Provision—which calls for arbitration of "*[a]ny* controversy, dispute or disagreement arising out of or relating to th[e] [Residency] Agreement, the breach thereof, or the subject matter thereof . . ." [14]—clearly embraces the entirety of Plaintiff's claims against Appellants here. But even if there were "any doubts concerning the scope of arbitrable issues[,] [they] should be resolved in favor of arbitration . . . ." *Towles v. United HealthCare Corp.*, 338 S.C. 29, 41, 524 S.E.2d 839, 846 (Ct. App. 1999); *see also Zabinski v. Bright Acres Assocs.*, 346 S.C. 580, 597, 553 S.E.2d 110, 118 (2001) ("[U]unless the court can say with positive assurance that the arbitration clause is not susceptible to an interpretation that covers the dispute, arbitration should be ordered."). And to require more just because an agreement to arbitrate is in issue would violate the FAA's requirement that arbitration agreements be placed on equal footing with all other contracts. *Concepcion*, 563 U.S. at 339. Accordingly, the circuit court erred in finding Plaintiff's claims against Appellants outside the scope of the Arbitration Provision.

C. The circuit court erred in not finding that Ms. Wilson had actual or apparent authority to act on behalf of Ms. Graham, or that Plaintiff was estopped to deny Ms. Wilson's authority to act on behalf of Ms. Graham.

The circuit court erroneously found that Appellants produced no evidence of Ms. Wilson's actual or apparent authority to act on behalf of Ms. Graham. (R. pp. 6–11.)

A true agency relationship may be established by evidence of actual or apparent authority. *R & G Const., Inc. v. Lowcountry Reg'l Transp. Auth.*, 343 S.C. 424, 432, 540 S.E.2d 113, 117 (Ct. App. 2000). "Agency is the fiduciary relationship that arises when one person (a 'principal') manifests assent to another person (an 'agent') that the agent shall act on the

[14] (R. p. 121 (emphasis added).)

principal's behalf and subject to the principal's control." *Froneberger v. Smith*, 406 S.C. 37, 49, 748 S.E.2d 625, 631 (Ct. App. 2013) (quoting Restatement (Third) of Agency § 1.01 (2006)). "An agreement may result in the creation of an agency relationship although the parties did not call it an agency and did not intend the consequences of the relationship to follow. Agency may be proved by circumstantial evidence showing a course of dealing between the two parties." *Peoples Fed. Sav. & Loan Ass'n v. Myrtle Beach Golf & Yacht Club*, 310 S.C. 132, 145–146, 425 S.E.2d 764, 773 (Ct. App. 1992). The doctrine of apparent authority provides that a principal may be bound by the acts of its agent when the principal has placed the agent in a position such that third parties are reasonably led to believe the agent has certain authority and they in turn deal with the agent in reliance on this manifestation. *Eadie v. H.A. Sack Co.*, 322 S.C. 164, 171, 470 S.E.2d 397, 401 (Ct. App. 1996). Moreover, "[w]hen a principal, by any such acts or conduct, has knowingly caused or permitted another to appear to be his agent, either generally or for a particular purpose, he will be estopped to deny such agency to the injury of third persons who have in good faith and in the exercise of reasonable prudence dealt with the agent on the faith of such appearances." *R & G Constr.*, 343 S.C. at 433, 540 S.E.2d at 118.

Ms. Wilson expressly signed the Residency Agreement as Ms. Graham's "Authorized Legal Representative;"[15] thus, representing to Appellants that she was indeed authorized to act for her mother, Ms. Graham. *See Gibson v. Epting*, 426 S.C. 346, 352, 827 S.E.2d 178, 181 (Ct. App. 2019) ("[O]ne who has signed a contract is presumed to have read, understood, and assented to its terms."). Moreover, Appellants supported the Motion to Compel Arbitration with an affidavit from Rebecca Cunningham, Executive Director of the Facility at the time of Ms. Graham's admission, who attested that she personally "participated in the admissions process for

[15] (R. pp. 124, 126, 132, 134, 136.)

[Ms.] Graham;" that "[t]he relevant documents reflect that Ms. Wilson signed the [Residency] Agreement containing the [A]rbitration [P]rovision in Ms. Graham's presence on her behalf, without objection from Ms. Graham, and after a full explanation of the [Residency] Agreement . . . and its arbitration provisions;" and that "[b]ased upon the Facility's admission policies and procedures, and [her] own strict routine and practice as Executive Director, [she] would not have allowed Ms. Wilson to sign the admission documents on behalf of Mr. Graham without sufficient assurance from the resident and her family that Ms. Wilson had authority to sign her mother's behalf." (R. pp. 170–172 ¶¶ 2, 5, 11–12.)

It is uncontroverted that Ms. Graham was competent at the time of her admission to the Facility. (*See* R. p. 5; *see also* R. p. 170 ¶ 4.) Contrary to the circuit court's assertion that Appellants produced no evidence of Ms. Wilson's actual or apparent authority to act on behalf of Ms. Graham, the only evidence in the record that actually speaks to the circumstances of the admissions process for Ms. Graham, which is Ms. Cunningham's uncontroverted affidavit, is to the effect that, after a full explanation of the Residency Agreement, including the Arbitration Provision, Ms. Graham allowed Ms. Wilson to sign for her and gave Ms. Cunningham assurance that Ms. Wilson had her authority to do so. That is, the only evidence in the record is to the effect that Ms. Wilson was actually or apparently duly authorized to bind Ms. Graham to the Arbitration Provision, or at least that Ms. Graham, and therefore Plaintiff standing in her shoes as her guardian,[16] is estopped to deny the same. Accordingly, the circuit court erred in not finding

[16] According to Plaintiff, Ms. Graham passed away on July 30, 2024, and a person other than Ms. Wilson was appointed personal representative of her estate. (R. p. 187.) As reflected in the captions of the appealed orders, the Motion to Compel Arbitration (and subsequent motion to reconsider the denial thereof) proceeded with the plaintiff in this case being Ms. Wilson as Ms. Graham's guardian. (R. pp. 3–19.) Moreover, to the best of Appellants' knowledge, the personal representative of Ms. Graham's estate has not as yet been ordered substituted in place of Ms. Wilson as the plaintiff in this action. In any event, however, Appellants' arguments in support of

that Ms. Wilson had actual or apparent authority to act on behalf of Ms. Graham, or that Plaintiff was estopped to deny Ms. Wilson's authority to act on behalf of Ms. Graham

D. The circuit court erred in rejecting Appellants' equitable estoppel argument. More specifically, the circuit court should have found that, because the Arbitration Provision was part of the Residency Agreement and Ms. Graham effectively embraced and directly benefitted from the Residency Agreement, Plaintiff is estopped to deny the enforceability of the Residency Agreement and the Arbitration Provision therein.

The core question here is this: Is the Arbitration Provision (which is contained in the Residency Agreement Ms. Wilson signed for Ms. Graham) enforceable against Ms. Graham, and therefore Plaintiff, who stands in Ms. Graham's shoes in pursuing this action, even though the Residency Agreement was not signed by Ms. Graham herself? The answer is yes. The Residency Agreement, and in turn the Arbitration Provision, is enforceable against Plaintiff—or, more precisely, Plaintiff is estopped to deny that the Residency Agreement, and in turn the Arbitration Provision, is enforceable against Plaintiff.

To be clear, this equitable estoppel argument is a standalone argument. It does not depend on any showing of authority (actual or apparent or otherwise) on the part of Ms. Wilson or otherwise on the existence of any valid agreement per se. *See Wilson*, 426 S.C. at 338, 827 S.E.2d at 174 ("South Carolina has recognized several theories that could bind nonsignatories to arbitration agreements under general principles of contract and agency law, including . . . estoppel."); *see also Coleman v. Mariner Health Care, Inc.*, 407 S.C. 346, 354–55, 755 S.E.2d 450, 455 (2014) (acknowledging the possibility of enforcing an arbitration agreement against a nonsignatory via merger and equitable estoppel); *id.* (explaining that "Appellants' equitable estoppel argument," which "[wa]s premised on [Appellants'] contention that, under state law, the

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the Motion to Compel Arbitration (and in challenge to the circuit court's denial thereof in this appeal) apply with equal force whether the plaintiff in this action is Ms. Wilson as Ms. Graham's guardian or the personal representative of Ms. Graham's estate.

admission agreements and the [arbitration agreements] merged," as follows: "Appellants contend that even if Sister lacked capacity to execute the [arbitration agreement] . . . , she is nevertheless *equitably estopped to deny the [arbitration agreement's] enforceability*.") (emphasis added).

Conceptually, this argument is *not* an argument *for the enforceability* of the Residency Agreement/Arbitration Provision *but rather* an argument *for Ms. Graham, and therefore Plaintiff standing in her shoes, to be estopped to deny the enforceability* of the Residency Agreement/Arbitration Provision. In short, the idea is that the Arbitration Provision is part of the Residency Agreement and, having effectively embraced and directly benefitted from the Residency Agreement, Ms. Graham, and therefore Plaintiff, is now estopped to deny the enforceability of not only the Residency Agreement but also the Arbitration Provision within it.

Accordingly, the circuit court's reasoning regarding the Residency Agreement/Arbitration Provision's supposed lack of validity—that Ms. Wilson lacked authority (actual, apparent, or otherwise) to sign on behalf of Ms. Graham under the law of agency and/or under the South Carolina Adult Health Care Consent Act, S.C. Code Ann. §§ 44-66-10 to -80 (the "AHCCA") and/or that Ms. Wilson lacked power of attorney or guardianship over Ms. Graham[17]—is beside the point and unavailing to refute Appellants' equitable estoppel argument, which, again, turns not on the question of whether the Residency Agreement/Arbitration Provision is enforceable per se but whether Ms. Graham, and therefore Plaintiff, is estopped to deny its enforceability.

In *Wilson*, our Supreme Court favorably discussed the framework of the direct benefits test—which test this Court had applied in the decision then before the *Wilson* Court on writ of certiorari, which followed the Court's earlier decision in *Pearson v. Hilton Head Hospital*, 400 S.C. 281, 733 S.E.2d 597 (Ct. App. 2012), and under which Appellants contend Ms. Graham,

[17] (*See* R. pp. 5–11.)

and therefore Plaintiff standing in Ms. Graham's shoes, is estopped from refusing to comply with the Arbitration Provision here, where Ms. Graham received direct benefits from the Residency Agreement in which the Arbitration Provision was included. *Wilson*, 426 S.C. at 340–345, 827 S.E.2d at 175–177; *see also id.* at 340, 827 S.E.2d at 175 n.6 (while expressing no opinion on the petitioner's alternative argument based on the application of the state's "traditional" six-factor test for estoppel, which the *Wilson* Court found unpreserved for review, observing nonetheless that that test, i.e., "[t]he traditional test referenced by [the] [p]etitioners," "has been analyzed most-often in *non*-arbitration cases") (emphasis added).

Wilson supports the use of the direct benefits test to answer the question of equitable estoppel in an arbitration case like this—not the traditional six-factor test that the circuit court erroneously applied[18]—and it instructs that the key to determining when direct benefits estoppel may be applied is not whether the claims at issue rely on contract terms to impose liability but whether benefits to the nonsignatory are direct or indirect. *Wilson*, 426 S.C. at 340–41, 827 S.E.2d at 175 ("Under direct benefits estoppel, [a] nonsignatory is estopped from refusing to comply with an arbitration clause 'when it receives a direct benefit from a contract containing an arbitration clause. In the arbitration context, the doctrine recognizes that a party may be estopped from asserting that the lack of his signature on a written contract precludes enforcement of the contract's arbitration clause when he has consistently maintained that other provisions of the same contract should be enforced to benefit him. Stated another way, [u]nder the direct benefits theory of estoppel, a nonsignatory may be compelled to arbitrate where the nonsignatory knowingly exploits the benefits of an agreement containing an arbitration clause, and receives benefits flowing directly from the agreement . . . .") (internal citations and quotation marks omitted); *id.* at 343, 827 S.E.2d at

[18] (R. pp. 11–13.)

176 ("It is important to distinguish direct benefits from indirect benefits because when the benefits to a nonsignatory are merely indirect, arbitration cannot be compelled. A benefit is direct if it flows directly from the agreement. In contrast, any benefit derived from an agreement is indirect where the nonsignatory exploits the contractual relationship of the parties, but does not exploit (and thereby assume) the agreement itself.") (internal citations omitted).

The circuit court's reasoning regarding Appellants' supposed lack of diligence in determining Ms. Wilson's authority to act on behalf of Ms. Graham is erroneous because it reflects the court's resort to the wrong test, i.e., the traditional six-factor test, which, among other things, and unlike the direct benefits test, examines whether the party asserting estoppel lacked knowledge and the means of knowledge of the truth of the facts in question. (R. pp. 11–12.) The circuit court also lacks evidentiary support in this regard. Again, Ms. Wilson expressly signed the Residency Agreement as Ms. Graham's "Authorized Legal Representative;"[19] thus, representing to Appellants that she was indeed authorized to act for her mother, Ms. Graham. *See Gibson*, 426 S.C. at 352, 827 S.E.2d at 181 ("[O]ne who has signed a contract is presumed to have read, understood, and assented to its terms."). And in her uncontroverted affidavit, Ms. Cunningham attested that she personally "participated in the admissions process for [Ms.] Graham;" that "[t]he relevant documents reflect that Ms. Wilson signed the [Residency] Agreement containing the [A]rbitration [P]rovision in Ms. Graham's presence on her behalf, without objection from Ms. Graham, and after a full explanation of the [Residency] Agreement . . . and its arbitration provisions;" and that "[b]ased upon the Facility's admission policies and procedures, and [her] own strict routine and practice as Executive Director, [she] would not have allowed Ms. Wilson to sign the admission documents on behalf of Mr. Graham without sufficient

[19] (R. pp. 124, 126, 132, 134, 136.)

assurance from the resident and her family that Ms. Wilson had authority to sign her mother's behalf." (R. pp. 170–172 ¶¶ 2, 5, 11–12.) And here again, to require more just because an agreement to arbitrate is in issue would violate the FAA's requirement that arbitration agreements be placed on equal footing with all other contracts. *Concepcion*, 563 U.S. at 339.

Direct benefits estoppel simply recognizes, and remedies, the patent inequity that would result if a party were able to enjoy direct benefits under an agreement that, like the Residency Agreement, contains an arbitration provision while at the same time denying that the arbitration provision is enforceable. *See Pearson*, 400 S.C. at 290, 733 S.E.2d at 601 ("To allow [a plaintiff] to claim the benefit of the contract and simultaneously avoid its burdens would both disregard equity and contravene the purposes underlying enactment of the Arbitration Act.") (citation and internal quotation marks omitted). As set forth in our Supreme Court's controlling decision in *Wilson*, and consistent with this Court's decision in *Pearson*, which the *Wilson* Court favorably cites, the essence of the test for direct benefits estoppel is simply whether the nonsignatory has exploited other parts of the contract by reaping its benefits. Indeed, to require more than this—or, in other words, to limit the applicability of direct benefits estoppel to only instances where the nonsignatory's claim relies solely on the contract terms to impose liability—is to invite the very sort of have-your-cake-and-eat-it-too inequity that the doctrine aims to prevent in the first place. Neither *Wilson* nor this Court's decision in *Pearson* nor general notions of equity countenance,[20] much less call for, such a result.

Here, Ms. Graham was a direct beneficiary of the Residency Agreement. (*See* R. pp. 109–112.) To deny her receipt of such benefits is illogical and objectively unreasonable, as it

[20] *See Ex parte Dibble*, 279 S.C. 592, 595, 310 S.E.2d 440, 442 (Ct. App. 1983) ("Courts have the inherent power to do all things reasonably necessary to insure that just results are reached to the fullest extent possible.").

would require wholly discrediting the entirety of her residency: every night's stay, every meal, every amenity/service provided, every instance of care, essentially every moment at the Facility—even Plaintiff's complaint does not go nearly so far as that. (*See* R. pp. 37–54.)

Properly applying the correct test—i.e., the direct benefits test, which, again, most respectfully, the circuit court did not—Ms. Graham received the benefit of her admission to the Facility, including, without limitation, the room, board, care, and services she received therein. Respectfully, the circuit court should have found that Ms. Graham, and therefore Plaintiff standing in her shoes, is estopped to deny the Residency Agreement/Arbitration Provision's enforceability, Ms. Graham having effectively embraced the Residency Agreement for the purpose of her admission and receipt of the benefits thereof. Accordingly, the circuit court erred in rejecting Appellants' equitable estoppel argument.

1. The circuit court erred in finding that the Residency Agreement and the Arbitration Provision are two separate agreements and one cannot be bound by the other.[21]

Without question, the Residency Agreement and the Arbitration Provision are not separate instruments; rather, there is a single instrument, the Residency Agreement, of which the Arbitration Provision is a part. (R. pp. 108–138.) The authority that the circuit court cites in this regard, *Coleman*, 407 S.C. 346, 755 S.E.2d 450, and *Thompson v. Pruitt Corp.*, 416 S.C. 43, 50, 784 S.E.2d 679, 683 (Ct. App. 2016),[22] is misplaced. These cases involved situations where the admission agreement and the arbitration agreement were separate instruments and thus the threshold question of merger (i.e., whether the doctrine of merger applied such that these instruments should be

[21] (R. pp. 13–14.)
[22] (R. pp. 13–14.)

considered and construed together as one contract[23]) had to be addressed before consideration of equitable estoppel.[24] In the instant case, however, there is no threshold question as to merger, because there is only one instrument involved, the Residency Agreement, and the Arbitration Provision is undeniably part of it. Moreover, while *Coleman* and *Thompson* both stand for the proposition that the AHCCA does not grant a healthcare surrogate the authority to agree to arbitration, that proposition is immaterial to Appellants' equitable estoppel argument, which in no way relies on the AHCCA. Neither *Coleman* nor *Thompson*, nor for that matter *Hodge* or *Solesbee*, stands for the proposition relied on by the circuit court that the Residency Agreement and the Arbitration Provision are two separate agreements and one cannot be bound by the other. Accordingly, the circuit court erred in finding that the Residency Agreement and the Arbitration Provision are two separate agreements and one cannot be bound by the other.

E. The circuit court erred in finding that this action should not be stayed.[25]

The circuit court found that this action should not be stayed based on its finding that the FAA does not apply, which finding is refuted above. Given that the FAA does apply, and given that (as explained above) the Motion to Compel Arbitration should have been granted, there is no question that § 3 of the FAA calls for a stay of this action pending arbitration. *See* 9 U.S.C. § 3 ("If

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[23] *Coleman*, 407 S.C. at 355, 755 S.E.2d at 455 ("Appellants' equitable estoppel argument is *premised on their contention that, under state law, the admission agreements and the [arbitration agreements] merged*.") (emphasis added); *id.* ("The general rule is that, in the absence of anything indicating a contrary intention, where instruments are executed at the same time, by the same parties, for the same purpose, and in the course of the same transaction, the courts will consider and construe the documents together. The theory is that the instruments are effectively one instrument or contract.") (quoting *Klutts Resort Realty, Inc. v. Down'Round Dev. Corp.*, 268 S.C. 80, 88, 232 S.E.2d 20, 24 (1977)).

[24] This was also the situation involved in another case the circuit court cited elsewhere in its order, *Hodge v. UniHealth Post-Acute Care of Bamberg, LLC*, 422 S.C. 544, 813 S.E.2d 292 (Ct. App. 2018) (R. pp. 8–9), as well as in *Solesbee v. Fundamental Clinical and Operational Services, LLC*, 438 S.C. 638, 885 S.E.2d 144 (Ct. App. 2023), which the circuit court did not cite.

[25] (R. p. 15.)

any suit or proceeding be brought in any of the courts of the United States upon any issue referable to arbitration under an agreement in writing for such arbitration, the court in which such suit is pending, upon being satisfied that the issue involved in such suit or proceeding is referable to arbitration under such an agreement, *shall* on application of one of the parties *stay the trial of the action until such arbitration has been had in accordance with the terms of the agreement*, providing the applicant for the stay is not in default in proceeding with such arbitration.") (emphasis added); *Stokes v. Metro. Life Ins. Co.*, 351 S.C. 606, 612, 571 S.E.2d 711, 715 (Ct. App. 2002) ("[The] FAA clearly requires a court stay 'any suit or proceeding' pending the arbitration of 'any issue referable to arbitration under an agreement in writing for such arbitration' upon the application of one of the parties."). Accordingly, the circuit court erred in finding that this action should not be stayed.

CONCLUSION

For the foregoing reasons, Appellants ask that the Court reverse the circuit court's denial of the Motion to Compel Arbitration, stay this action, and compel Plaintiff's claims against Appellants to arbitration (or to remand this matter to the circuit court with instructions that it stay the action and compel Plaintiff's claims against Appellants to arbitration).

<SIGNED ON THE FOLLOWING PAGE>

Respectfully submitted,

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March 2, 2026

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SC Court of Appeals

THE STATE OF SOUTH CAROLINA
IN THE COURT OF APPEALS

Appeal from Richland County
Court of Common Pleas

Robert E. Hood, Circuit Court Judge

Case No. 2023-CP-40-02608
Appeal No. 2025-001017

Sallie Wilson
as Guardian for Gladys Graham,

Respondent,

v.

Medical University Hospital Authority
d/b/a MUSC Health Columbia Medical Center Northeast,
Columbia AL Operations, LLC
d/b/a Harmony Collection at Columbia (AL/MC),
and Karen Bowman,

Defendants.

Of whom Columbia AL Operations, LLC
d/b/a Harmony Collection at Columbia (AL/MC)
and Karen Bowman are

Appellants.

CERTIFICATION FOR FINAL BRIEF OF APPELLANTS

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I, Russell G. Hines, do hereby certify that the **Final Brief of Appellants** complies with Rule 211(b), SCACR. Additionally, the undersigned hereby certifies that this filing complies with the Supreme Court order of April 15, 2014.

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